

**HOME BUILDING FINANCE IRELAND (THE "COMPANY")**

**MINUTES OF A MEETING OF THE  
BOARD OF DIRECTORS OF THE COMPANY  
DULY CONVENED, CONSTITUTED AND HELD AT 2pm on  
Thursday 27<sup>TH</sup> February 2020 in meeting room MR 08.04 Treasury Dock, Dublin 1.**

**PRESENT:** Marie Collins (Chairperson)  
Dara Deering  
Andrew O'Flanagan  
Des Carville  
Claire Solon (per phone)  
Ken Slattery  
Grainne Hennessy (per phone)

**APOLOGIES** None

**IN ATTENDANCE** Caroline Ensor (Company Secretary)

Sean Alger, Head of Credit and Risk, HBFI (items 8, 12 (III), 12 (VI), 13, & 14)  
Denise Donovan, Head of Finance and Operations, HBFI (items 8, 12 (IV) and 17)  
Fergus Mangan, Divisional Manager, Lending (Item 10)  
Paula Flinter, Head of Legal, HBFI (item 11)  
Philip Bowler, Data Protection Officer (items 12 (I) and 12 (II))  
Lorraine Sibley, Head of Corporate Information Services. (item 17)

**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 the provisions of Section 231 of the Act those directors present each declared that they had no interest 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.

For the purposes of 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.

#### **5. MEETING MINUTES AND MATTERS ARISING**

**IT WAS RESOLVED THAT** the minutes of the Board meeting held on 9<sup>th</sup> December 2019 be approved subject to minor amendments agreed to Agenda Item 16.

#### **6. CONFIRMATION IN RELATION TO RESERVED MATTERS**

The Company Secretary confirmed that the HBFI Executive Management Team (“EMT”) is satisfied that reserved matters which require consideration by the Board of HBFI (“the Board”) have been brought to the Board’s attention.

#### **7. HBFI VISION**

The CEO presented a proposed vision statement for HBFI. Following discussion, it was agreed that HBFI does not require a vision statement as the mission statement is very clear and reflects the objectives of HBFI.

#### **8. BUSINESS PLAN & STRATEGIC GOALS/Key Performance Indicators 2020 THIS ITEM HAS BEEN REDACTED IN PART.**

The Head of Credit and Risk, (“HoCR”) and The Head of Operations and Finance (“HOF”) joined the meeting.

The CEO, HoCR and HOF presented the updated business plan for Approval, together with KPIs for 2020.

The updated Business Plan was then discussed. The changes made to the last version were brought to the Board’s attention. The CEO confirmed that the Department of Finance’s feedback had also been incorporated.

In relation to the KPIs, the Chairperson confirmed that she would like more specifics in relation to timing i.e. *when* the KPIs would be met.

**IT WAS RESOLVED** to approve the ‘Business Plan – February 2020 Update’, and furthermore to approve the ‘Strategic Goals and KPIs 2020’ subject to clear timings being included when the KPIs are cascaded down to the HBFI Team.

The HoCR and HOF left the meeting.

#### **9. THIS ITEM HAS BEEN REDACTED IN FULL**

**10. BUSINESS UPDATE**

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

The Divisional Manager, Lending (“DML”) joined the meeting. He brought the Board’s attention to the important parts of the paper, including the pipeline.

The DML left the meeting.

**11. THE CODE OF PRACTICE FOR THE GOVERNANCE OF STATE BODIES (“the Code”)**

The Head of Legal (“HoL”) joined the meeting. She confirmed that, as requested by the Board, a further review of the adaptations to the Code had been undertaken, and that as a result of said review two additional adaptations the Code are proposed, (since the Board reviewed the adaptations in November 2019) relating to (i) travel expenditure and (ii) the HBFI Customer Charter and Action Plan and that the adaptation re the business plan was removed. She presented the six proposed adaptations that HBFI has provisionally agreed with the Department of Finance.

The HoL confirmed to the Chairperson that she and/or the Company Secretary would be in contact with her over the next two weeks to prepare the Chairperson’s report to the Department of Finance required under the Code.

**IT WAS RESOLVED** to approve the six adaptations to the Code.

The HoL left the meeting.

**12. POLICIES**

**I. HBFI Reporting of Relevant Wrongdoing & Protected Disclosures Policy.**

The HBFI Data Protection Officer, (“DPO”) joined the meeting. He brought the Board’s attention to the proposed changes to the Policy, the only material change being the removal of reference to measures in place pending the establishment of the Audit and Risk Committee, as that Committee is now in place. **IT WAS RESOLVED** to approve the updated policy.

**II. HBFI Data Protection Policy.**

The DPO confirmed that this review is a scheduled annual review and that the only material changes are that the policy now extends to HBFI(L) and that the review frequency is amended to two-yearly. The DPO confirmed that this policy should also be reviewed by HBFI(L) at its next sitting. **IT WAS RESOLVED** to approve the updated policy.

The DPO left the meeting.

**III. HBFI Anti-Fraud Policy.**

The HoCR re-joined the meeting and presented the updated HBFI Anti-Fraud Policy for annual review. The HoCR brought the Board’s attention to the changes made since its initial approval in February 2019 and **IT WAS RESOLVED** to approve Version 2 of the HBFI Anti-Fraud Policy.

**IV. HBFI Records Management Policy.**

The HOF joined the meeting and presented the HBFI Records Management Policy. This is a new Policy, and the HOF brought the Board’s attention to the important parts. **IT WAS RESOLVED** to approve the Policy as presented.

**V. HBFI Remuneration Policy and Oversight Agreement.**

The CEO presented the HBFI Remuneration Committee's Terms of Reference, which the Board had previously approved, and which the HBFI Remuneration Committee had adopted and approved subject to an amendment at Section 7. The Board **RESOLVED** to approve said amendment.

The CEO also presented the draft Remuneration Policy, which was recommended for approval to the Board by the Remuneration Committee. It was confirmed that NTMA HR had reviewed this.

Finally, the CEO presented a draft Oversight Arrangement between the NTMA CEO and the HBFI CEO which deals with remuneration related proposals for HBFI staff, and further proposes that the Board delegate to the CEO the approval of the criteria and oversight arrangements.

**IT WAS RESOLVED to** approve the amended Terms of Reference, the draft Remuneration Policy, the draft Oversight Arrangement and the delegation of the approval of the Oversight Arrangements to the CEO.

**VI. Policy Reviews.**

The HoCR proposed to defer the review of the (i) Pricing Policy, (ii) the Credit Policy, and (iii) the Credit Grading Policy, which were due for review in January or February 2020. The proposal to defer these reviews is so that the policies can incorporate the new products that have been approved, or that may be approved, by the Board. **IT WAS RESOLVED** to approve the deferring of the review of the three policies.

**VII. Terms of Reference for the Audit and Risk Committee**

This item was dealt with under Agenda Item 15.

**13. IMPAIRMENT ASSESSMENT**

The HoCR presented the Impairment Assessment to the Board, bringing the important points to its attention. Both the specific and collective impairments as of 31<sup>st</sup> December 2019 were zero.

The HoCR confirmed that the Audit and Risk Committee had considered the Impairment Assessment presented on the 13<sup>th</sup> February 2020 and were recommending same to the Board for approval. **IT WAS RESOLVED** to approve the Impairment Assessment.

**14. RISK UPDATE**

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

The HoCR provided the Risk update to the Board as follows.

- a. Risk Appetite KPI summary report. The HoCR confirmed that this has been presented to and approved by the Audit and Risk Committee at a meeting on the 13<sup>th</sup> February 2020. This report summarises the Key Risk Measures.
- b. Risk Report including Key Risks Summary & Emerging Risks. This report was also approved by the Audit and Risk Committee and confirmed that two new risks have been added to the Risk Register, and two were closed.

- c. A Loan Portfolio Report was presented which details the weighted average LTC of the total portfolio, being approved and drawn loans, and also the Credit Grade Risk profile of the loan book. He brought the Board's attention to an important table on page 3, and the significance of this table will increase as the portfolio grows.
- d. Credit Decisions & Account Review Schedule. This covered Credit Decisions by delegated authorities excluding the Board, exceptions to policy and the watch list of impaired loans of which there are none currently.

The Risk update was **NOTED** by the Board.

At that point in the meeting the HoCR proposed a clarification for consideration by the Board, as suggested by NTMA Compliance. On the 18<sup>th</sup> December 2018 the Board approved HBFI's minimum criteria for lending, and that paper noted that a Credit Policy would follow in January 2019. For the avoidance of doubt the HoCR asked the Board to confirm that the HBFI Credit Policy supersedes the minimum lending criteria (approved on the 18<sup>th</sup> December 2018), and that the basis on which HBFI lends is the Credit Policy. The Board **RESOLVED TO APPROVE** this clarification.

#### **15. REPORT FROM THE AUDIT AND RISK COMMITTEE**

Ken Slattery Director, and also Chairperson of the Audit and Risk Committee provided a verbal update to the Board in relation to the Audit and Risk Committee meeting held on 13<sup>th</sup> February 2020. The Board asked when the Audit and Risk Committee meeting minutes would be available to the Board and it was confirmed by the Company Secretary that the minutes from the meetings held on the 9<sup>th</sup> September 2019 and the 9<sup>th</sup> December 2019 could be put on Board Pad now, and that those from the meeting of the 13<sup>th</sup> February would be put up once agreed by the Committee at its next meeting on the 2<sup>nd</sup> of April, and also signed by the Chairperson.

The approval of the Board was sought in relation to the amendment of the Terms of Reference for the Audit and Risk Committee (per the item appearing on the Agenda at 12 (VII)) , so that it incorporates the Internal Audit Charter **and IT WAS RESOLVED** to approve that amendment.

#### **16. REPORT FROM THE REMUNERATION COMMITTEE THIS ITEM HAS BEEN REDACTED IN PART.**

Grainne Hennessy Director, and Chairperson of the Remuneration Committee provided a verbal update from the Remuneration Committee from the first meeting of that Committee held on the 10<sup>th</sup> February 2020.

#### **17. FREEDOM OF INFORMATION PUBLICATION SCHEME THIS ITEM HAS BEEN REDACTED IN PART.**

The Head of Corporate Information, NTMA (HoCI) joined the meeting and presented this item together with the HOF.

The Board enquired as to the process whereby Board minutes were reviewed prior to publication and the HOF confirmed the process. She also confirmed that there have been two requests since December 2019 for HBFI Minutes, made under FOI, and that these have been responded to.

**IT WAS RESOLVED** to approve the proposed updated Publication Scheme. The HOF and HoCI left the meeting.

**18. SESSION WITHOUT MANAGEMENT**

The CEO and the Company Secretary left the meeting for this item.

**19. AOB.**

The CEO gave a verbal update on the only Board action point that is open, namely that the Board consider delegating to the EMT the periodic review of policies. She confirmed that this has been considered by the EMT and that given the limited number of policies and the fact some Board members may not have yet reviewed certain of the policies, it was recommended that the Board retain the authority to review HBFI policies. The Board agreed with this recommendation and **RESOLVED** to approve that course of action.

The Board asked the CEO to consider bringing only one or two policy reviews to any single Board meeting, and furthermore that changes are highlighted.

**CLOSE**

There being no further business the meeting then terminated.

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Chairperson