

MEETING HOME BUILDING FINANCE IRELAND (THE “COMPANY”)

**MINUTES OF A MEETING OF THE BOARD OF
DIRECTORS OF THE COMPANY (The “Board”)
DULY CONVENED, CONSTITUTED AND HELD AT 12.30 pm on
Wednesday 14th April 2021 per videoconference due to Covid-19 restrictions.**

PRESENT: Marie Collins (Chairperson)
Dara Deering (CEO)
Andrew O’Flanagan
Claire Solon
Ken Slattery
Grainne Hennessy

APOLOGIES Des Carville

IN ATTENDANCE Michael Broderick, Chief Commercial Officer, HBFI.
Sean Alger, Head of Credit and Risk, HBFI.
Fergus Mangan, Divisional Manager, Lending HBFI (items 7, 8 & 9)
Denise Donovan, Head of Operations and Finance (item 10)
Dan O’Leary, Senior Finance Manager, NTMA (Item 11)
Fergal Power, Head of Finance, NTMA (Item 11)
Joe Colgan, Senior Audit and Risk Manger (Item 11)

Caroline Ensor, Company Secretary

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. MEETING MINUTES AND MATTERS ARISING

It was resolved that the minutes of the Board meeting held on 4th February 2021 be approved subject to one minor agreed change.

6. CONFIRMATION IN RELATION TO RESERVED MATTERS

The Company Secretary 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.

7. CEO UPDATE

Fergus Mangan, Divisional Manager Lending (“**DML**”) joined the meeting.

The CEO advised that she would take her paper as read, and advised the Board that agenda items 7, 8 and 9 would be presented together in tandem. She proceeded to update the Board as follows:

- i. In relation to strategy, she advised the Board that HBFI remains responsive to the changing market conditions. She confirmed that HBFI did engage with the Dept of Finance to discuss any immediate response that may be required following the Ulster Bank exit announcement. It was agreed to keep the matter under active review.
- ii. She advised the Board that the outcome of the Minister’s two-year review of HBFI is expected shortly and will be discussed further at the next Board meeting.

The CEO update was NOTED by the Board.

8. BUSINESS UPDATE

The CCO updated the Board on the strong levels of demand for funding in Q1 2021. **THIS ITEM HAS BEEN REDACTED IN PART**

In relation to stakeholder engagement, the CCO advised that HBFI was a junior sponsor of the IHBA Annual Housebuilding Summit held on 25.03.21.

In terms of business development, the CCO updated the Board on the regional marketing campaigns which involve radio interviews and ads and the targeting of relevant professional in the area such as auctioneers etc.

THIS ITEM HAS BEEN REDACTED IN PART

The DML updated the Board on the management approach to the pre-approval and post-approval pipelines.

The business update was NOTED by the Board.

9. ANNUAL PRESENTATION FROM THE LENDING TEAM

The DML advised the Board that the Lending Team has recently undergone a restructure, to increase capacity for the future. The team is currently recruiting for a new member at Senior Manager level.

At that point the CCO and DML invited questions from the Board. A Board member asked if there were any common themes with approved loans that ultimately do not proceed. The DML advised that loans do not proceed for a number of reasons, but it is usually that the customer secured better terms from another funder.

A Board member asked the CCO if it is intended to have business development activity in all counties. The CCO confirmed that the team will focus on all counties starting with locations where have been no loan approvals thus far.

The CEO wrapped up by saying that HBFI will continue to remain agile in its response to the market and continue to update the Board on the feedback from the business development activities.

The annual presentation from the Lending Team was NOTED by the Board and the DML left the meeting.

10. FINANCIAL STATEMENTS AND ANNUAL REPORT 2020 AND LETTER OF REPRESENTATION

Fergal Power, Head of Finance, NTMA (“NTMA HoF”), Dan O’Leary, Senior Finance Manager, NTMA (“SFM”) and Denise Donovan, Head of Operations and Finance, HBFI (“HoOF”) joined the meeting.

The HoOF opened the item by advising the Board that the financial statements and annual report had been considered by the HBFI Audit and Risk Committee (“ARC”) at its meeting on the 24.03.21 and that the draft documents had been circulated early to the Board to allow additional time for review prior to this meeting.

The HoOF brought the Board’s attention to changes made to the documents since the review by the ARC. She noted that verbal clearance had just been received from the C&AG that they will issue a clean report. The Chair of the ARC confirmed that he had also spoken to the C&AG and that Georgina O’Mahony of the C&AG confirmed that there were no issues to be flagged to the Board.

The HoOF advised that the note on page 68 on the post balance sheet event would be amended to take account of recent sites reopening. **THIS ITEM HAS BEEN REDACTED IN PART**

Finally, the HoOF flagged to the Board that, while written confirmation has been received from the NTMA as noted in the Statement on Internal Control in relation to the NTMA's system of internal control having operated effectively, the final sign off by the NTMA ARC on the NTMA system of internal control would only occur at the end of the month. The NTMA HoF confirmed that while the final draft still needs to be approved by the NTMA, there are no issues to the flagged to the Board of HBFi. It was agreed that the wording in HBFi's SIC would be amended slightly to reflect the confirmation received from the NTMA.

A discussion followed in relation to whether the annual report should contain business highlight information from inception or limited to 2020 only. While one Board member was of the opinion that only figures for 2020 should be included, other members were of the view that as HBFi was a project information should be included to measure performance since inception against the targets originally set out for HBFi i.e. number of homes. The discussions concluded with the CEO confirming that the Annual Report would include data from inception but that she would look at including some high level stats on 2020 in the business section of the report and ensure that it was clear which period the data related to.

A Board member asked the HoCR to look at the Risk wording on the draft annual report to ensure consistency of wording.

The Board RESOLVED to APPROVE the HBFi consolidated Financial Statements and Annual Report to 31 December 2020, and furthermore that the Chairperson and CEO are authorised to sign the financial statements subject to the comments discussed at this meeting.

The HoOF, NTMA HOF and SFM left the meeting.

11. RISK

Joe Colgan, Senior Audit and Risk Manager ("**SARM**") joined the meeting. The HoCR opened this item with a general Risk update and noting in particular the re-opening of construction sites following the recent closures due to Covid-19 restrictions. He advised that a review will be carried out over the next quarter for all active loans to establish if there has been any impact on the approved loan terms due to the site closures. The sales market has remained strong during the Covid 19 pandemic and the most likely impact will be on the construction programme and possible delays to sales completing. Loan term extensions may be required to existing loans. He reminded the Board that stress tests were applied to all loans at approval stage which will help to reduce the overall impact of the delays.

The HoCR proceeded to present the following risk reports for Noting.

I. Risk Appetite KPIs

The HoCR advised there has been no change to this report since last presented to the Board.

II. Credit Decisions Report

The HoCR presented details of the loans approved by the relevant DA's since the last report. **THIS ITEM HAS BEEN REDACTED IN PART**

III. Account Review Schedule.

THIS ITEM HAS BEEN REDACTED IN FULL

IV. EMT Credit Committee Oversight Report

The SARM presented this report for Q1 2021. He advised that 9 loans were approved by EMT Credit Committee in the period. He gave some background on the rationale for this report and the points the review covered and confirmed no issues were identified.

The above four Reports were NOTED by the Board.

The SARM left the meeting.

12. FORMAL ANNUAL REPORT FROM THE ARC TO THE BOARD FOR 2020.

Ken Slattery, Chairman of the HBFi ARC presented the first annual report from the ARC to the Board, for the year 2020. An annual report from the ARC to the Board is a requirement under the Code of Practice for the Governance of State Bodies, ("The Code"). He advised he would take the report as read and invited questions from the Board. A discussion was held in relation to the description of Directors as 'independent Directors' and it was agreed to change the wording on the report accordingly.

A Board member commented that it was a good report and thanked the Chair of the ARC.

The Board NOTED the annual report from the ARC to the Board for the year 2020.

13. POLICY APPROVAL FRAMEWORK

The HoCR presented this new Policy Approval Framework to the Board. He advised he would take his paper as read and summarised that given the nature of a number of these policies it is considered from a risk management perspective, that some policies should be reviewed initially by the Audit & Risk Committee and recommended to the Board for approval. Furthermore, it is not considered necessary to have all policies approved by the Board. It is proposed to amend the policy approval process under the following categories:

- i. Policies to be approved by Board
- ii. Policies to be reviewed by appropriate committee for recommendation to the Board.
- iii. Policies which can be approved by the Audit & Risk Committee.

A discussion followed in relation to the policies that would no longer go to Board. The Chairman of the ARC noted that those policies would go to the ARC, which reports to the Board after each meeting. The CEO advised that this framework/approach will be reviewed in a year's time.

Following consideration, it was RESOLVED to APPROVE:

- i. Delegation of authority for approval of specified policies (per Table 1 of the Policy Approval Framework) to the Audit and Risk Committee, and
- ii. To defer until June 2021 the review of a number of policies which now fall due, to allow them be reviewed & approved in line with the new arrangement now being proposed.

14. POLICIES FOR REVIEW.

The HoCR presented the following policies for Review:

- i Credit Policy
- ii Credit Grading Policy

iii Pricing Policy

He brought the Board's attention to the material changes, and the Board RESOLVED to APPROVE the review of the three policies, as presented.

15. UPDATE ON THE CODE OF PRACTICE FOR THE GOVERNANCE OF STATE BODIES

The Company Secretary presented the update on the Code confirming that following review of the requirements under the Code performed last month, HBFI is in substantial compliance with the Code. There are no further adaptations to the Code proposed to those previously identified and agreed in 2020. She advised that the Department of Finance have been advised of the changes to the adaptations to be reflected in the 2021 Shareholder's letter of Expectation, subject to Board approval. Finally, she advised that the changes to the adaptations to compliance, as tracked in the Board Paper reflect an improvement in HBFI's compliance with the Customer Service aspects of the Code.

It was RESOLVED to APPROVE the review of the Code for 2021, and also the amendments to the adaptations to compliance.

16. PROCEDURE FOR SELF-ASSESSMENT OF, AND A SKILLS MATRIX FOR BOARDS AND COMMITTEES, AND THE ROLE OF HBFI IN THE APPOINTMENT OF NEW DIRECTORS AND RELATED AMENDMENTS TO GOVERNANCE FILE AND TO THE REMUNERATION COMMITTEE TERMS OF REFERENCE.

The Company Secretary presented this new procedure for Approval. She advised she would take the procedure as read, in the interests of time. She gave the background to this procedure, which was prepared on foot of a recommendation from the internal auditors which specifically advised that it is to be approved by the Boards of HBFI and HBFI(L) even where Board approval is not usually required for procedures.

She advised that small amendments to both the Remuneration Terms of Reference and Governance File would result from this new procedure and updated versions of both those documents were also presented for approval.

It was RESOLVED to APPROVE the following:

- i. Procedure for self-assessment of, and a Skills Matrix for Boards and Committees, and the role of HBFI in the appointment of new Directors.
- ii. An amendment to the Terms of Reference for the HBFI Remuneration Committee, to reflect the changes from the new Procedure at (i), and
- iii. An amendment to the HBFI Governance File, also updated to reflect the changes from the new Procedure at (i).

17. AOB

AOB was taken next, as two private sessions were to follow at the end of the meeting. Two matters were raised under AOB:

- i. **THIS ITEM HAS BEEN REDACTED IN PART**

- ii. The Company Secretary confirmed that the Tax Compliance certificate for HBFI for 2020 has issued, with no issues identified, and that this has been saved in the Board Reading Room. This was NOTED by the Board.

18. REMUNERATION

i. Approval of the review of the Remuneration Policy

The Company Secretary presented the scheduled annual review of the Remuneration Policy. She advised that the key proposed change is to move the review period from annual to biennial. All other changes are very minor title changes.

She further advised that this review was presented to the Remuneration Committee on the 24.03.21 by Sinéad Brennan, NTMA Chief People Officer, and the draft document was approved for recommendation to this Board for Approval.

It was RESOLVED to APPROVE the review of the Remuneration Policy as presented.

ii. Update from the Remuneration Committee.

Grainne Hennessy provided a verbal update from the meeting of the Remuneration Committee held on 24.03.21. The Remuneration Committee approved the proposal that no PRP be paid for 2020 which is in line with NTMA, NAMA and SBCI. This was NOTED by the Board.

At that point all attendees except for the seven Board members left the meeting.

iii. Private session in relation to Remuneration

This private session was held with just the Board members present.

The CEO left the meeting.

19. PRIVATE SESSION

A private session was held with just the non-executive Directors present.

CLOSE

There being no further business the meeting then terminated.

Chairperson