

**Mf 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 12.30pm on  
Thursday 21<sup>st</sup> May 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.  
Fergus Mangan, Divisional Manager, Lending, HBFI. (item 9)  
Denise Donovan, Head of Operation and Finance (item 10)  
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 meetings held on 23<sup>rd</sup> April and 7<sup>th</sup> May 2020 be **APPROVED** as circulated to the Board.

The CEO updated the Board on the single open Board action point as follows:

As agreed at the Board meeting of the 7<sup>th</sup> May 2020 the CCO and CEO have spoken with Claire Solon and Grainne Hennessy in relation to a potential green loan product that HBFI could design and bring to the market. A proposal in relation to this potential new product will be brought back to the Board in due course for consideration.

#### **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, noting that the subject matter of item 10 (insurance) is a matter reserved to the Board.

#### **7. CEO UPDATE**

**THIS ITEM HAS BEEN REDACTED IN PART.**

The CEO updated the Board as follows:

- i. In terms of HBFI employees, remote working is working well and most HBFI staff are still predominantly working from home. A phased return to work is being discussed at NTMA level.  
In relation to employee welfare, the results of an NTMA wide survey were largely positive with employees feeling supported by their organisation. However certain matters were raised around practical issues such as screens and printing etc, and she confirmed she would provide further details on this at the next Board meeting under the CEO update.
- ii. In relation to HBFI customers the six active sites have reopened.
- iii.
- iv. She summarised that the response to the Momentum Fund has been positive and that the Chief Commercial Officer (CCO) would expand on this further.
- v. The CCO confirmed that in Expressions of Interest (EOIs) and calls have been received since the recent launch of HBFI's new products. Specifically, in relation to the Momentum Fund the level of interest has exceeded expectations. This demonstrates that existing schemes are being supported but that new schemes, including those at Heads of Terms stage, are being paused. He concluded by saying that a definite funding gap has been created and that if HBFI does not step in, the homes in question would not get built in the short to medium term.

The Board enquired of Management what they believed had prompted the interest, and the CEO stated her view that the newspaper and radio coverage assisted. It was confirmed to the Board that interest has been received in all of the new products, which was positive.

A query was raised by the Board in relation to resourcing, and if an increase in headcount would be required due to the increased demand. The CEO said this was under review, and that she needed to see if the level of interest continued, or if it would reduce in due course.

The Chair commended Management on the level of work done in respect of the new products.

## 8. RISK

### **THIS ITEM HAS BEEN REDACTED IN PART.**

The HoCR presented the following three reports for noting by the Board:

#### i.

##### **Credit Decisions Report.**

In relation to section 1 (C) of this report, the HoCR confirmed that only material amendments to previously approved facilities would be noted in this section of the report. The HoCR also provided further information in relation to the five loans that have been declined since January 2020 noting they were not included in the last report to the Board due to coding difficulties with the HBFI CRM system.

#### ii. **Loan Portfolio report.**

The HoCR confirmed that approximately €115m has been committed in total.

The three reports were **NOTED** by the Board.

The HoCR then proceed to provide the general Risk update to the Board:

Guidelines have been developed for the management of drawn and approved loan facilities following the reopening of sites on 18th May 2020. All active sites are under discussion with the appointed Monitoring Surveyors and drawdowns will continue for the next two months during which time all developments will be reviewed in respect of the impact on sales and costs due to Covid-19. He said that term extensions are likely to be required due to site closures, and the requirement for social distancing on site.

The HoCR brought the Board's attention to the increased risk of lending in the post Covid-19 environment and the challenges of assessing credit risk due to the uncertainty around the economic impact of Covid-19. The HoCR said that a full risk report will be brought to the Board on the 25<sup>th</sup> June 2020 calling out the specific risks and where possible the mitigants to same. The Board raised a query on the possibility of additional costs arising from the social distancing measures required on site, and the HoCR advised that based on initial feedback from Monitoring Surveyors this may be less onerous for HBFI borrowers relative to larger commercial developments.

A discussion followed on the merits of bringing in a housing market expert with regional knowledge to talk to the Board. Management confirmed they would consider the best time to do this.

The Board requested that a one page summary of housing market commentary including current trends be brought to the Board on 25<sup>th</sup> June, and the HoCR confirmed he would do this.

## 9. ANNUAL PRESENTATION FROM HEAD OF LENDING

The Divisional Manager, Lending (DML) joined the meeting, and presented slides 1 to 4 of his presentation, highlighting certain points to the Board. He confirmed that while the Lending Team is now at full headcount, it took a while to achieve that due to difficulties in sourcing suitable candidates.

He highlighted the positive spread of approvals in terms of geographical location. Facilities have been approved in 16 out of the 26 counties, confirming a wide spread in keeping with HBFI's national remit.

In relation to the operating model he emphasised the importance of an early indication of loan appetite to the customer and that his team strive to achieve that.

The CCO gave an overview of the application process review that has taken place, the aim of which is to process applications in as short a timeframe as possible, the objective being 7 weeks in total from receipt of a completed application to DA approval. Each step of the process has been reviewed with a view to reducing the time taken. Delays by the customer in providing information and documentation to HBFI remains an issue and is something HBFI does not have any control over.

The Board raised a query on the percentage of the full team that sit within the Lending Team, which is currently 7 out of 21, and the CEO commented that the number is currently deemed appropriate. The new Business Development function will take over some of the front-end work, including outreach and early engagement.

In relation to Covid-19, the CCO confirmed that site visit guidelines have been approved by the EMT and were being implemented the next day when the first site visit since the reopening is scheduled to take place.

The DML left the meeting.

## 10. THIS ITEM HAS BEEN REDACTED IN FULL

## 11. SHAREHOLDER LETTER OF EXPECTATION

The Company Secretary presented the Shareholder Letter of Expectation dated 7<sup>th</sup> May 2020 which issued from the Minister of Finance to the Chairperson. This letter satisfies the obligation to have same in place that arises in the Code of Practice for the Governance of State Bodies (the Code). This letter sets out specific policy objectives for HBFI, governance arrangements with the Department of Finance, and details the adaptation to the Code (as approved by the Board).

The Shareholder Letter of Expectation was **NOTED** by the Board.

## 12. AOB

The CEO raised two matters under AOB:

- i. There are two Board meetings already scheduled for June 2020, and the next scheduled meeting is not until the 3rd September 2020. The CEO proposed a Board meeting on the 23<sup>rd</sup> July, and it was agreed the Company Secretary would issue an invite for that date.

- ii. In relation to the six month accounts, or interim financial statements, these must be with the Department of Finance two months post the relevant period. The CEO confirmed that these will be reviewed by the ARC on the 3<sup>rd</sup> September 2020. It was agreed that these will be circulated to the Board post review by the ARC, prior to submission to the Department of Finance.

**CLOSE**

There being no further business the meeting then terminated.

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Chairperson