

**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 DOCK, NORTH WALL QUAY, DUBLIN 1  
AT 2.00 PM ON 12 SEPTEMBER 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>
Macken McNicholas	<i>Legal Advisor</i>
Ray Mangan	<i>Head of Risk, Finance and Operations (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 meetings of 21 February 2019, 6 June 2019 and 23 July 2019 had been circulated to the Board in advance of the meeting. **IT WAS RESOLVED** that the minutes be approved and that they be signed by the Chairperson.

There were no matters arising from the minutes.

#### **4. COMMITTEES REPORT**

##### **4.1. Audit and Risk Committee Report**

The Audit and Risk Committee Chairperson, Tom McAleese presented and summarised the report of the Committee meeting held on 4 September. He noted that the Committee had approved updates to the Reporting of Relevant Wrongdoing & Protected Disclosures Policy. It had also reviewed the Intangible Assets Policy and the Impairment Policy with no changes proposed at this time. The Committee Chairperson informed the Board that the Committee had reviewed the independent on-lender review of Fexco Asset Finance DAC. He then briefed the Board on the outcome of that review and discussions by the Committee of on-lender reviews completed to date. He also briefed the Board on changes to the Risk Register reviewed by the Committee

#### **5. CEO REPORT**

The CEO presented his Report. He provided an update on the on-lending pipeline, the Brexit Loan Scheme, the Future Growth Loan Scheme, other strategic initiatives and management matters including staffing and I.T. Following PTSB's decision to withdraw from the Future Growth Loan Scheme due to other internal priorities within the organisation, he noted that a proposal on distributing PTSB's allocated portion of the FGLS would be brought to the Board in due course. The CEO noted that the IT Technical Architect has commenced his engagement with SBCI to work on a proposal for the development and delivery of the Customer Hub. The Board noted that a proposal regarding the selection of a preferred tenderer would be brought to the Board at a later date for approval.

#### **6. BUDGET 2020**

The Head of Risk, Finance and Operations presented the draft budget 2020 for approval.

The Board reviewed the 2020 budget and the scenarios prepared by management and underlying assumptions and stress testing. The Board discussed the decrease in income forecasted for 2020 and the increase in costs. It also discussed the increased staff costs due to new hires which would largely depend on strategic projects and timing of hires throughout the year. The Board requested that the budget be revised as the likely timing of new hires would be phased throughout the year and that income would likely be higher, based on management expectation regarding the on-lender pipeline, the addition of a further scheme in 2020 and potential extension to existing schemes. In response to a query from the Board regarding no provision for impairment, the Head of Risk noted that a full assessment of each on-lender was performed and there was no objective evidence of impairment at present given the equity buffers, security and low exposure to any one specific sector. The Board noted that an impairment review forms part of annual financial statements process and that the underlying assumptions would be provided to the Audit and Risk Committee and Board in Q1 2020.

Subject to the inclusion of the Board's comments, **IT WAS RESOLVED** that the Budget 2020, as presented to the Board be approved.

## **7. EY EXTERNAL STRATEGIC REVIEW**

The Board discussed the EY draft external review of the SBCI, noting that EY had presented the draft report to the Board at the strategy away day. The Board agreed that the external strategic review was timely as five years had passed since the SBCI's incorporation. The Board noted that the review provided an impartial and informed view of the role and mandate of the SBCI, the success and challenges of the SBCI and the SME market. The Board noted that the review would help inform the SBCI Strategic Plan 2020-2025 at Agenda Item 8. The Board provided a number of comments on the draft report with regard to clarifying the proposed recommendations and providing more detail on peer analysis and stakeholder participation. The Board noted that the Chairperson and CEO would provide its feedback to EY including comment on a number of drafting points. It also noted that, once updated, the report would be shared with the Minister for Finance and his Department. The Board discussed publication of the report, noting it would consider this matter further once EY finalises its report.

## **8. STRATEGIC PLAN 2020-2025**

The CEO presented the draft Strategic Plan 2020 -2025 to the Board for review and comment. He advised that, subject to the Board's comments, the document would be submitted to the Minister for his views prior to finalisation.

The Board reviewed the draft Strategic Plan 2020 -2025 and provided its comments with regard to climate action and seeking clarity from the Minister of the SBCI's role in this area, setting expectations around the financial performance of the SBCI, the SBCI's ability to maximize State resources while remaining as close to cost neutral as possible, and the inclusion of measurable KPIs. Subject to these comments and a small number of drafting points, the Board was satisfied for the document to be submitted to the Minister and to be brought back to it for final approval.

## **9. GOVERNANCE ITEMS**

### **9.1 REPLACEMENT OF COMPANY SECRETARY**

As previously indicated by the CEO at the June board meeting, the Secretary was stepping down and being replaced in the role by Macken McNicholas. The Chairperson, on behalf of the Board, thanked the outgoing secretary for his professionalism and service to the Board during his tenure.

**IT WAS RESOLVED** that Macken McNicholas be appointed as Company Secretary, replacing Damien Mulholland with effect from 13 September 2019.

### **9.2 COMMITTEE MEMBERS' APPOINTMENTS**

The Chairperson noted that Rosheen McGuckian and Conor O'Kelly's terms as members of the Remuneration Committee had expired on 8 September 2019 and with their consent, proposed that their reappointment be approved for a further term.

**IT WAS RESOLVED** that Rosheen McGuckian be reappointed as Chairperson of the Remuneration Committee, and Conor O'Kelly, be reappointed member of the Remuneration Committee, each for a

period of 3 years with effect from 9 September 2019, or until they are no longer a member of the Board (whichever is the earlier).

#### **10. AOB**

The Secretary noted a number of housekeeping matters including the scheduling of Board and Committee dates for 2020 and the Board and Committees annual self-assessment process. The Board noted that the Secretary would circulate proposed dates for 2020 to members in the coming days and that the assessment processes would take place during October and November.

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

#### **11. PRIVATE SESSION**

The Board met in private session. This item was minuted separately.

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Barbara Cotter

Chairperson

5 December 2019