

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 2.15PM ON THURSDAY 14 DECEMBER 2023
AT TREASURY DOCK, NORTH WALL QUAY, DUBLIN 1 AND VIA VIDEOCONFERENCE

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

APOLOGIES None

IN ATTENDANCE Fergus Mangan, Head of Lending (HoL) (Item 8)
Sean Alger, Head of Credit & Risk (HoCR) (Items 13, 14 and 15)
Thomas Kearns, Senior Credit Manager (SCrM) (Item 13.i)
Denise Donovan, Head of Operations and Finance (HoOF) (Items 9, 10 and 11)
Sinead Flanagan, NTMA Senior Compliance Manager (MLRO) (Item 11)
Deirbhile Brennan, Head of Compliance NTMA (HOC) (Item 11)
Paula Flinter, Head of Legal (HoLg) (Item 12)
Niall Baragwanath, Legal Advisor (LA) (Item 12)
Cecilia Fourie, Company Secretary (CS)

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 CS confirmed to the Board that the Executive Management Team of HBFI (“the **“EMT”**”) was 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 16 November 2023 had been circulated to the Board members in advance of the meeting and it WAS RESOLVED that the minutes of the meeting be APPROVED.

7. CEO UPDATE

The CEO presented a summary of the key points in the CEO update paper and highlighted the following:

- An update on the Strategy Day and 5-year anniversary event;
- Employee engagement survey;
- The budget for 2024; and
- Business performance and stakeholder engagement.

The CEO’s Update was NOTED by the Board.

8. BUSINESS UPDATE

The HoL presented a business update including an overview of trends in the market. The HoL commented on the key matters in the report focusing on the pipeline and participation in working groups for housing initiatives. **THIS ITEM HAS BEEN REDACTED IN PART.** The HoL gave an overview of the pipeline for 2024 and commented on the emerging forward funding trend.

The business update was NOTED by the Board and the HoL left the meeting.

9. FINANCIAL PERFORMANCE

The HoOF joined the meeting and presented a summary of the report highlighting the key movements.

The results to end of October were NOTED by the Board.

10. ANNUAL BUDGET

The HoOF presented the annual budget for 2024 to the Board noting that the budget reflects the current and anticipated market conditions. The HoOF provided an overview of the key assumptions set out in the budget noting the impact of repayments given the maturity of the loan book. The HoOF commented on the income, expenses, receivables and net equity.

THIS ITEM HAS BEEN REDACTED IN PART.

In response to a question from the Board, the HoOF commented on the consideration of the accelerate product in preparing the budget.

The Board APPROVED the Budget as presented.

11.COMPLIANCE:

The HOC, MLRO and HoOF joined the meeting.

(i) Annual Compliance Training

The HOC delivered annual compliance refresher training to the Board drawing attention to certain points including, inter alia:

- Confidentiality obligations and noting that they apply in perpetuity;
- HBFI records are subject to FOI;
- the importance of prompt reporting of any data breach to the HBFI Data Protection officer;
- obligations in relation to the ongoing and annual disclosure of interests, conflicts of interest and external roles;
- corruption/lobbying offences, gifts and hospitality and market abuse;
- Anti-money laundering/counter terrorist financing sanctions including the roles and responsibilities of the Board/Committees/HBFI management; and
- Board Code of Conduct.

(i) MLRO Report

The MLRO presented the MLRO Report and confirmed that it was presented and discussed at the ARC. The MLRO/SCM highlighted key regulatory updates, oversight and assurance activity including the site visit to Fexco and confirmed that the annual AML training was fully complete. The MLRO/SCM advised that proposed revisions to the AML Policy and Business Risk Assessment were being presented as separate papers reflecting recent external advice.

The Board discussed a number of points raised and NOTED the MLRO Report.

(ii) Review of the Anti-Money Laundering/Counter Financing of Terrorism Policy (“AML/CFT Policy”) and the Business Wide Risk Assessment (“BRWA”)

The MLRO/SCM presented the review of the AML/CFT Policy for approval, noting that this was an out of course review and that both documents are owned by HBFI with Compliance providing a coordination and advisory role. The MLRO/SCM explained that the proposed new text detailed requirements in the event of changes to the traditional borrower risk profile arising from recent potential HBFI engagement with non-standard risk borrowers.

The MLRO/SMC and HoOF presented the Business Wide Risk Assessment (“BWRA”) and outlined key changes. The HoOF provided further context for the proposed amendments to the individual risks confirming that the overall rating remains low. The Chair of the ARC confirmed that following a review by the ARC, the AML/CFT Policy and BWRA are recommended for approval.

The Board APPROVED the review and proposed amendments of the AML/CFT Policy and BWRA as presented.

The MLRO, HOC and HoOF left the meeting.

12.ANNUAL PRESENTATION FROM THE HEAD OF LEGAL

The HoLg and LA joined the meeting and jointly presented the Annual Presentation from the Legal Team and outlined the key activities, the risk management, and challenges. The HoLg and LA highlighted the key stakeholder engagement and feedback and planned actions for 2024. Following questions from the Board, the HoLg and LA provided further detail on reporting lines, legal cost, and approach to business development.

The Annual Presentation was NOTED by the Board and the HoLg and LA left the meeting.

13.RISK

The HoCR and SCM joined the meeting and presented the key points in the following reports:

i Market Update

The SCM presented the market update and summarised the key residential market movements and trends as outlined in the paper. The SCM explained the salient statistics and trends in the market noting that there continues to be growth in demand for new units albeit at a slower rate. The SCM further commented on the positive movements in sales prices reported by the CSO and added that mortgage approvals remain strong. The SCM left the meeting.

ii Risk Report

The HoCR provided an overview of the key changes since the last report and noted the operational events. The HoCR commented on the overall reduction in risk due to maturity of the business and further commented on potential emerging risks in 2024.

iii Portfolio Report

The HoCR presented the Portfolio Report and outlined the key format changes and enhanced reporting included. The HoCR commented on key trends and highlighted the reduction in open market concentration.

iv Credit Decisions Report

The HoCR provided an overview of the credit decisions made since the last report and confirmed that the Greenacres facility has been repaid.

v Risk Appetite KPIs

The HoCR advised that there were no matters to bring to the attention of the Board for this item.

vi Account Review Schedule

The HoCR presented the schedule and advised the position of the upcoming reviews.

The Reports at 13 (i) to (vi) inclusive were NOTED by the Board.

14.SCHEDULED REVIEW OF CREDIT AND RISK POLICIES

(i) HBFI Delegated Authority Policy (“DA Policy”)

The HoCR presented the scheduled review of the DA Policy and provided an overview of the proposed amendments and rationale for same.

The Board APPROVED the scheduled review and proposed amendments of the DA Policy as presented.

(ii) Impairment Policy

The HoCR presented the scheduled review of the Impairment Policy provided an overview of the proposed amendments noting that the amendments are on foot of recommendations from the internal audit review. The Chair of the ARC confirmed that following a review by the ARC, the Impairment Policy is recommended for approval.

The Board APPROVED the scheduled review and the proposed amendments of the Impairment Policy.

15.REPORT ON NTMA POLICIES THAT APPLY TO HBFI

The HoCR presented the annual review of NTMA policies which apply to HBFI, and the Board AGREED to APPROVE the adoption of the listed NTMA policies as applicable to HBFI.

The HoCR left the meeting.

16.REPORT FROM THE ARC MEETING

The Chairperson of the ARC provided a verbal update on the items which were discussed at the meeting of the ARC earlier that day including the outcome of the Deloitte IAS39 review.

The update was NOTED by the Board.

17.GOVERNANCE

i. Update on Board Implementation Plan

The CS presented the update on the implementation plan and the Board NOTED the update and progress of the plan.

ii. Schedule Review of Governance File

The CS presented the scheduled review of the HBFI Governance File and outlined the proposed amendments including the rationale for same noting that one amendment was for consideration.

The Board APPROVED the scheduled review of the HBFI Governance File and the proposed amendments subject to the exclusion of the item for consideration.

iii. Scheduled Review of the HBFI(L) Credit Committee Terms of Reference

The CS presented the scheduled review of the HBFI(L) Credit Committee's Terms of Reference for Noting following approval by the HBFI(L) Board and outlined the approved amendments including the rationale for same.

The Board NOTED the HBFI(L) Credit Committee Terms of Reference.

iv. Review of the Remuneration Policy ("Policy") and Remuneration Committee's Terms of Reference ("Terms of Reference")

The CS presented the review of the Remuneration Policy and Remuneration Committee's Terms of Reference and outlined the proposed amendments and explained the proposed amendments were to align the Policy and Terms of Reference. The CS advised that the Policy and Terms of Reference were recommend for approval by the Remuneration Committee.

The Board APPROVED the review of the Policy and Terms of Reference and proposed amendments as presented.

v. Audit and Risk Committee Re-Appointment

The CS presented the request for the re-appointment of Grainne Hennessy as a member of the Audit and Risk Committee for a further term following a recommendation from the Audit and Risk Committee.

The Board APPROVED the re-appointment of Grainne Hennessy to the Audit and Risk Committee for a further term.

vi. EMT Credit Committee Terms of Reference (“EMT CC TOR”)

The CS presented the memo on the reporting and approval lines of the EMT CC TOR and explained that as the EMT CC was not a sub-committee of the Board it was recommended that the EMT approve the review of the EMT CC TOR and same be noted by the Board. The CS confirmed that this was a procedural change in line with good governance and would not change the oversight the Board has of the EMT CC.

The Board APPROVED the request as presented.

18.AOB

No business was raised under AOB.

CLOSE

There being no further business the meeting was closed.

Chairperson