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Strategic Banking
Corporation of Ireland

**STRATEGIC BANKING CORPORATION OF IRELAND
(THE "COMPANY" or "SBCI")**

**MINUTES OF A MEETING OF THE
BOARD OF DIRECTORS OF THE COMPANY
DULY CONVENED, CONSTITUTED AND HELD AT
TREASURY BUILDING, LOWER GRAND CANAL STREET, DUBLIN 2
ON 1 OCTOBER 2015**

PRESENT: Conor O'Kelly (Chairperson)
Nick Ashmore
Barbara Cotter
Tom McAleese
Rosheen McGuckian
Ann Nolan
AJ Noonan
Richard Pelly
Eilis Quinlan

IN ATTENDANCE: Adrian O'Donovan, Secretary
Suzanne Sweeney, SBCI Head of Lending
Jillian Mahon, SBCI Head of Funding and Strategic Initiatives
Ray Mangan, SBCI Senior Risk and Finance Manager

1. NOTICE AND QUORUM

The Chairperson noted that notice of the meeting and of the nature of the business to be conducted had been given to all directors entitled to attend the meeting and that a quorum was present. The meeting then proceeded to business.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES OF MEETINGS OF 2 JULY AND 8 SEPTEMBER

The minutes of the meetings of 2 July and 8 September were agreed and signed by the Chairperson.

4. RISK MANAGEMENT FRAMEWORK AND RISK APPETITE STATEMENT

The Senior Risk and Finance Manager presented:

- (i) the initial SBCI Risk Management Framework which sets out the high-level structure and approach to risk management within the SBCI; and
- (ii) the initial SBCI Risk Appetite Statement which defines the risk parameters within which the SBCI may operate.

He noted that both documents had been reviewed and recommended by the Audit & Risk Committee.

The Board noted that the Risk Appetite Statement would be subject to ongoing review and, at a minimum, reviewed annually.

IT WAS RESOLVED that the Risk Management Framework be approved, and that the limits within the Risk Appetite Statement be reviewed at the next Audit and Risk Committee meeting for recommendation to the Board.

5. CODE OF PRACTICE FOR GOVERNANCE OF STATE BODIES

The Secretary presented the paper on the Code of Practice for the Governance of State Bodies (the Code). He said State bodies were required to adopt the Code. The Code allowed for suitable adaptation of its application in circumstances where the State body may consider that certain requirements of the Code would have a disproportionate effect on it because of the nature and scale of its activities, the resources available to it and its governing statutes. It was proposed that the SBCI adapt the application of the Code in a limited number of circumstances. These circumstances were set out in the draft letter to the Department of Finance which it was proposed to issue on behalf of the Board.

The Board discussed the Code and its proposed adaptation. It agreed that this represented the adoption of the Code to the maximum extent feasible while remaining cognisant of the particular structure of the SBCI and the early stage of its development.

IT WAS RESOLVED that:

- (i) The Code of Practice for Governance of State Bodies be adopted by the Board - the Code to be adapted as set out in the draft letter to the Department of Finance presented to the Board; and
- (ii) The draft letter to the Department of Finance presented to the Board be approved and forwarded to the Department on behalf of the Board.

6. CEO REPORT

The CEO presented his report to the Board. He briefed the Board on the current status of on-lending facilities that the Board had recently approved and the projected timetable for finalisation and also on potential additional borrowing and on-lending facilities. He updated the Board on the current status of the risk sharing and export finance strategic projects.

7. NTMA FINANCING PROPOSAL

The Head of Funding and Strategic Initiatives presented a proposal to borrow funds under a Loan Note Facility currently being negotiated with the National Treasury Management Agency (NTMA). It was proposed that the NTMA would fund the SBCI up to €250 million. The proposal would be supported by the provision of a guarantee to the NTMA from the Minister of Finance.

IT WAS RESOLVED that the borrowing of funds under a Loan Note Facility of €250 million with the National Treasury Management Agency be approved, subject to legal review.

IT WAS RESOLVED that, in accordance with Article 21 of the Company's Articles of Association, the seal be affixed to any instrument, deed or document for which the Company's seal is required for the proper execution of documentation related to the Loan Note Facility.

The Head of Funding and Strategic Initiatives also advised the Board that the SBCI intended to establish the second €200 million financing facility with the EIB under the Board approval of September 2014.

8. STAFFING PLAN

The CEO presented the Staffing Plan 2016. He said that the timing of recruitment had been estimated based on the current expectations of the development of the strategic projects and the expansion of on-lending.

The Board discussed the Staffing Plan. It agreed that it was important to preserve flexibility and noted that the staffing budgetary provision was conservative. It would revisit this issue under Item 9 (Budget 2016).

IT WAS RESOLVED that the Staffing Plan 2016 as presented to the Board be approved.

9. BUDGET 2016

The CEO presented the 2016 SBCI expenditure budget in the context of the estimated profitability of the SBCI over the medium term. He noted that the SBCI leveraged the NTMA's resources in terms of business and support services, systems and staff and the NTMA recharged the SBCI for the cost of these services. For the purposes of presenting the 2016 expenditure budget, a base case scenario had been developed to forecast profitability levels. The Board discussed the proposed budget and agreed that the contingency provision should be increased by €100,000.

IT WAS RESOLVED that the 2016 SBCI expenditure budget be approved.

10. A.O.B

It was agreed that the Board would hold an additional meeting at 2.00pm on 19 November to consider a number of credit proposals.

Conor O'Kelly
Chairperson

3 December 2015