

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 VIDEO AND CONFERENCE CALL,

AND IN PERSON AT TREASURY DOCK, NORTH WALL QUAY, DUBLIN 1

AT 2.00 PM ON 20 APRIL 2023

Present:

Barbara Cotter	<i>Chairperson</i>
June Butler	
Ian Black	
Eilis Quinlan	
AJ Noonan	
Eoin Dorgan	<i>(from 4:00 PM)</i>
Marguerite McMahon	
Richard Pelly	
Tom McAleese	

Apologies:

In Attendance:

Des O'Connor	Company Secretary
Seán Farrell	Head of Products, Marketing & Research
Margaret Concannon	Head of Risk & Governance
Suzanne Sweeney	Head of Strategy, Finance & Operations
Colin Moran	Head of Lending
Andrew Downey	Lending Manager A (Item 5 only)
Paul Christie	Lending Manager B (Item 5 only)
Fiona Collier	Strategy Implementation Manager (Item 6 only)
Dylan O'Brien	Data Analyst (Item 7 only)
Dan Roche	Finance Manager (Item 8 only)
Rob Quill	Risk Manager
Claire Young	Business Support Specialist
Deirdre Donaghy	Department of Finance (guest)

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 Chairperson welcomed Deirdre Donaghy from the Department of Finance who was attending her

1st meeting as a guest following her nomination to the Board by the Minister for Finance and would be taking over the Director position from Eoin Dorgan in the coming weeks. Deirdre thanked the Chairperson and shared some background on her career to date, particularly in relation to Corporate Taxation, Tax Policy, and Tax Appeals, finishing by confirming that she was looking forward to contributing to the future activities of the Board. 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 both the meeting of 21 March 2023 and the ad hoc meeting of 11 April 2023, had been circulated to the Board in advance of the meeting and were before the Board for approval.

IT WAS RESOLVED that the minutes of both meetings, as presented, be approved and that they be signed by the Chairperson when circumstances permitted.

3.2. Matters arising

The Company Secretary noted that there were no items listed as Matters Arising following the meeting of 21 March 2023 **THIS ITEM HAS BEEN PARTIALLY REDACTED**. The CEO confirmed that Matters Arising from the 11 April 2023 meeting would be discussed during the CEO Report later in the meeting.

The Chairperson took the opportunity to discuss the feedback to the Brand Strategy Review which had been presented to the Board by The Reputations Agency at the 21 March 2023 meeting. She confirmed that, leading up to the presentation, there had been good engagement with the SBCI Senior Management Team and herself, through a series of interviews, and there was a clear focus on increasing the market's awareness of SBCI, which is a medium to long-term goal and a topic that will be re-visited regularly, for example, at SBCI Strategy Days.

The CEO noted that Enterprise Ireland, whose market awareness is at a significantly higher level than SBCI at present, have recently gone through a re-branding exercise themselves.

The Board agreed that the content of the presentation was well written, relevant and should prove useful to future discussions, while noting that understanding the SBCI model can present a challenge generally. The Board suggested that this topic be re-visited earlier than the Strategy Day, perhaps at the June Board meeting, depending on whether the agenda would allow sufficient time. **[Matter Arising]**

4. ARC REPORT

The Chairman of the Audit and Risk Committee (ARC) presented, for noting, the report of the Committee's meeting of 13 April 2023, based on the draft minutes from that meeting that had been circulated with the Board pack. He noted that the representatives from the C&AG had attended the ARC meeting to discuss the audit of the 2022 Financial **Statements THIS ITEM HAS BEEN PARTIALLY REDACTED**. He agreed that lessons had been learned for SBCI's future procurement processes, e.g., SBCI to ensure that flexibility is built into future contracts to facilitate similar changes to scope and achievement of economies of scale.

The Chairman of the ARC noted the discussions in respect of the Impairment Assessment for the FYE 31 December 2022 **THIS ITEM HAS BEEN PARTIALLY REDACTED**. He advised that the incoming Service Provider for On-Lender Reviews (PWC) had now signed up to the contract with SBCI and would be able to move towards delivery against the 2023 plan, albeit starting later in the year than would have been ideal, due to delays in agreeing the terms of the contract. Finally, he noted that the Cyber Security Annual Review had been shared with the ARC and confirmed that it advised that the NTMA is a better position than its peers – he proposed that this presentation be shared with the Board also, given the importance of the subject matter. **[Matter Arising]**

The CEO acknowledged the feedback from the C&AG but confirmed that a "clean" ("qualified" in C&AG terms) report was expected for the 2022 Financial Statements. **THIS ITEM HAS BEEN PARTIALLY REDACTED**.

5. LENDING TEAM - THIS ITEM HAS BEEN REDACTED IN FULL.

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6. STRATEGY – Q1 STRATEGY IMPLEMENTATION UPDATE

The CEO introduced the Q1 Strategy Implementation Update which included a "horizon scanning" update to the Board. The Strategy Implementation Manager (SIM) presented the Q1 Review highlights based on the SBCI's key impacts:

- Increase access to finance
- Enable SMEs to grow and prosper
- Promote sustainability

and SBCI's key enablers:

- Harness digital & data
- Build brand insights and relationships
- Support our people to be the difference

She also noted that activities undertaken by the SBCI were subject to:

- Manage taxpayers' money efficiently
- Robust & effective risk management

The SIM shared a KPI Dashboard which noted performance to date against target across a range of activities including scheme capacity, risk share loans, liquidity drawdowns, new scheme development and new On-Lender identification.

The HoSFO presented the Key Priorities for 2023 including progression of the Ukraine, GSLS and Retrofit schemes, new fixed interest-rate product offering, development of ESG awareness and continuous improvement of the SBCI Hub.

The HoRG provided the updates in respect of the brand strategy, which had been discussed earlier per Item 3.2, and people, e.g., completion of Values workshops attended by the full SBCI team, integration of new joiners, goal setting for 2023 and skills gap analysis to support future succession planning. She confirmed that, under “Manage taxpayer’ money efficiently”, funding lines were under review and a Treasury Management policy was under development. Finally, she confirmed that “Robust & effective risk management” would be supported by the implementation of the recommendations of the Risk Management Framework review (which would be shared with the ARC at the 1 June meeting) and a “Risk Culture” survey that would be completed.

The HoPMR discussed the key challenges facing SBCI, pricing of schemes against the background of a rising interest-rate environment, uncertain demand for liquidity, and the complexity attached to pricing and terms of schemes, which SBCI worked hard at reducing the burden on the SME. **THIS ITEM HAS BEEN PARTIALLY REDACTED.**

The HoL noted the external market impacts, including international bank failures, leading to tighter credit assessment. He confirmed the market interest in “Green” project finance, broadening the On-Lender partner base and pricing for risk, however, this may fall outside of SBCI’s mandate as SBCI does not operate on a commercial, profit-generating basis under its constitution.

The CEO noted that international capital had dried up and there may be opportunities in the €3m - €10m ticket space. The Board agreed that new On-Lenders should be encouraged to commit to SBCI based on the success of its schemes, **THIS ITEM HAS BEEN PARTIALLY REDACTED.**

7. CEO REPORT

The CEO presented her report, noting that many items were under detailed discussion per the other items on the agenda. **THIS ITEM HAS BEEN PARTIALLY REDACTED.**

The Data Analyst shared an update regarding developments in MI reporting within SBCI. He confirmed that the legacy (Portal) data was being merged with the new SBCI Hub data and this supports a more interactive reporting platform. He advised that there has been an increase in the automation of reports, with improved efficiency and timeliness. He noted that reporting to the Government Departments has been automated and reporting to the EIF would be automated next. Finally, he advised that self-service reporting is now available, and this supported greater highlighting of data trends.

8. THIS ITEM HAS BEEN REDACTED IN FULL.

9. THIS ITEM HAS BEEN REDACTED IN FULL.

10. AOB

The Chairperson provided an update re the Directors' Appointment process, the applications for which had expired on 18 April 2023. **THIS ITEM HAS BEEN PARTIALLY REDACTED.** She confirmed that PAS would undertake an initial screening before determining a list of potential candidates for the next stage, following which meetings with shortlisted candidates would be scheduled.

The CEO acknowledged the support of the Department of Finance during the recruitment process to date.

The Chairperson confirmed that details of preferred candidates would be presented to the Minister at the end of the process and the Minister would then select, based on skillsets etc., and nominate each successful candidate to the Board.

As this would be Eoin Dorgan's last attendance at a Board meeting as a Director, the Chairperson took the opportunity to thank him for his valuable contribution to the SBCI over the past 5 years and wish him every success in his new role with the Department of Public Expenditure, NDP Delivery and Reform.

The Chairperson then brought the meeting to an end.

Barbara Cotter, Chairperson

Date