

MEETING OF 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 10.00 am on
Wednesday 9th June 2021 per videoconference due to Covid-19 restrictions.**

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

APOLOGIES None

IN ATTENDANCE Michael Broderick, Chief Commercial Officer, HBFI.
Sean Alger, Head of Credit and Risk, HBFI.
Deirbhile Brennan, Head of Compliance, NTMA (item 10)
Sinead Flanagan, MLRO, (item 10)
Joe Colgan, Senior Audit Manager (items 10 & 11)
Denise Donovan, Head of Operations and Finance (items 12 &13)
Thomas Kearns, Senior Credit Manager, HBFI (item 12 vi)

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 13th May 2021 be reviewed by a Board member and re-circulated to the Board thereafter, and subject to non-substantive changes being made, the minutes were approved.

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 this update, advising the Board as follows:

- i. Management continue to respond to PQs including in relation to schemes that will ultimately be purchased by investors.
- ii. The request to extend the Momentum Fund is with the Minister and a decision is due shortly.
- iii. An updated MEOP report has been received and Michael Broderick, Chief Commercial Officer (“**CCO**”) will cover this later in the meeting.
- iv. There is continued focus in the business on moving approvals to drawdowns, given the delays resulting from site closures earlier this year.
- v. **THIS ITEM HAS BEEN REDACTED IN PART**

In relation to the return to work the CEO expressed her view that it is preferable not to impose hard rules on how many days employees need to be back in the office in the short term with the need to balance the requirements of the business, recognise employees’ preferences and remain flexible.

8. BUSINESS UPDATE

The CCO provided this update. **THIS ITEM HAS BEEN REDACTED IN PART**

The CCO reported that housing demand remains strong as reflected in the level of interest in new schemes.

In relation to business development, the CCO advised that, per slide 2 of his presentation that Limerick, Clare and North Kerry would be targeted next. Furthermore, he confirmed that it has become evident that radio advertisements result in much more traction, relative to print media. A Board member asked if a clip of the HBFI radio advertisement could be circulated and the CCO advised he would circulate an example of such to the Board.

THIS ITEM HAS BEEN REDACTED IN PART

There was a broad discussion by the Board and the following points were raised:

- If the quality of the EOIs was improving and why were such borrowers not applying to pillar banks. The CCO responded that there remains a shortage of funding for certain projects depending on risk profile and particularly in rural towns.
- The reason behind the spike in EOIs in week 20 and the CCO responded that this week coincided with media coverage for HBFI.
- If the slowdown in cases progressing was caused only by Covid-19 as opposed to a broader concern that some developments will not progress. The CEO replied that no broader concerns have been identified at this point.

Finally, it was suggested that Management report on progress on a quarterly basis and the CEO said she would take that point away to consider.

The business update was NOTED by the Board.

9. MEOP REPORT

THIS ITEM HAS BEEN REDACTED IN PART

The MEOP Report was NOTED by the Board.

10. (I) MLRO REPORT

Deirbhile Brennan, Head of Compliance NTMA (“**HoC**”) Sinead Flanagan, Senior Compliance Manager, NTMA and Money Laundering Reporting Officer (“**MLRO**”) and Joe Colgan, Senior Audit and Risk Manager, HBFI (“**SARM**”) joined the meeting.

The MLRO advised that this report would be presented twice annually going forward in line with the understanding of best practice regarding the level of Board oversight and reporting expected in this area. The report provided a high-level summary of key AML/CFT related activities-and an update regarding the Dear CEO Letter. In relation to the latter it was advised that, taking a proportionate approach and following some recent enhancements **THIS ITEM HAS BEEN REDACTED IN PART**. Key risk indicators in an AML context were discussed.

The Chairman of the HBFI Audit and Risk Committee advised the Board that an audit of AML processes may be considered as part of the annual planning exercise for 2022.

The MLRO Report was NOTED by the Board.

10. (II) AML/CFT POLICY AND THE AML/CFT BUSINESS WIDE RISK ASSESSMENT

The MLRO and SARM presented both documents to the Board, bringing the material changes to

the Board's attention. Both documents contain updates on foot of the "Dear CEO letter" from the Central Bank of Ireland and required approval by the HBFI(L) Board.

In relation to the Policy the MLRO flagged proposed changes including those required to reflect the recently introduced Criminal Justice (Money Laundering and Terrorist Financing) (Amendment) Act 2021, implementing the 5th AML Directive

In relation to the Business Risk Assessment, the changes included enhanced information on the risk governance framework, and a more detailed description of the ML/TF risks and the associated controls within HBFI to mitigate the risks.

It was RESOLVED to APPROVED the Home Building Finance Ireland (Lending) D.A.C. Anti-Money Laundering/Counter Financing of Terrorism Policy and the Home Building Finance Ireland (Lending) D.A.C. Anti-Money Laundering and Counter Terrorist Financing Business Risk Assessment as presented.

The HoC and MLRO left the meeting.

11. RISK

The HoCR together with the SARM presented the following Risk documents, for Noting or Approval:

(i) Risk Report

The SARM presented the Risk Report. **THIS ITEM HAS BEEN REDACTED IN PART**

In relation to EMT Credit Committee oversight, the SARM brought the Board's attention to Table 5 which summarised the oversight of the EMT Credit Committee decisions for the last period. He confirmed no issues were identified.

The SARM concluded that the Credit and Risk Team remain satisfied that the controls that have been implemented are operating effectively.

(ii) Loan Portfolio Report

THIS ITEM HAS BEEN REDACTED IN FULL

(iii) Risk Appetite KPIs

THIS ITEM HAS BEEN REDACTED IN FULL

(iv) Credit Decisions Report

The HoCR presented this report, which noted 3 new approvals.

(v) Account Review Schedule

The HoCR advised that all reviews scheduled for May had now been heard and confirmed therefore that all account reviews were up to date.

(vi) Report on Market Trends

Thomas Kearns, Senior Credit Manager HBFI ("**SCM**") joined the meeting to present this report. He summarised the primary takeaway as follows; the residential housing sector has shown resilience in light of Covid-19 but faces both supply and costs challenges going forward. The SCM left the meeting.

The HoCR advised the Board that the next three items had been considered by the Audit and Risk Committee, which had recommended each for approval by the Board.

(vii) Risk Management Policy and Framework and (viii) Risk Appetite Statement.

The HoCR brought the Board's attention to the proposed changes which he described as minor in nature with the Risk Management Policy & Framework now including the policy approval governance, as approved by this Board. The risk categories sections have also been expanded to include demand risk. He advised this was a scheduled review of both documents.

It was RESOLVED to APPROVE the review of the Risk Management Policy and Risk Appetite Statement.

(ix) Risk Management Plan

The HoCR presented the plan noting that the plan is a requirement under the Code of Practice for the Governance of State Bodies, and that this documents what the organisation already practices in terms of Risk.

The Board APPROVED the Risk Management Plan.

The SARM left the meeting.

12. BUDGET REFORECAST 2021

The Head of Operations and Finance ("**HoOF**") joined the meeting.

The proposed re-forecast including key drivers and dependencies were highlighted noting that the figures were based on actual from the last four months, together with projections for the next 8 months.

THIS ITEM HAS BEEN REDACTED IN PART

It was RESOLVED to APPROVE the Budget Reforecast for 2021.

12. LIQUIDITY MARKET AND EQUITY RISK MANAGEMENT POLICY

The HoOF presented this new Policy advising the Board that it had been considered in detail by the Audit and Risk Committee, which the Chairman of the Committee confirmed.

It was RESOLVED to APPROVE the Liquidity Market and Equity Risk Management Policy and the HoOF left the meeting

13. REPORT FROM THE AUDIT AND RISK COMMITTEE.

Ken Slattery, Chairperson of the HBFI Audit and Risk Committee ("**Chair of the ARC**") presented this written report from the HBFI Audit and Risk Committee ("**the ARC**") from the ARC meeting held on the 27.05.21. He assured the Board that Cyber Security was given due attention by the ARC, and he advised the Board of an annual assessment of cyber security in the NTMA.

The Report was NOTED by the Board.

14. REPORT ON INTERNAL AUDITORS REVIEW OF THE LENDING PROCESS POST APPROVAL.

The Chair of the ARC presented this report advising the Board that there was nothing of significance to report to the Board in relation to that audit.

The Report was NOTED by the Board. 5

15. REPORT ON C&AG AUDIT COMPLETION MEMORANDUM.

The Chair of the ARC presented this report. He summarised that no material findings were noted, and no Management Letter was required to issue for the financial year ended 31 December 2020. In relation to the latter, he commented that he had not seen that before, and that it was a huge positive.

The Report was NOTED by the Board.

17. AOB

Three matters were raised under AOB.

- i. The CEO reminded the Board that the next scheduled meeting of the Board is on the 8th September 2021, and that should meetings be required in the interim the Company Secretary will be in touch.
- ii. The CEO advised the Board that sign-off on the Annual Report by the Minister for Finance is expected next week, and that the final version of the Report is available on BoardPad.

CLOSE

There being no further business the meeting then terminated.

Chairperson