

**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 AT
TREASURY BUILDING, LOWER GRAND CANAL STREET, DUBLIN 2
AT 2.00PM ON 11 APRIL 2018**

Present:

Conor O'Kelly, *Chairperson*
Barbara Cotter
Nick Ashmore
Carmel Foley
Tom McAleese
Rosheen McGuckian
AJ Noonan
Richard Pelly
Eilis Quinlan

In Attendance:

Damien Mulholland	<i>Secretary</i>
Jillian Mahon	<i>Head of Risk Sharing and Product Development</i>
Ray Mangan	<i>Head of Risk</i>
Suzanne Sweeney	<i>Head of Lending</i>
Ciara Lehane	<i>Head of Financial Planning, NTMA</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. AUDIT AND RISK COMMITTEE REPORT

THIS ITEM HAS BEEN REDACTED IN PART

The Audit and Risk Committee Chairperson, Tom McAleese presented and summarised the report of the Committee meeting held on 4 April 2018 at which the Committee had reviewed and agreed to recommend the Statement on Internal Control, the financial statements and letter of representation to the Board. The Chairperson noted that the Committee had been provided with a number of minor updates to the financial statements following its meeting requested by the OC&AG that had been accepted by SBCI management.

The Chairperson noted that the Committee had met with representatives from the OC&AG to review the C&AG's audit findings report. Finally, the Committee had met privately with the OC&AG representatives without management present and there were no issues arising from the audit to report to the Board.

The Chairperson noted that the Committee was satisfied with the draft governance and risk statements, and the Committee's report for inclusion in the 2017 Annual Report.

4. FINANCIAL STATEMENTS

4.1. Statement on Internal Control

The Head of Risk presented a paper on the review of the effectiveness of the system on internal financial control noting that the Audit and Risk Committee was satisfied as to the effectiveness of the system.

The Board reviewed the effectiveness of the system of internal control 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 of Internal Control for inclusion in the financial statements for the year ended 31 December 2017, as presented to the Board, be approved.

4.2. Financial Statements 2017

The Head of Financial Planning presented the draft financial statements for the year-ended 31 December 2017 noting the new disclosures in the financial statements compared to the previous year.

On the recommendation of the Audit and Risk Committee, **IT WAS RESOLVED** that:

- i. the financial statements for the year ended 31 December 2017, together with the Director's Report, as presented to the Board, be approved and signed by any two directors;
- ii. the financial statements, Directors' Report and Auditor's Report be submitted to the sole shareholder; and
- iii. the Company dispense with the requirement to hold the annual general meeting in respect of the year ended 31 December 2017 and pass the appropriate written resolutions in lieu thereof, in accordance with section 175(3) of the Companies Act 2014.

4.3. Letter of Representation

The Board reviewed the draft letter of representation. **IT WAS RESOLVED** that the letter of representation, as presented to the Board, be approved and signed by any two directors.

5. ANNUAL REPORT

The Secretary presented the draft annual report for the year ended 31 December 2017. He noted a number of updates to be made to the report to reflect, comments received from the Audit and Risk Committee and, updates to the financial statements. He asked that if Directors had any further such amendments they should provide them to them him over the next few days.

The Board reviewed the draft annual report. **IT WAS RESOLVED** that the annual report, substantially in the form presented to the Board, be approved, subject to any further non-material changes or necessary changes for post balance sheet events as may be agreed by the Chief Executive Officer.

The Board noted the draft letter prepared for the Chairperson's signature in respect of the separate report required under Section 2.6 of the revised Code of Practice for the Governance of State Bodies, and was similar to the section 13.1 report under the 2009 Code which it replaced.

6. UPDATED STRATEGIC PLAN 2017-2018

The CEO presented proposed updates to the Strategic Plan 2017 – 2018 noting the main updates to the Plan as set out in the paper. He advised that the Plan would be submitted to the Minister for Finance for review and comment before being brought back to the Board for approval, once any comments the Minister may have are reflected.

The Board reviewed the proposed updates to the Plan. It requested a number of changes to the financial forecast section of the Plan. The CEO agreed to update and circulate the final section of the Plan to the Board before it was submitted to the Minister.

7. COMMITTEE MEMBER APPOINTMENTS

The Chairperson noted that all members of the Audit and Risk Committee appointment terms would expire in early May, and was proposing their reappointment for a second term.

IT WAS RESOLVED that Tom McAleese be reappointed as Chairperson of the Audit and Risk Committee, and Barbara Cotter and Eilis Quinlan, be reappointed members of the Audit and Risk Committee, each for a period of 3 years with effect from 7 May 2018, or until they are no longer a member of the Board (whichever is the earlier).

8. SBCI'S ROLE IN SUPPORTING DBEI'S PROPOSED INITIATIVE IN THE DEVELOPMENT OF ADVISORY SERVICES FOR SME'S

The Head of Risk Sharing and Product Development presented the paper on the SBCI's role in supporting the Department of Business, Enterprise and Innovation's (DBEI's) proposed initiative to develop an online platform and advisory support network for SMEs. She noted that existing supports available to SMEs were strong but were applied to a limited proportion of SMEs.

The Board discussed the DBEI led initiative and was supportive of the SBCI's role as set out in the paper. It noted the risks arising from the proposed initiative would be assessed against the risk register and reviewed by the Audit and Risk Committee. It also noted that the initiative was in the early stages of development and requested clarity in due course as to the long term SBCI support for the online platform as it is delivered.

9. AOB

There were no items under AOB.

10. PRIVATE SESSION

The Board met in private session.

Conor O'Kelly
Chairperson

7 May 2018