

**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 AT**  
**TREASURY DOCK, NORTH WALL QUAY, DUBLIN 1**  
**AT 2.00 PM ON 8 SEPTEMBER 2022**

**Present:**

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

**In Attendance:**

Suzanne Sweeney	<i>Head of Strategy, Finance and Operations</i>
Robert Quill	<i>Risk Manager</i>
Andy Downey	<i>Lending Manager (Item 8 only)</i>
Sinead Gallagher	<i>Finance Manager (Item 9 only)</i>
Des O’Connor	<i>Interim Company Secretary</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 2 June 2022, which had been circulated to the Board in advance of the meeting, were before the Board for approval. The Interim Company Secretary advised that section 4.1 of the draft minutes “Audit and Risk Committee Report” required the following correction to be applied:

**Internal Audit Update** – The Committee Chairperson noted that the Head of Internal Audit, NTMA (HoIA) advised that their audit of “**On-Lender Monitoring and Collateral Management Processes**” was **THIS ITEM HAS BEEN PARTIALLY REDACTED**, a second planned audit, “**SBCI Financial Risk Management**”, is underway and a final planned audit, “**Corporate Governance and Compliance Management**”, is due to commence in Q3, 2022. **THIS ITEM HAS BEEN PARTIALLY REDACTED**

The text for the highlighted section above should be replaced to read:

**THIS ITEM HAS BEEN REDACTED**

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

#### 3.2. Matters arising

The Interim Company Secretary noted that there were two items listed as Matters Arising, as follows:

- (i) the presentation by way of an update regarding SBCI’s implementation plan following the recommendations detailed in the Board Effectiveness Review presented to the Board in December 2021, which is scheduled for the Board meeting on 25 October 2022 and therefore remains open, and
- (ii) the CEO’s undertaking to revert to the Board following the meeting of 2 June 2022 with scenario-based calculations on the cost implications of carrying surplus funds, which is a matter to be closed following the communication circulated to the Board on 3 June 2022 setting out the calculations performed by the Finance Manager and recommending the best course of action was to make early repayments in June 2022 on the CEB & EIB facilities.

It was agreed that item (i) should remain open, while item (ii) may now be closed.

### 4. AUDIT AND RISK COMMITTEE ITEMS

#### 4.1 Audit and Risk Committee Report

The Chairperson of the Audit and Risk Committee (ARC), Tom McAleese, provided an update to the Board following the Committee’s meeting held on 1 September 2022, as outlined below:

**Internal Audit Update** – The Committee Chairperson noted that the Head of Internal Audit, NTMA (HoIA) advised that both planned audits of “*On-Lender Monitoring and Collateral Management Processes*” and “*Financial Risk Management*” were now complete and the final planned audit for 2022, “*Corporate Governance and Compliance Management*” was due to commence on 7 September 2022 and should be completed for reporting to the next ARC meeting on 24 November 2022.

**THIS ITEM HAS BEEN PARTIALLY REDACTED**

**On-Lender Review Update** – **THIS ITEM HAS BEEN PARTIALLY REDACTED**

The Committee Chairperson noted that KPMG confirmed that both the AIB and BOI reviews are nearing completion, **THIS ITEM HAS BEEN PARTIALLY REDACTED** and that the following On-Lender reviews were on track per the 2022 schedule:

- i. **Finance Ireland** – at fieldwork stage
- ii. **Capital Flow** – at fieldwork stage
- iii. **Invoice Fair** – yet to commence

**OCAG Management Letter** – The Committee Chairperson advised that the Finance Manager had presented, for noting, the management letter issued by OCAG following completion of their audit of the 2021 financial statements and draft responses. **THIS ITEM HAS BEEN PARTIALLY REDACTED**

The Committee Chairperson advised that the Finance Manager outlined that, in relation to draft 1 of the financial statements, delays were due to a timing issue as the information from On-Lenders was not available until 45 days after each quarter end, (e.g., 14 February for the year-end data) as per the reporting schedule agreed in the scheme legal agreements.

The Committee Chairperson advised that it had been confirmed to him that no other issues had been raised by OCAG.

**Risk Register Review** - The Committee Chairperson advised that the Risk Register had been reviewed, revised with a small number of amendments **THIS ITEM HAS BEEN PARTIALLY REDACTED**

**Risk Management Plan** – The Committee Chairperson advised that the Risk Manager had presented the quarterly update and confirmed that the 2022 plan is on track with no issues to report and no overdue activities.

**Operational Event Report** – The Committee Chairperson advised that the Risk Manager had presented the Operational Event Report for noting, with one “Low” internal event “Q1 expenses – not included in recharges to department/On Lender”, an administrative error whereby SBCI marketing and professional fees were not recharged within the same quarter, i.e., Q1, 2022 (The position was rectified, and all rechargeable transactions were passed in Q2, 2022.) and **THIS ITEM HAS BEEN PARTIALLY REDACTED**

**Portfolio Risk Review and Risk Dashboard** – The Committee Chairperson advised that the Risk Manager had presented the Risk Dashboard **THIS ITEM HAS BEEN PARTIALLY REDACTED** The Risk Manager also provided details of recent Risk Training delivered to the team, including Operational Risk, the “Code of Practice for the Governance of State Bodies” and a Compliance Refresher (delivered by NTMA Compliance) with further training modules to follow.

**Compliance Update** – The Committee Chairperson advised that the Head of Compliance, NTMA, presented a **Compliance Update Report** highlighting the above-mentioned training, in addition to online training to be rolled out to all staff over the coming weeks on AML, Market Abuse and Data Protection. A Compliance Refresher on Conflicts of Interest/Disclosures of Interest will be provided to the Board in Q4, 2022 and an updated Personal Account Transactions Policy for Board/Committee members, to align with the NTMA staff policy, is due to be shared at the Board meeting in October.

The Committee Chairperson noted the update on the “**Reporting of Relevant Wrongdoing and Protected Disclosures Policy**”. This policy is due to be revised once the related statutory commencement order is effective. The NTMA version of this policy is due to be updated on 20 September 2022 and a SBCI version will be circulated to members of the ARC for approval afterwards. If the statutory commencement order takes effect in the interim, NTMA Compliance will notify Board members that Directors are included within scope.

The Committee Chairperson advised that an updated “**SBCI Personal Data Protection Policy and Statement**” was presented to (i) reflect the role of SBCI as data processor and the requirement to conduct a legitimate interests’ assessment, (ii) update the Statement to comply with transparency obligations and recent guidance from the Data Protection Commission and (iii) to reflect the recently launched SBCI Customer Hub. The Senior Compliance Manager/DPO had advised the ARC that additional amendments would be required in the short term as SBCI is developing its social media presence further - this was approved, and a revised version of the Statement will be circulated to members of the ARC when available.

**Statutory and Governance Obligations** – The Committee Chairperson advised that the Senior Legal Advisor, NTMA Legal, had updated the ARC, following a mid-year review by SBCI’s external legal advisors and the NTMA Legal team on the following items:

- **Companies (Miscellaneous Provisions) (Covid-19) Act 2020** – extension of special Covid-related amendments to 31 December 2022 but not expected to be extended beyond that date
- **Corporate Sustainability Reporting Directive (CSRD)** – not yet determined whether SBCI would be in scope but external legal counsel to be instructed to examine this point
- **Companies (Corporate Enforcement Authority) Act 2021** – section 35 will require Directors’ PPSN details to be submitted to the CRO as part of the Annual Return filing process

## 5. CEO REPORT

The CEO highlighted the following points:

**Energy Efficiency Loan Scheme** - launched on 11th July – AIB have now come on board for EELS, with a marketing campaign planned for mid-September including Radio and letters to individual TDs. There has been limited activity since launch as both Bank of Ireland and Capitalflow are working towards establishing vendor finance partnerships.

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

**Liquidity** - Legal work has been completed on Bibby’s €70m facility extension which sees the Invoice Discounting lender offer SBCI’s discounted products for a further four years. The Board discussed the existing On Lender, SME Finance & Leasing, regarding its efforts to raise debt and equity. The CEO

noted that a formal proposal to support increased funding from both SBCI and its subordinated funder is being considered and is likely to be presented to the Credit Committee in the coming weeks.

**Current Priorities** - Development of the Ukraine, Retrofit, and Growth and Sustainability (GAS) Schemes which are targeted to launch to the market in Q4 2022 / Q1 2023 (depending on when relevant legislation gets passed for each scheme) are key priorities for SBCI over the coming months. The GAS scheme's product term sheet and State Aid treatment have been agreed with the Government departments and discussions with DETE/DPER re cost recovery are ongoing.

## 6. SBCI HUB

The Head of Strategy, Finance and Operations (HoSFO) presented an update on the SBCI's digital strategy and development of the SBCI Hub **THIS ITEM HAS BEEN PARTIALLY REDACTED**

She set out the original vision for SBCI's digital strategy, defined in 2019 and built on 4 pillars:

- Improving customer relationship and insight
- Providing self-service and flexibility
- Increasing efficiency, automation, and collaboration
- Developing our data capabilities

She confirmed that Phase 1 has delivered an infrastructure that will provide the SBCI with the functionality to develop products/services that meet the SBCI's digital strategy. The system now supports the delivery of new schemes, from an IT perspective, within a window of 4-6 weeks, which is a marked improvement on the existing platform timeline (c. 4-6 months). It also has a modular design, which allows for additional functionality to be incorporated seamlessly later enabling the SBCI to keep abreast of technology advances. For example, the circulation of surveys to SMEs, the use of chatbots to immediately answer SME queries, data analytics etc.

It will also result in a reduction in manual data processing for the SBCI team, e.g., for the Retrofit scheme, it will support a link to the SEAI's records to automatically obtain the BER rating for each property.

The Operations Manager set out the phases of the project in further detail:

**Phase 1** – Minimum Viable Product (MVP) with the phased on-boarding of liquidity On Lenders during September 2022 (initially Bibby Financial Services with others to follow). Both digital and paper-based processes to be supported going forward, with Fexco providing support to SMEs on the online process during this phase.

**Phase 2** – Migration of Risk-sharing Schemes data and decommissioning of the existing SBCI Portal. EELS will be prioritised, with planning for new schemes and Application Programming Interface (API) functionality.

Throughout the project detailed risk assessments are undertaken via workshops. Professional advice on data protection being provided by external legal advisor, Arthur Cox.

The HoSFO advised that SME feedback and user testing had also been key to the success of the project to date.

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

### **IT WAS RESOLVED:**

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

2. to delegate to the CEO or 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 letter, contract, document, agreement or other binding arrangement, together with any amendments thereto, (including, but not limited to, contractual arrangements with ERGO Services Ltd (“ERGO”)), conforming in substance to the terms as set out in the paper, with such minor and non-substantive variations as the CEO or any such attorney in his or her absolute discretion deems necessary or appropriate; and

3. 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. KBC AND ULSTER BANK LOAN TRANSFERS**

The HoSFO presented, for approval, a paper detailing the transfer of KBC’s FGLS loans to Bank of Ireland and the Ulster Bank SBCI Liquidity and Scheme loans to AIB and PTSB. The Lending and Operations teams have been in regular contact with the banks since Q1 of 2022 to discuss the transfer mechanism. No sharing of detailed data could occur until the CCPC approved the transactions, which is now in place, enabling the transfers to proceed.

The HoSFO detailed those key areas that will be impacted by the transfers and actions planned:

- Scheme Counter Guarantors EIF & EIB
- Loans owned by the DETE
- Transfer of ‘live’ schemes
- Concentration of SBCI loans in AIB & BOI
- PTSB taking on new schemes
- Tranche Transfer of Loans to AIB
- Loan Credit Grades
- Data Changes
- Loan Price

The HoSFO advised that pre- and post-transfer scenarios were outlined in detail in the paper, noting the benefits of the transfers going to existing, approved On Lenders that are experienced in operating

the SBCI schemes. The Board noted the significant amount of work undertaken by SBCI to facilitate the transfers and queried whether fees could be recovered from the departing banks. It was clarified by the HoSFO that only legal fees would be recovered. **THIS ITEM HAS BEEN PARTIALLY REDACTED**

**IT WAS RESOLVED**, subject to EIF approval:

1. That the SBCI enter into the necessary arrangements and execute the necessary documents to facilitate the transfer of the KBC Future Growth Loan Scheme (FGLS) loans to Bank of Ireland, not exceeding €80 million being the total amount allocated to KBC under FGLS.
2. That the SBCI enter into the necessary arrangements and execute the necessary documents to facilitate the transfer of the Ulster Bank Future Growth Loan Scheme (FGLS) loans to PTSB and AIB, not exceeding €130 million being the total amount allocated to Ulster Bank under FGLS.
3. That the SBCI enter into the necessary arrangements and execute the necessary documents to facilitate the transfer of the Ulster Bank Agriculture Cashflow Support Loan Scheme (ACSLs) loans to PTSB and AIB, not exceeding €25 million being the total amount allocated to Ulster Bank under ACSLS.
4. That the SBCI enter into the necessary arrangements and execute the necessary documents to facilitate the transfer of the Ulster Bank Brexit Loan Scheme loans and Covid-19 Working Capital Scheme loans (collectively known as the Brexit and Covid-19 Working Capital Scheme loans) to PTSB and AIB, not exceeding €50 million being the total amount allocated to Ulster Bank under the Brexit and Covid-19 Working Capital Scheme.
5. That the SBCI enter into the necessary arrangements with any member of the EIB Group including the European Investment Fund and execute the necessary documents to facilitate the transfer of all SBCI related scheme loans.
6. That the SBCI enter into the necessary arrangements with the Department of Enterprise Trade and Employment and execute the necessary documents to facilitate the transfer of loans wherein SBCI is the operator of the Scheme – namely the Credit Guarantee Scheme (CGS) and the Covid-19 Credit Guarantee Scheme (CCGS).
7. To delegate to the CEO or 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 and agree all documents including the terms of and/or approve the entry into and the execution of any letter, contract, document, agreement or other binding arrangement, together with any amendments thereto, conforming in substance to the terms as set out in the paper, with such minor and non-substantive variations as any such attorney in his or her absolute discretion deems necessary or appropriate; and
8. 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

**8. THIS ITEM HAS BEEN REDACTED IN FULL**

## **9. FINANCE REPORT AND FULL YEAR FORECAST**

The Finance Manager presented, for noting, the Finance Report for the six-month period ended 30 June 2022 compared to the Budget for the same period, and the 2022 reforecast to December 2022 compared to Budget.

**THIS ITEM HAS BEEN PARTIALLY REDACTED**

## **10. GOVERNANCE ITEMS**

### **10.1 Board Governance File & Refresher Training**

The Interim Company Secretary presented, for discussion, the updated Governance File which was last reviewed in June 2020. He advised that a “tracked changes” version had been circulated and that most of the amendments were of a minor nature, e.g., ensuring the cross-references to Board Committees’ Terms of Reference, the Companies Act 2014 and the Code of Practice for the Governance of State Bodies, were aligned.

He confirmed that, as the content of the Governance File is driven by both external legislation and regulations, as well as internal policies and procedures (particularly those annexed to the Governance File which are uploaded to Diligent for reference), it is effectively a “living” document. The CEO advised that refresher training is being planned for the Board to spotlight certain areas relevant to the Governance File including the Code of Practice for the Governance of State Bodies (as training had been delivered recently to the SBCI team) and the areas of Conflicts of Interest/Disclosure of Interests, and presentations will be included at the Board’s meetings in October and December. **[Matter Arising]**

The Board discussed whether the review cycle should be shortened from 2 years to 1 year, noting the importance of the contents, however, it was agreed to leave it unchanged for the present, given the plans for refresher training to maintain focus on this area.

## **11. CONSENT AGENDA**

### **11.1 Committee member appointments**

The Interim Company Secretary advised that it was proposed that the Board resolve that:

Marguerite McMahon be appointed as a member of the Remuneration Committee with effect from 8 September 2022 for an initial term of three years and in accordance with the conditions outlined in the Remuneration Committee’s Terms of Reference, and

Ian Black be appointed as a member of the Credit Committee with effect from 8 September 2022 for an initial term of three years and in accordance with the conditions outlined in the Credit Committee’s Terms of Reference.

**IT WAS RESOLVED** that the appointments of the members of the Remuneration Committee and Credit Committee as presented to the Board, be approved with effect from 8 September 2022.

## **12. AOB**

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



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**Barbara Cotter, Chairperson**