HBFI Maoiniú Teaghais–Tógála Éireann
Home Building Finance Ireland

5 YEARS OF HBFI 2019-2024

Funding homes to build a better future

Annual Report & Financial Statements 2023

Welcome to the HBFI Annual Report 2023

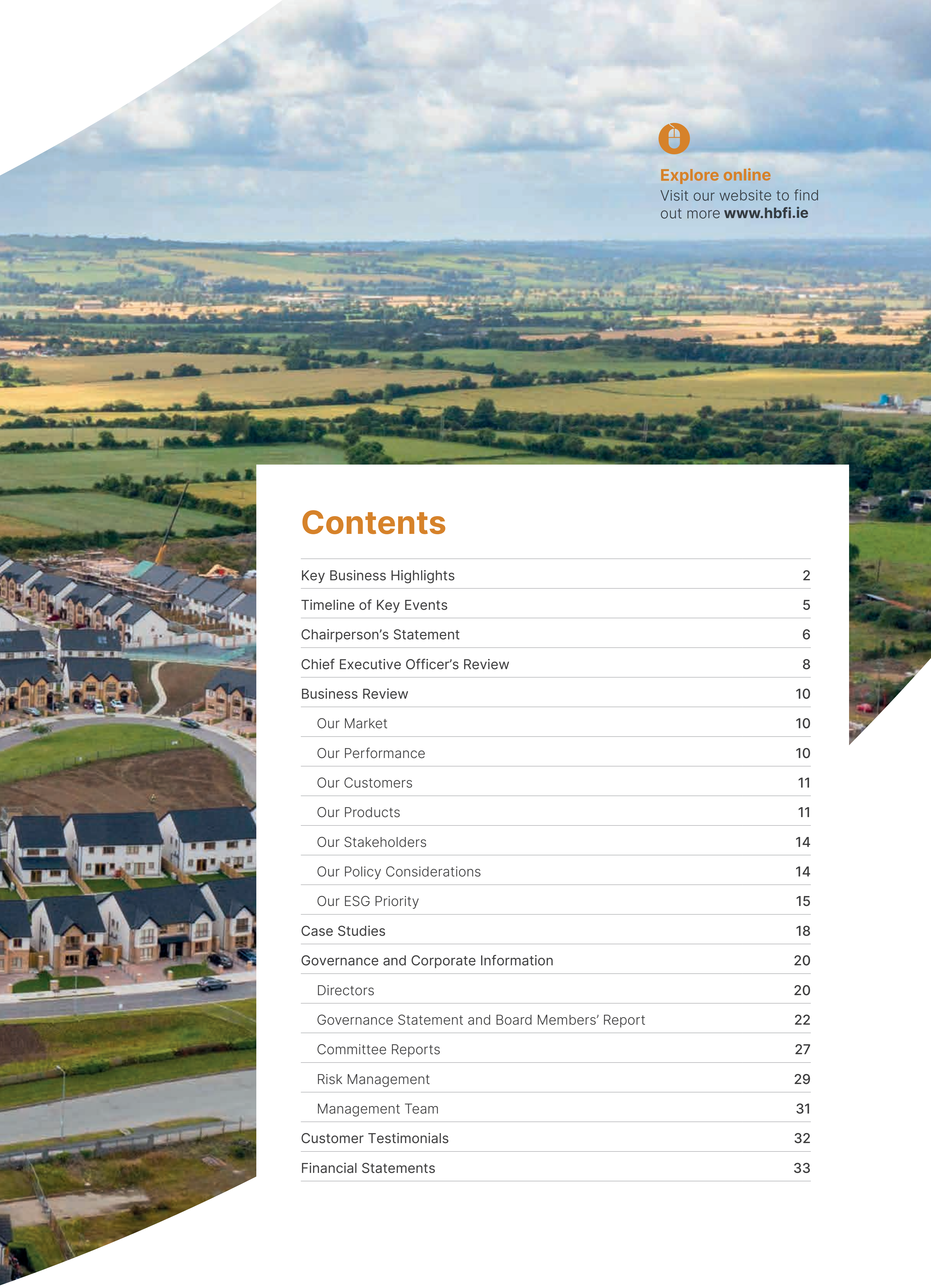
About HBFI

Home Building Finance Ireland ("HBFI") was established in January 2019 to provide funding at market rates for commercially viable residential developments in the State. Its establishment was part of a wider response to Ireland's housing supply shortage that, over recent years, has seen supply falling short of the estimated demand.

HBFI has a broad range of products and provides funding directly to housebuilders to support developments of five or more units. The funding provided supports the delivery of houses and apartments for owner occupiers, social and affordable homes and those seeking rental accommodation. By engaging extensively with the market and monitoring the availability of finance for residential development, HBFI can identify gaps as they emerge and respond accordingly. HBFI aims to ensure that funding is not an impediment in the drive to increase Ireland's housing supply.

Our Mission

HBFI's mission is to help increase the supply of new homes in the State through the provision of finance to commercially viable residential property development.



Explore online
Visit our website to find out more **www.hbfi.ie**

Contents

Key Business Highlights

Approvals

30

Number of facilities in 2023

From inception: **129**

22

Counties

€12.8m

Average loan size
Range: **€1m to €108m**

2,778

Number of homes in 2023

From inception: **8,495**

€408m

Total funding approved in 2023

From inception: **€1,656m**

6.67%

Average lending rate

66

Average units per loan

36%

Social, Affordable and Part V housing

64%

Private Housing

Active Sites

€1.2bn

Total funding approved which relates to active or completed sites

86

Total number of active or completed sites

6,499

Number of new homes delivered or under construction

Homes Completed

2,837

Number of units completed and sold

1,501

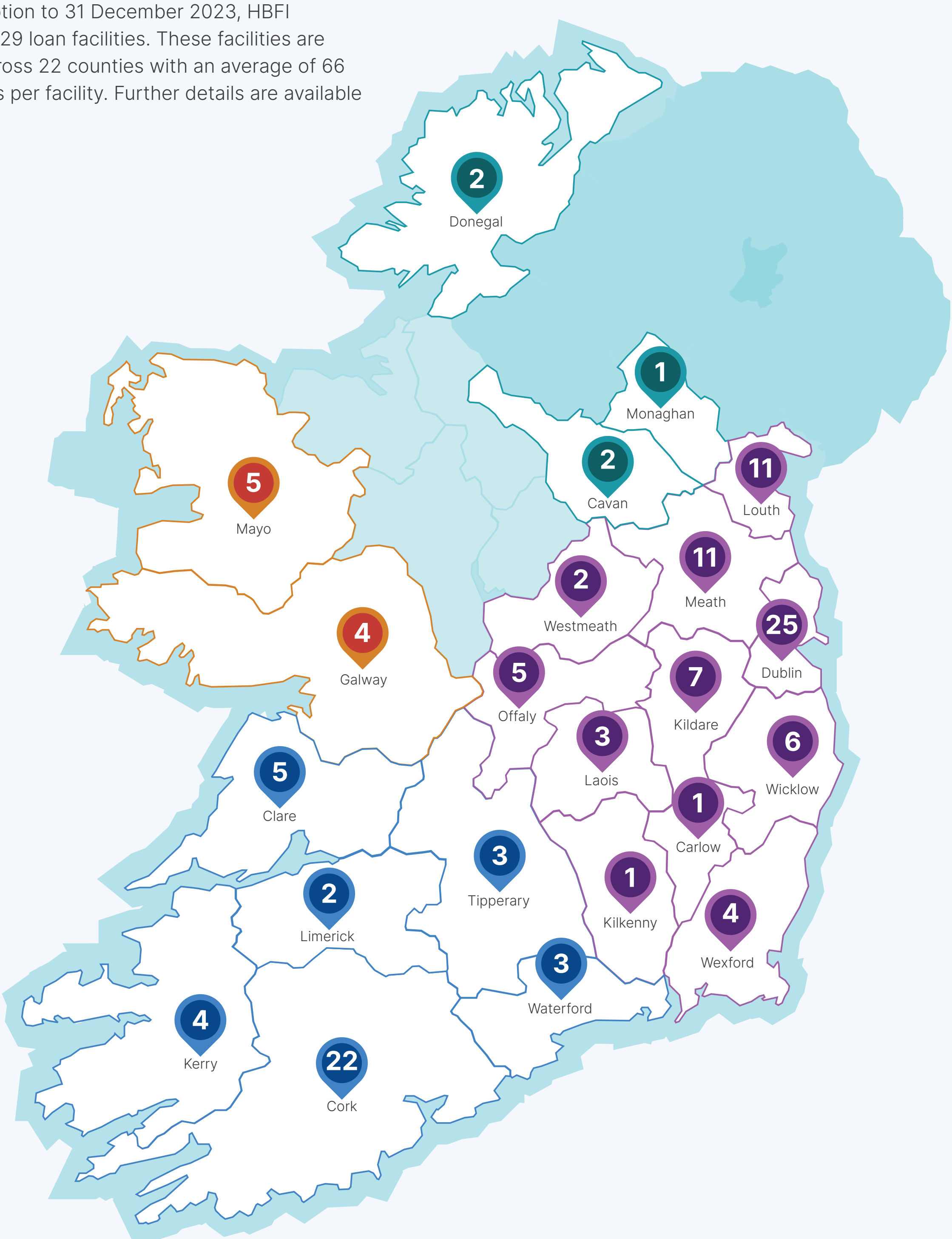
Number of units contracted for sale/sale agreed

* From Inception figures reported are from 28 January 2019 to 31 December 2023. Not all schemes approved will draw down funding from HBFI for various reasons including the project not progressing or alternative funding secured.

HBFI Facilities Approved to Date

By County

From inception to 31 December 2023, HBFI approved 129 loan facilities. These facilities are located across 22 counties with an average of 66 new homes per facility. Further details are available below.



Timeline of Key Events

2019

- HBFI opens for business on 28 January 2019 with an initial €750m to fund home building and site acquisition.
- First HBFI facility approved on 4 April 2019.
- First facility drawdown in June 2019.
- First development completed in December 2019.

2020

- €114m in funding was approved in the 12 months to end January 2020.
- New Apartment Product, Under 10 Units product and temporary Momentum Fund product launched.
- HBFI released its Mid-Year results to end July 2020 confirming approved funding of €340m.
- Social Housing product introduced and Under 10 Units product enhanced by the COSME guarantee to make it more accessible for smaller builders and developers.

2021

- Launch of Green Funding product to support the delivery of new homes in a sustainable way.
- Minister for Finance finalises first review of the performance of HBFI.
- Momentum Fund closed to new business in December 2021 at which point the fund had been over 90% committed in support of over 1,000 new homes.
- Total funding approved by HBFI in 2021 reaches €440m.

2022

- First funding provided to a cost rental development.
- HBFI's first Green Loan is drawn down in November 2022.
- Minister commences second Section 24 review of HBFI, including stakeholder consultation.
- Total funding approved since inception reaches €1.25bn.

2023

- Minister for Finance completed second review of HBFI's performance.
- Minister for Finance attends HBFI mid-year conference in Cork in July 2023.
- New Accelerate product launched in August 2023 to address emerging funding gap.
- 1,592 HBFI funded homes completed and sold in 2023 bringing the total HBFI funded homes sold to date to 2,837.

Chairperson's Statement

"

I am pleased to present the 2023 Annual Report of HBFI.

HBFI continues to support home builders and developers across Ireland to access debt finance which has enabled the building of much needed homes.

The level of funding approved since HBFI was established five years ago has now exceeded the initial target with funding approved to support the delivery of almost 8,500 new homes.

Despite viability challenges, housing output grew during 2023, driven by a moderation in cost inflation coupled with an expectation that interest rates have peaked. Demand for housing remains very strong for owner occupiers, social, affordable and private rental tenures and this continues to drive the need to increase the supply of new homes. HBFI has continued to build awareness, particularly outside of the main urban centres, with the continuation of our localised campaigns and events throughout the year and has now approved funding in 22 counties.

Ensuring that the residential development sector is aware that HBFI has funding available to support all viable home building projects of five or more new homes across the country continues to be a key focus for the team and we hosted a number of stakeholder events to hear from housebuilders on their key issues and how we can support them delivering more homes across Ireland.

We engage and collaborate regularly with our stakeholders ensuring that we play our part in the delivery of *Housing for All*, responding and adjusting our strategy and processes to meet the evolving needs of the market. In 2023 we also welcomed the completion of the second Section 24 review of HBFI which was published by the Minister for Finance and led to the launch of our most recent product Accelerate following a recommendation in that report.

As we move into our sixth year of operations, we will continue to work with all segments of the residential development sector and with a strong pipeline we will ensure that access to finance is not a barrier to the delivery of new housing supply.

On behalf of the Board, I would like to express our sincere thanks to the Chief Executive Officer, Dara Deering, for her drive and commitment in successfully leading the organisation. I would also like to thank my fellow Board Members, the Management Team and staff for their ongoing professionalism, commitment, and agility in what has once again been a demanding and significant year. I look forward to continuing to work with the team as we deliver on HBFI's objectives.

Marie Collins
Chairperson

1,592 HBFI-funded homes were completed and sold in 2023.

Bell Lane, Daingean, Co. Offaly is a development of 8 three and four bedroom semi-detached and terraced homes which were completed and sold to Offaly County Council during 2023.

“

Over the course of 2023 we approved 30 new facilities providing €408m in new funding.

Throughout 2023, HBFI continued to play a key role in supporting the delivery of residential development across Ireland, providing funding for new homes, and evolving our offering to fill existing and emerging funding gaps for housebuilders.

In 2023, we saw a really strong pick up in demand for funding, following a slower second half of 2022 when high levels of inflation coupled with increasing interest rates impacted construction output.

Over the course of 2023, we approved 30 new facilities providing €408m in new funding supporting 2,778 new homes. In the five years since we were established, we have approved €1.66bn in funding. This funding can support the delivery of 8,495 new homes, exceeding our initial target of 7,500 new homes. By recycling the capital from completed developments we ensure that sufficient funding remains available to support all viable projects.

HBFI continued to collaborate with our customers and stakeholders taking feedback on board and adjusting our products to reflect the changing needs of the industry. A recommendation by the Minister for Finance, as part of the second Section 24 Review of HBFI, led to the launch of our newest product Accelerate in Autumn 2023.

Accelerate can provide funding to larger experienced homebuilders who may be facing constraints in accessing funding to deliver new homes and we issued funds on our first loan under this product in November 2023.

In all, 2023 was another strong year for HBFI and by year-end HBFI-funded schemes had completed and sold 2,837 new homes, with a further 1,501 at a sale agreed or contract stage.

We have continued to see demand across all products from our small loan product for less than 10 units to larger developments in urban centres. With particularly strong demand for our Social/Affordable Housing product reflecting increased market activity in this area throughout 2023.

As we now focus on 2024, we have a strong pipeline of new applications and will continue to support small, medium and larger housebuilders to deliver much needed housing supply.

We will continue to engage across the public and private sector, and with our customers, and we encourage all those active in the residential development sector to engage with us. It is only through this engagement and collaboration that we can continue to be responsive and fulfil our role to help ensure access to finance is not a barrier to the delivery of new homes.

Dara Deering
Chief Executive Officer

2023 saw strong demand for funding for all sizes of new schemes with 30 new facilities approved

Medebawn, Dundalk, Co. Louth is a development of 20 new homes consisting of 2, 3 and 4 bedroom houses and apartments for the private market.

Business Review

Our Market

HBFI continued to engage with both new and existing customers and key stakeholders across the public and private sector throughout 2023 allowing us to adjust and shape our plans as required. Feedback from stakeholders and interaction with the industry allows us to identify new and emerging gaps in the residential development funding market. In 2023 this led once again to the expansion of HBFI's product range. HBFI now offers six distinct products that can provide funding for viable residential development projects from five units upwards.

Through this broad product offering and our business development activities, HBFI continues to focus on segments of the market and areas that are not currently well served by other funding providers. This includes ensuring that HBFI has a consistent risk appetite to fund developments through economic cycles.

HBFI plays an important role in the provision of funding to borrowers who may find it challenging to secure funding from other lenders or where there are overly restrictive conditions attaching to the funding available.

The current product range includes the recently launched Accelerate product designed in response to a recommendation from the most recent two-year review completed by the Minister for Finance of HBFI in May 2023. This product enables HBFI to provide funding to larger homebuilders who may be facing constraints with financing and enables them to accelerate the delivery of new homes. This product can be provided on a stand-alone or syndicated basis. The first Accelerate drawdown took place in November 2023.

We continued to see strong demand for the Social/Affordable Product in 2023 as Approved Housing Bodies ("AHBs") and Local Authorities continue to contract to purchase large numbers of new homes from builder/developers under the turn-key model.

While not all schemes applying for finance are commercially viable, the level of applications received by HBFI continues to highlight the ongoing demand for funding that is not currently being met by other lenders in the marketplace.

Our Performance

HBFI continued its growth in 2023, approving €408m of funding.

As of 31 December 2023, HBFI had approved funding of almost €1.66bn, across 129 sites, which has the potential to support the delivery of up to 8,495 new homes. Due to the time required to allow for legal due diligence and the completion of facility agreements following approval and prior to first drawdown, 86 of these facilities had reached drawdown (or had been completed) by 31 December 2023. Total funding allocated to these 86 projects was €1.2bn and these projects will support the delivery of 6,499 new homes.

By the end of December 2023, 2,837 homes had been completed and sold in the five years since HBFI's launch.

Some of the key metrics are detailed below.

- €1.66bn in funding approved across 129 schemes in 22 counties
- 73% of funding approved is now under construction or has completed
- 3,153 homes are completed of which 2,837 are sold. A further 1,501 homes are contracted for sale or sale agreed
- 72% of approvals relate to houses and 28% to apartments
- 70% of approved homes are either 2 or 3-bedroom with the average expected price for a 3-bedroom home of €337k
- 65% of HBFI funded schemes will deliver 50 or less homes.

HBFI has a national mandate and works extensively with key stakeholders in each county to raise awareness of the debt finance available to support house building. To date, HBFI has approved funding in 22 counties.

HBFI formally reviews its strategy and business plan on an annual basis considering any changes in the supply of and demand for housing, housing policy and the availability of finance for residential developments. The HBFI Strategy and Business Plan was most recently updated and submitted to the Minister for Finance in February 2024.

Our Customers

The primary areas of focus for HBFI are to raise awareness of the range of funding products that we offer to the market and to continue to have a positive impact in the Irish residential development funding market. HBFI engages with existing and potential customers in the residential development sector on a continuous basis and seeks to inform and update the wider industry about our range of products and their suitability for different types of residential schemes.

HBFI's Business Development and Lending teams work together to increase overall awareness of HBFI and its product range across the residential development market. They do this by engaging housebuilders who may have current or future financing needs. In 2023, the team held over 750 meetings with potential customers, AHBs, Local Authorities and key stakeholders in the sector to explain HBFI's offering. There is also engagement with key professionals in the sector such as accountants, engineers, planners, architects, and legal firms across the country to ensure there is broad awareness of HBFI.

Throughout 2023, the Business Development Team hosted seven regional events to meet with potential and existing customers around the country. HBFI also held a mid-year conference in Cork attracting attendees from all segments of the residential development sector. The team participated in over 30 events hosted by industry bodies nationwide, including speaking or panel participation at over 20 events.

Our Products

In 2023, HBFI continued to refine and expand its product offering with the addition of a new Accelerate product. The product offering now enables HBFI to provide funding to any viable scheme of any scale from 5 units upward.

The level of funding provided for new social and affordable homes continued to grow in 2023 with the proportion of new social or affordable units increasing significantly when compared to previous years. This reflects the increased activity in the social and affordable sector by AHB's, local authorities and the Land Development Agency ("LDA") during 2023.

The products offered by HBFI are detailed further overleaf.

Under 10 Units

Funding for projects of between five and nine residential units.

- Loans from €1m (includes site purchase and development funding)
- Gearing of up to 80% of the total cost of the development
- Margin of between 5% and 8% (over 3-month Euribor)
- 1% entry and exit fee

10 Units or Above

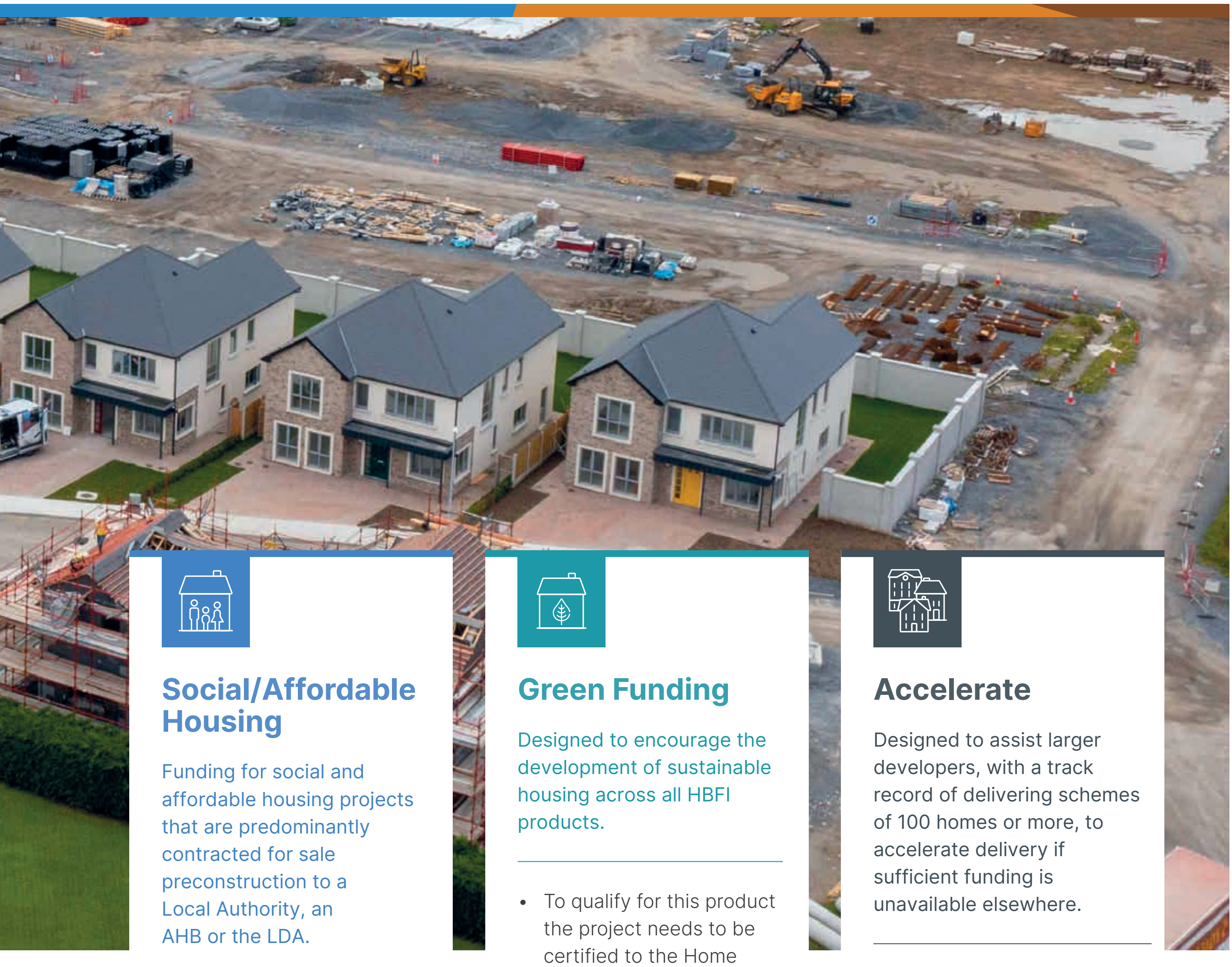
Funding projects of 10 units or more.

- Gearing of up to 80% (includes site purchase and development funding)
- Margin of between 5% and 8% (over 3-month Euribor), with an entry fee and exit fee of up to 1%
- Maximum funding provided under this product type is typically €100m

Apartment Development

Focused on apartment developments and may include site purchase as part of the overall facility.

- Gearing of up to 80% (includes site purchase and development funding)
- Can be used to fund developments with pre-sales/private sales or a mix
- Maximum funding provided is typically €100m
- Margin and fees reflective of the risk of each project



Social/Affordable Housing

Funding for social and affordable housing projects that are predominantly contracted for sale preconstruction to a Local Authority, an AHB or the LDA.

- Gearing of up to 85% (includes site purchase and development funding)
- Margin of between 5% and 7% (over 3-month Euribor), with an entry fee of 1% and no exit fee
- Ideally, the site should have planning permission or be in the process of achieving planning permission
- Needs to be contracted to a Local Authority, an AHB or the LDA prior to the first drawdown

Green Funding

Designed to encourage the development of sustainable housing across all HBFI products.

- To qualify for this product the project needs to be certified to the Home Performance Index ("HPI") or equivalent standard
- Projects that qualify can avail of a discount of up to 0.5% on the margin they could normally expect to be charged
- Available across all HBFI products (some products are subject to certain minimum margins)
- Early engagement is essential to ensure that compliance with criteria for HPI certification can be planned from the outset

Accelerate

Designed to assist larger developers, with a track record of delivering schemes of 100 homes or more, to accelerate delivery if sufficient funding is unavailable elsewhere.

- For developers with a track record of delivering schemes of 100 units or more
- Can be provided on a standalone basis or on a syndicated (shared) basis with other lenders
- No limit will be placed on the scale of the scheme
- Gearing typically up to 70% (includes site purchase and development funding)
- Margins and fees assessed on a case-by-case basis

Our Stakeholders

Engagement with stakeholders continued throughout 2023 in both the public and the residential development sectors. Builders and residential property developers seeking finance continue to be our primary stakeholders. However, the residential development sector includes many stakeholders involved in the delivery of new homes, and our wider stakeholder groups include but are not limited to:

- Accountancy Firms
- Affordable Housing Bodies
- Architects
- Engineers
- Estate Agents/Auctioneers
- Legal Firms
- Local Authorities
- Other public bodies
- Planners
- Quantity Surveyors
- Valuers

We continued to expand our network of Introducers throughout 2023 - this network includes business advisors to the construction industry across the country. The team also continued to build strong relationships with other key stakeholders, inviting AHBs and the First Home Scheme to participate at our regional events in the latter half of the year.

HBFI also continued to engage with key professional bodies across the industry, participating in events and meetings with various bodies including:

- Construction Industry Federation
- Institute of Professional Auctioneers and Valuers
- Irish Home Builders Association
- Quantity Surveyor and Legal Firms
- Society of Chartered Surveyors of Ireland
- The Irish Green Building Council

As well as participating in over 30 national and regional conferences, roadshows, and events over the last year, HBFI also held seven standalone regional events to promote its products, meet with stakeholders and potential customers, and listen to local market feedback.

This ongoing stakeholder engagement aimed:

- To continue to raise awareness of HBFI as a direct funding provider to the residential construction sector in all areas of the country;
- To re-engage and follow up with those who have previously expressed interest in HBFI funding; and,
- To gather feedback on what HBFI can do to address any emerging funding gaps and learn how HBFI's strategy or products may be improved.

Feedback was sought from a range of stakeholders on HBFI's performance throughout 2023. This feedback was sought both formally, via a survey to both our Legal and Monitoring Surveyor panels and informally, via individual stakeholder meetings. Feedback was sought on issues such as the impact of HBFI on the market and HBFI's approval process and timelines. Responses and interactions were considered as part of HBFI's strategic planning process and are a key factor in ongoing plans to streamline HBFI's processes and ensure HBFI impacts the sector where it is most needed.

As HBFI is an agency of the state, we also continued to work with relevant government departments, the Housing Agency, AHBs, Local Authorities and the LDA. We value the importance of ongoing collaboration, and a comprehensive stakeholder engagement plan is in place for 2024 as HBFI continues to build awareness of our product offering in all regions of the country and support the delivery of supply targets in the Government's *Housing for All* strategy.

Our Policy Considerations

Under Section 24 of the HBFI Act, the Minister for Finance must regularly review HBFI to ensure that we are delivering on our mandate and making an impact in the market.

The Minister for Finance completed the second such Section 24 review in May 2023. The key outcome of this review was the introduction of the new Accelerate Product which was based on a recommendation from the Minister. This review ensures that HBFI continues to deliver on its mandate to support an increase in the supply of new homes throughout Ireland. The new product ensures that larger homebuilders who may be facing constraints with financing have access to funding allowing them to accelerate the delivery of new homes.

HBFI is cognisant of Government policy relating to housing, in particular the *Housing for All* strategy published in September 2021. HBFI meets with the Department of Finance on a regular basis and also, given the synergies in mandate, with the Department of Housing. In addition, HBFI maintains a specific email address for members of the Oireachtas to submit any queries that may arise.

Throughout 2023, HBFI continued to focus on aligning its activities with Government policy while also addressing its policy considerations through our stakeholder engagement activities.

Our ESG Priority

HBFI is committed to embedding Environmental, Social and Governance ("ESG") principles in its business practices in acknowledgement of the importance of ESG to the Irish economy and society.

Environmental

Lending Activities

The construction sector has seen meaningful improvements in regulation in recent years. This will ultimately result in a considerable decrease in energy consumption over the lifecycle of new homes. For example, the *Nearly Zero Energy Building*[1] (NZEB) regulations introduced a very high energy performance standard for new buildings requiring that all new homes are NZEB compliant.

HBFI endeavours to ensure that all funded projects are compliant with the latest building standards, with compliance being confirmed by Monitoring Surveyors appointed to each project, helping to ensure that highest standards in building regulation are met on all HBFI funded developments and that the impact on the environment is minimised.

HBFI launched a Green Funding product in January 2021 to encourage sustainable development and incentivise builders/developers to complete new homes to a standard which is higher than that set by regulation. The first Green Funding transaction closed in 2022. As an incentive, HBFI offers a discount of up to 0.5% on the margin charged. To qualify for this margin reduction, the scheme must be certified to *Home Performance Index* ("HPI") or an equivalent standard. The HPI standard is monitored and certified by the Irish Green Building Council.

Public Sector Climate Action Mandate

HBFI works closely with the National Treasury Management Agency ("NTMA") to meet public sector body obligations under the Public Sector Climate Action Mandate outlined in the Government's Climate Action Plan 2023.

A Climate Action Roadmap is a document produced by public sector bodies which communicates how each public body aims to meet the requirements of the Climate Action Mandate and reach its 2030 carbon and energy efficiency targets.

The Climate Action Roadmap 2023 for the NTMA, including HBFI and other co-located affiliates, is available on the NTMA website. It contains details on the following:

Key targets and reporting:

- Reduction of carbon emissions by 51% in line with the public sector target;
- Achieving a 50% improvement in energy efficiency by 2030;
- To be a net zero organisation by 2030; and
- The NTMA (inclusive of the NTMA's affiliate organisations HBFI, NAMA and SBCI) reports under the Energy Efficiency Monitoring and Reporting System, overseen by the Sustainable Energy Authority of Ireland.

1 *'Nearly Zero Energy Buildings' means a building that has a very high energy performance. The nearly zero or very low amount of energy required should be covered to a very significant extent by energy from renewable sources, including energy from renewable sources produced on-site or nearby.*

Other Initiatives:

- The NTMA Sustainability Group which oversees the NTMA Climate Action Strategy and facilitates cross-unit collaboration on climate related activities including the delivery of the Public Sector Climate Action Roadmap.
- The Green Team which supports the aim of being a recognised leader in sustainable workplace practices in Ireland and assists in embedding environmentally sustainable behaviours among all employees.
- Sustainability education and training supports have been made available to employees in the form of climate action leadership training workshops and e-learning.
- Measures taken by the NTMA to realise and successfully implement digitisation of material paper-based processes.
- A building systems performance and optimisation system was implemented in Treasury Dock in 2022 which enables the NTMA to identify and implement energy saving opportunities.
- The appointment of a Climate and Sustainability Champion with responsibility for implementing and reporting on the mandate.
- Green criteria for selection and award criteria are being introduced for new procurements in line with the Climate Action Plan, with the published Green Public Procurement guidance used where applicable.
- Treasury Dock was designed as a bicycle friendly building and the NTMA participates in the Cycle to Work Scheme which encourages employees to cycle to and from work. Electrical sockets for e-bikes and e-scooters are available, in addition to a bike maintenance station.

Energy Efficiency Report

HBFI is located with the NTMA in offices at Treasury Dock, North Wall Quay. HBFI occupies 3.08% of Treasury Dock as at 31 December 2023.

Treasury Dock is certified as LEED Platinum, BER A3, B2 Display Energy Certificate (DEC) energy rating standards and is NZEB compliant. Treasury Dock has many sustainable features including rainwater harvesting for grey water use, LED lighting and daylight and presence detection sensors to manage lighting requirements and a building management system to control the internal environment in an energy efficient manner.

The NTMA's Energy Efficiency Report details energy usage by the Treasury Dock building and is published with the NTMA's Annual Report on the NTMA website and details are also provided in the Climate Action Roadmap.

Social

Lending Activities

HBFI has a social/affordable housing product, which was introduced in 2020, to promote the delivery of social and affordable housing.

HBFI's stakeholder engagement programme includes engagement with a range of bodies supporting the delivery of social housing across Ireland, including the Housing Agency, AHBs, the LDA and Local Authorities.

36% of HBFI's approvals to date relate to Social and Affordable and Part V housing.

HBFI Team

HBFI has a strong focus on employee wellbeing. HBFI staff, as employees of the NTMA, benefit from a wide range of progressive environmental and wellbeing initiatives aimed at fostering an inclusive and diverse workforce.

HBFI staff participate in a number of employee resource groups in the NTMA which includes Green Team, Gender Matters, Disability Awareness, Multicultural Awareness, LGBT+ focused initiatives and the IMI 30% Club which provides a mentoring experience to mentors and mentees.

The focus on inclusion and diversity initiatives reflects the Public Sector Duty requirement set out in Section 42 of the Irish Human Rights and Equality Commission Act 2014.

HBFI operates a flexible hybrid working model.

During 2023, HBFI staff participated in a Volunteering Day event at St. Michael's House in Dublin which provides a comprehensive range of services and supports to men, women, and children with intellectual disabilities and their families in a number of locations in the greater Dublin Area.

Gender Matters

HBFI's gender profile at 31 December 2023 is:

	Female	Male
Board	57%	43%
Executive Management Team	50%	50%
Employee	28%	72%

The NTMA 2023 Gender Pay Gap Report published on 19 December 2023 includes figures for staff assigned to HBFI and is available on the NTMA website.

Governance

HBFI is committed to maintaining the highest standards of corporate governance. HBFI complies with the Code of Practice for the Governance of State Bodies, subject to certain exceptions agreed with the Department of Finance.

HBFI has a strong governance structure around decision making with certain approvals Reserved for Decision by the Board and robust Terms of Reference for the Committees established to support the Board.

In respect of the Board of Directors, these are chosen through an open and transparent Public Appointments Service Process (PAS System).

Case Studies

Product
10 units or above

Company
McParland Bros

Site Name
Medebawn

Location
Dundalk, Co. Louth

Number of Units
20

Project Status
Nearing Completion

Product
Green Product

Company
DRES

Site Name
Altidore Gardens

Location
Newtownmountkennedy, Co. Wicklow

Number of Units
280

Project Status
Under Construction

Product
Social/Affordable

Company
Ó Cualann

Contracted to
Fingal County Council

Site Name
Dun Emer

Location
Lusk, Co. Dublin

Number of Units
51

Project Status
Complete

Product
10 units or above

Company
Clancy Homes

Site Name
Fox Meadow

Location
Kilkenny

Number of Units
113

Project Status
Under Construction

Governance and Corporate Information

Directors

Marie Collins
Chairperson

(Appointed 1 June 2019 for a five-year term)*

(Member of the Remuneration Committee, Member of the Credit Committee)

Marie Collins is an experienced non-executive director in both the private and public sectors, serving on Boards for over 20 years. She currently chairs Bank of Ireland's Dawson Master Trust DAC, Dunnes Stores Pension Trustee ULC and Trinity College Dublin Foundation. Marie is a Chartered Director, holds an MBA from TCD and Post Graduate Dip in Corporate Governance from UCD.

Dara Deering
Board member

(Appointed 2 September 2019 for a five-year term)
(Chief Executive Officer and ex officio member)

Dara Deering is CEO of HBFI having joined the organisation on 2 September 2019. Dara has extensive experience in Financial Services having previously served as Executive Director and Head of Retail Banking at KBC Bank Ireland plc since February 2012. During that time Dara led the launch and implementation of a new Retail Bank, broadening the range of products and services available, and offering a new banking alternative for Irish consumers. Prior to her time in KBC Dara held a number of leadership positions in the retail financial services industry. She holds an MBA from Smurfit Business School and a Bachelor of Science Management from Trinity College Dublin.

Des Carville
Board member

(Reappointed 7 December 2023 for a five-year term)

(Member of the Audit and Risk Committee, Member of the Credit Committee)

Des Carville is head of the Shareholding and Financial Advisory Division (SFAD) of the Department of Finance, which manages the State's shareholdings and investments in the banking sector, the National Asset Management Agency (NAMA) and IBRC (in Special Liquidation). It has policy responsibility for the Credit Union sector. The Division also provides financial advisory services to the Department. He previously worked with Davy Corporate Finance for 15 years. He is a Fellow of Chartered Accountants Ireland (FCA), having trained with KPMG, is a Certified Bank Director with the Institute of Banking and completed the Advanced Management Program at Harvard Business School. He is a director of the European Investment Bank.

Grainne Hennessy
Board member

(Appointed 1 June 2019 for a five-year term)*

(Chair of the Remuneration Committee, Member of the Audit and Risk Committee)

Grainne Hennessy is a senior partner at Arthur Cox with over 30 years' experience in advising lenders and borrowers on the funding of real estate investments, including some of the largest construction finance projects in the country. She was Head of the Finance Department and a member of the management committee of Arthur Cox for six years.

Andrew O'Flanagan
Board member

(Reappointed 7 December 2023 for a five-year term)
(Member of the Remuneration Committee, Member of the Credit Committee)

Andrew O'Flanagan is Director of the National Development Finance Agency and NewERA at the National Treasury Management Agency (NTMA). Prior to joining the NTMA in 2011, he was Group Head of Legal at ESB and Chief Legal Officer of Ervia and worked in New York and London for seven years as a corporate lawyer with the Wall Street law firm Davis Polk & Wardwell, which included a secondment to the international investment bank Morgan Stanley. Andrew is a graduate of NUI Galway and Yale Law School (where he was a John F. Kennedy Scholar).

Ken Slattery
Board member

(Reappointed 1 June 2023 for a five-year term)*
(Chair of the Audit and Risk Committee)

Ken Slattery has extensive board room experience in the financial services sector. He is currently on the board of the National Shared Services Office and previously was on the board of Permanent TSB where he chaired the Remuneration Committee and sat on the Nomination, Culture and Ethics Committee. Previously he held a number of senior leadership positions with Bank of Ireland including Corporate Banking Director (15 years) and Credit & Operations Director with Social Finance Foundation (nine years). He is a Fellow of the Institute of Bankers and a Certified Bank Director.

Claire Solon
Board member

(Reappointed 1 June 2023 for a five-year term)
(Member of the Credit Committee)

Claire Solon is Managing Director at Greystar Ireland managing multi-family investment and development in Ireland. Previous roles include Head of Property at Aviva, managing in excess of €600m of property funds in Ireland and UK and Head of Estates Management at ESB, responsible for the management of the ESB property portfolio in Ireland. She is a Fellow of the SCSI and RICS and has lectured extensively in valuations and feasibility analyses. She served as President of the Society of Chartered Surveyors in 2016 and also served on the Board of the Irish Green Building Council.

** Reappointed for a second term which will take effect from 1 June 2024.*

Governance Statement and Board Members' Report

Governance

HBFI was incorporated as a designated activity company pursuant to the Home Building Finance Ireland Act 2018 (the "HBFI Act 2018") on 7 December 2018. A group entity, Home Building Finance Ireland (Lending) DAC ("HBFIL"), was subsequently incorporated on 4 January 2019. The Board is accountable to the Minister for Finance. The Board is responsible for ensuring good governance and performs this task by setting strategic objectives and targets and making strategic decisions on all key business issues. The regular day-to-day management, control and direction of HBFI, within defined authority levels, are the responsibility of the Chief Executive Officer (CEO) and the senior management team. The CEO and the senior management team must follow the broad strategic direction set by the Board and must ensure that all Board members have a clear understanding of the key activities and decisions related to the entity, and of any significant risks likely to arise. The CEO acts as a direct liaison between the Board and management of HBFI.

Board Responsibilities

The functions of HBFI are prescribed in Section 7 of the HBFI Act 2018. There is a formal schedule of matters reserved for decision by the Board. This includes:

- Annual Reports and Financial Statements;
- Risk Management Policy;
- Risk Appetite Statement, including eligibility criteria;
- Strategic Plan;
- Annual Budgets and Corporate Plans;
- Financing facilities;
- Appointment and terms and conditions of the Chief Executive Officer (after consultation with the Minister); and
- Overall remuneration policy and staffing plan.

HBFI is required by the HBFI Act 2018 to prepare financial statements in respect of its operations for each financial year. The financial statements are prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the UK and Ireland, and in accordance with the Companies Act 2014.

In preparing these financial statements, the HBFI Board is required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Prepare the financial statements on a going concern basis unless it is inappropriate to do so; and
- Disclose and explain any material departure from applicable accounting standards.

The Board is responsible for ensuring that HBFI keeps, or causes to be kept, adequate accounting records which correctly explain and record the transactions of the Company, enable at any time the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy, enable them to ensure that the Financial Statements and Directors' Report comply with the Companies Act 2014 and enable the financial statements to be audited.

The Board is responsible for approving the HBFI income and expenditure budget and corporate strategy.

Forecasts against budget and goals are reviewed by the Board during the year and variations are reviewed at year end.

The Board is also responsible for safeguarding its assets and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board considers that the financial statements of HBFI give a true and fair view of the financial performance during the period under review and the financial position of HBFI at 31 December 2023.

Board Structure

HBFI's Constitution provides that there shall be a minimum of three and a maximum of seven directors, one of whom will be the Chief Executive Officer as an ex-officio member of the Board. The first three directors were appointed by the Minister on the formation and registration of HBFI with the additional four directors appointed on 1 June 2019 following a Public Appointments Service process. The CEO was appointed to the Board in September 2019 replacing one of the original Board members.

The Chairperson is appointed by the Minister.

A director's term of office shall not exceed five years. Directors may be reappointed for a subsequent term subject to a maximum of ten years in total. Details of the current directors and their appointment periods are set out on pages 20 to 21.

The Board has established three committees to assist it in discharging its responsibilities, each with formal terms of reference:

- Audit and Risk Committee
- Credit Committee
- Remuneration Committee

For further information on the Board's committees, see Committee Reports on pages 27 to 28.

In addition, the Board has delegated certain credit decisions to an Executive Management Team Credit Committee through the Delegated Authority Policy, which is subject to regular review by the Board.

The Board plan includes a requirement for the Board to conduct an annual evaluation of its own performance and that of its Committees. In 2023, 2021 and 2020, this performance evaluation was conducted by way of self-assessment. In 2022, the Board's performance evaluation was conducted externally in accordance with the requirement set out in paragraph 4.6 of the Code of Practice for the Governance of State Bodies (2016).

The Board is supported in its functions by the Board Secretary who also coordinates the activities for the various Board committees.

Schedule of Attendance, Fees and Expenses

A schedule of attendance at the Board and Committee meetings for 2023 is set out below including the fees and expenses received by each member in their capacity as a Board or Committee member:

	Board		Audit and Risk Committee	Credit Committee	Remuneration Committee	Fees 2023 €	Expenses 2023 €
	Scheduled	Unscheduled					
Number of Meetings	**8**	**2**	**6**	**10**	**3**		
Board Members							
Dara Deering	8	2		10		-	-
Marie Collins	8	2		10	3	€31,500	-
Des Carville	7	2	5	9		-	-
Grainne Hennessy	6	2	6		3	€15,750	-
Andrew O'Flanagan	8	2		10	3	-	-
Ken Slattery	8	2	6			€15,750	-
Claire Solon	6	0		7		€15,750	-
Staff Members							
Sean Alger				9			

The Chief Executive Officer (ex officio member), Andrew O'Flanagan (NTMA) and Des Carville (Department of Finance) do not receive any remuneration in respect of their membership of the Board. Members of staff do not receive any additional remuneration in respect of membership of committees.

Gender Balance in the Board membership

As at 31 December 2023, the Board had four female (57%) and three male (43%) members, with no positions vacant. The Board therefore meets the Government target of a minimum of 40% representation of each gender in the membership of State Boards.

The following measures are in place to maintain and support gender balance on this Board:

- The term of office of appointed members does not exceed five years; and
- Board vacancies are filled through the Public Appointments Service process which considers the requirements set out in Section 4.4 of the Code of Practice for the Governance of State Bodies regarding diversity.

Key Personnel Changes

There were no changes to the members of the Board during 2023.

Remuneration

The HBFI Act 2018 provides that the NTMA shall assign staff to HBFI as HBFI determines to be necessary for the performance of its functions. Thus, all HBFI staff are employees of the NTMA.

The NTMA's remuneration model is based on confidential, individually negotiated employment contracts, with competitive, market-aligned remuneration. The typical remuneration package comprises a fixed-base salary, pension entitlement and provision for discretionary performance-related pay.

Discretionary performance-related payments are intended to reward exceptional performance having regard to the employee's own performance, the performance of the employee's area of responsibility, and the overall performance of HBFI. Performance related payments are made in accordance with parameters approved by the Board on the recommendation of the Remuneration Committee. The overall amount of performance-related payments made in respect of any year is also subject to the approval of the Board.

HBFI made performance-related payments to 12 staff in 2024 in respect of 2023. These payments totalled €122,500 in aggregate.

Employee Short-Term Benefits Breakdown

Employee short-term benefits in excess of €50,000 in 2023 are categorised into the following bands:

Range	No. of Employees
€50,001 to €75,000	3
€75,001 to €100,000	7
€100,001 to €125,000	9
€125,001 to €150,000	6
€150,001 to €175,000	3
€175,001 to €200,000	0
€200,001 to €225,000	1
€225,001 to €250,000	0
€250,001 to €275,000	1
€275,001 to €300,000	0
Total	**30**

Note: For the purposes of this disclosure, short-term employee benefits rendered during 2023 include salary, other taxable benefits paid to employees (including performance-related payments), and other payments made on behalf of employees, but exclude employer's PRSI and employer pension contributions.

Disclosures Required by Code of Practice for the Governance of State Bodies (2016)

The Board is responsible for ensuring that HBFI has complied with the requirements of the Code of Practice for the Governance of State Bodies ("the Code"), as published by the Department of Public Expenditure and Reform in August 2016. The following disclosures are required by the Code:

Consultancy Costs

Consultancy costs include the cost of external advice to management and exclude outsourced 'business-as-usual' functions.

	2023 €'000	2022 €'000
Legal advice	98	38
Financial advice	73	100
Marketing/Design/Public Relations	12	12
Human Resources	0	1
Other	39	21
Total consultancy costs	**222**	**172**
Consultancy costs capitalised	0	0
Consultancy costs charged to the Statement of Comprehensive Income	222	172
Total consultancy costs	**222**	**172**

Legal Costs and Settlements

For the purposes of the Code disclosure requirement, there was no relevant expenditure incurred in 2023.

Travel and Subsistence Expenditure

Travel and subsistence expenditure is categorised as follows:

	2023 €'000	2022 €'000
Domestic		
– Board	0	0
– Employees	60	39
International		
– Board	0	0
– Employees	0	0
Total	**60**	**39**

Employee travel and subsistence costs consist of costs related to site visits and customer meetings.

Hospitality Expenditure

The Statement of Comprehensive Income includes €6.8k in respect of staff hospitality expenditure in 2023 (2022: €5.7k). This includes the NTMA's corporate health and wellbeing programme.

Statement of Compliance

HBFI has complied in all material respects with the Code of Practice for the Governance of State Bodies, as published by the Department of Public Expenditure and Reform ("the Code") with a limited number of adaptions/variations which have been agreed with the Department of Finance as summarised below:

Matters Reserved for Decision by the Board

The Code sets out a formal schedule of matters specifically reserved for decision by the Board. Other than "significant amendments to the pension benefits of the Chief Executive and staff" which is a matter for the NTMA Board as all HBFI staff are employees of the NTMA and are members of the NTMA superannuation scheme, the Schedule of Reserved Matters includes the items set out in the Code.

Customer Service

The Code sets out a requirement to have a four-step cycle in respect of a customer charter. In relation to the fourth step which deals with the reporting of results, as the Code does not specify whether this reporting should be external or internal, HBFI reports the results internally to the Board.

Non-Compliance with Statutory Obligations

In view of the wide range of relevant statutory obligations to which HBFI is subject, it is agreed to address this requirement with regard to the most significant obligations to which HBFI is subject and to apply a materiality filter to the notification of any incidence of non-compliance to the Minister.

Audit and Risk Committee

The Code recommends that the Audit and Risk Committee has members drawn from outside the Board. Although the Committee consists wholly of non-executive Board members, the Board is satisfied that the members have the requisite skills and experience to perform the role required.

Public Spending Code

The Public Spending Code is likely to be limited in its application to HBFI as its principal activity is the provision of finance to commercially viable residential developments. Should HBFI engage in capital projects, a further review of the applicability of the Public Spending Code will be undertaken.

Remuneration and Superannuation

The HBFI Act 2018 provides that the NTMA shall assign such staff to HBFI as HBFI determines to be necessary for the performance of its functions. Thus, all HBFI staff are employees of the NTMA.

Remuneration matters in respect of NTMA employees assigned to HBFI are approved by the NTMA Chief Executive Officer, representing the NTMA as employer, in accordance with criteria and oversight arrangements agreed from time to time with HBFI. With regard to these criteria and oversight arrangements, the HBFI Board has established a Remuneration Committee and has put in place a formal remuneration policy. In complying with the Code's provisions in respect of remuneration, HBFI has adopted the provisions applying to commercial State bodies, adapted in light of its particular governance and reporting structures and remuneration model.

Travel Circulars

The NTMA's travel policy which applies to all HBFI staff is based on the Framework for a Travel Policy for State Bodies contained in the Code. Revenue approved civil service mileage rates (reflecting Circular 07/2017) are applied. In accordance with the NTMA travel policy, HBFI does not pay subsistence rates in respect of travel but operates a vouched expense process for the reimbursement of travel expenses and Department of Public Expenditure and Reform circulars and office notices regarding subsistence are, therefore, not applied.

Committee Reports

Audit and Risk Committee Report

The Audit and Risk Committee's role is to assist the Board in the oversight of:

- the quality and integrity of the financial statements; the review and monitoring of the effectiveness of the systems of internal control; the internal audit process and compliance matters; and the review of the outputs from the external auditor, the Comptroller and Auditor General (C&AG); and
- HBFI's risk management framework including risk appetite; the monitoring of adherence to risk governance and ensuring risks are properly identified, assessed, managed and reported.

The Committee comprises of three non-executive members appointed by the Board. The members of the Committee during 2023 were:

- Ken Slattery, Chairperson
- Des Carville
- Grainne Hennessy

The Committee met on six occasions in 2023.

Financial Reporting

The Committee reviewed the draft financial statements and recommended them to the Board. The review focused on the accounting methods, the Companies Act 2014 and the clarity and completeness of disclosures in line with applicable accounting standards, and relevant provisions of the Code of Practice for the Governance of State Bodies. The Committee also reviewed the Governance Statement and Board Members' Report, and statements on risk management for inclusion in the HBFI Annual Report.

Internal Controls

The Committee reviewed the effectiveness of the system of internal control. It also reviewed the Statement on Internal Control to be included in the financial statements and recommended it to the Board. The review was informed by a report from management in relation to the assertions contained in the Statement and by the Committee's detailed work programme, including regular internal audit and risk reports.

Internal Audit

HBFI's internal audit process is managed by the NTMA Internal Audit function. The Committee received regular reports from internal audit. It reviewed the key findings from the outcome of individual audit reviews completed under the 2023 risk-based internal audit plan and monitored the implementation of audit recommendations. The Committee approved the 2024 internal audit plan. The Committee reviewed the effectiveness of the internal auditor. The Committee meets privately with the NTMA Head of Internal Audit without management present at least annually.

External Audit

HBFI's external auditor is the Comptroller and Auditor General. The Committee reviewed the external audit plan, the key areas of focus and the audit terms of engagement. The Committee meets with the external auditor without management present at least annually.

Risk

The Committee approved updates to certain risk policies, including the Anti-Fraud Policy, and recommended them to the Board in accordance with the Risk Management Policy and Framework. The Committee reviewed HBFI's Risk Management Policy and Framework and Risk Appetite Statement and received regular reports on HBFI's risks and the controls in place to mitigate risks. The Committee also monitored progress against the 2023 Risk Management Plan. The Committee meets privately with the Head of Risk without management present at least annually.

Compliance

The Committee received regular reports from NTMA Compliance and reviewed the annual compliance report and the services provided by NTMA Compliance. The Committee approved the Anti-Bribery and Corruption Framework and updates to the Protected Disclosures Policy.

The Committee also reviewed and recommended to the Board the Business Risk Assessment and the Anti-Money Laundering Policy. The Committee meets with the NTMA Head of Compliance without management present at least annually.

Other

The Committee's priorities in respect of 2024 were approved as part of its Work Programme.

The terms of reference for the Audit and Risk Committee were reviewed for recommendation to the Board during 2023.

Credit Committee Report

The Committee operates under delegated authority from the Board of HBFI which has ultimate responsibility for the credit risk of HBFI. Commensurate with the risk appetite approved by the Board, and subject to agreed credit policies, the Credit Committee is responsible for the approval of credit applications in line with the credit approval authority as set out in the Delegated Authority Policy approved by the Board.

The Committee comprises of four non-executive members of the Board, the Chief Executive Officer and the Head of Credit and Risk. The members of the Committee during 2023 were:

- Marie Collins Chairperson (Board Chairperson)
- Des Carville
- Andrew O'Flanagan
- Claire Solon
- Dara Deering
- Sean Alger (HBFI Head of Credit and Risk)

The Credit Committee met on ten occasions during the year. Its main activity involved the review of detailed credit proposals from management.

The terms of reference for the Credit Committee were reviewed for recommendation to the Board during 2023.

Remuneration Committee Report

The Remuneration Committee assists the Board on remuneration matters in respect of the NTMA employees assigned to HBFI in accordance with the criteria and oversight arrangements agreed with the NTMA. The Board is responsible for HBFI's overall Remuneration Policy and is guided in its responsibilities by the advice and recommendations of the Remuneration Committee.

The Committee comprises of three non-executive members appointed by the Board. Its current members are:

- Grainne Hennessy, Chairperson
- Andrew O'Flanagan
- Marie Collins

The Remuneration Committee met on three occasions during 2023.

The terms of reference for the Remuneration Committee were reviewed for recommendation to the Board during 2023.

Risk Management

HBFI aims to manage risk in an informed and proactive manner, in accordance with its Risk Management Policy and Framework and its Risk Appetite Statement, such that the level of accepted risk is consistent with its underlying business activity, and that HBFI understands and is able to manage or absorb the impact of any risks that may materialise. HBFI complies with the risk management provisions of the Code of Practice for the Governance of State Bodies (2016).

Throughout 2023, the Audit and Risk Committee and the Board reviewed the Risk Register on a regular basis, and the Board received regular updates in respect of risk management and high and emerging risks.

Roles and Responsibilities

Board

The Board is responsible for setting the risk appetite and overseeing and guiding risk management activity across HBFI. The Board has mandated that risk management be integrated and embedded into the tone and culture of HBFI and this has been adopted across HBFI with all members of the HBFI team responsible for identification and management of risk. Management is responsible for regularly reviewing the risk register and individually confirming that the stated controls are in place.

Audit and Risk Committee

The Audit and Risk Committee is responsible for overseeing the implementation of the HBFI Risk Management Policy and Framework and ensuring that HBFI's risk management governance model provides appropriate levels of independence and challenge.

The Audit and Risk Committee reports to the Board.

Three Lines of Defence

First Line of Defence

HBFI's Risk Management Policy and Framework is predicated on the three lines of defence model. Within this model, the HBFI team and senior management (first line of defence) incur and own the risks.

Second Line of Defence

The HBFI Risk function (and the NTMA Compliance function with regard to Compliance Risk) provide independent oversight and objective challenge to the first line of defence. They also provide risk monitoring and reporting.

Third Line of Defence

The Internal Audit function acts as part of a third line of defence by providing independent, reasonable, risk-based assurance to key stakeholders on the robustness of the HBFI risk management system, its governance and the design and operating effectiveness of the internal control environment.

Audit

In accordance with statutory requirements, HBFI is audited by the Comptroller and Auditor General. HBFI's internal audit process is managed by the NTMA Internal Audit function and includes an external firm, currently KPMG, appointed to carry out internal audit work reporting to the NTMA Head of Internal Audit.

Principal Risks

HBFI is exposed to a wide variety of risks which have the potential to affect its financial and operational performance. The Risk Management Policy and Framework establishes the processes to identify, assess, report and mitigate risk. HBFI has identified the following principal risks which may adversely affect the achievement of its objectives. In addition, HBFI maintains a comprehensive Risk Register which identifies all of the risks facing HBFI, including the principal risks listed below.

Reputational risk may also occur as a consequence of these risks.

Risk Management (continued)

Risk	Description of the Risk	Risk Mitigation Measure
Credit Risk	Credit Risk is defined as the risk of financial loss resulting from counterparties being unable to meet their contractual obligations to HBFI in respect of loans or other financial transactions. This risk comprises default risk, recovery risk, exposure risk, concentration risk and settlement risk.	Risk mitigants include HBFI's credit review and sanctioning process, adherence to relevant lending and credit policies and procedures, ongoing monitoring and review of facilities.
Business and Strategic Risk	The risk that HBFI will not perform as anticipated against its mandate which could be affected by strategy formation/execution and/or macroeconomic and geopolitical factors.	This risk is mitigated by ongoing product and strategic reviews to ensure that strategy is aligned to market needs. HBFI is flexible and, if necessary, can adjust its strategy and business offering to fill gaps in the market.
Operational Risk	HBFI is exposed to operational risk arising from its internal processes, people and systems or from external events, including weather events or pandemics. Key operational risks include system failures (due to cyber-attack or otherwise), reporting errors, data protection breaches and failure to follow procedures which could potentially result in HBFI failing to meet its objective and/or reputational damage.	This risk is mitigated by an appropriate management and monitoring structure and the ability to leverage the existing systems, processes and controls of the NTMA and external service providers.
Liquidity, Market and Equity Risk	Liquidity, market and equity funding risk is the possibility that, over a specific time horizon, HBFI will be unable to fund its assets or have insufficient funds to meet its obligations as they fall due, the risk of loss from changes in the value of assets and liabilities and the risk of holding insufficient capital to offset any unexpected losses.	The availability of funds to meet specific obligations as they fall due is managed through careful forward planning and day-to-day cashflow management and reporting and adherence to liquidity targets set out in relevant policies. Variable rate loans to borrowers are primarily funded via variable rate borrowings to minimise interest rate risk.
Regulatory Risk	The risk that HBFI could be subject to a legal challenge under State Aid rules or the failure by HBFI to meet new or existing regulatory and/or legislative requirements and deadlines or to embed requirements into processes. HBFI must comply with a number of regulatory requirements including data protection law, anti-money laundering legislation and State Aid rules.	This risk is mitigated by the procurement of a Market Economy Operator Principle report annually and adherence to relevant policies and procedures together with operational support and services provided by the NTMA under a Service Level Agreement, including provision of a Data Protection Officer and a Money Laundering Reporting Officer.
Environmental, Social and Governance Risk	The risk that HBFI does not take necessary actions to integrate and implement ESG into its business operations and work practices.	The HBFI product suite includes a Social/ Affordable Housing and a Green Funding product. HBFI funded developments must comply with standards set out in applicable planning permissions and building regulations. HBFI has a robust risk management framework in place with oversight and reporting to the HBFI Board.

Management Team

Dara Deering
Chief Executive Officer

Denise Donovan
Head of Operations and Finance

Paula Flinter
Head of Legal

Sean Alger
Head of Credit and Risk

Fergus Mangan
Head of Lending

Darragh Lennon
Head of Commercial

Customer Testimonials

Gabriel Manley | Manley Construction

We're currently working with HBFI as a partner on two developments, one here in Drogheda and one in Rush and between the two of them they're delivering over probably about 250 new homes.

They're efficient, professional and easy to deal with...nothing was a problem...

Kenny Timmons | Kenny Timmons Developments

I started up about five years ago with a HBFI loan in this development in Kells, County Meath, Willmount View. It's helped me build a lot of houses at once.

They've been very good. The funding received from HBFI has helped me deliver 102 houses within the five years over 4 loans.

Consolidated Financial Statements of Home Building Finance Ireland DAC and its Subsidiary

For the year ended 31 December 2023

Company Registration Number

639272

Contents

Company and Other Information

Directors
Marie Collins (Chairperson)
Desmond Carville
Dara Deering
Grainne Hennessey
Andrew O'Flanagan
Timothy Ken Slattery
Claire Solon

Company Secretary
Cecilia Fourie

Registered Office
Treasury Dock
North Wall Quay
Dublin 1
D01 A9T8

Bankers
Allied Irish Banks Plc
Molesworth Street
Dublin 2
D02 W260

Central Bank of Ireland
New Wapping Street
North Wall Quay
Dublin 1
D01 F7X3

Auditor
Comptroller and Auditor General
3A Mayor Street Upper
Dublin 1
D01 PF72

Directors' Report

The Directors of Home Building Finance Ireland DAC present their report and audited Group and Company financial statements for the year ended 31 December 2023 ("the financial year").

Home Building Finance Ireland DAC ("HBFI" or the "Company"), the holding company, was incorporated on 7 December 2018 (company reg. 639272) pursuant to the Home Building Finance Ireland Act 2018 ("HBFI Act 2018") which was enacted on 3 December 2018.

On incorporation, HBFI allotted and issued, to the Minister for Finance, shares with a total nominal value of €20m. HBFI established and is a 100% shareholder of Home Building Finance Ireland (Lending) DAC ("HBFIL" or the "Subsidiary") which was incorporated on 4 January 2019 (company reg. 640801).

Principal Activities

The principal activity of the Group is to provide debt funding for residential development in the State. The Group, through its subsidiary HBFIL, provides financing to builders and developers seeking to build viable residential development projects in Ireland on commercial, market equivalent terms and conditions.

Business Review

The 2023 Annual Report ("the Report") forms part of the Directors' Report. The Chairperson's Statement and Chief Executive Officer's Review in the Report outline the development and performance of HBFI during the financial year and significant events that occurred during that period. Further information on HBFI's strategy, business model and operations is provided in the Business Review section of the Annual Report.

During the financial year, HBFI focused on achieving its key objectives by continuing to assess loan applications and advance loan amounts to existing and new developments. During the financial year, the following represent the key outcomes:

- €408m of loans approved for borrowers[1];
- €314m of funds advanced to borrowers under approved loans[2];
- €362m of loans repaid by borrowers; and
- €13.3m Operating Profit for the year.

Principal Risks and Uncertainties

The principal risks and uncertainties facing the Group are detailed below. In addition, reputational risk may occur as a consequence of these risks.

Credit Risk

- The Group is exposed to the risk that borrowing counterparties default on their obligations and fail to repay their debt in full, resulting in losses to the Group.

Business and Strategic Risk

- There is a risk that HBFI may not perform as expected against its mandate due to factors such as strategy formulation and execution. There is also a risk that a macroeconomic downturn, such as a market shock or geopolitical risks, could negatively impact the Group's revenues or result in other financial impacts.

Operational Risk

- The Group is exposed to a broad range of operational risks arising from the people, systems and processes involved in meeting its objectives and from external events such as weather events or pandemics. Key operational risks include and are not limited to systems failures, reporting errors, data protection breaches and process errors, over reliance on key individuals, failure to follow procedures which could ultimately result in the Group failing to meet its objectives and significant reputational damage. There is also a risk of diminished operational capability of the Group's systems due to an evolving cyber threat landscape which could result in financial and reputational implications.

Liquidity, Market and Equity Risk

- The risk that HBFI will be unable to fund its assets or have insufficient funds to meet its obligations as they fall due, the risk of loss or increased costs resulting from changes in the value of assets and liabilities or that the Group may be insufficiently capitalised to support operating losses or to offset any unexpected losses.

Regulatory Risk

- The Group may be subject to a legal challenge under State aid rules. Such a challenge could inhibit the Group's activities pending a resolution. The Group is also exposed to the risk that it fails to meet other regulatory and legislative requirements.

Environmental, Social and Governance Risk

- The risk that HBFI does not take necessary actions to integrate ESG into its business operations and work practices.

---

1 *Not all loans approved will proceed to draw down funding from HBFI for various reasons including the project not progressing or alternative funding secured*

2 *Including commitment fees capitalised*

Financial Risk Management

The Group is exposed to financial risks including market risk, liquidity risk, capital risk and concentration risk in addition to credit risk in the normal course of its business. Further details on how the Group manages these financial risks are given in Note 12 to the financial statements.

Directors

The following are the names of the persons who, at any time during the financial year, were Directors of the Company:

Marie Collins (Chairperson)
Desmond Carville
Dara Deering
Grainne Hennessey
Andrew O'Flanagan
Timothy Ken Slattery
Claire Solon

Company Secretary

Cecilia Fourie

Directors' Interests

The Directors had no beneficial interest in the Group during the financial year or at the year end. The issued share capital of the Group is owned solely by the Minister for Finance.

Adequate Accounting Records

The Directors ensure compliance with the Group's obligations with regards to keeping accounting records required under sections 281 to 285 of the Companies Act 2014, through the use of qualified accounting personnel and appropriate systems and procedures, as set out in the Statement on Internal Control on page 38. The accounting records are kept at the Company's registered office at Treasury Dock, North Wall Quay, Dublin 1, D01 A9T8.

Financial Results

The results for the financial year and assets, liabilities and financial position of the Group are set out in the Consolidated Statement of Comprehensive Income and the Consolidated Statement of Financial Position on pages 42 and 43 respectively. The Company results and financial position are set out on pages 46 and 47.

Capital and Dividends

The Board approved a Capital and Dividend Policy which sets out the Group's approach to capital allocation including the prioritisation of capital maintenance to support operational resilience. Review of the Group's capital allocation is undertaken annually and any decision regarding dividend distribution is subject to the capital maintenance requirements set out in the policy. The Group is not restricted by any externally imposed capital requirements but pursuant to its capital allocation policy, the Board has approved the allocation of €1.55m of its Group Retained Earnings as at 31 December 2023 as non-distributable.

The Group did not pay any dividends during the financial year to its sole shareholder, the Minister for Finance, and does not propose to pay any dividends for this financial year.

Events After the Reporting Period

Refer to Note 25 of the financial statements.

Auditor

The Comptroller and Auditor General ("C&AG") is the Group's statutory auditor by virtue of section 15 (2) of the HBFI Act 2018 which permits the C&AG to be HBFI's statutory auditor notwithstanding HBFI is a for profit entity.

So far as each of the Directors in office at the date of approval of the financial statements is aware:

- There is no relevant audit information of which the Group's auditor is unaware; and
- The Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 330 of the Companies Act 2014.

Approved and authorised for issue by the Board of Directors and signed on its behalf:

Dara Deering

Dara Deering
Chief Executive Officer
Home Building Finance Ireland DAC

Marie Collins

Marie Collins
Chairperson
Home Building Finance Ireland DAC

10 April 2024

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and the Group and Company financial statements ("the financial statements") in accordance with the Companies Act 2014.

Irish company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland, issued by the Financial Reporting Council ("relevant financial reporting framework"). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Group and Company as at the financial year end date and of the profit or loss of the Group for the financial year and otherwise comply with the Companies Act 2014. In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the financial statements and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with the applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for ensuring that the Company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the Company, enable at any time the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy, enable them to ensure that the financial statements and the directors' report comply with the Companies Act 2014 and enable the financial statements to be audited.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Approved and authorised for issue by the Board of Directors and signed on its behalf:

Dara Deering
Chief Executive Officer
Home Building Finance Ireland DAC

Marie Collins
Chairperson
Home Building Finance Ireland DAC

10 April 2024

Statement on Internal Control

The consolidated and Company financial statements for HBFI are prepared within an internal control framework established by HBFI. The HBFI Board and the committees established by the Board are responsible for the monitoring and oversight of HBFI and its subsidiary, HBFIL.

Scope of Responsibility

On behalf of HBFI, we acknowledge the Board's responsibility for ensuring that an effective system of internal control is maintained and operated. This responsibility takes account of the requirements of the Code of Practice for the Governance of State Bodies (2016).

Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a tolerable level rather than to eliminate it. The system can therefore only provide reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded and that material errors or irregularities are either prevented or detected in a timely way.

The system of internal control, which accords with guidance issued by the Department of Public Expenditure and Reform, has been in place in HBFI for the year ended 31 December 2023 and up to the date of approval of the financial statements.

Capacity to Handle Risk

HBFI has a formal risk management and governance framework in place, designed to support the proactive management of risk. HBFI's Risk Management Policy and Framework and Risk Appetite Framework together set out its risk appetite and risk management processes.

HBFI has an Audit and Risk Committee ("ARC") comprising of three non-executive members of the Board with financial and audit experience, one of whom acts as the Chairperson. The ARC met on six occasions during 2023.

The ARC oversees the internal audit activities of HBFI, which are based on a programme of work agreed with the ARC and performed by the NTMA's internal audit function.

The NTMA provides certain finance, human resources, information technology, internal audit, compliance and procurement services to HBFI, as provided for under section 9 of the HBFI Act 2018, and as agreed in the Service Level Agreement between the NTMA and HBFI. HBFI therefore depends to a significant degree on the controls operated by the NTMA. The NTMA has developed a thorough system of internal control and any services provided to HBFI under the Service Level Agreement are provided in accordance with the NTMA's system of internal control. HBFI has received a written confirmation from the NTMA that it has reviewed its system of internal control in relation to services provided to HBFI.

HBFI has also relied on controls operated by its third-party Loan Services provider. These loan services are provided in accordance with a Service Level Agreement and HBFI has established procedures with the Loan Services provider for the reporting of incidents, including control failures. HBFI has received a written confirmation from its Loan Services provider, Fexco Asset Finance Limited, that it has reviewed its system of internal control in relation to services provided to HBFI.

Risk and Control Framework

HBFI has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks.

A Risk Register is in place, which identifies the key risks facing HBFI and these have been identified, evaluated and graded according to their significance. On the basis of risks identified, controls are implemented to manage and mitigate these risks. The Risk Register is reviewed by the ARC on a quarterly basis and by the Board of Directors annually at a minimum. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level. The management team is required to attest on a quarterly basis that the controls noted in the Risk Register are in place and effective, to the best of their knowledge.

The Risk Register (i) details the controls and actions needed to mitigate risks and (ii) assigns responsibility for operation of controls to specific staff. We confirm that the control environment contains the following elements:

- Documented procedures for key business processes;
- Systems ensuring the security of the information and communication technology systems;
- Regular review and assessment of financial assets;
- A comprehensive budgeting system including an annual budget which is reviewed and approved by the Board of Directors;
- Regular reviews of periodic financial reports which detail financial performance against forecasts; and
- Adherence to a Protected Disclosures Policy and Anti-Fraud Policy.

Ongoing Monitoring and Review

Formal procedures have been established for monitoring control processes. Any control deficiencies are communicated to those responsible for taking corrective action and to management and the Board, where relevant, in a timely way. We confirm that the following ongoing monitoring systems are in place:

- Key risks and related controls have been identified and processes have been put in place to monitor the operation of those controls and report any identified deficiencies;
- Reporting arrangements have been established at all levels where responsibility for financial management has been assigned; and
- There are regular reviews by senior management of periodic/annual performance and financial reports which indicate performance against budgets/forecasts.

Procurement

HBFI's procurement support is provided by the NTMA and HBFI adheres to the NTMA Procurement Policy (published on its website) and associated procedures, which are consistent with the current Office of Government Procurement guidelines.

In certain circumstances, it is deemed appropriate to obtain duly authorised exceptions from the Policy and Procedure (i.e. not run a competitive tender process) in respect of services, supplies or works valued above €5,000 (ex VAT) and below the EU thresholds. Such exceptions are approved by the Executive Management team and do not amount to non-compliant procurement. During 2023, there were no such reportable procurement exceptions.

Review of Effectiveness

We confirm that HBFI has procedures to monitor the effectiveness of its risk management and control procedures. HBFI's monitoring and review of the effectiveness of the system of internal control is informed by the work of the internal and external auditors, the ARC which oversees their work, and the senior management within HBFI responsible for the development and maintenance of the internal control framework.

We confirm that the Board conducted a review of the system of internal control for the year ended 31 December 2023.

Internal Control Issues

No weaknesses in the system of internal control were identified in relation to the year ended 31 December 2023 that require disclosure in the financial statements.

Dara Deering
Chief Executive Officer
Home Building Finance Ireland DAC

Marie Collins
Chairperson
Home Building Finance Ireland DAC

10 April 2024

Ard Reachtaire Cuntas agus Ciste
Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Home Building Finance Ireland

Opinion on the financial statements

I have audited the group and company financial statements of Home Building Finance Ireland for the year ended 31 December 2023 as required under the provisions of the Home Building Finance Ireland Act 2018. The financial statements comprise

- the consolidated and company statements of comprehensive income
- the consolidated and company statements of financial position
- the consolidated and company statements of changes in equity
- the consolidated and company statements of cash flows, and
- the related notes, including a summary of significant accounting policies.

In my opinion, the financial statements

- give a true and fair view of the assets, liabilities and financial position of the group and of the company at 31 December 2023 and of the group's profit for the year
- have been properly prepared in accordance with Financial Reporting Standard (FRS) 102 – *The Financial Reporting Standard applicable in the UK and the Republic of Ireland*, and
- have been properly prepared in accordance with the Companies Act 2014.

Basis of opinion

I conducted my audit of the financial statements in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the appendix to this report. I am independent of the company and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions related to going concern

The directors have prepared the financial statements on a going concern basis. As described in the appendix to this report, I conclude on

- the appropriateness of the use of the going concern basis of accounting by the directors, and
- whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern.

I have nothing to report in that regard.

Opinion on matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, I report that in my opinion

- the information given in the directors' report is consistent with the financial statements, and
- the directors' report has been prepared in accordance with the Companies Act 2014.

I have obtained all the information and explanations that I consider necessary for the purposes of my audit.

In my opinion, the accounting records of the group were sufficient to permit the financial statements to be readily and properly audited, and the financial statements are in agreement with the accounting records.

The Companies Act 2014 also requires me to report if, in my opinion, the disclosures of directors' remuneration and transactions required by sections 305 to 312 of the Act are not made. I have nothing to report in that regard.

Report on information other than the financial statements, and on other matters

The directors have presented certain other information with the financial statements. This comprises the annual report, including the governance statement and board members' report, the directors' report, the statement of directors' responsibilities, and the statement on internal control. My responsibilities to report in relation to such information, and on certain other matters upon which I report by exception, are described in the appendix to this report.

I have nothing to report in that regard.

Seamus McCarthy.

Seamus McCarthy
Comptroller and Auditor General

18 April 2024

Appendix to the report

Responsibilities of the directors

As detailed in the governance statement and board members' report, the directors are responsible for

- the preparation of annual financial statements in the form prescribed under the Companies Act 2014
- ensuring that the financial statements give a true and fair view in accordance with FRS102
- ensuring the regularity of transactions
- assessing whether the use of the going concern basis of accounting is appropriate, and
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of the Comptroller and Auditor General

I am required under section 15 of the Home Building Finance Ireland Act 2018 to audit the financial statements of the group and company and to report thereon to the Houses of the Oireachtas.

My objective in carrying out the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.
- I conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, on whether a material uncertainty exists related to events or conditions that may cast significant doubt on Home Building Finance Ireland's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause Home Building Finance Ireland to cease being a going concern.
- I evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Information other than the financial statements

My opinion on the financial statements does not cover the other information presented with those statements, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, I am required under the ISAs to read the other information presented and, in doing so, consider whether the other information is materially inconsistent with the financial statements or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

Reporting on other matters

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation. I report if I identify material matters relating to the manner in which public business has been conducted.

I seek to obtain evidence about the regularity of financial transactions in the course of audit. I report if I identify any material instance where public money has not been applied for the purposes intended or where transactions did not conform to the authorities governing them.

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2023

	Note	2023 €000	2022 €000
Interest income	*5*	27,635	13,428
Interest expense	*6*	(11,943)	(6,875)
Net interest income		15,692	6,553
Other income	*7*	6,023	4,761
Operating expenses	*8*	(8,432)	(7,226)
Operating profit before tax		13,283	4,088
Tax expense	*10*	(581)	-
Profit for the year after tax		12,702	4,088
Other comprehensive income		-	-
Total comprehensive income for the year		**12,702**	**4,088**

The accompanying notes form an integral part of the financial statements.

Approved and authorised for issue by the Board of Directors and signed on its behalf:

Dara Deering
Chief Executive Officer
Home Building Finance Ireland DAC

Marie Collins
Chairperson
Home Building Finance Ireland DAC

10 April 2024

Consolidated Statement of Financial Position
as at 31 December 2023

	Note	31 December 2023 €000	31 December 2022 €000
Non-current assets			
Financial assets – loans and receivables	*11*	136,052	171,088
Other receivables	*14*	683	683
		136,735	171,771
Current assets			
Financial assets – loans and receivables	*11*	173,172	158,849
Other receivables	*14*	295	567
Cash and cash equivalents		43,915	15,638
		217,382	175,054
Creditors; amounts falling due within 1 year			
Other liabilities	*15*	(3,323)	(3,049)
Net current assets		**214,059**	**172,005**
Total assets less current liabilities		350,794	343,776
Creditors; amounts falling due after 1 year			
Funding	*16*	(325,148)	(329,713)
Other liabilities	*15*	(2,541)	(3,660)
Net assets		**23,105**	**10,403**
Capital and reserves			
Called up share capital presented as equity	*19*	20,000	20,000
Retained earnings		3,105	(9,597)
Total equity		**23,105**	**10,403**

The accompanying notes form an integral part of the financial statements.

Approved and authorised for issue by the Board of Directors and signed on its behalf:

Dara Deering　　Marie Collins

Dara Deering
Chief Executive Officer
Home Building Finance Ireland DAC

Marie Collins
Chairperson
Home Building Finance Ireland DAC

10 April 2024

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

	Share capital €000	Retained earnings €000	Total equity €000
Balance at 1 January 2022	20,000	(13,685)	6,315
Total comprehensive income for the year	-	4,088	4,088
Balance at 31 December 2022	20,000	(9,597)	10,403
Total comprehensive income for the year	-	12,702	12,702
Balance at 31 December 2023	**20,000**	**3,105**	**23,105**

Approved and authorised for issue by the Board of Directors and signed on its behalf:

Dara Deering
Chief Executive Officer
Home Building Finance Ireland DAC

Marie Collins
Chairperson
Home Building Finance Ireland DAC

10 April 2024

Consolidated Statement of Cash Flows

For the year ended 31 December 2023

	Note	2023 €000	2022 €000
Cash flows from operating activities			
Profit for year		12,702	4,088
Advances to borrowers		(314,173)	(330,687)
Repayments from borrowers		362,154	134,695
Interest receivable		(27,268)	(13,428)
(Increase)/decrease in other receivables		272	(274)
Interest payable		11,155	6,747
Increase/(decrease) in other liabilities		(845)	968
Net cash from operating activities		**43,997**	**(197,891)**
Cash flows from financing activities			
Funding loans received	*16*	186,105	215,163
Funding loans repaid	*16*	(201,825)	(17,700)
Net cash from financing activities		**(15,720)**	**197,463**
Net increase/(decrease) in cash and cash equivalents		28,277	(428)
Cash and cash equivalents at 1 January		15,638	16,066
Cash and cash equivalents at 31 December		**43,915**	**15,638**

Company Statement of Comprehensive Income

For the year ended 31 December 2023

	Note	2023 €000	2022 €000
Interest income		-	-
Interest expense		-	-
Net interest income		-	-
Other income			-
Operating expenses	*8*	(57)	(100)
Operating loss before tax		(57)	(100)
Tax expense	*10*	-	-
Loss for the year after tax		(57)	(100)
Other comprehensive income		-	-
Total comprehensive income for the year		(57)	(100)

The accompanying notes form an integral part of the financial statements.

Approved and authorised for issue by the Board of Directors and signed on its behalf:

Dara Deering
Chief Executive Officer
Home Building Finance Ireland DAC

Marie Collins
Chairperson
Home Building Finance Ireland DAC

10 April 2024

Company Statement of Financial Position

as at 31 December 2023

	Note	31 December 2023 €000	31 December 2022 €000
Non-current assets			
Investment in subsidiary	*22*	19,000	19,000
		19,000	19,000
Current assets			
Cash and cash equivalents		864	842
		864	842
Creditors; amounts falling due within 1 year			
Other liabilities	*15*	(361)	(282)
Net current assets		**503**	**560**
Total assets less current liabilities		19,503	19,560
Net assets		**19,503**	**19,560**
Capital and reserves			
Called up share capital presented as equity	*19*	20,000	20,000
Retained losses		(497)	(440)
Total equity		**19,503**	**19,560**

The accompanying notes form an integral part of the financial statements.

Approved and authorised for issue by the Board of Directors and signed on its behalf:

Dara Deering
Chief Executive Officer
Home Building Finance Ireland DAC

Marie Collins
Chairperson
Home Building Finance Ireland DAC

10 April 2024

Company Statement of Changes in Equity

For the year ended 31 December 2023

	Share capital €000	Retained losses €000	Total equity €000
Balance at 1 January 2022	20,000	(340)	19,660
Total comprehensive income for the year	-	(100)	(100)
Balance at 31 December 2022	**20,000**	**(440)**	**19,560**
Total comprehensive income for the year	-	(57)	(57)
Balance at 31 December 2023	**20,000**	**(497)**	**19,503**

Approved and authorised for issue by the Board of Directors and signed on its behalf:

Dara Deering
Chief Executive Officer
Home Building Finance Ireland DAC

Marie Collins
Chairperson
Home Building Finance Ireland DAC

10 April 2024

Company Statement of Cash Flows

For the year ended 31 December 2023

	2023 €000	2022 €000
Cash flows from operating activities		
Loss for year	(57)	(100)
Increase in other liabilities	79	79
Net cash from operating activities	**22**	**(21)**
Cash flows from investing activities		
Investment in subsidiary	-	(4,000)
Net cash from investing activities	**-**	**(4,000)**
Net increase/(decrease) in cash and cash equivalents	22	(4,021)
Cash and cash equivalents at 1 January	842	4,863
Cash and cash equivalents at 31 December	**864**	**842**

Notes to the financial statements

1. Reporting entity

The HBFI Group comprises of HBFI, as holding company, and its subsidiary HBFIL. HBFI is a Designated Activity Company limited by shares incorporated under the Companies Act 2014 (Registered Number 639272). HBFIL is a Designated Activity Company limited by shares incorporated under the Companies Act 2014 (Registration Number 640801). The principal activity of the Group is to provide debt funding for residential development in the State.

The registered office of both companies is at Treasury Dock, North Wall Quay, Dublin 1, D01 A9T8.

The financial statements consolidate the financial statements of HBFI and HBFIL for the financial year ended 31 December 2023. The financial statements of the holding company, HBFI, are shown separately within this report.

2. Statement of Compliance

These financial statements for the financial year ended 31 December 2023 have been prepared in accordance with the Companies Act 2014 and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, issued by the Financial Reporting Council in the UK ("FRS 102") having elected, as permitted by FRS 102, to account for the Group's and Company's financial instruments by applying the recognition and measurement rules of IAS 39 *Financial Instruments: Recognition and Measurement*.

3. Critical accounting estimates and judgements

The preparation of financial statements in conformity with FRS 102 requires the use of estimates and judgements that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated and are based on a number of factors, including expectations of future events that are believed to be reasonable under the circumstances.

Management believes that the underlying assumptions used are appropriate and that the financial statements, therefore, present the financial position and results fairly. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are described as below:

3.1. Key sources of estimates and judgements

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3.1.1. Loan impairment assessment

In line with the requirements of IAS 39 as permitted by FRS 102, the Group reviews its portfolio of loans for objective evidence of impairment at the statement of financial position date. In determining whether an impairment loss should be recorded in the Consolidated Statement of Comprehensive Income at the reporting date, the Group uses internal and external sources of information to assess whether there is any evidence that an asset may be impaired (in line with IAS 39.59). Evidence of impairment may include the following:

- significant financial difficulty of the borrower;
- a breach of contract, such as a default in interest or principal payments;
- the granting of a concession to the developer for economic or legal reasons relating to the borrower's financial difficulty that wouldn't otherwise be considered; or
- where it is probable that the borrowers will enter bankruptcy or other financial reorganisation.

If any objective evidence of impairment exists, the Group performs a detailed impairment calculation on each loan individually to determine the amount of impairment loss that should be recognised. An asset is impaired, and an impairment loss is recognised, if the loss is incurred at the reporting date as a result of one or more events that occurred after initial recognition of the asset.

3.1.2. Income recognition on loans and receivables

The accounting policy for the recognition of interest income on loans and receivables is set out in Note 4.5.

4. Significant accounting policies

4.1. Basis of preparation

The financial statements are prepared on a going concern basis and the Board of Directors of the Company ("the Board") is satisfied that the Group and Company will continue as a going concern for the foreseeable future.

In its consideration of whether accounting on a going concern basis is appropriate, the Board has had regard to the functions of the Group and Company as set out in the HBFI Act 2018 and believes it is reasonable to assume that, given the purpose of the legislation, the State will take appropriate steps to ensure that the Group and Company are put in a position to discharge their mandate.

The function of the Group and Company is to provide debt funding in a prudent manner to borrowers for the development of residential units in the State.

The Group's and Company's activities are subject to risk factors including credit, business and strategic, operational, liquidity, market and equity, regulatory and environmental, social and governance risk. The Board has reviewed these risk factors and all relevant information to assess the Group's and Company's ability to continue as a going concern. The Board and Audit and Risk Committee review key aspects of the Group's and Company's activities on an on-going basis and review, whenever appropriate, the critical assumptions underpinning its long-term strategies.

As permitted by the Companies Act 2014, the Directors have adapted the arrangements and headings and subheadings otherwise required by Profit and Loss Account Format 1 and Balance Sheet Statement Format 1 as the special nature of the Group's and Company's business requires such adaptation. The financial statements are presented in euro (€), which is the Company's functional, and the Group's and Company's presentational currency. The figures shown in the financial statements are stated in € thousands.

4.2. Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertaking drawn up to 31 December each year. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

4.3. Investment in subsidiaries

In the Company financial statements, the investment in the subsidiary, HBFIL, is accounted for at cost less impairment.

4.4. Basis of measurement

The financial statements have been prepared under the historical cost convention.

4.5. Interest income and expense

Interest income and expense for all financial instruments are recognised in the Consolidated Statement of Comprehensive Income using the Effective Interest Rate ("EIR") method.

The EIR method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant financial period. The EIR is the rate that exactly discounts estimated future cash payments or receipts over the expected life of the financial instrument to the net carrying amount of the financial asset or liability. When calculating the EIR, the Group estimates cash flows considering all contractual terms of the financial instrument.

Once a financial asset has been written down as a result of an impairment loss, interest income is recognised using the original rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Interest income receivable on loans to borrowers and interest expense payable on loans from funders are presented within operating activities in the Consolidated Statement of Cash Flows.

4. Significant accounting policies (continued)

4.6. Other income

Fee income relates mainly to arrangement fees and commitment fees charged to the borrower. Fee expenditure relates to due diligence and legal fees incurred on facilities. Fee income and fee expenditure are deferred initially and then released to the Statement of Comprehensive Income over the term of the relevant facility in line with FRS 102 *Section 23 Revenue*.

4.7 Costs reimbursable to the NTMA

In accordance with section 9 (2) of the HBFI Act 2018, the NTMA provides business and support services and systems in addition to assigning staff to the Group. Costs reimbursable to the NTMA are recognised on an accruals basis. These expenses are recovered from the Group by the NTMA at cost. Further information on costs reimbursable to the NTMA is included in Note 8.1.

4.8 Financial assets

The Group classifies its financial assets in accordance with IAS 39 classifications. The Group determines the classification of its financial instruments at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. On initial recognition, the loans are measured at fair value plus incremental direct transaction costs that are directly attributable to the issue of the loan. They are then subsequently measured at amortised cost using the EIR method as described in Note 4.5.

4.9 Financial liabilities

Funding are those readily accessible loans drawn down by the Group from the ISIF in order to support its lending activities. The Group recognises these loans in its Consolidated Statement of Financial Position on the date the loan is drawn down. These loans are measured initially at fair value plus incremental direct transaction costs that are directly attributable to the issue of the financial liability. They are subsequently measured at amortised cost using the EIR method as described in Note 4.5.

4.10 De-recognition of financial assets and liabilities

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets have also been transferred. Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

4.11 Impairment of financial assets

The Group assesses at the end of each financial period whether there is objective evidence that a financial asset or group of financial assets, measured at amortised cost, is impaired.

For loans and receivables, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original EIR. The amount of the impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

The loans to each borrower deemed to be individually significant are objectively assessed for evidence of impairment at the end of the financial period. A collective assessment approach, grouped on the basis of similar credit risk characteristics is adopted for all other loans without individual specific impairments.

Objective evidence that a financial asset is impaired includes:

- significant financial difficulty of the borrower;
- granting a concession to the borrower for economic or legal reasons relating to the borrower's financial difficulty which would not otherwise have been considered;

4. Significant accounting policies (continued)

4.11 Impairment of financial assets (continued)

- breaches of contract, such as default or delinquency in interest or principal payments; or
- signs that the borrower will enter bankruptcy or other financial reorganisation.

The Group recognises interest income following impairment using the rate of interest used to discount the future cash flows in measuring that impairment. If, in a subsequent financial period, the amount of the impairment loss decreases due to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. The amount of the reversal is recognised in the Consolidated Statement of Comprehensive Income.

Where there is no further prospect of recovering the carrying value of a loan, or a portion of a loan, the Group writes the amount that is not recoverable off against the related impairment loss (i.e. in this circumstance, there is no additional charge to the Consolidated Statement of Comprehensive Income). Subsequent recoveries of amounts previously written off decrease the amount of the charge for loan impairment in the Consolidated Statement of Comprehensive Income.

4.12 Cash and cash equivalents

Cash comprises cash on hand and on demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

The Statement of Cash Flows shows the changes in cash and cash equivalents arising during the financial year from operating activities, investing activities and financing activities. The cash flows from operating activities are reported using the indirect method, whereby major classes of gross cash receipts and gross payments are disclosed.

4.13 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

When the effect is material, provisions are determined by discounting expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

4.14 Contingent liabilities

Contingent liabilities are possible obligations whose existence will be confirmed only by the occurrence of uncertain future events or present obligations where the transfer of economic benefit is uncertain or cannot be reliably estimated. Contingent liabilities are not recognised but disclosed in the notes to the financial statements unless the probability of the transfer of economic benefit is remote.

4.15 Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date.

4.16 Leasing

Rentals under operating leases are charged on a straight line basis over the term of the lease to the Consolidated Statement of Comprehensive Income in line with FRS 102 *Section 20 Leases*.

5. Interest income

	2023 €000	2022 €000
Interest on loans and receivables	**27,635**	**13,428**

Interest on loans and receivables relates to interest income from loans provided to borrowers. The EIR method is applied as per note 4.5.

6. Interest expense

	2023 €000	2022 €000
Interest on funding	**11,943**	**6,875**

Interest on funding relates to the interest charge on the ISIF funding facility. The EIR method is applied as per note 4.5.

7. Other income

	2023 €000	2022 €000
Fee income	7,663	6,253
Fee expenditure	(1,640)	(1,492)
	6,023	**4,761**

Fee income relates mainly to arrangement fees and commitment fees charged to the borrower and recognised over the term of the relevant facility. Commitment fees are fees charged to the borrower on certain facilities based on the committed but undrawn balance of the approved facility. Fee expenditure relates to due diligence and legal fees incurred on facilities. The amounts are recognised in line with note 4.6.

8. Operating expenses

	Note	Group 2023 €000	Group 2022 €000
Costs reimbursable to the NTMA	*8.1*	7,281	6,172
Loan administration services		507	500
Board fees	*9*	79	79
Other expenses		565	475
		8,432	**7,226**

Other expenses consist mainly of professional fees, including legal and financial advisory, and bank interest and charges.

	Note	Company 2023 €000	Company 2022 €000
Board fees	*9*	79	79
Other expenses		(22)	21
		57	**100**

Other expenses consists of bank interest and charges. Bank charges were offset by interest earned on cash deposits during 2023.

8. Operating expenses (continued)

8.1 Costs reimbursable to the NTMA (see note 23)

	2023 €000	2022 €000
NTMA staff costs	4,701	4,051
Occupancy costs	248	222
Business services	66	47
Professional fees	145	124
Technology	210	216
Other operating costs	1,911	1,512
	7,281	**6,172**

Other operating costs consists mainly of the corporate function recharges for services provided by the NTMA to HBFI including compliance, procurement, finance and information technology, and an allocation for depreciation costs in relation to NTMA capital assets used by HBFI.

8.1.1 NTMA staff costs

The Group has no employees. All personnel are employed by the NTMA and the remuneration cost of staff who are engaged full time in the Group business is recharged to the Group by the NTMA. The number of NTMA employees directly engaged in the Group at the reporting date was 35 (2022: 31).

	2023 €000	2022 €000
Aggregate Employee Benefits		
Staff short term benefits	3,613	3,167
Pay related social insurance	388	355
	4,001	**3,522**
Staff Short-term Benefits		
Basic Pay	3,407	3,022
Performance related pay	123	88
Allowances	83	57
	3,613	**3,167**

The NTMA contributed €700,000 (2022: €529,000) in pension contributions for the year ended 31 December 2023 to those engaged full time in the Group business.

NTMA staff costs include the CEO's salary which is as detailed in note 8.1.3.

8. Operating expenses (continued)

8.1.2 Key management personnel

	2023 €000	2022 €000
Salary	995	847
Allowances	41	19
Performance related pay	30	24
Health insurance	2	2
	1,068	892

Key management personnel in HBFI consists of the members of the Board, the Chief Executive Officer and the senior management team reporting directly to the Chief Executive Officer. The total value of employee benefits for key management personnel is set out above (excluding employer's contribution to social insurance costs).

This does not include the value of retirement benefits earned in the period. The key management personnel (excluding the Chief Executive Officer and the Board) are members of the NTMA pension scheme and their entitlements in that regard do not extend beyond the terms of the model public service pension scheme.

8.1.3 Chief Executive Officer salary and benefits

	2023 €000	2022 €000
Salary	250	250
Taxable benefits	19	19
Contributions to retirement schemes	45	45
	314	**314**

No performance related payment was paid or is payable to the CEO during the period. The amounts paid to the CEO are included in the costs reimbursable to the NTMA.

The CEO was appointed on 1 September 2019 on a five-year contract. Discussions are ongoing regarding the renewal of the contract.

9. Board fees and expenses

An annual fee is paid to the chairperson of €31,500 and to certain Directors at a rate of €15,750 as specified by the Minister for Finance. The fee paid to each Director is as below.

Board member	2023 €	2022 €
Marie Collins	31,500	31,500
Claire Solon	15,750	15,750
Grainne Hennessy	15,750	15,750
Timothy Ken Slattery	15,750	15,750
	78,750	**78,750**

The Chief Executive Officer (ex officio member), Andrew O'Flanagan (NTMA) and Des Carville (Department of Finance) did not receive any remuneration in respect of their membership of the Board.

Directors can be reimbursed approved expenses on a vouched basis to travel to attend meetings in HBFI's offices in Dublin. No expenses were incurred during the financial year.

10. Taxation

	Group 2023 €000	Group 2022 €000
Profit before tax	13,283	4,088
Corporation tax	581	-

	Company 2023 €000	Company 2022 €000
Loss before tax	(57)	(100)
Corporation tax	-	-

The tax on profits is charged at the standard rate of corporation tax in Ireland (12.5%).

	Group 2023 €000	Group 2022 €000
Profit before tax	13,283	4,088
Non-deductible expenses	104	99
Adjusted profit	13,387	4,187
Corporation tax charge @ 12.5%	1,673	523
Utilisation of tax losses	(1,092)	(523)
Tax Charge	**581**	**-**

The Group had accumulated tax losses at prior year end of €1.1m. The Group has elected to utilise this against the profit earned in 2023.

	Company 2023 €000	Company 2022 €000
Loss before tax	(57)	(100)
Non-deductible expenses	-	-
Adjusted loss	(57)	(100)
Corporation tax credit @ 12.5%	(7)	(13)
Unrecognised tax loss	-	13
Group relief surrender	7	-
Tax Charge	**-**	**-**

In 2023, HBFI elected to surrender its tax losses to HBFIL pursuant to the Group Relief provisions of the *Taxes Consolidation Act 1997 S420.* No consideration was received for this surrender from HBFIL. At 31 December 2023, the Company had carried forward tax losses valued at €0.05m (2022: €0.05m) that can be used to reduce future tax charges. A deferred tax asset has not been recognised in this regard on the basis that there is uncertainty over timing of utilisation of same.

11. Loans and receivables

Non-current	2023 €000	2022 €000
Loans to borrowers	136,052	171,088
Current		
Loans to borrowers	173,172	158,849
	309,224	**329,937**

The Group had loans in issue to 36 borrowers (2022: 37) at the end of the year. The remaining term of the loans due range from less than one year to five years.

11.1 Reconciliation of movement in Loans and Receivables during the year

	€'000
Balance at 1 January 2023	329,937
Advances	314,173
Repayments	(362,154)
Interest receivable	27,268
Balance at 31 December 2023	**309,224**

The Group assesses at the end of each financial period, whether there is objective evidence that the loans are impaired (See Note 4.11). Following the impairment assessment of the loans as at 31 December 2023, the Group concluded that no evidence of impairment existed at the reporting date.

12. Risk management

The Group aims to be risk aware and to actively manage its risks. The critical activities carried out by the organisation and the reliance on its good reputation mean that there is a strong emphasis on an appropriate range of controls.

The Group aims to manage risks in an informed and proactive manner, in accordance with its risk appetite, such that the level of risk is consistent with the underlying business activity and the Group understands and is able to manage or absorb the impact of the risk in the event that it materialises.

The principal risk categories identified and managed by the Group in its day-to-day business and which potentially have the greatest impact on the financial statements of the Group are credit risk, liquidity risk and market risk.

Risk management framework

The Board is responsible for setting the risk appetite and overseeing and guiding risk management activity across the Group. The Board has mandated that risk management be integrated and embedded into the tone and culture of the Group.

The Audit and Risk Committee is responsible for overseeing the implementation of the Group's Risk Management Framework. The Audit and Risk Committee will seek to ensure that the Group's risk management governance model provides appropriate levels of independence and challenge. The Audit and Risk Committee reports to the Board independently.

The Group's Risk Management Framework is in accordance with the principles of the Code of Practice for the Governance of State Bodies.

12. Risk management (continued)

The Group relies on the services provided by the NTMA for certain elements of risk management, namely:

- business continuity services;
- compliance services;
- counterparty credit risk services for cash management purposes; and
- internal audit services.

First line of defence:

The Group's management is responsible for the day-to-day management of risk and for ensuring that adequate controls are in place and operating effectively. Management report on risk management to the Audit and Risk Committee. The following are the key steps used in the risk management process:

- Identify all risks that may affect/prevent the Group from achieving the objectives established by the Group's Board and management (taking into consideration any historical events/near misses which may have threatened the achievement of such objectives);
- For each risk, determine its initial impact and its probability of occurrence;
- For each risk, determine whether the risk can be accepted or will need to be transferred, reduced or avoided;
- For each risk, regardless of its impact or probability of occurrence, consider actions to reduce risk;
- Review residual impact/probability of occurrence and criticality status of the risk in light of the implemented actions/controls/mitigants; and
- Review and monitor mitigating actions on an on-going basis.

Second line of defence:

The Group Risk function (and the NTMA Compliance function with regard to Compliance Risk) provide independent challenge and oversight to ensure implementation of the Group's Risk Management Policy and Framework.

Third line of defence:

Internal Audit is the third line of defence and provides independent, reasonable, risk-based assurance on the robustness of the Group's risk management system, governance and the design and operating effectiveness of the internal control environment.

12.1 Credit risk

Credit risk is the risk of incurring financial loss as a result of default of a counterparty to a particular transaction. In order to achieve its key objectives and fulfil its mandate, the Group must assume a certain level of credit risk. As a fundamental principle, the Group will seek to do so in a prudent manner that assumes the minimum level of credit risk required to achieve its objectives, which is in line with the Group's Risk Appetite Statement. The Group's main credit risk arises from the potential failure of a borrower to fulfil its contractual obligations to the Group.

Credit risk is the most important risk for the Group's business. The Group, therefore, carefully manages its exposure to credit risk. Credit risk is measured, assessed and controlled for all transactions entered into by the Group.

The Group endeavours to minimise its credit risk exposure by undertaking an extensive due diligence process in advance of any lending decisions. The Group's credit risk management process includes the following:

12. Risk management (continued)

12.1 Credit risk (continued)

Underwriting approval and portfolio monitoring

- thorough assessment of each prospective borrower and development, its management, operational capability, development experience, financial performance and repayment capacity. This assessment includes factors such as construction cost inflation, supply chain disruptions and sales values;
- on-site visits and face-to-face meetings with management;
- assessment of the financial performance of the prospective borrower by reference to available information, including financial accounts, management accounts and financial projections;
- analysis of the borrower's repayment capacity, including clear and reasonable demonstration of the borrower's ability to meet its obligations and discharge the Group's debt in full;
- independent risk review and sign off by the Group's Head of Credit and Risk (or appointed delegate) of each potential transaction;
- obtaining adequate security for each transaction;
- credit decisions reserved to the HBFIL Board, HBFIL Credit Committee or Executive Management Team Credit Committee depending on size of facility or risk characteristics of transaction;
- the application of an internal credit rating system and on-going review of credit facilities, including monitoring surveyor reviews of each development to monitor construction progress and cost against budget; and
- regular review of compliance with the respective covenants and undertakings and any terms and conditions imposed by the Group.

The maximum exposure to credit risk for financial assets with credit risk at 31 December 2023 is €353m with a further €328m of undrawn commitments. This maximum exposure to credit risk is presented by class of financial instrument below. The credit quality of HBFI's loans and receivables are non-rated. Cash and cash equivalents are held with the Central Bank of Ireland (Standard & Poor's rating: AA) (2022: AA-) and Allied Irish Bank Plc (Standard & Poor's rating: A) (2022: A-).

	2023 €000	**2022 €000**
Cash and cash equivalents	43,915	15,638
Loans and receivables	309,224	329,937
	353,139	**345,575**
Undrawn commitments to borrowers at 31 December	**328,000**	**357,000**

HBFI had previously entered into a COSME Loan Guarantee Facility with the European Investment Fund which provided a loan guarantee of up to 50% of certain eligible HBFI loan facilities. As at 31 December 2023, there are no HBFI loan facilities subject to this guarantee (2022: €1.1m) as all facilities which were subject to the guarantee have been repaid to HBFI and the COSME scheme has expired.

12.2 Liquidity risk

Liquidity risk is the risk that the Group is unable to meet all of its financial obligations as and when they fall due. It is the risk of loss arising from a situation where there will not be enough cash to fund day-to-day operations.

The Group's liquidity risk management process includes:

- Management of day-to-day funding including the monitoring of future expected cash flows, e.g. future lending commitments, to ensure that requirements can be met as they fall due;

12. Risk management (continued)

12.2 Liquidity risk (continued)

- Asset and liability management by monitoring the maturity profile within the Group's Statement of Financial Position to ensure that sufficient cash resources are available or funding established where mismatches are likely to occur, thereby minimising the impact of liquidity outflows;
- Managing its liquidity risk by aligning, to the greatest extent possible, the maturity profile of its assets and liabilities so eliminating refinancing risk where possible. The Group has sourced long-term funding from its funder, and where possible it structures the tenor and repayment schedule of its loans to reflect that funding maturity profile; and
- Maintaining a cash liquidity buffer to address any short-term liquidity needs that may arise.

The dates of the contractual amounts that commit the Group to make repayments on loans it has borrowed are summarised in the below table. The amounts presented are undiscounted.

	No later than 1 year €000	1-5 years €000	Over 5 years €000	Total €000
2023				
Repayments due	-	-	325,148	**325,148**
2022				
Repayments due	-	-	329,713	**329,713**

12.3. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. HBFI's market risk comprises interest rate risk. Market risks arise from open positions in interest rate products which are exposed to general and specific market movements, and changes in the level of volatility of interest rates.

Interest rate risk

The Group's Net Interest Income has limited exposure to interest rate fluctuations as its loan receivables and its funding are both subject to variable rates (Euribor base rate), with the exception of one tranche of the funding facility which is fixed rate. Interest rate risk is identified, monitored and managed by the Group.

The carrying amounts exposed to interest rate risk at 31 December are detailed below:

Financial Assets – variable rate	2023 €000	2022 €000
Cash and cash equivalents	43,915	15,638
Loans and receivables	309,224	329,937
	353,139	345,575
Financial liabilities – fixed rate		
Funding	133,232	329,713
Financial liabilities – floating rate		
Funding	191,916	-

Following an interest rate reset during 2023, all tranches bar one within the funding facility are carried at a floating rate of interest at 31 December 2023. The remaining fixed rate funding tranche is fixed to 31 December 2026.

12. Risk management (continued)

12.3. Market risk (continued)

Interest rate risk sensitivity

Information provided by the sensitivity analysis below does not necessarily represent the actual change in fair value that the Group would incur under normal market conditions because, due to practical limitations, all variables other than the specific market risk factor are held constant.

The table below shows the sensitivity of the Group to an immediate +/- 100 basis point movement in interest rates, in terms of the impact on net interest income, on a forward-looking twelve-month basis, assuming no change in balance sheet.

Interest Rate Sensitivity Analysis - a 100bp movement

	+100bp €000	-100bp €000
Net Interest Income	1,173	(1,173)

The impact of movement in interest rates on net interest income is limited to those facilities with fixed rate funding, such impact is shown above. Differences in Euribor periods and timing of rate resets are considered immaterial for the purpose of this analysis.

Currency risk

The Group is not directly exposed to currency risk, as all of its funding and lending activities are denominated in euro.

12.4 Capital management

The Group is committed to ensuring it continues to hold sufficient capital (consisting of share capital and retained earnings) as there is a risk that failure to maintain adequate capital could result in it being unable to absorb any potential credit losses. The holding company's current paid-up share capital is €20m, which was provided by its sole shareholder, the Minister for Finance. Review of the Group's capital structure is carried out annually and decisions regarding dividend distribution are subject to consideration of capital maintenance in line with the Group's Capital and Dividend Policy. Pursuant to its capital allocation policy, the Board has approved the allocation of €1.55m of its Group Retained Earnings as at 31 December 2023 as non-distributable.

The Group is not subject to externally imposed capital requirements.

12.5 Concentration risk

Concentration risk is the risk that the Group is exposed to any single exposure or group of exposures that has the potential to produce losses large enough to threaten the ability of the Group to continue operating as a going concern.

The Group manages this risk by adhering to the limits set out in the Risk Appetite Statement which has been approved by the HBFI Board and which is subject to regular review by the Board. The Risk Appetite Statement defines the maximum amounts of credit facilities to be committed to borrowers. The measures are intended to ensure that the risk profile of the overall portfolio is appropriately diversified, and not unduly exposed to excessive concentration of risk.

The Group's geographic concentration of risk assets is solely in Ireland, and the sole sectoral concentration of risk is to residential development, arising from its statutory mandate to make funding available for residential development in the State, as set out in the HBFI Act 2018.

13. Fair value of financial assets and liabilities

13.1. Comparison of carrying value to fair value

The table below summarises the carrying amounts and fair values of the financial assets and liabilities not presented on the Group's Statement of Financial Position at their fair value. None of the assets and liabilities in the Statement of Financial Position of the Group are measured at fair value.

The fair values of these financial instruments are measured according to the following fair value hierarchy:

Level 1 - financial assets and liabilities measured using quoted market prices (unadjusted);

Level 2 - financial assets and liabilities measured using valuation techniques which use observable market data; and

Level 3 - financial assets and liabilities measured using valuation techniques which use unobservable market data.

Group 2023	Carrying Value €000	Level 1 €000	Level 2 €000	Level 3 €000	Fair value €000
Financial Assets					
Cash and cash equivalents	43,915	43,915	-	-	43,915
Loan and receivables	309,224	-	-	309,224	309,224
Financial liabilities					
Funding	325,148	-	-	325,148	325,148
Other liabilities	1,865	-	-	1,865	1,865

Group 2022	Carrying Value €000	Level 1 €000	Level 2 €000	Level 3 €000	Fair value €000
Financial Assets					
Cash and cash equivalents	15,638	15,638	-	-	15,638
Loan and receivables	329,937	-	-	329,937	329,937
Financial liabilities					
Funding	329,713	-	-	329,713	329,713
Other liabilities	1,020	-	-	1,020	1,020

Company 2023	Carrying Value €000	Level 1 €000	Level 2 €000	Level 3 €000	Fair value €000
Financial Assets					
Cash and cash equivalents	864	864	-	-	864
Financial liabilities					
Other liabilities	361	-	-	361	361

13. Fair value of financial assets and liabilities (continued)

13.1. Comparison of carrying value to fair value (continued)

Company 2022	Carrying Value €000	Level 1 €000	Level 2 €000	Level 3 €000	Fair value €000
Financial Assets					
Cash and cash equivalents	842	842	-	-	842
Financial liabilities					
Other liabilities	282	-	-	282	282

13.2 Fair value measurement principles

Cash and cash equivalents

The fair value of these financial instruments is equal to their carrying value due to these instruments being repayable on demand and short-term in nature.

Loans and receivables and Funding

The fair value of these financial instruments is equal to their carrying value due to the defined nature/purpose of these facilities.

14. Other receivables

	2023 €000	2022 €000
Non-current:		
Deferred expenditure	664	675
Other receivables	19	8
	683	**683**
Current:		
Deferred expenditure	266	473
Other receivables	29	94
	295	**567**

Deferred expenditure relates to external expenses incurred and paid in carrying out due diligence reviews and finalising legal agreements on facilities which are recognised over the term of the relevant facility. Other receivables consist of commitment fees receivable from borrowers, and interest earned on certain bank deposits.

15. Other liabilities

	Group 2023 €000	Group 2022 €000
Current:		
Amounts due to the NTMA (see note 23)	1,202	998
Revenue – Payroll Taxes	-	8
Revenue – Corporation Tax	581	-
Deferred income	1,251	1,758
Accrued expenses	207	263
Trade payables	82	22
	3,323	3,049
Non-current:		
Deferred income	2,541	3,660

Deferred income relates to the facility arrangement fees, commitment fees and other due diligence fees recovered from borrowers. Each fee is recognised in the Consolidated Statement of Comprehensive Income over the term of the relevant facility.

Current	Company 2023 €000	Company 2022 €000
Other liabilities	361	282

Other liabilities relate to board fees paid by HBFIL on behalf of HBFI.

16. Funding

	2023 €000	2022 €000
Funding loans	325,148	329,713

The Group had loans of €325m outstanding from the ISIF as at 31 December 2023 under a 10-year revolving credit facility with a maturity date of 24 May 2033. The facility is unsecured. There are no scheduled repayments under the facility prior to the maturity date, however, the Group applies all repayments from borrowers against its funding loans, either through recycling repayments to fund new loans or repaying the ISIF funding loans when repayments from borrowers cannot be recycled effectively. At the end of the period the Group had €405m in undrawn funding facilities with the ISIF.

16.1 Reconciliation of movements in Funding during the year

	€'000
Balance at 1 January 2023	329,713
Drawdowns	186,105
Repayments	(201,825)
Interest payable	11,155
Balance at 31 December 2023	**325,148**

17. Maturity analysis of assets and liabilities

The below table presents the breakdown of those assets and liabilities which contain a non-current element. The asset analysis is based on when management expects to receive cash for the asset. Liabilities are analysed between current and non-current depending on whether or not the Group has an unconditional right at the balance sheet date to defer settlement for at least 12 months from that date.

2023	Current €000	Non-current €000	Total €000
Financial assets			
Loans and receivables	173,172	136,052	309,224
Financial liabilities			
Funding	-	(325,148)	(325,148)

2022	Current €000	Non-current €000	Total €000
Financial assets			
Loans and receivables	158,849	171,088	329,937
Financial liabilities			
Funding	-	(329,713)	(329,713)

18. Auditor's remuneration

	2023 €000	2022 €000
Audit of financial statements	36	34

There are no non-audit services included above.

19. Equity

The ultimate beneficial ownership of the Group is held by the Minister for Finance by means of 20,000,000 nominal shares of €1.00 each in the holding company, HBFI.

In accordance with section 10 (4) of the HBFI Act 2018, HBFI's authorised share capital may be increased to such other amount as may be determined by the Minister for Finance from time to time.

20. Lease Commitments

In January 2019 HBFI entered into an agreement for office accommodation at 1 Treasury Dock, North Wall Quay, Dublin 1. The lease term runs from 1 January 2019 to 24 May 2033. HBFI may break the lease term only on foot of a Ministerial Direction that HBFI cease operations and subject to providing a minimum twelve-month notice period to the lessor to exercise this break. Lease expenditure of €0.19m was incurred in 2023 (2022: €0.16m) as HBFI took on additional floor space during the last quarter of 2023. The nominal future minimum rentals payable to 24 May 2033 are as follows:

	2023 €000	2022 €000
Within one year	263	159
In two to five years	1,054	636
Over five years	1,160	857
	2,477	**1,652**

21. Contingent liabilities

The Group had no contingent liabilities at the reporting date which would require disclosure in the financial statements.

22. Investment in subsidiary undertakings

The subsidiary of the Company as at 31 December 2023, HBFIL, is incorporated and operating in Ireland, with registered office at Treasury Dock, North Wall Quay, Dublin 1, D01 A9T8.

	Proportion Held	Issued Share Capital	Activity
Home Building Finance Ireland (Lending) DAC	100%	1 Ordinary Share of €1	Lending

HBFIL is a 100% subsidiary of HBFI by means of 1 ordinary share (€1 nominal value) issued. The authorised share capital consists of 200,000,000 ordinary shares of €1.00.

HBFI made a capital contribution to HBFIL in 2019. The capital contribution of €15m is non-refundable and gives no rights to HBFI to shares in the capital or assets of HBFIL. An additional capital contribution of €4m was made in 2022 on the same terms. No such contribution was made in 2023.

	Company 2023 €000	Company 2022 €000
Opening capital contribution to HBFIL	19,000	15,000
Investment in subsidiary	-	4,000
Closing capital contribution to HBFIL	**19,000**	**19,000**

23. Related parties disclosures

23.1. Related parties

Home Building Finance Ireland (Lending) DAC

Home Building Finance Ireland (Lending) DAC is a 100% subsidiary of Home Building Finance Ireland DAC.

Minister for Finance

The issued share capital of HBFI is owned solely by the Minister for Finance. The authorised share capital may be determined by the Minister for Finance from time to time by virtue of section 10 (4) of the HBFI Act 2018.

NTMA

The NTMA provides staff and business support services to the Group. The costs incurred by the NTMA are charged to the Group, in accordance with the terms of the Service Level Agreement between HBFI and the NTMA.

Other Government controlled entities

The Ireland Strategic Investment Fund and Allied Irish Banks Plc. are related parties of the Group in accordance with FRS 102 *Section 33* as each are under the control of the Minister for Finance.

Key management personnel

Key management personnel in HBFI consists of the members of the Board, the Chief Executive Officer and the senior management team reporting directly to the Chief Executive Officer.

23. Related parties disclosures (continued)

23.2. Transactions and balances with related parties

The following are the transactions that took place during the financial period with related parties:

NTMA recharge

The NTMA incurs costs for the running of the Group, which it recharges to the Group. The total of these costs for the financial period was €7.3m (2022: €6.2m). Further details in respect of these costs are disclosed in Note 8. There is an amount of €1.2m (2022: €1m) payable to the NTMA at the end of the financial period. In addition, the NTMA is the landlord for the lease payments set out in Note 20.

ISIF Loan Facility

The ISIF provided a loan facility of €730m to the Group, under direction from the Minister for Finance. The ISIF loan operates as a revolving loan facility with a facility maturity date of 24 May 2033. Drawdowns, repayments, and interest transactions in relation to the facility are set out in the Statement of Cash Flows and disclosures above.

Allied Irish Banks Plc

At the end of the financial year, the Group held €36m of cash at Allied Irish Banks Plc (2022: €14.8m). The Group also has a €3m bank overdraft facility which was undrawn at the financial year end.

Key management personnel

Transactions with key management personnel are disclosed in Note 8.

24. Disclosures of interest

There are disclosure of interest requirements on Directors under the Companies Act 2014, the Company's Articles of Association and the Code of Practice for the Governance of State Bodies. HBFI has put in place procedures to assist Directors in meeting their disclosure of interest obligations during the period under review.

25. Events after the end of the reporting period

No events requiring adjusting or disclosure in the financial statements occurred after the end of the reporting period.

26. Approval of the financial statements

The financial statements were approved by the Directors on 10 April 2024.

Maoiniú Teaghais-Tógála Éireann
Home Building Finance Ireland

Home Building Finance Ireland
Treasury Dock, North Wall Quay,
Dublin 1, D01 A9T8, Ireland

T 353 1 238 4000
E info@hbfi.ie
W www.hbfi.ie

Printed on recycled paper