

**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 AT
TREASURY DOCK, NORTH WALL QUAY, DUBLIN 1
AT 14.00 PM ON 2 DECEMBER 2021**

Present:

Barbara Cotter, *Chairperson*
June Butler
Eilis Quinlan
AJ Noonan
Richard Pelly
Conor O'Kelly
Eoin Dorgan
Tom McAleese
Marguerite McMahon

In Attendance:

Macken McNicholas	<i>Secretary (Items 1 to 7 and 9 to 12 only)</i>
Ros O'Shea	<i>Partner, Board Excellence (Item 4 only)</i>
Sean Farrell	<i>Head of Product Development (Items 5 and 6 only)</i>
Shane McCullough	<i>Product Development Manager (Item 6 only)</i>
Rob Quill	<i>Risk & Finance Manager (Items 5 to 7 and 9 to 12 only)</i>
Suzanne Sweeney	<i>Head of Lending (Item 5 only)</i>
John Madigan	<i>Head of Marketing, Finance and Operations (Items 5 and 10 only)</i>
Deirbhile Brennan	<i>Head of Compliance (Item 11 only)</i>
Sinead Flanagan	<i>Senior Compliance Manager (Item 11 only)</i>

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

The Chairperson noted that draft minutes of the meetings of 31 August 2021 and 9 September 2021 had been circulated to the Board in advance of the meeting. **IT WAS RESOLVED** that the minutes of the meeting be approved and that they be signed by the Chairperson when circumstances permitted.

The Company Secretary provided an update on matters arising noting that an update of the AIB CCGS On-Lender Review would be provided at Agenda Item 7 in the Audit and Risk Committee Report to Board. He also noted that the SBCI Team was progressing the actions resulting from the Board's strategy day and that a full update would be provided at the February Board meeting.

4. BOARD EFFECTIVENESS REVIEW

The Board Excellence representative presented the findings from the Board effectiveness evaluation which she noted was a requirement under the Code of Practice for the Governance of State bodies. She noted that the Board was overall performing effectively and was implementing best practice in terms of board governance in a number of different areas. She provided a summary of the process of review and of her findings and outlined her key observations regarding what was working well and areas that could be improved.

The Board discussed the findings and welcomed the recommendations particularly with regard to ensuring the board agenda is weighted towards discussion around strategy and deep dives into particular areas of importance. They further discussed the importance of incorporating ESG into the SBCI's strategy and allowing more time at meetings to discuss ESG. They also welcomed recommendations around a skills matrix for Directors and ensuring a solid succession plan. The Board also discussed the use of a consent agenda, use of a more tailored CEO Report and increasing its oversight of culture of the organisation.

The CEO noted that the Chairperson, herself, and the company Secretary would take on board the recommendations and would put together a plan to implement these in the coming months.

5. CEO REPORT

The CEO presented her Report to the Board providing a summary of the key items to bring to the Board's attention. She provided an overview of the meeting between the Chairperson, herself, and the Minister for Finance. She provided an update on the SME Energy Efficiency Scheme, the Strategic Plan and the Customer Hub. **THIS ITEM HAS BEEN PARTIALLY REDACTED**

6. ENERGY EFFICIENCY SCHEME PAPER

The Head of Product Development and the Product Development Manager presented the Energy Efficiency Scheme proposal to the Board for approval. They noted that the proposal sought to establish a €150m risk sharing scheme to support investment in energy efficiency. They noted that the issue of under investment by SMEs in energy efficiency is prevalent across Europe and particularly in Ireland. They noted that they have identified a market gap and noted that the SBCI can play an important role in supporting SMEs and the wider government Climate Action Plan.

THIS ITEM HAS BEEN PARTIALLY REDACTED They also requested that the Product Development Team look at similar products in the market across Europe.

. The Product Development Manager noted he had received positive feedback from certain banks that they are willing to participate **THIS ITEM HAS BEEN PARTIALLY REDACTED** The Board queried why electric vehicles were not included in the scheme. The Product Development Manager noted that this

was considered, however, it was determined that there is not a market gap in this space as financing electric vehicles is covered with a number of finance providers already servicing the automobile industry.

The Board discussed the proposal as presented, noting it had been discussed previously at its September board meeting. It was overall supportive of the scheme noting the important role the SBCI could play in the government's Climate Action Plan.

IT WAS RESOLVED that subject to (i) legal review and (ii) receipt of a positive opinion on State aid matters from Baker McKenzie, as follows:

- I. that the SBCI establish and launch the SME Energy Efficiency Scheme (the "Scheme") as set out in the Board Paper;
- II. **THIS ITEM HAS BEEN REDACTED**
- III. to delegate to any of the persons appointed from time to time as an attorney of SBCI pursuant to a validly subsisting Power of Attorney, (that Power of Attorney being, for the avoidance of doubt, validly subsisting as at the date the powers referred to below are exercised by any such attorney), the power to negotiate the terms of and/or approve the entry into and the execution of any contract, document, agreement or other binding arrangement, together with any amendments thereto, (including, but not limited to, any guarantee agreements to be entered into with such on-lenders as may participate in the Scheme from time to time, together with any amendments thereto), conforming in substance to the terms as set out in the Board Paper, with such minor and non-substantive variations as any such attorney in his or her absolute discretion deems necessary or appropriate; and
- IV. to authorise the use of the SBCI's seal where required for the proper execution of any documentation in relation to any of the matters outlined above.

7. AUDIT AND RISK COMMITTEE REPORT

The Chair of the Audit and Risk Committee, presented the Audit and Risk Committee Report summarising the Audit and Risk Committee meeting held on 29 November 2021. He noted that the Committee had approved the Internal Audit Plan for 2022, the On-Lender Review Plan for 2022 and the SBCI Audit and Risk Committee Work Programme for 2022. He noted that representatives from the Office of the C&AG had presented the Audit Planning Memorandum in respect of the 2021 audit of the financial statements and discussed their main areas of focus with the Committee. He noted that C&AG have almost finalised their review and there are no areas of concern to be brought to the Board's attention. The Committee had also reviewed updates to the Risk Register which is to be considered by the Board at its February meeting in 2022. It had also reviewed minor changes to its Terms of Reference. He noted that there was a large volume of audits being conducted with an increase in the number of on-lenders and schemes and the volume of audits performed in respect of the CCGS on behalf of the Department for Enterprise Trade and Employment. He noted he had requested that SBCI Management, the interim Head of Internal Audit and KPMG to keep this under review and report back to the Committee on the feasibility of such a volume.

He provided the Board with a summary of the Internal Audit update, the On-Lender Review update and the CCGS On-lender Review update. **THIS ITEM HAS BEEN PARTIALLY REDACTED**

He noted that the Committee held private sessions with the Head of Compliance and the Head of Internal Audit, neither of which reported issues for the Board's attention.

8. REMUNERATION COMMITTEE REPORT

The Chair of the Remuneration Committee presented an oral update to the Board on the Remuneration Committee meeting held earlier that day. **THIS ITEM HAS BEEN PARTIALLY REDACTED** The Board discussed and approved the PRP proposal., noting that any proposed payments will be presented to the Remuneration Committee for approval in 2022.

IT WAS RESOLVED performance related payments **THIS ITEM HAS BEEN PARTIALLY REDACTED** be approved in respect of 2021.

9. SBCI REMUNERATION POLICY

The Chair of the Remuneration Committee presented minor updates to the Board in respect of the Remuneration Policy which had been reviewed by the Remuneration Committee and is being recommended to the Board for approval.

IT WAS RESOLVED that the updates to the SBCI Remuneration Policy, as presented, be approved.

10. FINANCE REPORT

The Risk & Finance Manager presented the Finance Report to the Board for noting.

He summarised the key points of the report. **THIS ITEM HAS BEEN PARTIALLY REDACTED**

11. COMPLIANCE ITEMS

11.a MLRO Report

The Senior Compliance Manager presented the SBCI Money Laundering Reporting Officer ("MLRO") Report to the Board for noting. The Report provided update on a "Dear CEO" Letter that was received from the Central Bank of Ireland earlier in the year. The Report also noted the recent legislative package published by European Commission which is intended to update and strengthen the EU's anti money laundering and countering financing of terrorism regimes. She noted there were no material gaps or concerns identified at present.

11.b SBCI AML BUSINESS WIDE RISK ASSESSMENT

The Risk & Finance Manager and the Senior Compliance Manager presented the SBCI AML Business Wide Risk Assessment to the Board for approval. They highlighted the key changes, a number of which were as a result of the "Dear CEO letter" received from the Central Bank of Ireland. They further noted to the Board that the SBCI Risk and NTMA Compliance team were in the process of finalising the SBC

AML Procedure which will incorporate some of the recommendations arising out of the “Dear CEO letter”.

IT WAS RESOLVED that the updated AML Business Wide Risk Assessment, as presented to the Board, be approved.

11.c SBCI BOARD/COMMITTEE CODE OF CONDUCT

The Head of Compliance presented the updated Code of Conduct for Members of Boards and Committees, noting that it is reviewed on a biennial basis and on this occasion only minor updates were being proposed.

IT WAS RESOLVED that the updated Code of Conduct for the SBCI Board and Committees, as presented to the Board, be approved.

12. AOB

There being no items under AOB, the Chairperson brought the meeting to a close.

13. PRIVATE SESSION

The Board met in private session. This meeting was minuted separately.

Barbara Cotter, Chairperson

24 February 2022