

MEETING OF 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 2pm on
Thursday 17th February 2022 per videoconference.**

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

APOLOGIES Claire Solon

IN ATTENDANCE Sean Alger, Head of Credit and Risk.
Deirbhile Brennan, Head of Compliance NTMA (items 7 & 8)
Sinead Flanagan, Senior Compliance Manager and MLRO (items 7 & 8)
Denise Donovan, Head of Operations and Finance, HBFI (items 10 and 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 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. MEETING MINUTES AND MATTERS ARISING

It was resolved that the minutes of the Board meeting held on 16th December 2021 were approved as presented subject to the correction of a typo.

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. ANNUAL PRESENTATION OF STATUTORY OBLIGATIONS

Deirbhile Brennan, Head of Compliance, NTMA (“HoC”) and Sinead Flanagan, Senior Compliance Manager and MLRO (“SCM”) joined the meeting and the HoC introduced this item by saying that she would take her paper as read. She summarised the obligation per section 1.3 of the Code of Practice for the Governance of State Bodies whereby Boards should review the controls and procedures adopted by the State Body to provide itself with reasonable assurances that such controls and procedures are adequate to secure compliance by the State Body with their statutory and governance obligations.

The HoC then described the attestation process and how the output from same is reported to the HBFI Audit and Risk Committee (“the ARC”).

The HoC then flagged certain new obligations arising from legislation which will be relevant to HBFI.

Finally, she advised that the full schedule of statutory obligations applicable to HBFI is saved on the HBFI Board Reading Room.

The Annual Presentation of Statutory Obligations was NOTED by the Board.

8. PERSONAL ACCOUNT TRANSACTION POLICY

THIS ITEM HAS BEEN REDACTED IN PART

The HoC agreed that she would prepare a summary of these important obligations as a reference point for Board members and would include contact details for the Compliance Team should a Board member have a query on these matters.

The review of the Personal Account Transaction Policy, including the proposed changes was APPROVED by the Board. The Chairperson thanked the HoC and the SCM, and they left the meeting.

9. CEO UPDATE

The CEO provided the following updates:

- i. She updated the Board on a meeting she and the Chairperson had with the Minister for Finance on the 31st January 2022, and she summarised the key take-aways as follows:
 - **THIS ITEM HAS BEEN REDACTED IN PART**
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 - A discussion was also held in relation to HBFI’s Risk Appetite and the need for HBFI to remain flexible in a changing market.
- ii. She advised that HBFI’s first appearance before the Public Accounts Committee would be held on the 3rd March and that she will be supported by the NTMA Communications Team in preparing.
- ii. The CEO confirmed that the results from a recent employee engagement survey have been received and that a summary of the results is appended to her Board paper.
- iii. In term of the Business Update she advised that approval levels are strong **THIS ITEM HAS BEEN REDACTED IN PART**

A Board member asked if the publication of the full year results for 2021 had resulted in a bounce in interest in HBFI, and the CEO advised that there was a temporary increase in volumes post the publication of these results.

The Board NOTED the CEO Update.

10. ACTUAL PERFORMANCE FOR 2021 – FINANCIAL AND KPIs.

Denise Donovan, Head of Operations and Finance (“HoOF”) joined the meeting. She introduced this and the next item Agenda Item (11) advising that this paper looked back at the prior year, and the next was forward looking. She advised that the figures in this paper would be familiar to the Board, and that it provided a summary of the draft results for 2021 as against the reforecast, and that it also included performance against the KPIs set by the Board for the year. The Chairperson invited queries, and non were raised.

The full year Financial Performance and KPIs for 2021 were NOTED by the Board.

11. BUSINESS PLAN AND KPIS 2022.

The HoOF presented the draft Business Plan and KPIs for 2022. She summarised the process whereby the existing business plan had been updated post the 2022 Strategy Day and the agreed actions from that. She summarised the main changes which were to sections 3, 7 and 8.

The HoOF confirmed that the KPIs if approved, will be cascaded down to the business as individual goals for 2022, amended as appropriate to the different HBFI Teams.

The HoOF advised that the Department of Finance has provided minor comments in respect of the draft Business Plan and that these had been incorporated.

The CEO said that she had received feedback form the Chairperson, that in relation to the KPIs

some of the measures could be more tangible. The CEO confirmed that she will provide more specific updates to the Board as goals develop.

It was agreed that KPI metrics be added in relation to operational costs and an ongoing review of the funding gaps in the market. It was AGREED to APPROVE the draft Business Plan and KPIs for 2022, subject to these two additions.

12. RISK.

Sean Alger, Head of Credit and Risk (“HoCR”) joined the meeting and provided the Risk update, presenting the following reports to the Board:

i. Risk Report.

The HoCR advised this report was presented to the ARC at its meeting on the 7th February 2022 and that the full Risk Register was being presented to the Board for the annual review as required per the Code of Practice for Governance of State Bodies. He proceeded to provide some context around the changes to the Risk Register as follows:

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

A discussion followed in relation to increasing building costs. **THIS ITEM HAS BEEN REDACTED IN PART**

ii. Risk Management Plan

The HoCR presented the Risk Management Plan for 2022 confirming that this was reviewed by the Audit and Risk Committee at their meeting of the 7th February 2022 and that the ARC recommended it to the Board for approval.

The Board AGREED to APPROVE the Risk Management Plan for 2022.

iii. Portfolio Report.

The HoCR noted the concentration in credit grade 2 to the Board and advised that the credit grade guidelines are under review to ensure they are suitable for the current mix of business.

iv. Risk Appetite KPIs.

The HoCR advised that he had nothing to flag to the Board in relation to this report which remains unchanged since last review by the Board.

v. Credit Decision Report.

THIS ITEM HAS BEEN REDACTED IN FULL

vi. Account Review Schedule

The HoCR advised the Board that all account reviews are up to date.

The Risk Reports were Noted by the Board.

13. IMPAIRMENT REVIEW 2021.

The HoCR presented the Impairment Review for 2021, including the approach taken **THIS ITEM HAS BEEN REDACTED IN PART**

He confirmed that the ARC had reviewed this Impairment Review at its meeting held on the 7th February 2022 and that the ARC recommends this review for Approval by the Board.

THIS ITEM HAS BEEN REDACTED IN PART

The Board AGREED to APPROVE the Impairment Review for 2021.

14. ANNUAL REVIEW OF THE EFFECTIVENESS OF SYSTEMS OF INTERNAL CONTROL

The HoCR presented the Annual Review of the systems of internal control which he summarised as facilitating the review of the effectiveness of the system of internal control by the Board, in order to provide assurance in relation to the Statement on Internal Control contained in the Financial Statements of HBFI.

He confirmed that the ARC reviewed the effectiveness of the systems of internal control at its meeting of the 7th February and has recommended same to the Board.

He further advised that an early draft version of the Statement of Internal Control is contained in the Board pack and that the final version of that document will be presented to the ARC meeting of the 31st March for recommendation to Board at its April meeting.

The Board AGREED to APPROVE the Annual Review of the Effectiveness of Systems of Internal Control.

15. EMT CREDIT COMMITTEE TERMS OF REFERENCE.

Caroline Ensor, Company Secretary presented the review of the EMT Credit Committee Terms of Reference. She summarised the two material proposed changes and advised the Board that these were considered by the EMT Credit Committee on the 9th February and at that meeting the EMT Credit Committee recommend the document to the Board for Approval.

The Board AGREED to APPROVE the review of the EMT Credit Committee Terms of Reference.

16. HBFI(L) CREDIT COMMITTEE SELF EVALUATION.

Caroline Ensor, Company Secretary presented the results of the HBFI(L) Credit Committee evaluation completed in 2021. She advised that the results were positive overall, and that the results and comments provided have been discussed with Management and the Chairperson of the Committee, and that it was agreed that no immediate actions are required.

She further confirmed that these responses were presented to the HBFI(L) Credit Committee on the 21st December 2021 for discussion and noting.

The HBFI(L) Credit Committee Self Evaluation for 2021 was NOTED by the Board.

17. ARC REPORT.

Ken Slattery, Chairperson of the HBFI Audit and Risk Committee presented a report from the ARC meeting held on the 7th February 2022, which gave details of the Agenda items covered at that meeting, and the report was NOTED by the Board.

18. AOB

One matter was raised under AOB:

The CEO updated the Board on the review of overlap between material being presented to the ARC and to the Board. She said that following feedback from Board members, it was considered whether this duplication or overlap could be reduced. She advised that said review has been completed and discussed with the Chairpersons of the Board and the ARC, and the proposed changes have been discussed with KPMG and NTMA Compliance. The CEO also outlined the suggestion that the ARC meetings for the remainder of 2022, but excluding the ARC meeting scheduled especially to consider financial statements which must be held ahead of the Board meetings, be moved to the same date as Board meetings, which the Board agreed with.

It was agreed that the Company Secretary would check diary availability to move the June, October and December ARC meetings to the mornings of the Board meetings in those months.

CLOSE

There being no further business the meeting was closed.

Chairperson