

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 ONLINE
AND IN-PERSON AT TREASURY DOCK, NORTH WALL QUAY, DUBLIN 1
AT 2:00PM ON 26 OCTOBER 2023

Present:

Barbara Cotter	<i>Chairperson</i>
June Butler	<i>CEO</i>
Eilis Quinlan	
AJ Noonan	
Marguerite McMahon	
Tom McAleese	
Richard Pelly	
Deirdre Donaghy	

Apologies:

Ian Black

In Attendance:

Margaret Concannon	Head of Risk & Governance
Robert Quill	Risk Manager
Suzanne Sweeney	Head of Strategy, Finance & Operations
Dan Roche	Finance Business Partner (Item 5 only)
Susan Fagan	IT Operations Specialist (Item 4 only)
Colin Moran	Head of Lending
Eibhlin O’Donnell	Senior Legal Advisor, NTMA (Item 7 only)
Claire Young	Business Support Specialist
Des O’Connor	Company Secretary

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 of the Board of Directors (the “**Board 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 any of the Board Members in the business to be transacted at the meeting.

3. MINUTES AND MATTERS ARISING

3.1. MINUTES OF MEETING OF 8 SEPTEMBER 2023

The Company Secretary (CS) presented the draft minutes of the meeting of 8 September 2023 for review and approval.

IT WAS RESOLVED that the Board approve the minutes of the meeting of 8 September 2023 as presented and that they would be signed by the Chairperson when circumstances permitted.

3.2. MATTERS ARISING

The CS presented updates in respect of matters arising. He noted that interest had been expressed, following the Ukraine Credit Guarantee Scheme (UCGS) Evaluation Group meeting of 5 April 2023, in the Board being provided with a review, for discussion purposes, of the components of pricing applied by the partner banks and non-banks, and the benefit transferred. He confirmed that a review is planned for Q1, 2024 as part of the “Lessons Learned” exercise following completion of the On Lenders’ on-boarding process for both the UCGS and the Growth and Sustainability Loan Scheme (GSLs), therefore this item will remain open for the present.

The CS noted that feedback had been shared at the Board meeting of 8 September 2023 re the calculation basis for the concentration limit Key Risk Indicators (KRIs) per the Risk Dashboard. He advised that the Head of Risk and Governance has undertaken to review same and revert to the Audit and Risk Committee at the next annual review of the KRIs and the Risk Appetite Statement, therefore this item is closed.

Finally, the CS raised the proposed drafting of a new “Culture Dashboard” for the SBCI as had been suggested following the most recent external Board Evaluation review. The Board discussed the merits of collating key metrics into a Culture Dashboard and noted that they had seen little evidence of the use of such dashboards in other/similar bodies. In general, the Board agreed that there may be interest in SBCI being a leader with this item, they did not consider it a priority and proposed that it be reviewed further during 2024. The Board then agreed that this item should be closed.

4. CEO REPORT

The Head of Lending (HoL) provided an update on the activity of the current “live” schemes, particularly the UCGS which was tracking drawdowns of circa €5-6m per week, while a further On Lender for the UCGS, Linked Finance, is expected to enter the market prior to Christmas 2023. The HoL confirmed that, in respect of the GSLs, Bank of Ireland had launched the “green-only” element while AIB were in the final stages prior to launch of both “green” and “non-green” elements. **THIS ITEM HAS BEEN PARTIALLY REDACTED.**

The HoL advised that certain assets, e.g., refrigeration, needed to be added to the list of approved assets under the EIB Green Checker to facilitate greater future drawdowns on GSLs (discussions with the EIB are continuing), while data from the SBCI Hub tracking abandonment during the online eligibility process will provide a basis for an outreach programme to SMEs.

The CEO provided an update re the Retrofit Loan Guarantee Scheme (RLGS) and advised that the loan limit increase from €50,000 to €75,000 had been approved and a fresh Open Call would issue over the coming week. **THIS ITEM HAS BEEN PARTIALLY REDACTED.**

The CEO noted the team’s recent activities in terms of stakeholder engagement, the feedback from which feeds into strategy definition for SBCI. She noted the pent-up demand for the growth element of the GSLs and confirmed that SMEs are attracted to the longer term, discounted interest rate and unsecured features of loans under that scheme.

The Head of Risk and Governance (HoRG) updated the Board on the SBCI team's development activities, including a full-day studio-based session and half-day Stress Management presentation, and confirmed that feedback following both events had been positive. She noted that sustainability training received by the SMT would be rolled out to the rest of the team in the short term and that the team had visited the Dublin Waste to Energy plant at Poolbeg for a tour of that facility as part of the ongoing focus on ESG across the team.

THIS ITEM HAS BEEN PARTIALLY REDACTED.

The CEO noted the key "Look forward" items, including the information presentation planned for the incoming Board members. The Chair encouraged the Board members to submit feedback/suggestions based on their own experience of joining the Board, to the CEO and CS to support the induction process. The Board noted that SBCI has evolved into a guarantee-based, rather than a lending-based, organisation and this was a key element to be addressed during the new members' induction, while they also suggested that an additional information session be scheduled c.6 months following the members' appointments to capture early feedback and close out any knowledge gaps.

4.1. SBCI HUB UPDATE

The Head of Strategy, Finance and Operations (HoSFO) presented an update on the SBCI Customer Hub, a critical component of SBCI's Digital Strategy, for noting. She provided a progress update of the Hub's objectives and deliverables to date, including a shortening of the scheme delivery timeline from 4-6 months to circa 8 weeks, depending on scheme requirements. She noted that the paper application process has been digitised for liquidity, UCGS and GSLs, and over 5,000 eligibility codes have been issued via the Hub to SMEs since August 2023.

The HoSFO advised that the feedback to the Hub from SMEs has been positive and has fed into updates to be included in future development. She noted that the Hub now provides critical information by recording SMEs' abandonment rates during the online process and at what point are those abandonments occurring. This enables SBCI to contact those SMEs and seek to assist them through to completion of the process.

The HoSFO advised that the Hub's link to the EIF's Green Checker Tool was the first development of an API solution, and a similar API solution will be developed to support the RLGS where the Hub will accept energy rating data from the SEAI. She also noted that the Hub has reduced the need for manual data capture, previously undertaken by Fexco on SBCI's behalf.

THIS ITEM HAS BEEN PARTIALLY REDACTED. She noted the plans to work with Ergo to deliver further improvements to the Hub, including plans to digitise SBCI Claims and Recoveries processing, and other "outreach" initiatives, e.g., surveys, feedback from SMEs.

The HoSFO confirmed that an audit of the Hub project had been completed in July 2023, with results presented to the August 2023 Audit and Risk Committee. **THIS ITEM HAS BEEN PARTIALLY REDACTED.**

The Board thanked the HoSFO for the comprehensive review presented and sought details of schemes currently "live" on the Hub. The HoSFO advised that liquidity, UCGS and GSLs were "live" while the new RLGS will be developed and the legacy Portal will be wound down, with only "closed" schemes data remaining.

5. THIS ITEM HAS BEEN REDACTED IN FULL.

6. CONSENT AGENDA

6.1. AML/CFT POLICY – BUSINESS RISK ASSESSMENT

The Risk Manager (RM) presented the revised AML/CFT Business Risk Assessment that was presented to the meeting of the Audit and Risk Committee on 31 August 2023 and was recommended to the Board for approval. The RM summarised the changes to be applied and confirmed that the RLGS did not give rise to a need for a specific reference in the Business Risk Assessment as it is expected that the RLGS will be delivered via a small number of On Lenders, primarily large regulated financial institutions.

IT WAS RESOLVED that the Board approve the revised AML/CFT Business Risk Assessment, as presented, and extend the date for the next annual reviews of the AML/CFT Policy and AML/CFT Business Risk Assessment to end-October 2024 to align both exercises.

6.2. BOARD ANNUAL SELF-ASSESSMENT EXERCISE

The CS noted that the annual Board Self-Assessment exercise is due to be completed by year-end in compliance with the Code of Practice for the Governance of State Bodies. He advised that, while a copy of the 2022 Self-Assessment questionnaire was circulated to the Board, it is proposed that this year's exercise be adapted to reflect the maturity of the Board membership (as is permitted by the Code), reduce the total number of questions and tailor them to the SBCI. It is also proposed to include optional sections in the Board Self-Assessment questionnaire to be completed by members of the Board's Committees, thereby covering off this requirement for the Board and each of its Committees, in a single exercise. Finally, the CS confirmed that suggestions/feedback on the proposed questionnaire from the Board membership would be welcome.

6.3. REAPPOINTMENT OF MEMBER OF CREDIT COMMITTEE

The CS advised that Marguerite McMahon's first term as a member of the Credit Committee had expired on 23 October 2023 and sought approval from the Board to reappoint her for a second term, in accordance with the Terms of Reference of the Credit Committee, effective from that date.

IT WAS RESOLVED that the Board approve the reappointment of Marguerite McMahon as a member of the Credit Committee for a second term of three years or until she is no longer a member of the Board, effective from 23 October 2023.

6.4. BOARD GOVERNANCE FILE

The CS presented, for noting, the updated version of the Board Governance File. He advised that amendments were applied to it following points raised during the Governance Framework audit earlier in 2023, specifically the inclusion of a "Document Control" section, confirmation that papers will be circulated seven calendar days prior to Board/Committee meetings, and text regarding Gender Balance and Diversity per the Annex to the Code of Practice for the Governance of State Bodies.

The CS noted that the Board Governance is reviewed regularly, particularly in preparation for the appointment of new members to the Board, as it is a key document, as are the appendices to it.

6.5. 2024 BOARD WORK PROGRAMME

The CS presented the draft agendas making up the 2024 Board Work Programme, for information only. He advised that, unlike 2023, there is no March Board meeting planned for 2024 – that meeting had been pencilled in to seek to review and approve elements of the Annual Report and Financial Statements, however, it was found that many key items were not finalised in time for the March

meeting, therefore none is planned for 2024. Finally, he confirmed that calendar invitations for both the (in-person) Board and (virtual) Audit and Risk Committee meetings scheduled for 2024 would be issued in the coming days.

7. THIS ITEM HAS BEEN REDACTED IN FULL.

There being no other business, the Chairperson then brought the meeting to an end.

Barbara Cotter, Chairperson

Date