

**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 JUNE 2018**

Present:

Conor O'Kelly, *Chairperson*

Nick Ashmore

Barbara Cotter

Tom McAleese

Rosheen McGuckian

AJ Noonan

Richard Pelly

Eilis Quinlan

In Attendance:

Damien Mulholland *Secretary*

Breda Macnamara *Head of Compliance, NTMA (Item 8 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 21 March and 12 April had been circulated to the Board in advance of the meeting. **IT WAS RESOLVED** that the minutes of these meetings be approved and that they be signed by the Chairperson.

The Secretary updated the Board on the matters arising from the minutes, noting there were no open items.

4. COMMITTEES REPORT

4.1. Audit and Risk Committee Report

The Audit and Risk Committee Chairperson, Tom McAleese presented and summarised the report of the Committee meeting held on 30 May 2018. He noted that the Committee had reviewed a number of changes made to the Risk Register and briefed the Board on these changes. He also noted that the Committee had approved the updated Anti-Fraud Policy and received an update on the SBCI's General Data Protection Regulation (GDPR) readiness programme. In this regard, he advised the Board that as GDPR represented a low risk to the SBCI, the Committee had suggested that management and the internal auditor review the risk register and revert with an alternative internal audit review for consideration in Q3/Q4 in place of the scheduled GDPR review.

He noted that the Committee had reviewed a report from the European Investment Fund in respect of the COSME Counter-Guarantee Facility used to support the Agricultural Cash Flow Loan Support Scheme, and a report from KPMG on the On-Lender Review of FICS Holdings(One)DAC.

4.2. Remuneration Committee Membership

IT WAS RESOLVED that AJ Noonan, be appointed a member of the Remuneration Committee, for a period of 3 years with effect from 8 June 2018, or until he is no longer a member of the Board (whichever is the earlier).

5. CEO REPORT

The CEO presented his Report. He provided an update on the on-lending pipeline, the Brexit Loan Scheme, other strategic initiatives and management matters. He briefed the Board on a small number of staffing changes and next steps.

The Board discussed the CEO report. It noted that almost €1bn of SBCI supports had been deployed to date, however new lending had slowed to reflect the end of the deployment of liquidity by the banks. With regard to the Brexit Loan Scheme, it queried whether more could be done to incentivise the partner banks to promote the Scheme in their branch network. The CEO said that work was underway to attract new lenders to risk-sharing schemes as they are brought to market, however the larger financial institutions remain more equipped to develop the necessary operational structures at short notice. The Board discussed the interim measures the CEO had put in place to manage recent staff changes.

6. STRATEGIC PLAN 2017-2018

The CEO presented the updated Strategic Plan 2017 – 2018 for the Board's review and approval. He noted that following the Board's review of the Plan at its meeting of 12 April, its comments had been incorporated into the Plan before it was sent to the Minister for Finance for his views. He advised that a small number of minor amendments to the Plan had been incorporated into the Plan following discussions with the Department of Finance.

IT WAS REOLVED that the updated Strategic Plan 2017 – 2018, as presented to the Board, be approved.

7. LONG-TERM INVESTMENT GUARANTEE LOAN SCHEME

The CEO presented a paper on the long-term credit instrument being developed by the SBCI in conjunction with Government stakeholders and the European Investment Bank Group. He briefed the Board on initial draft details of the scheme including the indicative parameters and the guarantee structure as set out in the paper, noting that these were being progressed with the relevant stakeholders. He noted the stakeholders' expectations around the timeline for the proposed scheme and said he planned to bring a proposal to the Board's September meeting.

The Board noted that the proposed instrument would complement the Brexit Loan Scheme. It discussed appetite in the market for a long term credit instrument scheme, and how to increase participation and promotion by lenders. It emphasised the importance of reminding lenders that risk-sharing schemes offer a good opportunity to grow lending by significantly reducing lenders capital requirements.

8. CODE OF CONDUCT

The Head of Compliance presented the updated Code of Conduct for Members of the Board and Committees, noting the proposed updates reflected GDPR and the revised Code of Practice for the Governance of State Bodies, as set out in the paper.

IT WAS RESOLVED that updated Code of Conduct for the Board and Committees, as presented to the Board, be approved.

In response to a question from the Board on the SBCI's GDPR readiness programme, the Head of Compliance noted that the programme was essentially completed with a number of low risk items to be completed by end-June. She acknowledged that while the implications of GDPR for the SBCI were limited, the position would be reviewed in the context of the SBCI's strategic initiatives.

The Board asked that management consider this point when discussing any potential movement to the scheduling of the GDPR Review. The Head of Compliance advised that the NTMA's Data Protection Officer would also perform that same role for the SBCI.

9. AOB

The Secretary updated the Board on a number of governance and administrative matters pertaining to its next annual performance review, Board Governance File, non-mandatory online training modules, launch of the 2017 Annual Return and Financial Statements and subsequent filing with the Companies Registration Office, and the next Board meeting and away day on 6 September. He said he would keep the Board updated on each of these matters.

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

Conor O'Kelly
Chairperson

6 September 2018