

**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 CONFERENCE CALL AT
TREASURY DOCK, NORTH WALL QUAY, DUBLIN 1
AT 4.00 PM ON 27 February 2020**

Present:

Barbara Cotter, *Chairperson*
Nick Ashmore (*except Item 4.2*)
Eilis Quinlan
AJ Noonan
Richard Pelly
Conor O’Kelly
Eoin Dorgan
Tom McAleese
Rosheen McGuckian

In Attendance:

Macken McNicholas *Company Secretary (except Item 4.2)*
Ray Mangan *Head of Risk, Finance and Operations (Items 4.1 & 5 only)*
Breda McNamara *Head of Compliance (Item 7 only)*
Sinead Flanagan *Senior Compliance Officer (Item 7 only)*

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 meeting of 5 December 2019 and private session meeting of 5 December 2019 had been circulated to the Board in advance of the meeting. **IT WAS RESOLVED** that the minutes of the meetings be approved and that they be signed by the Chairperson.

4. COMMITTEE REPORTS

4.1 Audit and Risk Committee Report

The Chairperson of the Audit and Risk Committee, Tom McAleese, provided an update to the Board of the Committee's meeting held on the 20 February 2020. He updated the Board as to the review of the draft financial statements for the year ending 31 December 2019, including the Director's Report. The Committee had also reviewed the draft Governance Statement and Board Members' Report, for inclusion in the Annual Report.

He noted that the Committee had reviewed the effectiveness of the Risk function and the Internal Auditor and concluded that the functions were operating effectively. He noted that the Committee had also reviewed the Procurement Update, the Risk Register, the Risk Management Plan for 2020, the Portfolio Risk Review and Operational Events Report. He noted that the first of the On-Lender Reviews for 2020 was due to commence in March and was due to report at the Committee's May meeting. He further noted that the Committee, following its review of the Risk Register, requested that the current political uncertainty be discussed at the Board meeting.

He provided an update to the Board on the progress of the Risk Appetite Statement, the Credit Risk Policy and Stress Testing Framework. He noted that these would come before the Audit and Risk Committee at its March meeting for recommendation to the Board at its April meeting.

The Chairperson also noted that the Committee met in private with the Head of Risk, Finance and Operations and there were no issues arising to report to the Board.

4.2 Remuneration Committee Report

The CEO and Company Secretary having left the room for this item, the Remuneration Committee Chairperson, Rosheen McGuckian, reported on the Remuneration Committee meeting held earlier that day. She briefed the Board on the Committee's discussions with regard to the proposed PRP for 2019 including PRP for the Executive Team, salary reviews and the CEO's performance review.

The Board discussed the PRP proposal. **IT WAS RESOLVED** that total performance related payment of up to €103,000 in respect of 2019 be approved (with awards to be made applying the criteria as per the SBCI Remuneration Policy).

5. CEO REPORT

At the request of the Audit and Risk Committee, the Head of Risk Finance and Operations provided an overview of the Income and Expenditure Review for year-end 2019 as set out in the CEO Report. The CEO then presented his Report. He briefed the Board on key matters including the progress of the SBCI's Brexit Loan Scheme and Future Growth Loan Scheme, the on-lending pipeline, the Customer Hub and other strategic initiatives for 2020. He noted SBCI's key priorities at present were the continued deployment of SBCI's Schemes and launch of the second new on-lender partner approved by the board in 2019, noting Capitalflow had launched successfully in January 2020. He also provided an overview of the objectives and KPIs set for 2020 which were contained in the Report. He briefed the board on the Strategic Plan 2020-2025 and the options for its publication on

the SBCI's website noting the challenge with a potential change in government formation on the horizon.

The Board discussed the KPIs in detail and provided the CEO with its feedback, noting some of the KPIs may be too granular and that interim milestones should be put in place in certain instances. The Board noted the summary on the Income and Expenditure Report for 2019 noting that the draft Financial Accounts and Annual Report would be presented to it at the April meeting for its approval. Furthermore, the Board discussed the CEO Report and the on-lender pipeline noting that the addition of a tech enabled on-lender in the market, in the right circumstances, could provide competition and additionality to SME lending.

6. GOVERNANCE ITEMS

6.1. APPOINTMENTS AND REAPPOINTMENTS TO THE CREDIT COMMITTEE

The Secretary presented the paper which proposed the appointment of Eoin Dorgan to the Credit Committee to replace Rosheen McGuckian for a term of three years with effect from 28 February 2020. The paper also proposed the reappointment of Richard Pelly, Nick Ashmore and Ray Mangan to the Committee for a further term of three years with effect from 28 February 2020. It was proposed that Richard Pelly will remain Chairperson of the Committee.

IT WAS RESOLVED that:

1. Eoin Dorgan be appointed a member of the Credit Committee, for a period of 3 years, with effect from 28 February 2020, or until he is no longer a member of the board; and
2. Nick Ashmore and Ray Mangan be reappointed members of the Credit Committee for a further term of 3 years, with effect from 28 February 2020, or until they cease to be an employee of the NTMA; and
3. Richard Pelly be reappointed a member and Chairperson of the Credit Committee, for a period of 3 years, with effect from 28 February 2020, or until he is no longer a member of the board.

7. COMPLIANCE MATTERS

7.1 Statutory Obligations Update

The Head of Compliance and Senior Compliance Officer presented the material statutory obligations relevant to the SBCI, highlighting the key changes since last presented to the Board in February 2019 as set out in the paper. She noted that a management assurance process was in place with regard to compliance with the statutory obligations. The Head of Compliance advised that further details on the obligations contained in the various pieces of legislation covered in the presentation were available on BoardPad.

The Board noted the update and that each director had been informed of the process for raising any matters of non-compliance.

7.2 Periodic Board Compliance Training

The Head of Compliance and Senior Compliance Officer provided a comprehensive presentation to the Board on their personal compliance obligations. The material covered included, inter alia, confidentiality and the disclosure of interests, as well as obligations arising from AML legislation,

market abuse legislation and the Personal Account Transactions policy and Code of Conduct for members of the SBCI Board.

8. AOB

The Chairperson provided an update to the Board on the Public Appointments Service (PAS) process for the appointment of a new board member. She noted that there had been a substantial number of applications and that a selection panel would be created to work on shortlisting appropriate candidates for further consideration by the Minister.

The Chairperson further reminded board members if there were any additional courses or training, they would like to undertake to contact the Secretary to facilitate this.

The Chairperson noted that it was Rosheen McGuckian's last board meeting, her resignation to take effect on 12 March 2020. The Chairperson, on behalf of the Board, thanked her for her valuable and valued contribution as a Board and Committee member and wished her well in the future

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

9. Private Session

The board held a private session without the CEO and Company Secretary present.

Barbara Cotter

Chairperson

15 April 2020