

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 1.00pm on
Thursday 25th June 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.
Paula Flinter, Head of Legal, HBFI (item 9)
Sinead Flanagan, Senior Compliance Manager, NTMA (item 11)
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 THIS ITEM HAS BEEN REDACTED IN PART.

IT WAS RESOLVED THAT the minutes of the Board meeting held on 21st May 2020 be **APPROVED** as presented, subject to a specific word replacement appearing twice in the minutes.

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, together with the Chief Commercial Officer (CCO) updated the Board as follows:

- i. Strong interest continues to be expressed in relation to the new products.
- ii. In respect of HBFI employees, the pilot scheme for the return to work in Treasury Dock is to begin next week. The first phase of the return to work whereby 20% of employees may return to Treasury Dock, will start on the 20th of July depending on public health guidelines. She confirmed, for planning purposes, that it is intended that the HBFI Board and Committees will continue to meet virtually.
- v. At that point the Chief Commercial Officer (CCO) updated the Board on the HBFI webinar held on the 24th June 2020. Of the 188 attendees who registered to attend, 104 logged in on the day. The event went well, with good interaction.
- vi. The CEO advised that two job offers have been made in relation to the Business Development Manager positions. Furthermore, she stated that she is looking at temporary positions for the Credit and Lending team. She advised that a revised forecast for 2020 will be brought to the Board in September.
- vii. The CEO brought the Board's attention to Annex 1 in her presentation which provided weekly trends on the number of enquiries received by HBFI and Annex 2 which provided details on the pipeline per product. It was noted that the enquiries have increased following the introduction of the new products and the new website which makes it easier for people to make initial enquires. It was agreed that the data in Annex 1 and Annex 2 be provided to the Board going forward in the business update.

8. RISK THIS ITEM HAS BEEN REDACTED IN PART.

The Head of Credit and Risk (HoCR) provided the quarterly risk update to the Board as follows:

i. Risk Report, including review of the Risk Register.

The Risk Management Report for Q2 2020 provided the Board with updates in respect of the Risk Register as of 31st May 2020, Control Attestations for Q1 2020, Covid-19 risks, operational events, and Policy and Procedure updates.

The Board had considered the increased risk scores to due to Covid-19 at their April 2020 meeting.

The HoCR stated that in his view it was appropriate to leave these scores unchanged and its impact would continue to be actively monitored and would be considered again by the ARC and Board in September. The 6 high risks as reported were again noted by the Board.

ii. Risk Appetite KPIs

The HoCR brought the Board's attention to the material updates since the report was last presented to the Board.

iii. Credit Decisions Report

In respect of this report the HoCR gave some further detail on the two declined loans to the Board. In response to a query from the Board, HoCR noted that future reports on declined loans will include any relevant feedback from the borrower in response to the decision.

Following a further query from the Board, the HoCR clarified that the Lending Team recommended a decline in both cases.

iv. Loan Portfolio Report

The HoCR confirmed that this report remained unchanged since last presented to the Board.

v. Account Review Schedule

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

vi. Paper on market trends

The Board considered the report on market information and trends which will be prepared quarterly, and they noted the uncertainty of Covid 19 on the market and costs etc were still unclear.

The HoCR described to the Board how the data was presented in two parts: (i) historic data based on Q1 2020 data, which is now of limited value as it predated the impact of Covid-19 and (ii) market commentary on the potential impact of Covid-19 on sales and rental market which he noted is heavily caveated given we are still in the very early days of the post Covid-19 economic climate.

A discussion followed in relation to the mortgage market generally and it was suggested that information in respect of the mortgage market be included in this report going forward.

The Quarterly Risk Update was considered and noted by the Board.

9. ANNUAL PRESENTATION FROM HEAD OF LEGAL

Paula Flinter, Head of Legal HBFI (HoL) joined the meeting to provide to the Board the annual

presentation from the HBFI Legal Team.

She began by introducing the HBFI Legal Team and by confirming that a secondee from McCann Fitzgerald will join the Legal Team for three months, on the 1st July 2020 to support increased volumes of transactions.

She went through the steps in a legal transaction that the HBFI Legal Team perform, noting that legal involvement commences at the outset of the transaction. She then outlined the current workstreams that Legal are currently advising on outside of the lending transactional work, for example the proposed change in legislation required for the zoned land product, and also the COSME guarantee.

The HoL then gave details on measures now in place to ensure the legal process captures all required documentation. Firstly, a mapping exercise is now carried out to crosscheck the designated authority approval with the Heads of Terms, and in turn the Heads of Terms is compared to the Facility Letter to ensure all points are contained within the provisions of the final Facility Letter. Secondly, the Legal Team perform peer to peer reviews which involve a cross checking of the documents.

Per slide 6 of her presentation, she then outlined the five key challenges currently facing the HBFI Legal Team, and how those challenges will be responded to including preparatory steps for managing legal workstreams for the new products launched.

Finally, the HoL answered a query from the Board in relation to the rotation of panels asked to tender for legal workstreams.

The Chairperson thanked the HoL for her presentation and the HoL then left the meeting.

10. UPDATE FROM AUDIT AND RISK COMMITTEE

Ken Slattery, the Chairman of the HBFI Audit and Risk Committee (the "Committee") provided a verbal update from the meeting of the Committee held earlier in the day. He touched on each substantive agenda item in turn, including detailing the update from both the C&AG's audit and the first Internal Audit carried out by KPMG. He stated that both the C&AG and KPMG had attended the Committee meeting.

He relayed the C&AG's commentary to the Board that no significant issues had been noted in the course of their audit, and that good co-operation had been given by HBFI and that the C&AG had been heartened by the level of policies in place despite the organisation being relatively new. He said that the draft findings are with HBFI Management for consideration and comment.

In relation to Internal Audit's audit of lending process including product pricing, approvals and due diligence, the Chairman of the Committee confirmed that the draft report has issued to HBFI Management, and that no significant issues were raised. When finalised the audit reports will be considered by the ARC and a summary of any findings or recommendations will be briefed to the Board by the Chair of the ARC.

He also updated the Board on the three private sessions held during the Committee meeting, namely with the C&AG, with the HoCR without the CEO and Company Secretary present, and with NTMA Compliance. He reported that all feedback from the private sessions had been positive.

The Chair of the Board asked Management to convey the Board's appreciation to the Team for their work on the various audits.

The update from the Committee was Noted by the Board.

11. HBFI ANTI-MONEY LAUNDERING POLICY

Sinead Flanagan, Senior Compliance Officer, NTMA (SCO) joined the meeting to present to the Board the review of Home Building Finance Ireland (Lending) D.A.C Anti-Money Laundering/Counter Terrorist Financing Policy and Business Risk Assessment document. These documents are required to be reviewed by the Board on at least an annual basis. The SCO brought the Board's attention to the material changes made to the Policy and the Business Risk Assessment document since its last review including those required on foot of the Central Bank AML/CTF Guidance Notes which issued in September 2019.

It was resolved to approve the amended Policy and Business Risk Assessment document as presented. It was confirmed that both documents would also be brought to the Board of HBFI(L) for approval at its next meeting.

12. AOB.

The CEO reminded the Board that the next meeting in their diaries was Thursday 23rd July, but she advised that a credit decision meeting of the Board of HBFI(L) would most likely be required prior to that date. She said that both meetings would be kept within the 1.5 hour duration.

CLOSE

There being no further business the meeting then terminated.

Chairperson