

**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 3.30 PM ON 28 APRIL 2022**

**Present:**

Barbara Cotter	<i>Chairperson</i>
June Butler	
Eilis Quinlan	
AJ Noonan	
Eoin Dorgan	
Tom McAleese	<i>(Items 1-4 only)</i>
Marguerite McMahon	

***Apologies:***

Richard Pelly

**In Attendance:**

Des O’Connor	<i>Acting Company Secretary</i>
Margaret Concannon	<i>Head of Risk and Governance</i>
Sinead Gallagher	<i>Finance Manager</i>
Rob Quill	<i>Risk Manager</i>
Suzanne Sweeney	<i>Head of Strategy, Finance and Operations</i>
Seán Farrell	<i>Head of Products, Research and Marketing</i>
Daniel O’Leary	<i>NTMA Interim Head of Financial Planning &amp; Operations (Item 5 only)</i>
James O’Dwyer	<i>Lending Manager (Item 7 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**

#### **3.1. Minutes**

The Chairperson noted that draft minutes of the meeting of 31 March 2022, which had been circulated to the Board in advance of the meeting, were before the Board for approval. It was noted that a paragraph relating to the Energy Efficient Loan Scheme had been duplicated in error, and this will be corrected in the final version for signing.

**IT WAS RESOLVED** that the minutes of these meetings be approved and that they be signed by the Chairperson when circumstances permitted.

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

The Company Secretary advised that there were two open items as matters arising, as follows:

(i) the presentation of SBCI's action plan following the Board Effectiveness Review presented to the Board in December 2021, which has been re-scheduled to the Board meeting of 2 June 2022. It was noted that actions are already in train in respect of several of the recommendations contained in the Review.

(ii) the sharing of the details behind the Profit and Loss analysis of relevant schemes, which is to be closed when a suitable meeting time may be scheduled between the Chair of the Audit and Risk Committee and the Risk Manager.

The Board noted that both matters arising would remain open pending update at the next meeting.

### **4. AUDIT AND RISK COMMITTEE REPORT**

The Chairperson of the Audit and Risk Committee, Tom McAleese, provided an update to the Board following the Committee's meeting held on 21 April 2022. He noted that the Committee had reviewed the draft Financial Statements, the Statement of Internal Control, the Letter of Representation (all detailed further in section 5. Below) and were recommending them to the Board for approval. The Committee also reviewed and approved the Governance and Risk Statements to be included in the Annual Report for year-end 2021.

The Committee Chairperson noted that the key focus of the meeting was the draft Financial Statements, supported by attestations in respect of the relevant governance declarations (each of which was evidence-backed). He confirmed that the Committee had discussed the figures reported in the draft Financial Statements for 2021, particularly in comparison to 2020, and noted the changes to the annual attestations that were applied for 2021.

The Committee Chairperson confirmed that the committee had reviewed and approved the Impairment Assessment, which was prepared in accordance with FRS 102, in line with the accounting standard. As no imminent sign of impairment was identified, it was agreed that there is no requirement for an impairment provision to be recognised in the 2021 financial statements. To provide further re-assurance, he confirmed that an alternative impairment calculation, based on IFRS 9, had not yielded a material result either and that this was a positive indicator, particularly if SBCI were benchmarked against peer organisations.

The Committee Chairperson advised that the Committee was joined by a representative of NTMA Compliance to note the contents of two papers that provided assurance in respect of SBCI's

compliance with (i) the Code of Practice for the Governance of State Bodies - which had been reviewed by the Senior Management Team and the NTMA, and (ii) Statutory and Governance Obligations – which had been previously presented to the Board on 24 February 2022.

The Committee Chairperson noted that the Committee was joined by representatives from the Office of the Comptroller and Auditor General (OCAG) to review the OCAG’s Interim Audit Report, who advised there were no significant issues arising. OCAG confirmed that the target completion date for their work is end-April 2022 and, subject to final clearance, an unqualified audit opinion is due to be issued.

#### **THIS ITEM HAS BEEN PARTIALLY REDACTED**

The Committee Chairperson noted that the Committee then held a private session with the OCAG representatives without management present and there were no issues arising to report to the Board.

The Committee Chairperson advised that a Risk Dashboard update was presented, for review and feedback, to the Committee. This dashboard has been developed to assist with risk monitoring by highlighting key risk indicators for the business.

The Committee Chairperson also confirmed that minor updates had been approved by the Committee to extend both the “Relevant Wrongdoing and Protected Disclosures Policy” (which will be subject to a fuller review later in 2022) and the “Liquidity & Market Risk Management Policy”.

### **5. FINANCIAL STATEMENTS 2021**

#### **5.1. Statement on Internal Control**

The Risk Manager presented a paper on the review of the effectiveness of the system of internal control (SIC), noting that the Audit and Risk Committee was satisfied as to the effectiveness of the system. He advised that, in response to a request from the OCAG, there was an additional disclosure for Third Party Risk in this year’s SIC, relating to the risks arising from engaging On Lenders and Service Providers (e.g. NTMA).

The Board reviewed the SIC and concluded that it was satisfied as to the effectiveness of the system. On the recommendation of the Audit and Risk Committee:

**IT WAS RESOLVED** that the Statement on Internal Control, for inclusion in the financial statements for the year ended 31 December 2021, as presented to the Board, be approved.

#### **5.2. Letter of Representation**

The Finance Manager presented the draft Letter of Representation, which included representations specifically required by the OCAG, for approval. This draft Letter of Representation was presented to the Audit and Risk Committee on 21 April 2022 and was recommended to the Board for approval.

**IT WAS RESOLVED** that the draft Letter of Representation, as presented to the Board, be approved.

#### **5.3. Directors Statement under Section 330 Companies Act**

The Acting Company Secretary presented, for noting, the Directors’ Statement under the Companies Act which is provided to the Directors, by the relevant unit heads in the SBCI and NTMA, to give assurances that they are not aware of any relevant accounting issues, that have not been disclosed to the Audit and Risk Committee and the Board, in respect of the SBCI and the financial year ended 31

December 2021. A statement to this effect is provided in the Directors' Report to the financial statements and is required under section 330 of the Companies Act 2014.

The Board noted it was satisfied with the attestations provided for the purposes of inclusion of the statement in the Directors' Report in the Financial Statements.

#### **5.4. Financial Statements 2021**

The Finance Manager, along with a representative of NTMA Finance, presented the draft financial statements for the year ended 31 December 2021 to the Board for approval. She noted that the Audit and Risk Committee had reviewed the draft financial statements at its meeting on 21 April 2022 and had recommended them to the Board for approval, subject to two changes which had been incorporated in the version circulated to the Board and were highlighted for ease of reference.

She noted that legal advice was sought in respect of the disclosure requested by the OCAg (see 4. above) and that an additional disclosure had been included in note 7.3 "Financial Counter-guarantee income" in the financial statements.

The Board noted that approval was sought subject to OCAg sign-off and that any non-material changes or necessary changes for post balance sheet events may be approved by the Chief Executive Officer.

**IT WAS RESOLVED** that:

- I. the financial statements for the year ended 31 December 2021, together with the Director's Report, as presented to the Board, be approved, subject to no material changes arising from the finalisation of the OCAg audit and signed by two directors.
- II. the financial statements, Directors' Report and Auditor's Report be submitted to the sole shareholder.

#### **6. ANNUAL REPORT & COVER LETTER**

The Acting Company Secretary presented for approval, and subject to a final proofing exercise being completed before sending to print, the draft Annual Report for the year-end 31 December 2021.

He also presented for approval, the updated draft Cover Letter to accompany the Annual Report, which forms the Chairperson's Comprehensive Report to the Minister as required under Section 2.6 of the revised Code of Practice for the Governance of State Bodies ("the Code"). He noted that, to comply with the current version of the Code, additional text had been incorporated in the Cover Letter specifically to confirm the Board's position in terms of gender balance and the promotion of diversity and inclusion.

The CEO advised that the Annual Report, when published, will look similar in format to the 2020 version, however, she drew attention to the increased focus on SBCI's Strategy, Objectives, Vision and Mission statements. She highlighted SBCI's Values and inclusion of the Energy Efficiency Report, supporting our ESG policy. Finally, she advised that the Business Review section now includes detailed information on SBCI's products.

**IT WAS RESOLVED** that the Annual Report, substantially in the form presented to the Board, be approved, subject to any further non-material changes as may be agreed by the Chief Executive Officer.

#### **7. CEO REPORT**

The Head of Product Development, Research and Marketing (HOPD) updated the Board on progress towards the launch of the Residential Retrofit Scheme planned for end-2022, including work on the financing and monitoring models, and links with the SEAI. He advised that the Minister was currently reviewing the invitation documentation for new applicants and that relevant data was being shared with the EIB to agree a guarantee and pricing structure.

The HOPD also updated the Board on progress towards the design of a scheme to succeed the Future Growth Loan Scheme (FGLS), to be launched early in 2023. He advised that the review of the FGLS is almost complete and engagement with DETE/DAFM and the EIB is ongoing. He confirmed that various options were being considered in terms of the type of guarantee to be developed (a popular structure with both the On Lenders and the end-users) - and whether an “off the shelf” or bespoke solution will apply.

The CEO commented on the Brexit Impact Loan Scheme (BILS)/Covid Working Capital Loan schemes in the context of the current winding down of Government supports and expiry of “debt warehousing” arrangements, and suggested that the current schemes be broadened to allow greater flexibility to those SMEs that continue to suffer the impacts from Covid on their business.

**THIS ITEM HAS BEEN PARTIALLY REDACTED**

The Head of Strategy, Finance and Operations provided a progress update in respect of the Customer Hub. She advised that, following a slower than planned start due to Covid challenges, development of the hub was progressing well under an Agile project management environment and the team had recently completed “Sprint 9”. Given the delayed start of the programme, and Covid related challenges in returning to the office, an impact review of project resources and timelines is underway, and the Board will be updated further at the meeting on 2 June.

**8. FINANCE REPORT**

The Finance Manager presented the Finance Report to the Board for noting. **THIS ITEM HAS BEEN PARTIALLY REDACTED**

**9. AOB**

There being no further business the Chairperson brought the meeting to an end.

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Barbara Cotter, Chairperson