

**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 IN PERSON AND BY VIDEO CALL AT  
TREASURY DOCK, NORTH WALL QUAY, DUBLIN 1  
AT 2.00 PM ON 31 MARCH 2022**

**Present:**

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

**Apologies:**

Conor O'Kelly

**In Attendance:**

Des O'Connor	<i>Administrator (Acting Secretary) (Items 1 -8 only)</i>
Emma Geelon	<i>Administrator (Items 1-8 only)</i>
Suzanne Sweeney	<i>Head of Strategy, Finance and Operations (Items 1 -8 only)</i>
Seán Farrell	<i>Head of Products, Research and Marketing (Items 1 -8 only)</i>
Rob Quill	<i>Risk Manager (Items 1 -8 only)</i>
Paul Christie	<i>Senior Lending Manager (Items 1 -8 only)</i>
Conor Neville	<i>Research Specialist (Item 4 only)</i>
James O'Dwyer	<i>Lending Manager (Item 6 only)</i>
Aisling McGovern	<i>Assistant Lending Manager (Item 6 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 meeting of 24 February 2022 were before the Board for approval, which had been circulated to the Board in advance of the meeting. **IT WAS RESOLVED** that the minutes of these meetings be approved and that they be signed by the Chairperson.

The Acting Secretary noted there were four matters arising, two of which were to be closed at the meeting. He noted the outstanding two matters, were expected to be closed by the Board at its meeting of the 28 April 2022.

### **4. UPDATE ON THE UKRAINIAN CRISIS**

The Risk Manager introduced, for review, a paper which provided an update on the Ukrainian Crisis with regards to economic impacts, sectoral impacts, and impacts on the SBCI and Irish SME's. He noted the live nature of the crisis and issues emerging daily, e.g. rises in global oil and gas prices, increases in utility prices in ROI, all impacting negatively on both SMEs and Consumers. He advised that interest rates were forecast to rise in Q3, 2022, ECB revised growth forecasts downwards – and higher unemployment rates all leading to a risk of stagflation.

The Research Specialist noted that, while Ireland's direct trade with both Russia and Ukraine is not significant in volume terms, the indirect implications of global/EU sanctions against Russia could still have serious consequences for ROI, e.g. cessation of Apple products being sold to Russia may impact Apple's Cork-based workforce. He advised that certain sectors are expected to suffer more, including Agri/Food (due to restricted supplies of corn, wheat, sunflower and fertiliser) and Leisure/Hospitality (due to falling disposable incomes as a result of rising living costs, and reduced tourism income, particularly from US visitors).

The Risk Manager highlighted that the impacts on SBCI and SMEs, arising from increased interest rates, included reduced credit demand, and increased levels of loan default/claims (although there was no evidence of the latter to date). The Head of Products, Research and Marketing noted the SBCI's engagement with the BPF and DAFM/DETE on the position and provided an update on the temporary aid crisis framework which may result in schemes to support SMEs.

The Board noted that the greater impacts from the Ukrainian Crisis may not become evident until Q3 and Q4 of 2022. The Board noted that government supports, including tax forbearance, put in place to provide support to SME's during Covid were coming to an end and could impact SMEs. The Board agreed that this crisis needs to be managed differently to Covid due to the supply chain implications. The CEO agreed and noted the impacts on business confidence generally and a need to focus on both working capital and longer-term investment.

The Board thanked the Risk Manager and Research Specialist for their presentation and acknowledged SBCI's proactive approach to analysing the impacts of the crisis and requested the team keep them informed of any ongoing updates.

## 5. STRATEGY PLAN REFRESH 2022 - 2025

The Head of Strategy, Finance and Operations, the Head of Products, Research and Marketing, the Risk Manager and the CEO presented the Strategy Plan Refresh 2022 -2025 to the Board for approval. They noted this will also be presented to the Department of Finance for sign off and then published on the SBCI's website.

The CEO introduced the updated **Strategy Plan**, which included sections responding to feedback raised at the Board's strategy session of 4 February 2022. She advised that the responses were grouped under Product, Digital and ESG strategies, SBCI's Stakeholders, Our People, Risk Analysis, Financial Impacts and KPIs.

The Head of Products, Research and Marketing presented the **Product Roadmap**, highlighting the product pipeline for 2022/2023 which is based on research, feedback from focus groups and review of the Future Growth Loan Scheme ("FGLS"). He drew attention to the launch of the Energy Efficiency Loan Scheme ("EELS") and discussions with the EIB on the development of the retrofitting scheme, and provided an outline of the other loan products being explored e.g. mezzanine type loans. The Board noted the increased focus on "Green Loans" and suggested the SBCI look at loans supporting the "Circular Economy".

The Head of Strategy, Finance and Operations presented the **Digital Section**, advising that it is based on future proofing SBCI and providing digital support to On-Lenders, SMEs and the SBCI team. She advised target dates of June 2022 for phase one of the Customer Hub and end-2022 for transition of the existing On-Lender Portal and confirmed that KPIs would be driven by customer experience and levels of On-Lender integration.

The Head of Strategy, Finance and Operations also presented the **ESG Section** which is based on analysis of both internal and external impacts for both the SBCI and SMEs. An ESG project, led by SBCI's Finance Manager, is underway to develop the SBCI's ESG Policy and this will be presented to the Board for approval in the short term. The aim of the project is to outline the SBCI's ESG roadmap with defined deliverables, noting that some steps are already in place in this space, with the SBCI participating in NTMA actions focussed on social engagement, gender-based issues and diversity.

The Head of Products, Research and Marketing presented the **Stakeholder Section** and drew attention to the key stakeholder groups based on a mapping and prioritising exercise. He stressed that the SBCI continues to improve its profile with the On-Lenders, particularly the main Banks where greater engagement should, for example, embed the use of guaranteed lending to address underserved parts of the SME market. The Board agreed that it was important that key relationships were cultivated and suggested that it may be able to assist at senior/executive levels, which the CEO agreed with. The CEO noted that the Banks' understanding of SBCI's products continues to improve, driven by enhanced data now being available to them.

### THIS ITEM HAS BEEN PARTIALLY REDACTED

The Senior Lending Manager presented the **Our People Section** based on the analysis of the SBCI's team's skills split between "Technical" and "Social" areas. He noted the areas of digital literacy, data analytics and ESG (an increasingly relevant area of focus) require attention with plans underway to close these gaps, through the annual development plan process. Other key initiatives highlighted by the Senior Lending Manager included the establishment of an employee forum, review of SBCI's

“Culture, Values and Behaviours”, a structured Talent Management programme and Diversity & Inclusion guidelines.

The Risk Manager presented the **Risk Section THIS ITEM HAS BEEN PARTIALLY REDACTED** He confirmed that the Risk Register is reviewed regularly and is presented to the Audit and Risk Committee on a quarterly basis, and to the Board on an annual basis. He advised that risk versus strategy will be subject to ongoing review and presented the forecasted financial impact of the current strategic plan which is based on a range of assumptions, including actions by On-Lenders, interest-rate activity, uptake of the SBCI’s schemes and budgeted operating costs. He also detailed the Balance Sheet impact of the strategic plan and underlying assumptions, including IT spend in 2023 and 2024.

The Head of Strategy, Finance and Operations presented the **KPIs for 2022**, setting out the key metrics that are aligned to the strategy pillars and will be reported regularly to the Board. **THIS ITEM HAS BEEN PARTIALLY REDACTED**

The Board proposed caution regarding ambitions for the Customer Hub due to the potential challenges in controlling costs. The Board also asked about the SBCI’s plans for customers that may be left behind by the push towards digitisation due to skills shortages, however, the Head of Strategy, Finance and Operations confirmed that an option to revert to a written/telephone supported process would still be available to that cohort of customers.

The Board was pleased to hear that there was a positive response from the Department of Finance following their review of the Strategy Plan, ensuring that KPIs were aligned to the strategy, mandate, and related legislation. In summary, the Board commended the team’s professionalism in their approach to SBCI’s strategy.

**IT WAS RESOLVED** that the Strategy Plan Refresh 2022 -2025, as presented to the Board, be approved.

## **6. ENERGY EFFICIENCY LOAN SCHEME (“EELS”)**

The Senior Lending Manager summarised the background to the Energy Efficiency Loan Scheme, its alignment with Government policy and SBCI strategy, dealing with challenges in the market whereby certain assets, invested in for energy efficiency reasons, were proving difficult to finance due to their nature. **THIS ITEM HAS BEEN PARTIALLY REDACTED**

### **6.1 EIF Amendment Agreement**

The Senior Lending Manager advised that, following the Board approval, on 2 December 2021, to establish and launch the EELS, the EIF has now agreed to extend the availability under the EIF Counter-Guarantee to 31 December 2023. He sought approval from the Board to allow SBCI enter into an amendment agreement as set out below:

#### **IT WAS RESOLVED**

- i that the SBCI enter into an amendment agreement with the EIF (the “EIF Amendment Agreement”) to the counter-guarantee agreement originally granted by the EIF to the SBCI on 7 December 2016 (as was subsequently amended and SBCI Section 6 2

restated on 20 October 2017, and as further amended on 19 December 2019), which will allow for the extension of the availability period to 31 December 2023;

- ii 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 the EIF Amendment Agreement, together with any other documents connected with the EIF Amendment Agreement; and
- iii 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.

## **6.2 Minutes for EELS Open Call Evaluation**

The Senior Lending Manager presented an overview of the Open Call Evaluation process and meeting held on 15 March 2022 to assess and evaluate applications received from Financial Intermediaries to participate in the EELS. He noted that the Open Call Evaluation Minutes of the meeting dated 15 March 2022 had been circulated to the Board and provided an overview of the applicants, the quality of the applications, the scoring methodology that was applied and the rationale behind each of the scores awarded to each applicant. He advised that there were seven applicants initially, however, one subsequently withdrew their application due to ineligibility while another, a Credit Union, was rejected due to the scale of the amount being sought was below the minimum threshold in the Open Call, leaving 5 eligible applicants.

The Board asked about the impact of the rejected application and discussed whether there could be scope to support this potential On-Lender via another channel. **THIS ITEM HAS BEEN REDACTED IN PART**

## **6.3. Energy Efficiency Loan Scheme Credit Proposals**

The Senior Lending Manager, the Lending Manager and the Assistant Lending Manager presented for approval (i) the proposals for BOI, AIB, **THIS ITEM HAS BEEN REDACTED IN PART** and Capitalflow, in respect of the EELS, and (ii) the extension of existing facilities for BOI, AIB and **THIS ITEM HAS BEEN REDACTED IN PART**, per their annual reviews.

The Senior Lending Manager advised that their assessment process focussed on four key risk areas, namely Credit, Deployment, Operations and Macro/Geopolitical. The Board advised in the first instance that they were satisfied with the quality of the annual reviews and noted, for example, the evolution of the relationship with Fexco. Further, the Board confirmed their approval to the proposals as set out below.

### **IT WAS RESOLVED:**

#### **1. BOI**

- i that the SBCI enters into a guarantee agreement with The Governor and Company of the Bank of Ireland ("**BOI**") to guarantee a portfolio of loans up to a maximum volume

of **THIS ITEM HAS BEEN REDACTED IN PART** in accordance with the terms set out in the Energy Efficiency Loan Scheme Guarantee Proposal (and applicable to BOI) as presented to the Board (the “**BOI Guarantee Agreement**”);

- ii to approve the latest annual review of BOI;
- 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 the BOI Guarantee Agreement, together with any other documents connected with the BOI Guarantee Agreement, provided that the overall allocation to be made to BOI shall not exceed **THIS ITEM HAS BEEN REDACTED IN PART**, and otherwise conforming in substance to the terms as set out in the Energy Efficiency Loan Scheme Guarantee Proposal (and applicable to BOI), 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.

## **2. AIB**

- i that the SBCI enters into a guarantee agreement with Allied Irish Banks p.l.c. (“**AIB**”) to guarantee a portfolio of loans of up to a maximum volume of **THIS ITEM HAS BEEN REDACTED IN PART** in accordance with the terms set out in the Energy Efficiency Loan Scheme Guarantee Proposal (and applicable to AIB) as presented to the Board (the “**AIB Guarantee Agreement**”);
- ii to approve the latest annual review of AIB;
- 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 the AIB Guarantee Agreement, together with any other documents connected with the AIB Guarantee Agreement, provided that the overall allocation to be made to AIB shall not exceed **THIS ITEM HAS BEEN REDACTED IN PART**, and otherwise conforming in substance to the terms as set out in the Energy Efficiency Loan Scheme Guarantee Proposal (and applicable to AIB), 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.

## **3. THIS ITEM HAS BEEN REDACTED**

- i that the SBCI enters into a guarantee agreement with **THIS ITEM HAS BEEN REDACTED IN PART** to guarantee a portfolio of loans up to a maximum volume of **THIS ITEM HAS BEEN REDACTED IN PART** in accordance with the terms set out in the Energy Efficiency

Loan Scheme Guarantee Proposal (and applicable to Fexco) as presented to the Board (the “**THIS ITEM HAS BEEN REDACTED IN PART Guarantee Agreement**”);

- ii to approve the latest annual review of **THIS ITEM HAS BEEN REDACTED IN PART**;
- 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 the **THIS ITEM HAS BEEN REDACTED IN PART** Guarantee Agreement, together with any other documents connected with the **THIS ITEM HAS BEEN REDACTED IN PART** Guarantee Agreement, provided that the overall allocation to be made to **THIS ITEM HAS BEEN REDACTED IN PART** shall not exceed **THIS ITEM HAS BEEN REDACTED IN PART**, and otherwise conforming in substance to the terms as set out in the Energy Efficiency Loan Scheme Guarantee Proposal (and applicable to **THIS ITEM HAS BEEN REDACTED IN PART**), 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.

#### **4. THIS ITEM HAS BEEN REDACTED**

- i that the SBCI enters into a guarantee agreement with **THIS ITEM HAS BEEN REDACTED IN PART** to guarantee a portfolio of loans up to a maximum volume of **THIS ITEM HAS BEEN REDACTED IN PART** in accordance with the terms set out in the Energy Efficiency Loan Scheme Guarantee Proposal (and applicable to Finance Ireland) as presented to the Board (the “**THIS ITEM HAS BEEN REDACTED IN PART Ireland Guarantee Agreement**”);
- ii 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 the **THIS ITEM HAS BEEN REDACTED IN PART** Guarantee Agreement, together with any other documents connected with the **THIS ITEM HAS BEEN REDACTED IN PART** Guarantee Agreement, provided that the overall allocation to be made to Finance Ireland shall not exceed **THIS ITEM HAS BEEN REDACTED IN PART**, and otherwise conforming in substance to the terms as set out in the Energy Efficiency Loan Scheme Guarantee Proposal (and applicable to **THIS ITEM HAS BEEN REDACTED IN PART**), with such minor and non-substantive variations as any such attorney in his or her absolute discretion deems necessary or appropriate; and
- iii 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.

#### **5. Capitalflow**

- i that the SBCI enters into a guarantee agreement with Capitalflow Group DAC (“**Capitalflow**”) to guarantee a portfolio of loans up to a maximum volume of **THIS ITEM HAS BEEN REDACTED IN PART** in accordance with the terms as set out in the Energy Efficiency Loan Scheme Guarantee Proposal (and applicable to Capitalflow) as presented to the Board (the “**Capitalflow Guarantee Agreement**”);
- ii 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 the Capitalflow Guarantee Agreement, together with any other documents connected with the Capitalflow Guarantee Agreement, provided that the overall allocation to be made to Capitalflow shall not exceed **THIS ITEM HAS BEEN REDACTED IN PART**, and otherwise conforming in substance to the terms as set out in the Energy Efficiency Loan Scheme Guarantee Proposal (and applicable to Capitalflow), with such minor and non-substantive variations as any such attorney in his or her absolute discretion deems necessary or appropriate; and
- iii 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. CONSENT AGENDA**

The Acting Secretary noted at this meeting they were presenting two items for the Board’s approval; the updated SBCI Board and Committees Travel and Expenses Policy and the proposed Schedule of Board meetings.

He presented the SBCI Board and Committees Travel and Expenses Policy and noted there were minimal changes proposed. He summarised the key updates as set out in the paper. The Board commented it was a timely review given the resumption of Board meetings in person, as per the proposed schedule of Board meetings paper.

He also presented a paper to the Board which proposed a schedule of both in-person and virtual board meetings. The Board agreed that this proposal reflected the move towards a hybrid way of working and noted there were benefits to both in person and virtual meetings. The Board approved the schedule in principle and noted it would be flexible should the need arise to resume fully virtual meetings once more. They requested a slight change to the proposed schedule and the Acting Secretary noted he would circulate the updated schedule.

**IT WAS RESOLVED** that the updated SBCI Board and Committees Travel and Expenses Policy, and the proposed Schedule of Board meetings, be approved.

## **8. AOB**

**THIS ITEM HAS BEEN REDACTED**

## **9. SBCI REMUNERATION COMMITTEE REPORT**



The Board met in private session without the Company Secretary present. This meeting was minuted separately.

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

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Barbara Cotter, Chairperson

**28 April 2022**