

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 19th November 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.
Denise Donovan, Head of Operations and Finance (items 1-8)
Philip Bowler, HBFI Data Protection Officer, NTMA Compliance. (items 11, 12 & 13)
Sinead Flanagan, MLRO, NTMA (items 11, 12 & 13)
Deirbhile Brennan, Head of Compliance, NTMA (items 11, 12 & 13)

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 22nd October 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”) terms 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:

- i. The COSME Agreement has been signed by both HBFI and the EIF and a communication will issue next week.
- ii. Des Carville arranged CEO briefings with senior representatives in the Department of Finance and Department of Housing.

8. DEPARTMENT OF FINANCE 2 YEAR REVIEW OF HBFI.

The CEO introduced this item with the Board having been furnished with a letter from the Minister for Finance dated 29th October to the Chairperson outlining the scope of the Minister’s review, together with management’s draft response.

She outlined the approach taken, namely that answers were drafted for the three specific questions as per the letter from the Minister drawing on information prepared as part of the HBFI Strategic Review earlier this year.

She brought the Board’s attention to three parts of the draft response in particular:

- Page 9, section 2.5: The CEO advised the Board that if a scenario arose where HBFI determined that it did not have the necessary powers under the HBFI act to fulfil its mandate, then HBFI could engage with the Department of Finance to seek a change to the legislation.
- Page 20, section 3.6: She advised the Board that the business projections (to 2025) are per those dated February 2020.
- Page 32, Part 4.7: Further information on the potential funding gap will be developed.

The Chair invited feedback on the draft. A Board member asked if the CEO had discussed the response with other NTMA entities who have had a similar review. The CEO advised that she is aware that one other agency engaged external advisers for its review, but that HBFI was not going to do that, given it is in its infancy. She said she would run the draft response document by NTMA Communications.

A Board Member suggesting including the pipeline data which was strong. The CEO said she would incorporate this and that updated performance figures will be supplied to the Department of Finance for the full year 2020.

A Board member commented that this report demonstrates that HBFI has responded to Covid-19 and that it is a positive from the Government's perspective to have a direct lender.

It was RESOLVED to APPROVE the draft response document, and furthermore to delegate to the CEO and Chairperson to finalise and submit to the Minister.

Denise Donovan, Head of Operations and Finance, left the meeting at that point.

9 AMENDMENT TO THE TERMS OF USE OF THE MOMENTUM FUND

The CEO presented this paper, advising she was seeking approval to engage with the Department of Finance to seek agreement to extend the timeframes for the availability of the Momentum Fund, specifically to extend the requirement that a signed facility to be in place from 31 December 2020 to 30 June 2021, and also extend the date for the first drawdown of funds from 30 June 2021 to 31 December 2021.

A Board Member enquired if this was long enough and the CEO confirmed that management had considered this and concluded that based on the pipeline, this timeframe would be sufficient.

The Board RESOLVED to APPROVE the course of action proposed by the CEO.

10. BUSINESS UPDATE THIS ITEM HAS BEEN REDACTED IN PART.

Michael Broderick, Chief Commercial Officer (“CCO”) presented the business update.

The Board requested including prior data on EOIs in the business update as a comparator.

11. THE ANNUAL COMPLIANCE REFRESHER

Deirbhile Brennan, the newly appointed Head of Compliance, NTMA (“HoC”) Sinead Flanagan, Senior Compliance Manager, NTMA (“SCM”) and Philip Bowler, Senior Compliance Manager, NTMA and the HBFI DPO (“DPO”) joined the meeting.

The HoC introduced herself to the Board and advised that she would liaise with the CEO regarding the scheduling of Compliance matters on the HBFI Board Agenda in 2021. She then presented the Annual Compliance training to the Board, in particular bringing the Board's attention to requirements regarding confidentiality, declarations of interest, market abuse matters and the PA Transactions policy, given that Data Protection and AML are being considered as separate agenda items at the meeting.

In response to a query, it was clarified that a prohibition on lobbying arises under section 25(1) the HBFI Act.

Finally, she invited the Board to contact her or her colleagues in Compliance should they have a query on any aspect of Compliance.

12. MLRO ANNUAL PRESENTATION

The Board noted that Sinead Flanagan had been appointed as HBFI Money Laundering Reporting Officer (“MLRO”) and presented the annual MLRO’s Report. She advised as this is the first presentation of this report to HBFI it is being presented to the Board of HBFI, but it is open that this be delegated to the ARC Committee in the future.

She advised the Board that HBFI(L) is a ‘Schedule 2 firm’ registered with the Central Bank of Ireland, and that the purpose of the report is to provide comment on the firm’s AML systems and controls. She stated that as Board members are required to receive annual AML training, they will shortly receive a communication regarding online delivery.

The MLRO confirmed that Fexco, as HBFI’s outsourced service provider, provide Management Information to HBFI in relation to AML. Furthermore, by way of assurance, it was noted that during 2020 NTMA Compliance reviewed a sample of AML documentation collected by Fexco and that although no material deficiencies were found, some improvement recommendations were made.

The MLRO annual presentation was Noted by the Board.

13. DATA PROTECTION

The DPO presented the review and update of the Data Protection Policy and the Data Protection Statement-

In relation to the Data Protection Policy, the DPO advised that this was an out of course review required to take account of remote working practices and that the Policy was last reviewed by the Board in February 2020.

He stated that the Data Protection Statement–has been updated to reflect the inclusion of HBFI(L) and the move to Treasury Dock.

It was RESOLVED to APPROVE the updated Data Protection Policy and Data Protection Statement-

The HoC, DPO and SCO left the meeting.

14. BOARD SELF-ASSESSMENT 2020

The Company Secretary presented the results, being quantitative percentages and also qualitative free form comments, from the 2020 Annual Board Self-Assessment. In relation to the relatively lower scored answers, she presented proposed or already taken actions. A Board member commented that the overall responses were very positive and that even the slightly negative comments were benign. The Board asked that consideration be given to a speaker attending a Board meeting on Governance generally. The Company Secretary confirmed she would explore this further.

15. RISK THIS ITEM HAS BEEN REDACTED IN PART.

Sean Alger Head of Credit and Risk (HoCR) presented the Risk update as follows for Noting:

- i Risk Appetite KPIs.

The HoCR brought the one operational event for the period to the Board's attention. The event was that a HBFI charge was not registered in the CRO by the appointed external law firm. That firm has taken full responsibility and is making a Court application to seek an extension of time to have the charge registered. The HoCR advised that the borrowing Company is registered in Northern Ireland and the charge was registered in Companies House in the North. He also advised the Board that the event was identified by HBFI Legal. The Board asked that the relevant Legal Team Member be commended on this.

ii Credit Decisions Report

The HoCR brought two decisions to the Board's attention, one where funding was approved by the EMT Credit Committee for a reduced mobility development, and another where the developer had initially cut back on the number of units to be developed due to the outbreak of Covid-19 but more recently increased the number of units due to demand.

iii. Account Review schedule.

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

The HoCR reported one matter which is currently outside the Key Risk Measures Limit of €75m maximum single borrow exposure.

16. THIRD PARTY RISK POLICY

The HoCR presented this policy for its scheduled annual review. He advised that the proposed amendments were minor and included an expansion of the definitions, and the inclusion of operational risks considerations.

It was RESOLVED to APPROVE the updated Third Party Risk Policy.

17. HBFI(L) CREDIT COMMITTEE, TERMS OF REFERENCE

The Company Secretary presented the review of the Terms of Reference for the HBFI(L) Credit Committee which fell due in July 2020 but was intentionally postponed pending the outcome of discussions on the amending of Committee membership. She brought changes to the attention of the Board, and these included the updated membership, which is to take effect from the 1st of January 2021 and also the amendment of the Board that this Committee reports to, namely HBFI. It was also agreed that minutes would be circulated to the Committee promptly following a meeting, including when the next meeting was not scheduled.

18. AOB

One matter was raised under AOB. The Chairman of the ARC, who is also a Board Member asked that it be considered if the Terms of Reference for the ARC should be amended to include reference to it being the ARC for both HBFI and HBFI(L). The CEO confirmed Management would take this point away for further consideration.

CLOSE

There being no further business the meeting then terminated.

Chairperson