

**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 AT
TREASURY BUILDING, LOWER GRAND CANAL STREET, DUBLIN 2
AT 14.00PM ON 11 APRIL 2019**

Present:

Barbara Cotter, *Chairperson*
Nick Ashmore
Eoin Dorgan
Tom McAleese
Rosheen McGuckian
AJ Noonan
Richard Pelly
Eilis Quinlan

Apologies:

Conor O’Kelly

In Attendance:

Damien Mulholland	<i>Secretary</i>
Ray Mangan	<i>Head of Risk, Finance and Operations</i>
Simon Cooney	<i>NTMA Head of Financial Planning & Operations</i>
Michelle Whelan	<i>NTMA Senior Finance Manager</i>
Macken McNicholas	<i>Legal Advisor</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. She noted that the primary purpose of the meeting was to consider the SBCI Annual Report and Financial Statements. 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

The Chairperson of the Audit and Risk Committee, Tom McAleese provided an update to the Board following the Committee’s meeting on 8 April 2019 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, all in respect of the year ended 31 December 2018.

The Committee Chairperson noted that the Committee had met with representatives from the Office of the Comptroller and Auditor General (OCAG) to review the C&AG's audit findings report. The Committee had met privately with the OCAG representatives without management present and there were no issues arising from the audit to report to the Board.

The Committee Chairperson advised the Board that the Committee had reviewed the draft governance and risk statements, and the Committee's own annual report, and were satisfied for these to be included in the 2018 Annual Report. The Committee had also reviewed the Internal Audit Update and KPMG's On-Lender Review Update and there were no overdue findings.

4. FINANCIAL STATEMENTS

4.1. Statement on Internal Control

The SBCI Head of Risk, Finance and Operations presented a paper on the review of the effectiveness of the system of 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 on Internal Control for inclusion in the financial statements for the year ended 31 December 2018, as presented to the Board, be approved.

4.2. Financial Statements 2018

The NTMA Finance representatives presented the draft financial statements for the year-ended 31 December 2018, noting the new disclosures in the financial statements compared to the previous year.

The Board asked for an explanation of the way in which claims from on-lenders under SBCI guarantee schemes were accounted for in the financial statements. The NTMA Finance representatives noted that 100% provision was required under FRS irrespective of the counter guarantee in place for 50% of the defaulted amount. The Board noted that this approach would be kept under review given the likely trend as schemes mature.

With regard to the process for preparing the financial statements, the Board stated it was satisfied with the assurances provided but noted that it would continue to keep under review the shared reporting line of SBCI Finance and Risk to ensure there was appropriate independence between the first and second lines of defence.

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

- i. the financial statements for the year ended 31 December 2018, 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 2018 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 2018. He informed the Board of a small number of changes to the Board's Governance Statement.

Subject to the changes being made; **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.

6. AOB

The Chairperson reminded the Board of a vacancy on the Audit and Risk Committee, and having discussed the matter with the Committee Chairperson, was proposing that A.J. Noonan be appointed to the Audit and Risk Committee. **IT WAS RESOLVED** that AJ Noonan be appointed to the Audit and Risk Committee, for a period of 3 years with immediate effect, or until he is no longer a member of the Board (whichever is the earlier).

The CEO provided the Board with a brief update on the Future Growth Loan Scheme, the Brexit Loan Scheme, on lender pipeline, and appointment of a ratings agency to provide the SBCI with a credit rating. Furthermore, he noted that he would bring a paper to Board at the June meeting with regards to the Customer Hub.

Barbara Cotter
Chairperson

6 June 2019