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
IN-PERSON AT TREASURY DOCK, NORTH WALL QUAY, DUBLIN 1
AT 2:00 PM ON 24 OCTOBER 2024

Present:

Patrick Delaney	*Chairperson*
June Butler	
Ian Black	
Deirdre Donaghy	
Elaine Hanly	
Marguerite McMahon	
Declan Murray	
Richard Pelly	
Eilis Quinlan	

In Attendance:

Margaret Concannon	*Head of Risk & Governance*
Suzanne Sweeney	*Head of Finance & Operations*
Dan Roche	*Finance Business Partner (Item 7.1 only)*
Shane McCullough	*Head of Products, Strategy & Marketing*
Fiona Collier	*Strategy Implementation Manager (Item 5 only)*
Claire Young	*Business Support Specialist*
Des O’Connor	*Company Secretary*

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 any of the Board Members in the business to be transacted at the meeting.

3. MINUTES AND MATTERS ARISING

3.1 Minutes of Meeting on 6 September 2024

The Company Secretary (CS) noted that draft minutes of the meeting of 6 September 2024 had been circulated for review and were before the Board for approval. He advised that the text of Item 8.1 "Interim Financial Statements" had been updated to clarify that it is not a Board requirement to approve unaudited, interim financial statements, thereby closing the associated Matter Arising Item 2 from the meeting. **THIS ITEM HAS BEEN PARTIALLY REDACTED.**

IT WAS RESOLVED that the minutes of the meeting held on 6 September 2024 be approved, noting the above amendments, as presented, and that they be signed by the Chairperson when circumstances permitted.

3.2 Matters Arising

The CS noted that Item 3 from the meeting of 20 June 2024 and Items 3 and 4 from the meeting of 6 September would remain open pending further updates at the December Board meeting and into Q1, 2025. He advised that Item 1 from the meeting of 6 September 2024 was closed as a detailed update regarding that matter was included in the CEO report per Agenda Item 4, while Item 2 from that meeting was closed as already outlined per Agenda Item 3.1.

4. CEO REPORT

The CEO presented the CEO Report, for noting, and advised that several key items for discussion with the Board would be addressed separately on the agenda, i.e., items 5.1 and 5.2 under Strategy and item 7.1 under Finance.

THIS ITEM HAS BEEN PARTIALLY REDACTED.

The CEO advised that SBCI had good engagement with the pillar banks during October to discuss their appetite for future schemes, while the Lending Team also met with several potential new On-Lending Partners.

The CEO confirmed that a full review was ongoing to investigate errors in premia collected via Standing Orders and Direct Debits under the legacy Credit Guarantee Scheme (CGS) dating back to 2012-2015 and 2017. The CEO advised that the volume of cases and value involved has not yet been determined with the full portfolio is now being reviewed and further updates will be provided to the Board.

THIS ITEM HAS BEEN PARTIALLY REDACTED.

5. STRATEGY

5.1 Strategic Plan 2025-2030 incl. 2025 Strategy Implementation Plan
5.2 Q3 2024 Strategy Implementation Update

The Strategy Implementation Manager (SIM) presented the draft 5-year Strategy Plan 2025-2030, along with the 2025 Strategy Implementation Plan, for approval and the Q3 2024 Strategy Implementation Update, for noting. She advised that the initial 5-year Strategy Plan had been presented at the Board Strategy Day in September 2024 and with the Board's feedback collated and incorporated into an updated plan that was shared with the Department of Finance, who had provided positive feedback and had not sought any material changes. She confirmed that, following Board approval, the 5-year Strategy Plan would be presented to the Minister for Finance for final approval and, if the Minister seeks any changes, the Board will be further updated.

The SIM outlined SBCI's ambition for the next 5 years and its updated Mission Statement. She confirmed that the "Base Case" and "Adverse Case" financial forecasts were included in the updated 5-year Strategy Plan to meet a requirement under the Code of Practice for the Governance of State Bodies but that they would not form part of the final, published version. The CEO noted that there is a level of recurring income to the SBCI from its schemes and expectations in terms of liquidity demands while the cost base is relatively fixed, so, while a 5-year outlook was challenging to forecast accurately, it was worth acknowledging that the forecasts drafted for SBCI back in 2020 were not far off the eventual outcomes. The SIM confirmed that, as before, the strategy would be subject to annual review by the Board and quarterly updates with supporting KPIs would continue to be presented to the Board.

THIS ITEM HAS BEEN PARTIALLY REDACTED.

The Board discussed the challenges around the timing of SBCI's updated Strategy Plan given the expected General Election before year-end, with a possible change of Minister, SBCI's pending Implementing Partner status and key engagements with government departments. The Board discussed SBCI's longer-term role to inject risk capacity into the credit market and potential focus on Scaling products and strategic partnerships with the likes of ISIF and Enterprise Ireland. The Board acknowledged that SBCI had historically provided products in response to events but was now moving to a more proactive role and can position itself to provide funding to bridge gaps in the credit market that is aligned with government policy. The Board advised that it would be beneficial to assess SBCI's Risk Capacity and the Head of Risk and Governance undertook to revert on this as part of SBCI's Stress Testing exercise. **[Matter Arising]** The Board suggested that the Strategy Plan include a high level of view of the total funding capacity that it is expected to deliver, the sectors that will be positively impacted, the volume of SMEs accessing such funding and consider if it should include market share aspirations. **[Matter Arising]**

The Board noted that the focus of the Strategy Plan should be on SMEs and understands that the only potential Consumer-led product currently planned is a follow-up to the Home Energy Upgrade Loan Scheme, however, it cannot rule out a similar ask from a government department. The Board agreed that, by supporting SMEs, there are wider economic benefits through employment, services provided etc. The Board acknowledged SBCI's reliance on the Pillar Banks and overall reduction in the volume of SME lending in the Irish credit market generally while accepting the importance of SBCI's partnerships with the On-Lending Partners as a key access point for EU supports for SMEs.

THIS ITEM HAS BEEN PARTIALLY REDACTED.

The Chairperson thanked the Board members for their engagement and feedback and the CEO agreed to return to the December Board meeting with an updated 5-year Strategy Plan (and 2025 Strategy Implementation Plan) incorporating the various points raised, for approval prior to submitting the 5-year Strategy Plan to the Minister. **[Matter Arising]**

6. COMPLIANCE ITEMS

6.1 AML/CFT Policy and AML Business Risk Assessment

The Head of Risk and Governance (HoRG) presented the annual reviews of the AML/CFT Policy and AML Business Risk Assessment for approval. She confirmed that both items had been presented to the Audit and Risk Committee on 27 August 2024 and were recommended to the Board for approval subject to feedback from the Committee that had resulted in some minor amendments. In the case of the policy, she highlighted the inclusion of additional information on ongoing monitoring obligations, while, in the case of the AML Business Risk Assessment, a simplified risk rating scoring and a summary table of the risk ratings were now included, along with the addition of a new risk (R11) to the appendix, otherwise both items they were largely unchanged.

IT WAS RESOLVED that the Board approve the SBCI Anti-Money Laundering/Counter Financing of Terrorism Policy and AML Business Risk Assessment, as presented.

7. FINANCE ITEMS

7.1 Finance Report – Full Year Forecast 2024

THIS ITEM HAS BEEN REDACTED IN FULL.

8. CONSENT AGENDA

8.1 Credit Risk Policy (amended)
8.2 Credit Committee Terms of Reference (amended)

The CS presented the Credit Risk Policy and Credit Committee Terms of Reference, both of which had been approved by the Board on 6 September 2024 but, following review and feedback from NTMA Legal, had been amended and were being re-presented for approval. **THIS ITEM HAS BEEN PARTIALLY REDACTED.**

IT WAS RESOLVED that the Board approve the amended Credit Risk Policy and amended Credit Committee Terms of Reference, as presented.

8.3 Board Effectiveness External Review

The CS provided an update on the external Board Effectiveness evaluation which is due in 2024. He confirmed that a Procurement process had applied with three potential service providers identified. He advised that, following receipt of responses from the tenderers and assessment of their offerings, including the application of a tender scoring system, the Institute of Directors Ireland (IoD) had emerged as the preferred service provider on this occasion. He confirmed that SBCI would commence engagement with the IoD as soon as possible given the need for questionnaires and interviews to be completed with each Board member in the short term.

8.4 Board Succession Planning

The CS provided an update on progress made to recruit two new Board members to replace those whose terms are due to expire in Q1, 2025. He noted that the Vacancy Notice agreed with the Department of Finance had been shared with PAS but that we were aware that the process may yet take several months to conclude. The CS advised that, in the event of a timing gap pending the appointment of the new Board members, the rules applicable to the Board and its Committees in terms of quorums and Chairperson's positions had been reviewed, and he assured the Board that it and its Committees would still be able to function fully. He undertook to update the Board further at the February 2025 meeting.

9. AOB

THIS ITEM HAS BEEN PARTIALLY REDACTED.

Finally, the Board members, particularly those who would need to make travel arrangements, requested early sight of dates for the 2025 Board Work Programme. The CS advised that a draft calendar was in progress and that it was possible that the April 2025 Audit and Risk Committee and Board meetings' dates may be pushed back, but otherwise he would share the 2025 schedule as soon as possible. **[Matter Arising]**

There being no other business, the Chairperson then brought the meeting to an end.

___________________________ _______________________

Patrick Delaney, Chairperson **Date**