

**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 2.00PM ON 6 JUNE 2019**

Present:

Barbara Cotter, *Chairperson*

Nick Ashmore

Eoin Dorgan

Tom McAleese

Rosheen McGuckian

Conor O’Kelly

AJ Noonan

Richard Pelly

Eilis Quinlan

In Attendance:

Damien Mulholland *Secretary*

Ray Mangan *Head of Finance, Risk & Operations (Item 6 only)*

Philip Bowler *Senior Compliance Officer, NTMA (Item 5 only)*

Sinead Flanagan *Senior Compliance Officer, NTMA (Item 5 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 meetings of 26 March and 11 April 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. COMMITTEES REPORT

4.1. Audit and Risk Committee Report

The Board reviewed the report of the Audit and Risk Committee meeting held on 29 May. It noted that the Committee had reviewed and recommended the updated AML Policy and the Business Risk Assessment at agenda Item 5 to the Board. It had also approved the update Anti-Fraud Policy. It also noted that the Committee had reviewed a number of audit themed reports and risk related updates and there were no matters arising that required the Board's attention.

5. AML POLICY AND BUSINESS RISK ASSESSMENT

The NTMA Senior Compliance Officers presented the proposed updated AML Policy and new Business Risk Assessment for approval, noting the main updates, as set out in the paper. They advised that the documents reflected changes to the existing AML/CTF regime legislation with greater emphasis on taking a more risk-based approach. They confirmed that the SBCI was required to register with the CBI as it is involved in lending and the provision of guarantees and this registration had been completed in December 2018. They noted that the definition of Political Exposed Persons (PEPs) had been expanded to include domestic PEPs and referred members to the note included in the papers.

IT WAS RESOLVED that the updated AML Policy and the new Business Risk Assessment as presented be approved.

The Board noted that the CBI Guidance notes were likely to become final later in the year and that further changes to AML/CTF legislation was expected in 2020. The Policy and Business Risk Assessment would be reviewed at such time in light of any material changes to the requirements.

6. SBCI CUSTOMER HUB

The Board reviewed the proposal to proceed with the procurement for the development of the SBCI Customer Hub, noting the IT Infrastructure presentation prior to the meeting and the growing importance of having a digital interface with customers. It discussed the benefits of the Customer Hub for the SBCI with regard to providing a centralised system, enhanced SME communications, speed of product delivery, automation and greater flexibility. The Board noted that the current bespoke web-based portal had served its purpose but was no longer suitable in the context of meeting the vision of establishing a more digitalised approach. It also noted that a customer relationship management system was needed in the longer term to manage the customer, underlying processes and delivery of future products.

The Board discussed the potential risks with regard to delivery, resourcing, financial, adoption, security and compliance. In response to a question from the Board, the Head of Risk noted that among other things compliance, GDPR and cyber security would be factored into the tender process. It also discussed the role of NTMA IT. The CEO noted that there was a need for external expertise in direct customer facing activities, however, the SBCI would look to the NTMA for as much support as possible. It was also noted that the procurement process would be managed by NTMA Procurement.

The Board said it was satisfied for management to proceed with the procurement process on the basis of the approach set out in the paper. It requested that it receive regular updates on the procurement process, noting that the final cost proposal would be presented to the Board.

7. CEO REPORT

THIS ITEM HAS BEEN REDACTED IN PART

The CEO presented his Report. He briefed the Board on key matters including the deployment of the Brexit Loan Scheme (BLS), the Future Growth Loan Scheme (FGLS), on-lending pipeline, lending review, rating of the SBCI, review of the SBCI and its strategy, and the Board away day. With regard to the BLS, he noted that the delay in Brexit until October was having a bearing on deployment. He advised that the SBCI and DBEI were using the opportunity to review and possibly propose amending the purpose and availability of the scheme. With regard to the FGLS, he highlighted the reason why it would be a number of weeks before the first on-lender would be able to progress applications.

8. AOB

The Company Secretary informed members that he would contact each of them separately with regard to confirming their particulars in order to complete and file the Annual Return and Financial Statements with the Companies Registration Office.

The CEO noted the intention to make a change to the Company Secretary at the Board meeting in September.

There being no further business the Chairperson brought the meeting to a close.

Barbara Cotter
Chairperson

12 September 2019