

**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 4<sup>th</sup> February 2021 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.  
Denise Donovan, Head of Operations and Finance (items 9, 10 and 11)  
Joe Colgan, Senior Audit and Risk Manger (Item 12)  
Deirbhile Brennan, Head of Compliance, NTMA. (items 20 & 21)  
Sinead Flanagan, Senior Compliance Officer, NTMA (items 20 & 21)

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 17<sup>th</sup> December 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 advised that she would take her paper as read, and provided the Board with an update on the meeting with the Minister of Finance on 25<sup>th</sup> January 2021 as follows:

- i. The Minister acknowledged that, given Covid-19 restrictions, this is a difficult time for all employees and asked the CEO to pass on his appreciation to the HBFI team.
- ii. The Minister asked HBFI to continue to assess the funding landscape and to remain responsive to potential funding gaps.
- iii. Finally, the Minister asked that HBFI continue to ensure that it has sufficient resources to cater for its core products.

The CEO update was NOTED by the Board.

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

The Chief Commercial Officer (“**CCO**”) provided the business update for Noting. He brought the data on EOI’s per Annex 1 to the Board’s attention. In relation to the amount available to the Momentum Fund a Board member asked what the position was if the amount of available funds exceeded viable applications. The CCO advised that it highly unlikely that all applications received will proceed for a variety of reasons, and that applications that meet the criteria will be considered for approval only if there are funds available.

The Chairperson advised that additional time would be provided on the Agenda for the Business Update at future meetings.

The Business Update was NOTED by the Board.

#### **9. STAKEHOLDER FEEDBACK.**

Denise Donovan, Head of Operations and Finance (“**HoOF**”) joined the meeting.

The HoOF summarised the key feedback from HBFI’s first formal survey seeking stakeholder feedback, stating that overall the feedback was positive. She said that 76% of respondents who had submitted an EOI said they would be happy to deal with HBFI again. **THIS ITEM HAS BEEN REDACTED IN PART**

The Board NOTED the results of the stakeholder survey.

**10. EVALUATION OF FINANCIAL PERFORMANCE VERSUS BUDGET 2020.**

The HoOF presented this paper reminding the Board that it approved the 2020 Budget in December 2019, and a reforecast of same in September 2020. She advised that the paper summarises the actual results for 2020 as compared to the re-forecast numbers, with an analysis of any significant variances. The CEO advised that there was nothing new in this paper that the Board has not already considered.

The Board NOTED the 2020 full year financial performance against the KPIs for that year.

**11. BUSINESS PLAN 2021-2025 INCLUDING STRATEGIC GOALS FOR 2021.**

The CEO presented the Business Plan for 2021 to 2025. She advised that a review of the business plan is taken on an annual basis and that the plan remains flexible, given market conditions.

The CEO took the three papers as read **THIS ITEM HAS BEEN REDACTED IN PART**

It was RESOLVED to APPROVE the draft Business Plan 2021-2025, for onward submission to the Department of Finance.

The HoOF left the meeting.

**12. RISK.**

**12 (i) Risk Report.**

Joe Colgan, Senior Audit and Risk Manager (“**SARM**”), joined the meeting. He advised that the following risk report had been provided to the Audit and Risk Committee on the 01.02.21:

**a. Risk Register.**

He advised that the risk register was reviewed by the Board at the 17.12.20 meeting and no further changes are proposed at this time to either the risks or the risk ratings. This included the Covid-19 related risks where the ratings are deemed adequate noting the ongoing steady demand and stable prices for residential units.

**b. Operational Events.**

The SARM confirmed that there have been no operational events since the last report to the Board, and all previously reported events have been actioned and closed.

**c. OCAG Impact of Covid-19 on the Control Environment – Update.**

The SARM reminded the Board that in December 2020, Management’s assessment of the impact of Covid-19 on the control environment based on the OCAG guidelines was presented to the Audit and Risk Committee **THIS ITEM HAS BEEN REDACTED IN PART**

**d. CBI Schedule 2 Review**

The SARM advised the Board that in December 2020, following a review of certain Schedule 2 firms, the Central Bank of Ireland (CBI) Anti Money Laundering Division wrote to the CEOs of Schedule 2 firms, including HBFI, to outline the CBI's expectations of firms in relation to AML/CTF and to remind Management, Board and relevant Committees of their role and responsibilities for ensuring compliance with obligations under the Criminal Justice Act 2010. The letter also contained details of the Central Bank findings arising from their supervisory engagements of Schedule 2 firms in 2020.

He further advised that NTMA Compliance are currently undertaking a review of each of these findings to ensure HBFI remain compliant with its obligations under the Criminal Justice Act 2010 and their report will be submitted to the Audit and Risk Committee, and to this Board and HBFI(L) once completed.

**e. Control Attestations**

The SARM advised that the control attestations for Q4 have been completed and signed off per the copy provided in the Board papers.

**f. EMT Credit Committee Oversight**

The SARM brought the Board's attention to Table 7 in the Risk Report which provides details of a review of all credit papers approved by the EMT Credit Committee. All loans were examined under the headings detailed in the report and no issues were found.

The SARM concluded his presentation of the Risk Report by confirming his opinion that the controls that have been implemented are operating effectively and are continuing to prove to be effective during these challenging times. He advised the Board that there are no risks at a level where an immediate remediation plan is considered necessary.

**12 (ii) Risk Appetite KPIs.**

The HoCR advised that this is unchanged since last reported to the Board in December 2020.

**12 (iii) Credit Decision Report.**

The HoCR advised the Board of a change to the presentation of this Report. In order to provide the ARC and Board with visibility on all credit decisions this report now includes all amendments approved by all DA's within an appendix, for completeness.

**12 (iv) Account Review Schedule.**

The HoCR advised that all account reviews are up to date.

**12 (v) Portfolio Report**

The HoCR advised very little has changed in relation to this report. **THIS ITEM HAS BEEN REDACTED IN PART** The geographical concentration is unchanged with the highest exposures in the commuter counties.

He brought the Board's attention to a new table which has been added with data on the type of end purchaser E.g., PRS, AHBs, Part V, County Council or open market private sales etc.

The Board NOTED the Risk update. The SARM left the meeting.

**13. IMPAIRMENT REVIEW FOR 2020.**

The HoCR presented this review, advising the Board that the Audit and Risk Committee had considered and approved same on the 01.02.21 subject to certain agreed amendments, and that said amendments were highlighted on the 'version 2' Board paper made available to the Board.

He noted that HBFI assess impairment levels on an incurred loss basis (FRS 102) **THIS ITEM HAS BEEN REDACTED IN PART**

It was RESOLVED to APPROVE the Impairment review for the year end 2020.

#### **14. REVIEW OF THE EFFECTIVENESS OF INTERNAL CONTROL.**

The HoCR presented this paper which he confirmed was also fully considered by the ARC, and recommended for Approval, at its meeting on the 01.02.21 and that the paper facilitates the annual review of the effectiveness of the system of internal control by the Board in order to provide assurance in relation to the Statement on Internal Control contained in the Financial Statements of HBFI.

A draft version of the Statement of Internal Control was also included in the Board papers. The HoCR noted that there may be a change to the draft statement on procurement due to an issue flagged by NTMA Procurement. The HoCR advised that the final version of the Statement of Internal Control will be brought to the ARC meeting on the 24th March, and to this Board on the 14th April.

It was RESOLVED to APPROVE the Review of the Effectiveness of Internal Control.

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

Ken Slattery, Chairperson of the Audit and Risk Committee (“**ARC**”) presented a report to the Board and advised that such a report would be provided to the Board following each of the four ‘standard’ meetings of the ARC Committee going forward, but not at the two specially convened meetings to consider financial statements.

He advised the Board that the following matters were considered by the ARC at its meeting on the 01.02.21:

- The Impairment Review for 2020 also presented to the Board here today.
- Draft financial statements and draft Board Members Report. An early draft has been presented and these documents would go back to the ARC in March, and thereafter to this Board in April for final approval.
- KPMG fees - A comparison of KPMG’s audit and non-audit fees was considered by the ARC.
- Risk - The SARM and HoCR presented the Risk papers also presented to the Board here today.
- The SARM and HoCR presented the Annual Review of the Effectiveness of Internal Control for Approval and the draft Statement of Internal Control for Noting.
- The Internal Audit updated was provided by the Acting Head of Internal Audit and KPMG.
- The Head of Compliance, DPO & MLRO presented a Compliance and Data Protection Briefing on the adequacy and effectiveness of policies and procedures including AML to ARC.
- Standing Items - Fraud, Protected Disclosures, Near Misses, Health and Safety, Reputational Risk, Exceptions to Procurement policy & Operational Events – noted with nothing to report.

The Report from the ARC meeting of the 01.02.21 was NOTED by the Board.

#### **16. REVIEW OF THE EMT CREDIT COMMITTEE TERMS OF REFERENCE.**

The Company Secretary presented the scheduled reviewed of the document, with changes suggested as tracked on the paper provided to the Board. The recommended changes relate to who can Chair meetings and provide that the Company Secretary will confirm credit decisions of the EMT Credit Committee after each meeting so that communication can issue to the borrower prior to formal approval and signing of minutes.

It was RESOLVED to APPROVE the review of EMT Credit Committee Terms of Reference with the changes presented.

**17. REPORT ON INTERNAL AUDIT REVIEW OF CORPORATE GOVERNANCE.**

The Chairman of the ARC provided a report on the review of Corporate Governance carried out by the internal Auditors. He reported that the review noted a number of positive attributes in the design and operations of the controls over the HBFI Corporate Governance process including a Shareholders Letter of Expectation outlining the objectives of HBFI, a Code of Conduct polices for Board and Committee members as well as for HBFI employees.

**THIS ITEM HAS BEEN REDACTED IN PART**

The report was NOTED by the Board.

**18. CODE OF PRACTICE FOR THE GOVERNANCE OF STATE BODIES.**

The Company Secretary provided a verbal update on this year's review of HBFI's compliance with the Code of Practice for the Governance of State Bodies ("**the Code**").

She advised that HBFI has substantially completed a full review of HBFI's compliance with the Code.

She advised the Board that there is a new requirement to be met under the Code arising from the Annex on Gender Balance, Diversity and Inclusion dated September 2020, which includes a 40% gender balance requirement and the promotion of diversity, and inclusion in regard to gender. This has been incorporated into the Governance File, as approved by the Board.

She confirmed that she had engaged with the Department in relation to this review and reminded the Board that the approach to compliance with the Code is 'comply or explain'. She said that where HBFI is not in full compliance with a provision this must be called out as an adaptation. No additional adaptations, to those agreed in 2020 are currently envisaged.

Finally, she advised that this matter will be brought back to the Board in April for approval. Following this, the Shareholder Letter of Expectation is expected to issue from the Department of Finance to HBFI in May 2021.

This update was NOTED by the Board.

**19. AMENDMENTS TO THE MEMBERSHIP OF THE HBFI(L) CREDIT COMMITTEE AND THE AUDIT AND RISK COMMITTEE.**

It was noted that in October 2020, it was agreed following telephone discussions between the Chair, other Board Directors and the CEO that **THIS ITEM HAS BEEN REDACTED IN PART** the membership of the HBFI(L) Credit Committee and the Audit and Risk Committee be refreshed and updated, effective from 01.01.21.

Further to this, the Company Secretary sought the formal approval of the Board to the agreed amendments to the membership of the HBFI(L) Credit Committee and the Audit and Risk Committee as follows:

Audit and Risk Committee; effective from the 01.01.21 the members are Ken Slattery (Chairperson), Des Carville and Grainne Hennessy.

HBFI(L) Credit Committee; effective from the 01.01.21 the members are Marie Collins (Chairperson) Andrew O’Flanagan, Des Carville, Claire Solon, Dara Deering, Sean Alger and Michael Broderick.

It was RESOLVED to approve, confirm, and ratify the amended membership of the two Committees as outlined with effect from 01.01.21.

## **20. ANNUAL PRESENTATION OF THE LIST OF STATUTORY OBLIGATIONS.**

Deirbhile Brennan, Head of Compliance NTMA (“**HoC**”) and Sinead Flanagan, Senior Compliance Manager NTMA (“**SCM**”) joined the meeting. The HOC advised that NTMA Compliance, supported by the HBFI Legal Unit and external advisers, annually update a schedule of material relevant statutory obligations relevant to HBFI arising from (i) its establishment legislation and (ii) general statutory obligations arising from other relevant legislation.

The HoC advised that there have been no changes to HBFI’s functions and that other updates include the following:

- i. Covid -19 Legislation,
- ii. Climate Change,
- iii. State Aid, and
- iv. EU Accessibility of Website and Mobile Applications in Public Bodies Regulations 2020.

The HoC confirmed that a full list of statutory obligations, with mark-ups indicating changes made since the last annual review, is available in the Board Reading Room on BoardPad.

While noting the number of obligations, the Board is satisfied that Management, including the CEO, sign off on the obligations on an annual basis as part of an attestation process managed by NTMA Compliance.

The annual review of the list of statutory obligations applicable to HBFI was NOTED by the Board.

## **21. CODE OF CONDUCT FOR THE MEMBERS OF HBFI AND HBFI(L) BOARDS AND COMMITTEES.**

The SCM advised the Board that this Code of Conduct is subject to annual review and that no material changes were proposed at this review.

It was RESOLVED to APPROVE the review of the Code of Conduct for Members of HBFI and HBFI(L) Boards and Committees.

The HoC and SCM left the meeting.

## **22 AOB.**

At that stage the CEO, CCO, HoCR and Company Secretary left the meeting for a private session with only the Non-Executive Directors present. The remaining six Directors considered and APPROVED minutes from prior sessions where only non-executive Directors were present, held on the 22.10.20, 17.12.20 and 29.01.21<sub>7</sub>

**CLOSE**

There being no further business the meeting then terminated.

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Chairperson