

MEETING OF HOME BUILDING FINANCE IRELAND (THE “COMPANY”)

MINUTES OF A MEETING OF THE BOARD OF DIRECTORS OF THE COMPANY (“Board”) DULY CONVENED, CONSTITUTED AND HELD AT 2PM ON THURSDAY 13th OCTOBER 2022 AT TREASURY DOCK, NORTH WALL QUAY, DUBLIN 1.

PRESENT	Marie Collins (Chairperson) Dara Deering (CEO) Des Carville Claire Solon Ken Slattery Grainne Hennessy Andrew O’Flanagan
APOLOGIES	None
IN ATTENDANCE	Denise Donovan, Head of Operations & Finance (HoOF) (Items 8, 9, 12, 13, & 14) Fergus Mangan, Head of Lending (HOL) (Item 10) David O’Doherty, Senior Business Development Manager (SBDM) (Item 10) Emma Jane Joyce, NTMA Senior Business Manager, Sustainability (SBMS) (Item 11) Kay Galvin, Fexco Head of Operations and Fiona Lynch, Fexco Head of Risk and Compliance, (Item 14) Sean Alger, Head of Credit & Risk (HoCR) (Item 15) Brendan Fitzpatrick, Senior Viability Manager (SVM1) (Item 15) Andrew Wood, Senior Viability Manager (SVM2) (Item 15) Thomas Kearns, Senior Credit Manager (SCM) (Item 15) Paula Flinter, Head of Legal & Company Secretary (HOLCS)

1. NOTICE AND QUORUM

It was 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, being four directors, was present in accordance with the Company’s Articles of Association (the “Articles”). It was further noted that all the directors present were, pursuant to the Articles, entitled to vote and be counted in the quorum. The meeting then proceeded to business.

2. LIMITATIONS TO THE NUMBER OF DIRECTORSHIPS AND RESIDENCY REQUIREMENTS UNDER THE COMPANIES ACT 2014

It was noted that pursuant to Section 137 of the Companies Act 2014 (as amended) (the “Act”), at least one of the directors of the Company is resident in a Member State of the European Economic Area and that no director present individually held more than twenty-five directorships for the purposes of Section 142 of the Act and was therefore eligible to vote on all board resolutions brought before the meeting.

3. DISQUALIFICATION AND RESTRICTION ORDERS AND UNDERTAKINGS

Those directors present each declared that they were not the subject of any declaration, order or deemed order for disqualification or restriction under the Act including Part 14, Chapters 3 and 4 and had not received any notice under that Part of the Act including any notice concerning a disqualification or restriction undertaking under Part 14, Chapter 5.

4. DECLARATIONS OF INTEREST

In accordance with section 231 of the Companies Act 2014, and the Constitution of the Company, and, for the purposes of Section 5.8 (ii) of the Code of Practice for the Governance of State Bodies 2016, there were no material interests declared by the directors present at the meeting in the business to be transacted at the meeting which would preclude them from participating in the meeting and forming part of the necessary quorum.

5. CONFIRMATION IN RELATION TO RESERVED MATTERS

The HOLCS confirmed to the Board that the Executive Management Team of HBFI (“the **“EMT”**”) is satisfied that all reserved matters which require consideration by the Board have been brought to the Board’s attention.

6. MEETING MINUTES AND MATTERS ARISING

The Board NOTED that draft minutes of the meeting of the Board held on the 28th September 2022 had been circulated to the Board members in advance of the meeting and it WAS RESOLVED that the minutes of the meetings be APPROVED as presented.

7. CEO UPDATE & HBFI TWO (2) YEAR REVIEW

The CEO updated the Board on the following:

- **THIS ITEM HAS BEEN REDACTED IN FULL**
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- The next two (2) year review of HBFI by the Department of Finance which has commenced and a draft submission from HBFI will be presented to the Board for approval at the November meeting; and
- The Board will be presented with a draft set of questions at the November meeting to be addressed as part of the Board Strategy Day in January 2023.

The CEO’s Update was NOTED by the Board.

8. FINANCIAL UPDATE

The HoOF joined the meeting to present a financial update paper confirming that the financial position was broadly in line with projections.

The HoOF’s financial update was NOTED by the Board.

9. THIS ITEM HAS BEEN REDACTED IN FULL

10. BUSINESS UPDATE & BUSINESS DEVELOPMENT UPDATE

The HOL and SBDM joined the meeting.

The HOL presented a summary of the key points in the business update paper with commentary on the strong pipeline but noting that customers are currently slower to progress applications due to the uncertainty in the market.

The SBDM presented a summary of the key points in the business development paper with a focus on the regions, introducer network and upcoming business development activities.

In response from a question from a board member, the SBDM provided details on the introducer network including the typical composition of each tier of introducer, that there were no formal arrangements in place between introducers and HBFI and that any fees charged by an introducer were for the account of the borrower.

The business update and business development update were NOTED by the Board.

The HOL and SBDM left the meeting.

11. ESG Update

The SBMS joined the meeting.

The HOLCS presented a summary of the ESG related activities and future actions for the business under each of the environmental, social and governance headings.

The SBMS presented a summary of the NTMA's activities including its climate action strategy and future targets. The SBMS also commented on the ESG actions by the NTMA which relate to HBFI as tenants of the building, staff assigned to HBFI from the NTMA and the services provided by the NTMA under a SLA to HBFI.

The ESG update was NOTED by the Board.

The SBMS left the meeting.

12. ANNUAL PRESENTATION FROM THE HEAD OF OPERATIONS & FINANCE

The HoOF gave this annual presentation including a summary of the challenges and priorities for Q4 2022 and 2023 **THIS ITEM HAS BEEN PARTIALLY REDACTED**

The presentation was NOTED by the Board.

13. REVIEW OF THE NTMA AS SERVICE PROVIDER

The HoOF presented this review noting that it was satisfactory.

The Review was NOTED by the Board.

14. FEXCO

Kay Galvin and Fiona Lynch from Fexco presented an annual update to the Board including confirmation of the reporting lines to HBFI, the reviews carried out by HBFI/NTMA which were positive and adherence to HBFI policy and procedures. Fiona Lynch also provided details of cybersecurity controls in place by Fexco.

The Update was NOTED by the Board.

The HoOF, Kay Galvin and Fiona Lynch left the meeting.

15. RISK

The HoCR, SVM1, SVM2, and SCM joined the meeting.

- (i) The SVM1 and SVM2 presented a summary of the paper on the management of construction costs providing details on the due diligence, monitoring and management of construction costs by the Viability & Monitoring Team and the HBFI panel of Monitoring Surveyors. They provided commentary on the current cost inflation challenges and market uncertainty in this regard.
- (ii) The SCM presented a market update report focusing on the key metrics and trends in the residential property market including planning permissions granted, construction commencements/completions and sales prices, volume and stock levels. He also noted the low stock available for rent at end Q2.

The HoCR presented the key points in the following reports:

(item 15 iii) risk report focussing on the outcomes of audit reports and reviews;

(item 15 iv) risk register review focussing on the restructured risk register which is aligned to the HBFI Risk Appetite Statement and new risk entries on the register. The HoCR also referenced the ongoing Q3 risk review which will include new emerging risks regarding market sentiment and rising interest rate environment. The impact of these risks will be kept under review and HoCR noted it is likely that the level of risk noted in the risk register for the impact of these risks will increase;

(item 15 v) portfolio report including commentary on **THIS ITEM HAS BEEN PARTIALLY REDACTED** and the enhanced segmentation of the loan book based on construction risk and other challenges facing certain cases;

(item 15 vi) credit decisions report including a new case approved in Tipperary;

(item 15 vii) risk appetite KPI report; and

(item 15 viii) account review schedule.

The Reports at 15 (i) to (viii) inclusive were NOTED by the Board.

The HoCR, SVM1, SVM2 and SCM left the meeting.

16. HBFI Board Terms of Reference

The HOLCS presented the annual review of the HBFI Board Terms of Reference.

The Board APPROVED the review as presented which includes minor changes to the HBFI Board Terms of Reference and NOTED the minor amendments made by the HBFIL Board to its Terms of Reference.

17. DRAFT BOARD PLAN 2023

The HOLCS presented the draft Board plan for 2023 which was NOTED by the Board.

18. UPDATE FROM THE AUDIT & RISK COMMITTEE

The Chair of the Audit & Risk Committee provided a verbal update on the items which were discussed at the meeting of the Audit & Risk Committee earlier that day which were NOTED by the Board.

19. Audit & Risk Committee Terms of Reference

The HOLCS presented the review of the ARC Terms of Reference with certain amendments which had been approved by the Audit & Risk Committee for recommendation to the Board at its meeting earlier that day.

The Board APPROVED the review as presented including the amendments to the ARC Terms of Reference as presented.

20. Board Skills Matrix

The HOLCS presented a summary of arrangements for a Board skills matrix survey to be carried out shortly with results to be presented to the Board at its December meeting which was NOTED by the Board.

21. AOB

No matters were raised under AOB.

CLOSE

There being no further business the meeting was closed.

Chairperson