

**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  
Thursday 17<sup>th</sup> December 2020 per videoconference due to Covid-19 restrictions.**

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

**APOLOGIES** None

**IN ATTENDANCE** Michael Broderick, Chief Commercial Officer, HBFI.  
Sean Alger, Head of Credit and Risk, HBFI.  
Joe Colgan, Senior Audit and Risk Manger (Item 9)  
Denise Donovan, Head of Operations and Finance (item 10)  
Paula Flinter, Head of Legal. (items 17 & 18)  
  
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 Act and the Constitution of the Company, 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 19<sup>th</sup> November 2020 be approved as presented.

#### **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**

The CEO provided the following update to the Board, for Noting, advising the Board that other matters of update would be covered otherwise in the meeting:

- i. In relation to caseload and resourcing, increased volumes of work are being addressed by reviewing work practices and adding resources.
- ii. A letter was received from the C&AG in respect of Covid 19 and the impact on the control environment and this was considered by the ARC earlier in the day.
- iii. A further letter from the C&AG on the financial maturity model was received. The CEO advised that a self-assessment based on the C&AG Financial Management Maturity Model will commence, with an update to be given to the ARC in June 2021.

The CEO update was Noted by the Board.

#### **8. BUSINESS UPDATE**

The Chief Commercial Officer (“**CCO**”) provided the business update for Noting.  
**THIS ITEM HAS BEEN REDACTED IN PART**

In relation to the market, the CCO advised that Goodbody have estimated that 19.5k new homes will be built in Ireland in 2020, and that overall new house prices have remained steady.

In terms of business performance in 2020, he stated that 14 facilities have been signed to-date, and a further 2 or 3 will potentially be signed prior to year-end and €51.4 million has been drawn down to date in 2020.

The Business Update was Noted by the Board.

#### **9. RISK**

The Senior Audit and Risk Manager (“**SARM**”) joined the meeting.

**(i) Risk Report**

The SARM presented the Risk Report with the Risk Register. He advised the Board that this Risk Report was presented to the ARC Committee earlier in the day. By way of overview he advised that although Ireland has experienced a further lock-down, HBFI funded sites were not directly impacted. Overall, he opined that the impact of Covid-19 has been less than anticipated from HBFI's perspective.

He went through the changes to the Risk Register.

**THIS ITEM HAS BEEN REDACTED IN PART**

He confirmed that the annual review of fraud controls was carried out by each member of EMT for their area. This covered both prevention and detection of the adequacy of the anti-fraud controls in place for both external and internal fraud. He reported that the EMT is of the view that the current controls are adequate. No cases of fraud/suspected fraud have been reported within HBFI.

He advised that NTMA Compliance had completed a review of AML processes carried out by Fexco on behalf on HBFI(L) and that no material non-compliance was identified in the gathering of AML documents. A number of changes to processes were agreed.

The SARM advised that the control attestations for the quarter ending the 30<sup>th</sup> September 2020 have been completed.

He advised that an oversight review of the EMT Credit Committee had been completed, as requested by the Board of HBFI, to cover the following scope (i) the correct DA for the request (ii) quorum present for the meeting and (iii) that all credit papers and supporting documents circulated to the committee were complete and consistent. He stated that no issues were identified.

Finally, the SARM concluded this Risk Report by confirming that controls in place are operating effectively and are continuing to prove to be effective during these challenging times. He advised that here are no risks at a level where an immediate remediation plan is considered necessary.

**(ii) Risk Appetite KPIs**

The Head of Credit and Risk ("HoCR") advised there were no issues to report.

**THIS ITEM HAS BEEN REDACTED IN PART**

**(iii) Credit Decisions Report**

The HoCR presented this report which detailed 2 decisions made, both of which were amendments to existing approvals.

**(iv) Account Review Schedule**

The HoCR stated that all account reviews are up to date noting that one review will be presented to EMT Credit Committee on 18<sup>th</sup> December.

**(v) Portfolio Report**

**THIS ITEM HAS BEEN REDACTED IN PART**

Finally, the HoCR advised the Board that no emerging risks have been reported by the EMT. The Risk update was Noted by the Board.

The SARM left the meeting.

## **10. BUDGET 2021**

The Head of Operations and Finance (“**HoOF**”) joined the meeting to present the draft Budget for 2021, bringing the important points in her presentation paper to the Board’s attention, including the significant increase in budgeted loan approvals. **THIS ITEM HAS BEEN REDACTED IN PART**

A Board Member asked the CEO to expand on the increase in staff costs. The CEO confirmed that staff numbers have increased to support the level of EOI and approvals, and the requirement to monitor a growing loan book.

**THIS ITEM HAS BEEN REDACTED IN PART**

The Board RESOLVED to APPROVE the 2021 Budget.

The HoOF left the meeting.

## **11. REMUNERATION COMMITTEE, TERMS OF REFERENCE**

The Company Secretary presented this annual review of the Remuneration Committee Terms of Reference for approval. She advised that no changes are proposed, except for the review date, and that the Remuneration Committee reviewed and recommended this version for approval on the 4<sup>th</sup> December 2020. The approval of Committee Terms of Reference is a matter reserved to the Board of HBFI. The Board RESOLVED to APPROVE the Remuneration Committee Terms of Reference as presented.

## **12. AUDIT AND RISK COMMITTEE, TERMS OF REFERENCE**

The Company Secretary presented this annual review of the Audit and Risk Committee Terms of Reference for approval. She summarised the changes proposed, namely those required to reflect the fact that the Audit and Risk Committee currently exercises oversight over HBFI(L) as well as HBFI. This material change was discussed and approved by the Audit and Risk Committee meeting earlier in the day, and that Committee recommended the approval of the document as per the tracked version presented. The Board RESOLVED to APPROVE the amended Audit and Risk Committee Terms of Reference as presented.

## **13. GOVERNANCE FILE**

The Company Secretary presented the draft Governance File, for Noting. She advised that this includes certain specific recommendations arising from the KPMG Corporate Governance audit, and that NTMA Compliance and the EMT have also reviewed it.

She advised that the appendices to the Governance File have been previously provided to or approved by the Board, except for the new process in relation to professional advice at Part 3.6. She brought the Board’s attention to new proposed process. She stated that a specific resolution is required by the Code of Practice for the Governance for State Bodies to approve the procedure whereby directors, in the furtherance of their duties, may take independent professional advice if necessary. The Board RESOLVED to APPROVE the draft Governance File as presented including the new process in relation to Board Members taking independent legal advice per page 22 of the Governance file titled ‘Professional Advice’.

## **14. TRANSACTION DOCUMENT APPROVAL AND EXECUTION POLICY AND PROCEDURE**

The Company Secretary presented this document for approval. She confirmed that the proposed changes, as tracked on the Board paper, were recommended to reflect the practices currently being followed and to provide for the approval of transaction documents for execution. **THIS ITEM HAS BEEN REDACTED IN PART** She further advised that this document has been reviewed by the EMT. The Board RESOLVED to APPROVE the amended Transaction Document Approval and Execution Policy and Procedure as presented.

#### **15. UPDATE FROM THE AUDIT AND RISK COMMITTEE.**

The Chairman of the Audit and Risk Committee provided a verbal update to the Board from a meeting of that Committee held earlier that day.

He confirmed that the following items had been considered at that meeting:

- The CCO and Fergus Mangan, Divisional Manager Lending, had provided the Annual Presentation from Lending Team.
- The proposed amendment to the ARC Terms of Reference had been approved.
- **THIS ITEM HAS BEEN REDACTED IN PART**
- C&AG Financial Management Maturity Model – Plan noted with a follow up in June 2021.
- Risk update, as per the Board presentation.
- **THIS ITEM HAS BEEN REDACTED IN PART**
- C & AG – audit planning memorandum, which was presented by two representatives from the C&AG.
- The usual standing items, fraud, protected disclosures, near misses, H&S, reputational risk, procurement exceptions and operational events. There were no issues to report.
- Work Plan for 2021 – he advised the dates have been diared for six ARC meeting in 2021 and that following an internal audit recommendation, that in 2021, ARC meetings would be held on a different day to the Board.

The Board NOTED the update from the Audit & Risk Committee.

#### **16. UPDATE FROM THE REMUNERATION COMMITTEE**

The Chairperson of the Remuneration Committee provided the Board with a verbal update from the meeting of that Committee held on the 4th December 2020. **THIS ITEM HAS BEEN REDACTED IN PART**

The Board NOTED the update from the Remuneration Committee.

#### **17 STATE AID**

The Head of Legal (“**HoL**”) joined the meeting. She opened her paper by reminding the Board that as part of the Board Plan for 2020, it was proposed that an annual update would be given to the Board on the steps taken by HBFI to ensure compliance with State Aid rules. She gave the background on EU State Aid rules including the purpose of and principle of State Aid rules as it applies to HBFI. She mentioned instances where HBFI has obtained State Aid advices, as well as the steps implemented by HBFI to manage the risk of a breach of State Aid rules by HBFI.

The Board NOTED the overview of HBFI Compliance with State Aid rules

#### **18. PROPOSED SECOND AMENDMENT TO THE ISIF FACILITY AGREEMENT WITH HOME BUILDING FINANCE IRELAND LIMITED DAC (HBFI(L)) AND FURTHER REVISED BUSINESS PLAN.**

**THIS ITEM HAS BEEN REDACTED IN FULL**

**19. IMPAIRMENT POLICY.**

The HoCR presented the updated Policy for review and advised that this is the annual scheduled review of the Impairment Policy. **THIS ITEM HAS BEEN REDACTED IN PART**

The Board RESOLVED to APPROVE the review of the Impairment Policy and to APPROVE the amendments as presented.

**20. NTMA POLICIES APPLICABLE TO HBFI.**

The HoCR presented a list of 27 NTMA Polices that apply to HBFI staff. He advised these were first presented in March 2019 before the full Board had been appointed, and so are being presented now to the full Board of seven members for good order.

There are several NTMA policies that apply to all NTMA employees regardless of the business unit, corporate function or other entity within which they are assigned to work. He stated further that as all HBFI staff are employees of the NTMA assigned to HBFI these policies are applicable to HBFI.

The CEO advised that this list of polices had been reviewed by Management who had concluded that there is no reason for the Board not to approve or adopt these policies, and furthermore that Management were satisfied that nothing specific needed to be called out to the Board. She said it is proposed to present the list of NTMA policies that apply to HBFI staff to the Board on an annual basis in future.

It was RESOLVED to APPROVE the adoption of the listed NTMA policies as applicable to HBFI.

**21. AOB.**

One matter was raised under AOB. It is proposed that a session be held on the morning of the first 2021 Board meeting (10.30 to 12.00 noon on 4<sup>th</sup> February 2021) with external speakers covering both the funding market and the housing market, as an external update to the Board.

**SESSION WITHOUT MANAGEMENT PRESENT**

At that stage the CEO, CCO, HoCR and Company Secretary left the meeting for a private session with only the Non-Executive Directors present.

**CLOSE**

There being no further business the meeting then terminated.

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Chairperson