

**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 7 DECEMBER 2017**

Present:

Barbara Cotter
Nick Ashmore
Carmel Foley
Tom McAleese
Rosheen McGuckian
AJ Noonan
Richard Pelly
Eilis Quinlan

Apologies:

Conor O’Kelly

In Attendance:

Damien Mulholland	<i>Secretary</i>
Jillian Mahon	<i>Head of Funding and Strategic Initiatives (Items 1 to 5 only)</i>
Ray Mangan	<i>Senior Risk and Finance Manager (Items 1 to 5 only)</i>
Suzanne Sweeney	<i>Head of Lending (Items 1 to 5 only)</i>
Paul Christie	<i>Lending Manager (Item 4.2 only)</i>
Emma Hickey	<i>Lending Analyst (Item 4.2 only)</i>
Shane McCullough	<i>Lending Manager (Item 4.2 only)</i>
Macken McNicholas	<i>Analyst (Item 4.2 only)</i>
Philip Bowler	<i>Money Laundering and Reporting Officer (“MLRO”) (Items 7 to 8 only)</i>
Breda McNamara	<i>Head of Compliance, NTMA(Items 7 to 8 only)</i>

1. NOTICE AND QUORUM

In the absence of the Chairperson and in accordance with Article 18(c) of the SBCI Constitution, the members appointed Barbara Cotter to be the chairperson of the meeting.

The meeting 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 meeting chairperson noted that draft minutes of the meetings of 6 September and 4 October had been circulated to the Board in advance of the meeting. The Board requested a non-material amendment to the draft minutes of 4 October. Subject to this, **IT WAS RESOLVED** that the minutes of the meetings be approved and that they be signed by the meeting chairperson.

4. COMMITTEES REPORT

4.1. Audit and Risk Committee Report

The Audit and Risk Committee Chairperson, Tom McAleese reported on the Audit and Risk Committee meeting on 4 December. He advised that the Committee had reviewed the updated Risk Appetite Statement and was recommending it to the Board. He noted that the Committee had also approved the Internal Audit and Risk Management plans for 2018, and updates to the Impairment and Intangible Assets policies. He also noted that the Committee had met privately with the Head of Internal Audit and reviewed the effectiveness of the Internal Auditor. The Committee also received an update on the SBCI's readiness for the General Data Protection Regulation (GDPR).

The Committee Chairperson said that representatives from the Office of the Comptroller and Auditor General had presented the 2017 Audit Planning Memorandum.

The Senior Risk and Finance Manager presented the updated Risk Appetite Statement and informed of an amendment to the strategy liquidity. Subject to this amendment, **IT WAS RESOLVED** that the updated Risk Appetite Statement as presented to the Board, be approved.

4.2. Credit Committee Report

The Credit Committee Chairperson, Richard Pelly, presented and summarised the report of the Committee meeting held on 29 November. He briefed the Board on the credit proposals reviewed at the meeting and noted the amendments proposed by the Committee as set out in the Committee's report to the Board. Subject to these amendments, the Committee was recommending the proposals at Items 4.2.1 and 4.2.2 to the Board.

4.2.1. THIS ITEM HAS BEEN REDACTED

4.2.2. THIS ITEM HAS BEEN REDACTED

4.2.3. Ulster Bank Annual Credit Review

The Board noted the Ulster Bank annual credit review.

4.2.4. Fexco Asset Finance Annual Credit Review

The Board noted the Fexco Asset Finance annual credit review.

5. CEO REPORT

THIS ITEM HAS BEEN REDACTED IN PART

The CEO presented his Report. He updated the Board on the delivery of the SBCI's strategic initiatives including the Agri Scheme which had now been delivered, the Credit Guarantee Scheme 2017, the Brexit Working Capital Scheme. He provided an update on the active on-lending pipeline and current funding capacity.

The CEO informed the Board that he and the Chairperson had met with the Minister for Finance and Public Expenditure and Reform to update him on matters in respect of the SBCI.

The Board discussed the CEO report. It noted the status of the Brexit Working Capital Scheme and agreed that recommendations for On-Lender guarantee facilities be brought directly to the Board. It also noted the Company's improved financial performance for the year to date.

The Board requested that management consider time bounding Board approved credit proposals whereby proposals should be brought back to the Board should the facility agreement not be agreed by a specified date.

6. CODE OF PRACTICE FOR THE GOVERNANCE OF STATE BODIES UPDATE

The Secretary updated the Board on discussions with the Department of Finance on proposed Shareholder's Letter of Expectation under the revised Code of Practice for the Governance of State Bodies (the "Code") including proposed adaptations to the Code. He would revert to the Board on this matter at its next meeting.

7. STATUTORY OBLIGATIONS UPDATE

The Head of Compliance and MLRO made a presentation to the Board on the material statutory obligations relevant to the SBCI. They advised members that further detail on the obligations contained in the various pieces of legislation covered in the presentation could be found on BoardPad.

The Board noted that compliance assurance of the statutory obligations was provided through an annual attestation process to coincide with Board approval of the annual report and financial statements, and Chairperson's comprehensive report to the Minister.

8. PERSONAL ACCOUNT TRANSACTIONS POLICY FOR THE BOARD AND COMMITTEES

The Head of Compliance presented the updated Personal Account Transactions Policy for the Board and Committees. She noted that the main change proposed was the adoption of a procedure for updating the restricted Securities List between Board meetings.

The Board reviewed the updated policy. **IT WAS RESOLVED** that the updated Personal Account Transactions Policy for the Board and Committees, as presented to the Board, be approved.

9. AOB

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

Conor O'Kelly
Chairperson

21 March 2018