

**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 BUILDING, LOWER GRAND CANAL STREET, DUBLIN 2  
AT 4.30PM ON 16 JANUARY 2018**

**Present:**

Conor O’Kelly, *Chairperson*  
Barbara Cotter  
Nick Ashmore  
Tom McAleese  
Rosheen McGuckian  
Richard Pelly  
Eilis Quinlan

**Apologies:**

Carmel Foley  
AJ Noonan

**In Attendance:**

Damien Mulholland	<i>Secretary</i>
John Coleman	<i>Credit Committee member (Items 1 to 3 only)</i>
Jillian Mahon	<i>Head of Funding and Strategic Initiatives (Items 1 to 3 only)</i>
Ray Mangan	<i>Senior Risk and Finance Manager (Items 1 to 3 only)</i>
Suzanne Sweeney	<i>Head of Lending (Items 1 to 3 only)</i>
Paul Christie	<i>Lending Manager (Items 1 to 3 only)</i>
Shane McCullough	<i>Lending Manager (Items 1 to 3 only)</i>
Macken McNicholas	<i>Assistant Lending Manager (Items 1 to 3 only)</i>

**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. He noted that the primary purpose of the meeting was to consider individual guarantee proposals regarding the Brexit Working Capital Loan Guarantee Scheme. 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. BREXIT WORKING CAPITAL GUARANTEE PROPOSALS**

The SBCI Lending Team presented three individual guarantee proposals to the Board for approval. The Head of Lending advised that since the update on the Brexit Working Loan Scheme (the “Scheme”) provided to the Board on 7 December, due diligence had been completed on all three applicants to the Open Call which closed on 8 December. The applicants were Allied Irish Banks p.l.c, Bank of Ireland and Ulster Bank Ireland DAC. She noted that, under the Open Call, the terms of each proposal were the same other than in the amount allocated to each bank. She added, that arising from a review of the proposals against the assessment criteria, an amendment of the guarantee limits was proposed i.e. the AIB limit to be amended from €125 million to €122 million and the BOI limit to be amended from €125 million to €128 million.

The Board noted that the Open Call document and ‘*Report on the Assessment and Evaluation of Expressions of Interest*’ had been made available on BoardPad. It also noted that the revised guarantee limits (above) adhered to the criteria detailed in the Open Call document and was satisfied to proceed on that basis. The Board discussed SBCI’s potential capital exposure under the Scheme and noted that the SBCI had sufficient capital to cover this exposure.

The Board discussed the challenges to delivering the Scheme by end-March 2018. In response to a question, the Head of Lending advised that the guarantee agreements would include a clause to permit the SBCI to reallocate limits should a bank be slow to deploy the Scheme during the designated timeframe. She also noted that SME loan approval would be time limited. The Board noted that as the SBCI would be managing the eligibility clearance process, it would have access to daily data and would also receive monthly management information reports from the banks. Following review of the three proposals, the Board agreed to proceed as recommended by management.

#### **3.1. Allied Irish Banks**

##### **IT WAS RESOLVED**

- i. that the SBCI enter into an agreement with Allied Irish Banks, p.l.c. (“AIB”) to provide AIB with a guarantee (the “AIB Guarantee Agreement”) covering a portfolio of €122 million under the terms as set out in the AIB Guarantee Proposal presented to the Board;
- ii. to delegate to the Chief Executive Officer the power to negotiate and execute the AIB Guarantee Agreement and any other documents connected to the AIB Guarantee Agreement, together with any amendments thereto, conforming in substance to the terms as set out in the AIB Guarantee Proposal, with such minor and non-substantive variations as he in his absolute discretion deems necessary or appropriate; and
- iii. to authorise the use of the SBCI’s seal where required for the proper execution of any documentation in relation to any of the matters outlined above.

### **3.2. Bank of Ireland**

#### **IT WAS RESOLVED**

- i. that the SBCI enter into an agreement with The Governor and Company of the Bank of Ireland (“BOI”) to provide BOI with a guarantee (the “BOI Guarantee Agreement”) covering a portfolio of €128 million under the terms as set out in the BOI Guarantee Proposal presented to the Board;
- ii. to delegate to the Chief Executive Officer the power to negotiate and execute the BOI Guarantee Agreement and any other documents connected to the BOI Guarantee Agreement, together with any amendments thereto, conforming in substance to the terms as set out in the BOI Guarantee Proposal, with such minor and non-substantive variations as he in his absolute discretion deems necessary or appropriate; and
- iii. to authorise the use of the SBCI’s seal where required for the proper execution of any documentation in relation to any of the matters outlined above.

### **3.3. Ulster Bank Ireland DAC**

#### **IT WAS RESOLVED**

- i. that the SBCI enter into an agreement with Ulster Bank Ireland DAC (“UB”) to provide UB with a guarantee (the “UB Guarantee Agreement”) covering a portfolio of €50 million under the terms as set out in the UB Guarantee Proposal presented to the Board;
- ii. to delegate to the Chief Executive Officer the power to negotiate and execute the UB Guarantee Agreement and any other documents connected to the UB Guarantee Agreement, together with any amendments thereto, conforming in substance to the terms as set out in the UB Guarantee Proposal, with such minor and non-substantive variations as he in his absolute discretion deems necessary or appropriate; and
- iii. to authorise the use of the SBCI’s seal where required for the proper execution of any documentation in relation to any of the matters outlined above.

### **4. CODE OF PRACTICE FOR THE GOVERNANCE OF STATE BODIES UPDATE**

The Secretary noted that SBCI management had agreed a draft Shareholder’s Letter of Expectation under the revised Code of Practice for the Governance of State Bodies (the “Revised Code”) with the Department of Finance at official level. This included a limited number of adaptations to the Revised Code. He briefed the Board on the main features of the draft Shareholder’s Letter of Expectation as set out in the meeting papers. He noted that if the Board was satisfied with the draft Shareholder’s Letter of Expectation and limited adaptations to the Code, management would seek to have it finalised with the Department and Minister. The Board reviewed the draft Shareholder’s Letter of Expectation and limited adaptations to the Code and was satisfied to proceed on this basis.

## **5. AOB**

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

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Conor O'Kelly  
Chairperson

21 March 2018