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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 8 SEPTEMBER 2015**

PRESENT Conor O’Kelly (Chairperson) (Items 1 to 4 only)
Nick Ashmore (Chief Executive)
Tom McAleese
Rosheen McGuckian
Ann Nolan (Items 1 to 3 only)
AJ Noonan
Richard Pelly
Eilis Quinlan

APOLOGIES Barbara Cotter

IN ATTENDANCE: Adrian O’Donovan, Company Secretary
Jillian Mahon, SBCI Head of Funding and Strategic Initiatives
Ray Mangan, SBCI Senior Risk and Finance Manager
Philip O’Sullivan, NTMA Senior Legal Advisor
Suzanne Sweeney, SBCI Head of Lending

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

The Chairperson referred to a disclosure he had previously made regarding AIB. While it was not considered a material matter for the purposes of the Company’s Articles of Association and/or the Ethics in Public Office Act 1995, nevertheless, in order to avoid any possible

perception of a conflict of interest arising, he advised the Board that he would recuse himself for Items 5 and 6 of the agenda.

There were no other declarations of interest.

3. FUNDING UPDATE

The Head of Funding and Strategic Initiatives updated the Board on the SBCI's funding arrangements and future requirements including the status of discussions with a number of potential counterparties. As discussions progressed with prospective funders, SBCI management would revert to the Board with formal funding proposals.

The Board noted that as additional funders came on board, it was important to optimise the funding mix through access to a diversity of funding sources which would have different pricing and tenors.

4. BIBBY FINANCIAL SERVICES IRELAND LTD (BIBBY) ON LENDER CREDIT PROPOSAL

The SBCI Head of Lending presented a credit proposal to provide a €45 million, 6 year loan facility to Bibby for the purpose of making working capital available to SMEs to the Board for approval.

The Board discussed the Bibby business model, the management team, the process for approving additional drawdowns, and the terms of the transaction.

The Board also discussed the security provided to the SBCI by prospective on-lenders. It agreed that, in principle, the maximum potentially available security should be sought in each case.

IT WAS RESOLVED

- (a) that the SBCI enter into an agreement with Bibby Financial Services Ireland Limited (Bibby), subject to confirmatory due diligence and legal review, to provide Bibby with a €45million, 6 year loan (the Facility), for the purpose of making working capital available to SMEs in Ireland;and
- (b) to delegate to the Chief Executive Officer of the SBCI the power to negotiate the Facility conforming in substance to the terms of the term sheet with such minor and non-substantive variations or changes as he in his absolute discretion deems necessary or appropriate having consulted with NTMA Legal/Risk on the matter as required.

The Chairperson left the meeting at this point. The directors agreed that AJ Noonan would chair the meeting.

5. AIB SECOND CREDIT FACILITY PROPOSAL

The SBCI Head of Lending presented a credit proposal to provide AIB with an additional €200 million, 10 year loan (Facility No.2), for the purpose of making SBCI facilities available to SMEs to the Board for approval.

The Board discussed the impact of a second AIB facility on the SBCI in the context of its functions and in view of the fact that, at this early stage of its development, some flexibility was required in the pace at which a diversified loan portfolio was constructed.

IT WAS RESOLVED

- (a) that the SBCI enter into an agreement with AIB, subject to satisfactory NTMA Internal Audit and legal reviews, to provide AIB with an additional €200 million, 10 year loan (Facility No.2), for the purpose of making SBCI facilities available to SMEs in Ireland; and
- (b) to delegate to the Chief Executive Officer of the SBCI the power to negotiate or amend any changes to the Agreement, save for any changes that would require Board approval, such as amendment to the maximum term or amount of the facility or any material change in the terms and conditions.

6. RISK MANAGEMENT

The SBCI Senior Risk and Finance Manager said that a temporary derogation from the concentration risk limits contained in the draft Risk Appetite Statement in order to facilitate approval of the AIB facility (at Item 5 above) was sought.

The Board noted that it had already discussed the issues arising here under Item 5.

IT WAS RESOLVED that a temporary derogation until end Q2 2016 from the concentration risk limits contained in the draft Risk Appetite Statement in order to facilitate the AIB second credit facility be approved.

Conor O’Kelly
Chairperson

1 October 2015