

**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 IN PERSON AT  
TREASURY DOCK, NORTH WALL QUAY, DUBLIN 1  
AT 2.00 PM ON 5 DECEMBER 2023**

**Present:**

Barbara Cotter                      *Chairperson*  
Ian Black  
June Butler  
Deirdre Donaghy  
Tom McAleese  
Marguerite McMahon  
AJ Noonan  
Richard Pelly

**Apologies:**

Eilis Quinlan

**In Attendance:**

Margaret Concannon	Head of Risk & Governance
Robert Quill	Risk Manager
Suzanne Sweeney	Head of Strategy, Finance & Operations
Shane McCullough	Interim Head of Products, Research & Marketing
Colin Moran	Head of Lending
Paul Christie	Senior Lending Manager (Item 4 only)
James O’Dwyer	Lending Manager (Item 4 only)
Laura Kennedy	Assistant Lending Manager (Item 4 only)
Dan Roche	Finance Business Partner (Item 6.1 only)
Deirbhile Brennan	Head of Compliance, NTMA (Item 9 only)
Sinead Flanagan	Senior Compliance Manager, NTMA (Item 9 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 entitled to attend the meeting and that a quorum was present. She noted apologies received from Eilis Quinlan, who was not available to attend due to a recent close family bereavement and took the opportunity to extend the Board’s condolences to her and her family on this sad occasion.

The Chairperson also noted the appointment of SBCI's Head of Products, Research & Marketing (**HoPRM**), Sean Farrell, as Head of Business Banking for PTSB, due to take effect early in 2024, and wanted to pass on the Board's good wishes to him in his new role. She acknowledged that Shane McCullough, who is a long serving member of the SBCI team, has been appointed as Interim HoPRM, pending a formal appointment being made to replace Sean Farrell, and assured Shane of the Board's support during this phase.

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. **THIS ITEM HAS BEEN PARTIALLY REDACTED.**

## **3. MINUTES AND MATTERS ARISING**

### **3.1. Minutes**

The Chairperson noted that draft minutes of the meeting of 26 October 2023 and the ad hoc meeting of 1 November 2023, had been circulated to the Board in advance of the meeting, were before the Board for approval. One amendment was requested for the minutes of 26 October 2023 to record Ian Black's apologies as he was unavailable to attend that meeting.

**IT WAS RESOLVED** that the minutes of both meetings, be approved, subject to the above-mentioned addition to the minutes of 26 October 2023, and that they be signed by the Chairperson when circumstances permitted.

### **3.2. Matters arising**

The Company Secretary (CS) noted that the Matter Arising from the meeting of 26 October 2023 in respect of the re-classification, as requested by the Board, of "**Financial Guarantee – claims**" as "**Subsidies – Agri Scheme**" had been completed in respect of the Financial Forecast by the Finance Business Partner and the status of this item has been updated to closed.

## **4. LENDING ITEMS**

### **4.1 Credit Committee Report**

The Chair of the Credit Committee provided an update following the Committee's meeting on 27 November 2023, noting that most of the matters discussed at that meeting formed the following agenda items presented to the Board for approval today, i.e. **THIS ITEM HAS BEEN PARTIALLY REDACTED.**

**4.2 THIS ITEM HAS BEEN REDACTED IN FULL.**

**4.3 THIS ITEM HAS BEEN REDACTED IN FULL.**

#### **4.4 THIS ITEM HAS BEEN REDACTED IN FULL.**

### **5. 2023 STRATEGY IMPLEMENTATION**

The CEO introduced the Strategy Review for 2023 and discussed those deliverables which had a red status, i.e., HEULS and the InvestEU Partner status, both of which would not be completed in 2023 but were on track for 2024, e.g., a fresh Open Call was required following the changes in the terms of HEULS setting back delivery by several months. She also noted two unforeseen items that had been a significant draw on resources during the year, namely the transfer of the legacy KBC and Ulster Bank loan books, **THIS ITEM HAS BEEN PARTIALLY REDACTED.**

The Strategy Implementation Manager (**SIM**) presented the KPI Dashboard noting that SBCI had met 77% of scheme capacity available to the market while drawings at 68% were behind **THIS ITEM HAS BEEN PARTIALLY REDACTED.** She noted the liquidity approvals were on target, based on the proposals presented to this meeting, while drawdowns at 91% reflected the repayments of their facility by Finance Ireland.

The SIM advised that Phase 2 of the SBCI Customer Hub was on track for completion in Q1 2024, at which point the legacy portal will be wound down, while **THIS ITEM HAS BEEN PARTIALLY REDACTED.** She confirmed that both the Risk Culture Survey and skills gap analysis had been completed.

The Board enquired into the learnings taken from 2023 and the CEO advised that there is a need to build in allowance for the level of SBCI's reliance on external dependencies, i.e., those which it has limited/no control over, given their impact on delivery timelines and this has been built into the 2024 plan. The SIM also noted the organisational review, due to be completed in 2024, will serve to further improve SBCI's efficiency.

The Head of Risk and Governance (**HoRG**) presented 2024's strategic priorities, including new schemes under development, sustainability training for employees and looking forward to SBCI's strategy for 2025 – 2030. She also noted that SBCI would make its 10<sup>th</sup> anniversary during 2024.

The Interim Head of Products, Research and Marketing presented the Product Development Roadmap for 2023-2026 and advised that 3 UCGS On-Lenders and 3 GSLS On-Lenders would be deployed during 2024, while the HEULS development was nearing completion with proposals for allocations to On-Lenders to be presented to the Board early in 2024 following the recent conclusion of the Open Call process. **THIS ITEM HAS BEEN PARTIALLY REDACTED.**

The SIM advised that the KPIs for 2024 had been condensed into 15 KPIs for reporting at Board level – second tier KPIs applied at Team level. **THIS ITEM HAS BEEN PARTIALLY REDACTED.**

The Head of Strategy, Finance and Operations (**HoSFO**) discussed the capacity requirements for 2024, including an additional 6 FTE, based on the increased number of schemes under management (8), and number of On-Lenders (41) against a background of growing BAU activities. She also noted the financial analysis of the 2024 plan (see agenda Item 6.1).

The HoRG presented the Risk view of the 2022-2025 Strategy in terms of the Impact Themes, including concentration risk following Banks' departures from the market and some On-Lenders paying back their liquidity facilities, challenges around market demand for ESG-based schemes and the complexity of SBCI products, and Key Enablers such as the Customer Hub, digital strategy and capacity/skills planning.

### **6. FINANCE ITEMS**

#### **6.1 THIS ITEM HAS BEEN REDACTED IN FULL.**

## 6.2 Fexco Services Agreement

This item was held over until the next Board meeting

## 7. CEO REPORT

The CEO presented the CEO Report, for noting, **THIS ITEM HAS BEEN PARTIALLY REDACTED.**

## 8. RISK ITEMS

### 8.1 Audit and Risk Committee Report

The Chair of the Audit and Risk Committee (ARC) provided an update following the Committee's meeting on 23 November 2023. He noted the key items comprised the C&AG's 2023 audit plan, the Internal Audit plan for 2024, the On-Lender Review plan for 2024, as well as the Risk Register Review. He acknowledged the input to the ARC meeting from NTMA Compliance and noted that these matters would also be presented within the agenda later in this meeting.

### 8.2 Stress Testing 2023

The Risk Manager (**RM**) presented, for noting, the annual Stress Testing exercise which assesses the resilience of the SBCI to withstand adverse shocks. He advised that the Stress Testing had been completed under three hypothetical scenarios of increasing severity, acknowledging that the extent of any financial impact remains difficult to quantify.

The RM stepped through each of the scenarios and supporting assumptions, i.e., **Scenario 1** assumed 2023 performance in line with the Forecast approved by the Board in October 2023 with subsequent years broadly based on the draft Budget 2024 figures prepared by SBCI finance and due to be approved by the Board. It assumed no guaranteed loan scheme losses or on-lender defaults and no capital drawdowns given robust net capital position. **Scenario 2** assumed SBCI incurs net scheme losses on the EELS scheme and one on-lender default while **Scenario 3** was a severe stress test based on increased interest rates, inflation, and high levels of default resulting in multiple on-lender defaults and net losses across the schemes.

In summary, the RM advised that, should unforeseen losses arise, SBCI has adequate capital reserves as even in Scenario 3 there is adequate headroom under SBCI's callable capital.

## 9. COMPLIANCE ITEMS

### 9.1 SBCI Board/Committee Code of Conduct

The Senior Compliance Manager, NTMA (**SCM**), presented the biennial review of the Code of Conduct, for approval, noting that no material revisions were proposed. She noted that minor enhancements were proposed for completeness, including reference to AML/CFT Policy, the Anti-Bribery and Corruption Framework and the Protected Disclosures Policy, and that the updated Code of Conduct would be added to the Board Governance File (Appendix 9).

The SCM took the opportunity to remind Board members of their obligations in respect of media coverage, as outlined in section 6 of the updated Code of Conduct i.e., *"members should refer to the Governance File for information on confidentiality and related matters, including any planned release of information to third parties or engagement with news or social media. Any queries in this regard may be directed to the Chief Executive Officer or the NTMA Deputy Director, Public Affairs & Communications."*

**IT WAS RESOLVED** that the Board approve the updated SBCI Board and Committees Code of Conduct, as presented.

## **9.2 MLRO Report**

The SCM presented the MLRO Report for noting. She advised that reference to the Central Bank's "Dear CEO" letter was included for information only as it dealt with compliance with AML legislation. She confirmed that the annual online AML/CFT training had been completed by all SBCI staff and Board/Committee members and that further training would be rolled out to the new joiners, as required.

## **9.3 Compliance Refresher Training**

The Head of Compliance, NTMA (HoC), shared a reminder with the Board members in respect of their Compliance Obligations and, as two Board members were due to retire at the end of 2023, she noted those particular items that would continue to apply post-retirement, including conditions applicable to Conflicts of Interest and External Appointments. She noted that, generally, Board members should not engage in personal account dealing which may impact on the business or reputation of the SBCI and that written pre-approval from the Chairperson was required before dealing.

The HoC advised that emerging/topical risks included the SBCI's Home Energy Upgrade Loan Scheme (formerly the Retrofit Scheme), Lobbying Regulations (although it was anticipated that SBCI would be ruled to be out of scope for these regulations) and AI.

## **10. REMUNERATION COMMITTEE REPORT**

The Chairperson of the Remuneration Committee provided an update to the Board, following that Committee's meeting on 1 December 2023, during a private session without management present.

## **11. CONSENT AGENDA**

### **11.1 Board Work Programme – 2023 Review & 2024 Draft Plan**

The CS presented, for noting, the 2023 Review and 2024 Draft Plan for the Board Work Programme and confirmed that, upon completion of the business of today's meeting, the Board will have fulfilled its obligations in respect of the 2023 Work Programme.

The CS advised that the 2024 Draft Plan had been circulated, based on a total of six scheduled meetings plus a Strategy-focussed day, currently planned for 5 September 2024. He added that feedback from other key stakeholders, including NTMA Compliance and Internal Audit, was being gathered and an updated version of the 2024 Plan would be presented to the Board meeting in February 2024 for noting.

### **11.2 Appointment of New Board Members & Chairpersons of Audit & Risk and Remuneration Committees**

The CS presented, for approval, details of the appointments of new Board members, Patrick Delaney and Declan Murray, based on their nominations by the Minister for Finance, as well as the appointments as Chairpersons to the Audit and Risk Committee for Eilis Quinlan and to the Remuneration Committee for Marguerite McMahan. He confirmed that each of these appointments were to take effect from 1 January 2024 to reflect the retirements from the Board of Tom McAleese and AJ Noonan on 31 December 2023.

**IT WAS RESOLVED** that the Board approve the appointments of Patrick Delaney and Declan Murray as Board members, the appointment of Elis Quinlan as Chairperson of the Audit and Risk Committee and the appointment of Marguerite McMahon as Chairperson of the Remuneration Committee, as presented, effective from 1 January 2024.

### **11.3 Power of Attorney – Annual Renewal**

The CS presented the annual renewal of the Power of Attorney (POA), noting the current POA was due to expire on 15 December 2023 and changes impacting the role of Head of Products, Research and Marketing, in particular. He confirmed that the supporting documentation, minutes etc. had been drafted by NTMA Legal and had been circulated to enable the Board to revoke the current POA and approve the new POA for the coming year.

**IT WAS RESOLVED** that the Board approve as follows:

that

- the form of the Deed of Revocation be and is hereby approved;
- the form of the December 2023 Power of Attorney be and is hereby approved;
- each Attorney may sign and deliver any Documents as are required to be executed under hand, whether such execution is by wet-ink signature, electronic signature or digital signature;
- each Attorney may sign and deliver any Documents as are required to be executed as deeds, whether such execution is by wet-ink signature, electronic signature or digital signature (in accordance with applicable law); and
- each POA Document, together with any other document, deed or instrument necessary or desirable or expedient to be issued, entered into or executed and delivered by the Company in connection with or pursuant to the Transaction or any POA Documents:
  - (a) be executed by any director; or
  - (b) if required or expressed to be executed as a deed, be executed and delivered under seal in accordance with the Act, and where applicable, the Company's Constitution.

that

- the company secretary of the Company be and is hereby authorised and directed to make all necessary and appropriate entries in the books and registers of the Company and to arrange for all necessary forms, notices and documents in connection with the matters referred to above to be completed and filed with the Companies Registration Office and any other filing or recording office in the world, as applicable.

### **11.4 Schedule of Matters Reserved for Decision by the Board\***

### **11.5 Credit Committee Terms of Reference – annual review\***

\* Both items 11.4 and 11.5 held over until next Board meeting pending completion of full review

### **11.6 Audit and Risk Committee Terms of Reference – annual review**

The CS presented the annual review of the Terms of Reference for the Audit and Risk Committee for approval following the Committee's review at its meeting on 23 November 2023 and noted that

minor updates had been applied to include a Document Control section and reference to the Anti-Bribery and Corruption Framework.

**IT WAS RESOLVED** that the Board approve the updated Audit and Risk Committee Terms of Reference as presented.

**11.7 Remuneration Committee Terms of Reference - annual review**

The CS noted the annual review of the Terms of Reference of the Remuneration Committee was undertaken at the Committee’s meeting on 1 December and no changes to the content were proposed. He confirmed that only the Document Control section would be updated to provide an audit trail that the annual review had been completed.

**12. AOB**

The Chairperson noted this was the last Board meeting of Tom McAleese and AJ Noonan, both longstanding and valued members of the Board. The Chairperson acknowledged their huge contribution over the years, in different but equally valuable ways.

The Chairperson then brought the meeting to an end.

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**Barbara Cotter, Chairperson**

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**Date**