

**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 08.00AM ON 26 MARCH 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>
Suzanne Sweeney	<i>Head of Lending</i>
Paul Christie	<i>Lending Manager</i>
Emma Hickey	<i>Assistant Lending 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 individual guarantee proposals regarding the Future Growth Loan Scheme (the “FGLS”). 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. CREDIT COMMITTEE REPORT

The Chairperson of the Credit Committee, Richard Pelly provided an update to the Board following the Committee’s meeting on 25 March 2019 to review FGLS credit proposals. He informed the Board

that the Committee had reviewed five credit proposals presented by the Lending Team and was recommending each proposal to the Board. He noted that the Committee had also reviewed the Assessment and Evaluation Report, noting the evaluation process, criteria applied and scoring methodology, which was also included in the Board meeting papers.

The Chairperson noted that the Credit Committee had discussed each of the proposals with the Lending Team, with particular emphasis around loan deployment, and monitoring of default risk with regard to the new bank applicants. In response, the Lending Team highlighted the mitigants in place to monitor slow deployment and default risk. The Committee noted that a summary of the credit proposals critical risk factors and mitigants would be helpful to the Board in its review of the proposals and had requested the Lending Team provide a summary paper to the Board its advance of its meeting. He noted that a '*Critical Risk Factors*' paper had been added to the Board's meeting papers.

4. FUTURE GROWTH LOAN SCHEME GUARANTEE PROPOSALS

The Board reviewed all five credit proposals, noting the Critical Risk Factors paper provided. The Board welcomed the two new applicants for the FGLS, which represented a key milestone for the SBCI. It noted that the increased number of participants would benefit SMEs with increased choice of on-lenders and greater price competition. In response to a question the CEO noted that there may be an appetite to provide additional resources to the scheme if it proves successful.

The Board discussed the proposed allocation levels of the applicants, noting the Assessment and Evaluation Report, and the deployment ability of the two new banks. The SBCI Head of Lending summarised the evaluation process, criteria applied and scoring methodology, noting the evaluation process had encouraged applicants to compete on price. With regard to deployment ability, she noted that triggers would be put in place in the legal agreements to give the SBCI the ability to reallocate a portion of the scheme to another on-lender if certain targets were not met. Furthermore, it was noted that the two new applicants had demonstrated in their applications a sound resourcing, marketing and distribution plan for the scheme. The Head of Lending further noted that representatives from the European Investment Fund (EIF) had performed an independent due diligence and were satisfied with the credit controls and risk assessment of each of the five applicants.

Following review of the five proposals, the Board agreed to proceed as recommended by management.

4.1 Allied Irish Banks

IT WAS RESOLVED

- i. that the SBCI enter into an agreement with Allied Irish Banks p.l.c. ("AIB") to provide AIB with a guarantee (the "AIB Guarantee Agreement") covering a portfolio of €75 million under the terms as set out in the AIB Guarantee Proposal as presented to the Board;
- ii. to delegate to the Chief Executive Officer the power to negotiate and execute the AIB Guarantee Agreement and any other documents connected to the AIB Guarantee Agreement, together with any amendments thereto, conforming in substance to the terms

as set out in the AIB Guarantee Proposal, with such minor and non-substantive variations as he in his absolute discretion deems necessary or appropriate; and

- iii. 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.

4.2 Bank of Ireland

IT WAS RESOLVED

- i. that the SBCI enter into an agreement with The Governor and Company of the Bank of Ireland ("BOI") to provide BOI with a guarantee (the "BOI Guarantee Agreement") covering a portfolio of €95 million under the terms as set out in the BOI Guarantee Proposal as presented to the Board;
- ii. to delegate to the Chief Executive Officer the power to negotiate and execute the BOI Guarantee Agreement and any other documents connected to the BOI Guarantee Agreement, together with any amendments thereto, conforming in substance to the terms as set out in the BOI Guarantee Proposal, with such minor and non-substantive variations as he in his absolute discretion deems necessary or appropriate; and
- iii. 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.

4.3 KBC Bank Ireland

IT WAS RESOLVED

- i. that the SBCI enter into an agreement with KBC Bank Ireland plc ("KBC") to provide KBC with a guarantee (the "KBC Guarantee Agreement") covering a portfolio of €50 million under the terms as set out in the KBC Guarantee Proposal as presented to the Board;
- ii. to delegate to the Chief Executive Officer the power to negotiate and execute the KBC Guarantee Agreement and any other documents connected to the KBC Guarantee Agreement, together with any amendments thereto, conforming in substance to the terms as set out in the KBC Guarantee Proposal, with such minor and non-substantive variations as he in his absolute discretion deems necessary or appropriate; and
- iii. 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.

4.4 Permanent TSB

IT WAS RESOLVED

- i. that the SBCI enter into an agreement with Permanent TSB plc ("PTSB") to provide PTSB with a guarantee (the "PTSB Guarantee Agreement") covering a portfolio of €30 million under the terms as set out in the PTSB Guarantee Proposal as presented to the Board;

- ii. to delegate to the Chief Executive Officer the power to negotiate and execute the PTSB Guarantee Agreement and any other documents connected to the PTSB Guarantee Agreement, together with any amendments thereto, conforming in substance to the terms as set out in the PTSB Guarantee Proposal, with such minor and non-substantive variations as he in his absolute discretion deems necessary or appropriate; and
- iii. 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.

4.5 Ulster Bank Ireland DAC

IT WAS RESOLVED

- i. that the SBCI enter into an agreement with Ulster Bank Ireland DAC ("UB") to provide UB with a guarantee (the "UB Guarantee Agreement") covering a portfolio of €50 million under the terms as set out in the UB Guarantee Proposal as presented to the Board;
- ii. to delegate to the Chief Executive Officer the power to negotiate and execute the UB Guarantee Agreement and any other documents connected to the UB Guarantee Agreement, together with any amendments thereto, conforming in substance to the terms as set out in the UB Guarantee Proposal, with such minor and non-substantive variations as he in his absolute discretion deems necessary or appropriate; and
- iii. 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.

5 AOB

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

Barbara Cotter
Chairperson

6 June 2019