

**MINUTES OF A MEETING OF THE BOARD OF DIRECTORS  
OF THE  
STRATEGIC BANKING CORPORATION OF IRELAND  
(THE “COMPANY” OR “SBCI”)**

**DULY CONVENED, CONSTITUTED AND HELD BY VIDEO AND CONFERENCE CALL,  
AND IN PERSON AT TREASURY DOCK, NORTH WALL QUAY, DUBLIN 1  
AT 2.00 PM ON 1 DECEMBER 2022**

**Present:**

Barbara Cotter	<i>Chairperson</i>
June Butler	
Ian Black	
Eilis Quinlan	
AJ Noonan	
Eoin Dorgan	
Marguerite McMahon	
Richard Pelly	

**Apologies:**

Tom McAleese

**In Attendance:**

Seán Farrell	Head of Products, Marketing & Research
Margaret Concannon	Head of Risk & Governance and Acting Company Secretary
Suzanne Sweeney	Head of Strategy, Finance & Operations
Colin Moran	Head of Lending
Paul Christie	Senior Lending Manager (Items 4 - 6 only)
James O’Dwyer	Lending Manager (Item 6 only)
Rob Quill	Risk Manager (Items 4 – 9 only)
Sinead Gallagher	Finance Manager (Item 8 only)
Claire Young	Business Support Specialist
Deirbhile Brennan	Head of Compliance, NTMA (Item 12 only)
Sinead Flanagan	Senior Compliance Manager, NTMA (Item 12 only)

**1. NOTICE AND QUORUM**

The Chairperson noted that notice of the meeting and of the nature of the business to be conducted had been circulated to all members entitled to attend the meeting and that a quorum was present. The meeting then proceeded to business.

**2. DECLARATIONS OF INTEREST**

For the purposes of Section 231 of the Companies Act 2014, Section 17 of the Ethics in Public Office Act 1995 and the Constitution of the Company, there were no material interests declared by members in the business to be transacted at the meeting.

### **3. MINUTES AND MATTERS ARISING**

#### **3.1. Minutes**

The Chairperson noted that draft minutes of the meeting of 25 October 2022, which had been circulated to the Board in advance of the meeting, were before the Board for approval.

**IT WAS RESOLVED** that the minutes of the meeting, as presented, be approved and that they be signed by the Chairperson when circumstances permitted.

#### **3.2. Matters arising**

The Head of Risk and Governance noted that the following items were listed as Matters Arising:

From the Board meeting of 8 September 2022, Item 3 “SBCI Hub” was closed prior to the meeting while Item 5 “Governance File & Refresher Training” would be closed at the meeting as Agenda Item 12.2 below. Item 4 “KBC & Ulster Bank Loan Transfers” remains open while estimates of costs are assessed.

From the Board meeting of 25 October 2022, Item 1 “Board Minutes” remains open while we work towards issuing draft minutes within 10 days of the respective meetings. Item 2 “EIB Green side letter” remains open pending finalisation of discussions with EIB and DECC, while Item 3 “Retrofit Loan Guarantee Scheme” would be closed as Agenda Items 4 and 5 below.

A paper was presented by the Head of Strategy, Finance and Operations to close Item 4 “2023 Deliverables”, which provided a high-level overview of the various projects and schemes in the pipeline and how the SBCI is managing the resourcing and risks of these running in tandem. Item 5 “Board Effectiveness Review 2021” would be closed at the meeting and the remaining actions will be merged with any new actions arising from the Board self-evaluation 2022. Item 6 “Board self-evaluation 2022” remains open pending completion of a survey by the Board members, due to be circulated in the coming weeks, and analysis of the results. An update will be submitted to Board in Q1, 2023.

### **4. RETROFIT LOAN SCHEME ALLOCATIONS – THIS ITEM HAS BEEN PARTIALLY REDACTED**

The Head of Lending introduced the three credit papers being presented to the Board, which included the allocation of limits to various On-Lenders under the Retrofit Loan Scheme.

He noted that the Retrofit allocations process in recent weeks had been challenging, engaging with consumer lenders in banks who are unfamiliar with the requirements of the SBCI. Additionally, the banks are experiencing capacity challenges and the changing interest-rate environment is causing difficulties for their pricing committees. The Head of Lending noted that the Board approval is conditional on provision of an appropriate counter guarantee, which remains under discussion. The Head of Products, Marketing & Research advised the Board that EIF will be the counter-guarantor, although exact details of the structure are yet to be confirmed by EIB/EIF.

The Board discussed the importance of the engagement with the EIF and acknowledged that the EIF may choose to undertake their own modelling, despite the due diligence already completed by the EIB. The Board raised a query about competition between Retrofit Scheme loans and existing green loans and green mortgages. The CEO clarified that the quantum on Retrofit Scheme loans is set so as not to compete with green mortgages. It was noted that banks are required to recommend the most appropriate product for their customers, be that a mortgage or an unsecured loan. It was further noted that competing unsecured green loans have shorter tenors than the loans proposed through the Retrofit Scheme. **THIS ITEM HAS BEEN PARTIALLY REDACTED.**

The Board discussed the importance of ensuring that the Retrofit Scheme customer journey is kept as simple and efficient as possible. They raised the question of making payments directly to the 'One Stop Shops', via the banks. The Head of Products, Marketing & Research advised that feedback had been sought from One Stop Shops on this point, however, their preferred position is to remain detached from the lending process.

**IT WAS RESOLVED** that the proposal for the allocations of the Retrofit Loan Guarantee Scheme to **THIS ITEM HAS BEEN PARTIALLY REDACTED.**

## **5. RETROFIT LOAN SCHEME ALLOCATIONS – CREDIT UNIONS**

The Senior Lending Manager presented the paper seeking approval **THIS ITEM HAS BEEN PARTIALLY REDACTED.** He noted that the Credit Union movement accounts for approximately 40% of the consumer lending market as well as being a trusted brand. Four of the five CUs are well-known to SBCI, and due diligence will be carried out on **THIS ITEM HAS BEEN PARTIALLY REDACTED** as it is new to the SBCI. He noted that EIB had already carried out on-site due diligence on two of the credit unions, as part of their assessment process. The Board agreed that the Credit Unions are important stakeholder partners for the SBCI, and they should be included in any future scaling of the retrofit scheme.

**THIS ITEM HAS BEEN PARTIALLY REDACTED.**

**IT WAS RESOLVED** that the proposal for the allocations of the Retrofit Loan Guarantee Scheme to **THIS ITEM HAS BEEN PARTIALLY REDACTED.**

## **6. ANNUAL REVIEW- FINANCE IRELAND**

The Head of Lending noted that Finance Ireland Limited (FIL) is one of the SBCI's largest and strongest non-bank on-lenders. **THIS ITEM HAS BEEN PARTIALLY REDACTED.**

The Lending Manager presented the FIL credit paper and sought approval to extend the annual review for 12 months to November 2023, **THIS ITEM HAS BEEN PARTIALLY REDACTED.** as outlined in the paper.

He noted that, since the last annual review, market conditions have changed significantly, however the group remains in a healthy position with all financial covenants being maintained. **THIS ITEM HAS BEEN PARTIALLY REDACTED.**

The Lending Manager highlighted the key risks including credit, funding, interest rate, concentration and management risks **THIS ITEM HAS BEEN PARTIALLY REDACTED.**

The Board considered the strength of the FIL Management team, **THIS ITEM HAS BEEN PARTIALLY REDACTED**. The Lending Manager advised the Board that FIL had made some progress recently in the appointment of new senior staff to strengthen the team.

The Board discussed the role of SBCI in driving gender equality and ESG priorities in SBCI On-Lender partners. The Head of SFO advised that the SBCI's initial draft ESG policy was being drafted which would be brought to the Board in February 2023. **[Matter arising]**

**THIS ITEM HAS BEEN PARTIALLY REDACTED.**

**IT WAS RESOLVED** that the annual review of Finance Ireland Limited for a further 12 months until November 2023, **THIS ITEM HAS BEEN PARTIALLY REDACTED**. be approved.

## **7. CEO REPORT**

The CEO presented, for noting, the CEO Report and highlighted the following items:

**On Lender Update** – The Head of Lending updated the Board on the recent positive engagement with several of our On-Lenders and noted that there is considerable interest in the “Ukraine Credit Guarantee Scheme” and the “Growth and Sustainability Loan Scheme” for next year. He advised that the lenders are not seeing a material increase in arrears or defaults despite the challenging environment, which is encouraging noting we are still in the early cycle of higher interest rates and inflation. The CEO noted the importance of close monitoring. **THIS ITEM HAS BEEN PARTIALLY REDACTED.**

**Growth and Sustainability Loan Scheme** – It was noted that negotiations between DETE, DAFM and DPER are progressing to provide budget approval and facilitate signing of a cooperation agreement before year end.

**Ukraine Credit Guarantee Scheme** – The scheme legislation has been finalised and is to be signed by the President in early December. The Open Call is expected to launch once the legislation is passed.

**ESG Strategy** - The Board noted that good progress has been made on developing the SBCI's initial ESG Policy, including a team workshop on 24 November to review and discuss the draft policy, which will be presented to the Board in Q1, 2023.

**Marketing:** The Head of Products, Marketing & Research advised the Board that the SBCI Facebook and Instagram Business Accounts are now active with the focus on establishing our presence on these platforms.

## **8. BUDGET 2023**

The Finance Manager presented the 2023 Budget, for approval by the Board.

She noted that for the first time in an extended period, the 2023 budget is forecasting a surplus arising from increases in interest rates, changes in our cost of capital and more accurate and transparent costing of the Department funded schemes. The Board discussed the impact that movements in Euribor and changes in the cost recovery model from Departments are likely to have on the final outturn. The Board raised a query as to whether the budget/resources will be sufficient to deliver on the 2023 business objectives.

The CEO confirmed that a resource and capacity planning exercise is underway and will be presented to the Board early in 2023 if there are any additional resource requirements to ensure that key schemes are delivered in a timely manner. The Board re-iterated their support for additional resources if they are needed and noted that a similar discussion had taken place at ARC.

**IT WAS RESOLVED** that the 2023 Budget be approved as presented.

## **9. AUDIT & RISK COMMITTEE**

In the absence of the Chair of the Committee, the Head of Risk & Governance provided an update to the Board following the Audit & Risk Committee's meeting, held on 24 November 2022. She noted that the draft ARC Minutes had not been circulated to the Board, but that they would be uploaded to Diligent, once reviewed by the Chair of the Committee. She highlighted the following key items:

**Risk Register** – the Q4 review of the Risk Register had been reviewed by the Committee and the key changes and additions to the Register were noted. The Committee had discussed the heightened risks as presented. The Chair of the Committee highlighted the additional heightened risk relating to non-bank on-lenders' ability to raise funding on the back of rising interest rates. The Chair of the Committee noted recent media reports of staff redundancies within the Mortgage division of one of SBCI's non-bank on-lenders.

**Key Risk Indicators** – **THIS ITEM HAS BEEN PARTIALLY REDACTED.** The Head of Risk & Governance noted that the KRIs had been developed early in the history of the SBCI and that the business had grown substantially since that time. It was agreed that it was timely to undertake a full review of the KRIs to ensure that they remain fit for purpose while still within the SBCI's Risk Appetite. Management undertook to review the KRIs and to propose the relevant changes to the Audit & Risk Committee, in Q1 2023.

**On-Lender Plan 2023** – The draft On-Lender Plan for 2023 was reviewed by the Committee, noting that the final plan will be presented to the Committee, in Q1 2023, following discussions with DETE, and on completion of the On-Lender Review Procurement process. The Chair of the Committee agreed that a risk-based approach to the plan would be appropriate.

**Internal Audit** – The Committee noted that all internal audit reviews scheduled for 2022, had been completed, **THIS ITEM HAS BEEN PARTIALLY REDACTED.** The Internal Audit Plan for 2023 was approved by the Committee, following a presentation by the Head of Internal Audit and the KPMG Partner.

The Committee held separate private sessions with the Head of Risk & Governance and the Head of Internal Audit.

## **10. REMUNERATION COMMITTEE REPORT**

The Chair of the Remuneration Committee provided a verbal update following the meeting of the Remuneration Committee on 15 November 2022. He noted that a market overview had been presented by the NTMA Chief People Officer along with the proposed pay review and PRP parameters. The Board discussed the update and noted that both pay review and PRP proposals would be brought to the Board in 2023.

## **11. BOARD WORK PROGRAMME FOR 2023**

The Head of Risk and Governance presented the draft Board Work Programme for 2023 for noting. The programme was drafted to ensure that the Board meets its obligations and is based on seven

meetings being scheduled in 2023, including one meeting to review SBCI Strategy in September. The Governance team continue to cross-reference the draft programme against the Board's Statutory Obligations and the Code of Practice for the Governance of State Bodies to ensure that all requirements are captured. A final version of the programme will be circulated to the members of the Board once reviewed by the Chair. **[Matter Arising]**

## **12. COMPLIANCE ITEMS**

### **12.1. MLRO Report**

The Senior Compliance Manager, NTMA, presented the Money Laundering Reporting Officer (MLRO) Report for the period to December 2022, including a summary of key AML/CFT activities and AML metrics for Q3, 2022.

### **12.2. Compliance Refresher Training**

The Head of Compliance, NTMA, presented a "Compliance Awareness Reminder" paper highlighting the Board members' personal obligations in terms of confidentiality, data protection law, conflicts of interest/disclosure of interests, corruption/lobbying, market abuse regulations (including Personal Account Transaction Policy), AML/CFT/Sanctions and Code of Conduct for Board/Committees. She also drew attention to the support materials available and contact points for further information/guidance.

The Board discussed the conflict of interests' obligations and agreed that there should be more regular discussion on potential or perceived conflicts at Board meetings, while noting that there are unlikely to be many instances of conflict, given the profile of the current Board membership.

## **13. CONSENT AGENDA**

### **13.1. Audit & Risk Committee – Terms of Reference**

The Head of Risk and Governance noted the annual review of the Terms of Reference for the Audit and Risk Committee, which included additional text to enable the Committee to make decisions, outside of full meetings, in writing.

**IT WAS RESOLVED** that the Terms of Reference of the Audit and Risk Committee be approved as presented.

### **13.2. Credit Committee – Terms of Reference**

The Head of Risk and Governance noted the annual review of the Terms of Reference for the Credit Committee, which included additional text to enable the Committee to make decisions, outside of full meetings, in writing.

**IT WAS RESOLVED** that the Terms of Reference of the Credit Committee be approved as presented.

### **13.3. Power of Attorney update**

The Head of Risk and Governance noted that the current Power of Attorney (POA) is due to expire on 30 December 2022 and steps were required to revoke the existing POA and approve a new POA which would reflect the personnel changes in the SBCI Senior Management Team and extend the POA for a further one-year period.

**IT WAS RESOLVED** that the Board approve (i) the Minutes of a meeting of the Board, which contains the resolutions relating to the revocation of the Current Power of Attorney and the grant of the New Power of Attorney, (ii) the entry of the Deed of Revocation in respect of the Current Power of Attorney; and (iii) the grant of the new Power of Attorney.

#### **13.4. Remuneration Policy update**

The Chair of the Remuneration Committee noted the review of the SBCI Remuneration Policy had been completed and resulted in minor, formatting changes only.

**IT WAS RESOLVED** that the Remuneration Policy be approved as presented.

#### **13.5. Remuneration Committee – Terms of Reference**

The Chair of the Remuneration Committee noted the annual review of the Terms of Reference of the Remuneration Committee which resulted in minor changes only.

**IT WAS RESOLVED** that the Terms of Reference of the Remuneration Committee be approved as presented.

#### **14. AOB**

The Head of Risk & Governance presented the updated “**SBCI Protected Disclosures Policy**” which was approved at the Audit and Risk Committee meeting on 24 November 2022 and will become effective from 1 January 2023. The scope of the Act now extends to directors, both executive and non-executive, in addition to volunteers, unpaid trainees, and those involved in a recruitment or other pre-contractual process.

The Chairperson then brought the meeting to an end.

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**Barbara Cotter, Chairperson**

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**Date**