

**HOME BUILDING FINANCE IRELAND (THE “COMPANY”)
MINUTES OF A MEETING OF THE BOARD OF DIRECTORS OF THE COMPANY (“BOARD”)
DULY CONVENED, CONSTITUTED AND HELD AT 2.00 PM ON
WEDNESDAY, 10 APRIL 2024 AT TREASURY DOCK, NORTH WALL QUAY, DUBLIN 1**

Present: Marie Collins Chair
Dara Deering CEO
Claire Solon
Ken Slattery
Grainne Hennessy
Andrew O’Flanagan

Apologies: Des Carville

In Attendance: Sean Alger Head of Credit and Risk (HoCR)
Denise Donovan Head of Operations and Finance (HoOF)
Fergus Mangan Head of Lending (HoL)
Laura Finnegan NTMA Senior HR Manager (SHRM)
Cecilia Fourie Company Secretary (CS)

1. NOTICE AND QUORUM

It was noted that notice of the meeting and of the nature of the business to be conducted had been given to all directors entitled to attend the meeting and that a quorum, being four directors, was present in accordance with the Company’s Articles of Association (the “Articles”). It was further noted that all the directors present were, pursuant to the Articles, entitled to vote and be counted in the quorum. The meeting then proceeded to business.

2. LIMITATIONS TO THE NUMBER OF DIRECTORSHIPS AND RESIDENCY REQUIREMENTS UNDER THE COMPANIES ACT 2014

It was noted that pursuant to Section 137 of the Companies Act 2014 (as amended) (the “Act”), at least one of the directors of the Company is resident in a Member State of the European Economic Area and that no director present individually held more than twenty-five directorships for the purposes of Section 142 of the Act and was therefore eligible to vote on all board resolutions brought before the meeting.

3. DISQUALIFICATION AND RESTRICTION ORDERS AND UNDERTAKINGS

Those directors present each declared that they were not the subject of any declaration, order or deemed order for disqualification or restriction under the Act including Part 14, Chapters 3 and 4 and had not received any notice under that Part of the Act including any notice concerning a disqualification or restriction undertaking under Part 14, Chapter 5.

4. DECLARATIONS OF INTEREST

In accordance with section 231 of the Companies Act 2014, and the Constitution of the Company, and, for the purposes of Section 5.8 (ii) of the Code of Practice for the

Governance of State Bodies 2016, there were no material interests declared by the directors present at the meeting in the business to be transacted at the meeting which would preclude them from participating in the meeting and forming part of the necessary quorum.

5. CONFIRMATION IN RELATION TO RESERVED MATTERS

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

6. MEETING MINUTES AND MATTERS ARISING

The Board NOTED that draft minutes of the meeting of the Board held on 22 February 2024 had been circulated to the Board members in advance of the meeting and it WAS RESOLVED that the minutes of the meeting be APPROVED. The Board NOTED that the minutes of the meeting of the Board held on 7 March 2024 was approved via email and signed by the Chair.

7. CEO UPDATE

The CEO presented a summary of the key points contained in the paper and advised that these items would be elaborated on by other presenters later in the meeting. The CEO provided an update on the interim management arrangements for the business development team. **THIS ITEM HAS BEEN REDACTED IN PART.**

The CEO’s Update was NOTED by the Board.

8. EMPLOYEE ENGAGEMENT SURVEY UPDATE

The SHRM joined the meeting and presented the employee engagement survey results. The SHRM provided commentary on the most favourable and least favourable results. She outlined the areas of strengths to maintain and opportunities for improvement. The SHRM summarised the feedback from the employee focus group noting it was well attended and the group were solution focused. She provided an overview of the actions taken and outlined the next steps.

The CEO commented on the feedback from the focus group and advised that there was positive feedback from the changes implemented to presentation of credit proposals at the EMT Credit Committee. She advised that the focus is on the growth and development of employees.

The Board discussed the areas for improvement and agreed that there should be focus on career progression for employees.

Following a discussion, the Board NOTED the employee engagement survey results.

9. ANNUAL PRESENTATION FROM HEAD OF LENDING AND A BUSINESS UPDATE

The HoL joined the meeting and presented the business update and summarised the market trends and performance to date. He advised that there was a strong market demand for residential funding **THIS HAS BEEN REDACTED IN PART**. He added that all lenders were very active in the market and highlighted the recent announcement of a competitor on a new joint venture with a pillar bank targeting apartment schemes. The HoL further provided an update on the trends seen in social housing, PRS schemes, and apartment schemes.

Following questions from the Board, the HoL provided further detail on the viability issues of apartment schemes, development levies, and commented on the evolving landscape of competitors.

The HoL provided an update on the Business Development and Lending teams. He summarised the activity of the teams noting the small loans forum was working well. The HoL summarised the stakeholder engagement including workshops, HBFI events and events at which HBFI is asked to present. The HoL further commented on the pipeline, the priorities, and areas of focus for 2024.

Following a discussion, the Board NOTED the annual presentation and business update.

10. MEOP REPORT

The HoOF joined the meeting and with the HoL jointly presented the summary findings of the Market Economy Operator Principle (“**MEOP**”) Report. The HoOF advised that the report consisted of the standard annual review of HBFI’s existing rates to ensure they are in line with market but also, given movements in the market, a consideration of the potential for changes to the upper and lower ranges of HBFI’s pricing, which will feed into a review of pricing guidelines. The HoOF advised that the MEOP Report was in draft form, and a final copy will be made available to the Board once the state aid opinion from McCann FitzGerald is received. **[AP]**

Following questions from the Board, the HoOF and HoL provided further detail on the requirement to complete a corresponding state aid opinion, and the findings of the MEOP Report.

Following a discussion, the Board NOTED the summary findings of the MEOP Report for 2024. The HoL left the meeting.

11. FINANCIAL PERFORMANCE

The HoOF presented a summary of the report and commented on the net interest margin and impact of repayments.

The results to end of February were NOTED by the Board.

12. FINANCIAL STATEMENTS AND ANNUAL REPORT 2023 AND LETTER OF REPRESENTATION

The HoOF presented the financial statements, annual report, and letter of representation for the 2023 financial year for approval. She advised that the HBFI Audit and Risk Committee

("ARC") reviewed and recommended same for approval to the Board at its meeting on 28 March 2024. The HoOF outlined the salient matters and highlighted the key differences from the previous year, noting the broadening of the tax note and an additional comment in the operating expenses note.

The HoOF advised that clearance had been received from the Comptroller & Auditor General ("C&AG"). The Chair of the ARC advised the Board that he had spoken to the C&AG and noted that the C&AG were complementary of the engagement with the HBFI Management Team. He added that the C&AG were considering including one low recommendation in their Management Letter regarding a reconciliation of undrawn commitments at year end and the HoOF confirmed that this reconciliation has been provided to the C&AG for the last two years as part of the audit process.

Following questions from the Board, the HoOF provided further information on the total hospitality spend, feedback from NTMA Communications, and the confirmations received from the relevant business units including the EMT on the letter of representation. The HoOF confirmed that there were no further material matters to bring to the Boards attention.

Following a discussion, the Board APPROVED the HBFI consolidated Financial Statements and Annual Report for the financial year ending 31 December 2023 and the Letter of Representation and authorised the Chair and CEO to sign same.

13. CAPITAL MAINTENANCE AND DIVIDEND POLICY

i. *Capital Maintenance and Dividend Policy*

The HoOF presented the Capital Maintenance and Dividend Policy which was recommended by the ARC for approval. She noted that one footnote had been added to the draft presented at the previous Meeting on request from the ARC.

Following a discussion, the Board APPROVED the Policy as presented.

ii. *Capital Buffer Allocation for 2023*

The HoOF presented the calculation for the capital buffer allocation which was recommended by the ARC for approval and referred to the wording included in the financial statements in this regard.

Following a discussion, the Board APPROVED the capital buffer allocation for 2023.

14. ANNUAL REVIEW OF THE CODE OF PRACTICE FOR THE GOVERNANCE OF STATE BODIES

The CS presented the annual review of HBFI's compliance with the Code of Practice for the Governance of State Bodies ("**the Code**") and advised that there were no new adaptations proposed and that the existing six adaptations as agreed with the Department remain in place.

The CS advised that on 28 March 2024 an assurance paper was jointly presented with the Head of Compliance in the NTMA to the ARC. The purpose of the paper was to provide assurance to the ARC in their consideration and recommendation for approval of the financial statements and annual report which encompasses confirmation of HBFI's compliance with (i) the Code of Practice for the Governance of State Bodies and (ii) other Statutory and Governance Obligations.

The Board discussed the annual review and requested that the standing items on the ARC Agenda be amended to include confirmation on complaints and appeals. **[AP]** In response to a question on the membership of the ARC from the Board, the Chair of the ARC confirmed that the Committee is satisfied that they have the appropriate mix of skills.

The Board APPROVED the annual review of HBFI's compliance with the Code and the proposed adaptations to the Code as presented.

15. ANNUAL REPORT AND WRITTEN UPDATE FROM THE ARC HELD 28 MARCH 2024

The Chair of the ARC presented the annual report from the ARC to the Board in compliance with the Code, for the year 2023. He outlined the work completed by the ARC and highlighted in particular the reviewing the methodology used for impairment provisioning in the light of certain market trends with the assistance of Deloitte.

The Chair of the ARC further presented the written report of the meeting held on 28 March 2024.

The Reports were NOTED by the Board.

16. ANNUAL REPORT FROM THE REMUNERATION COMMITTEE

The Chair of the Remuneration Committee presented the annual report from the Remuneration Committee to the Board in compliance with the Committee's Terms of Reference, for the year 2023. She highlighted the material progress made by the Committee to date on succession planning.

The Report were NOTED by the Board.

17. RISK

i. Credit Decisions Report

The HoCR provided an overview of the credit decisions made since the last report. **THIS ITEM HAS BEEN REDACTED IN PART.**

Following a question from the Board, the HoCR explained that the approvals for cost increases were case specific and that there was generally a downward trend in the rate of construction cost inflation.

The Board NOTED the Credit Decisions Report.

ii. Risk Appetite KPIs

The HoCR presented the Risk Appetite KPIs for noting and advised that there were no material matters to bring to the attention of the Board.

The HoCR confirmed that there were no emerging risks since the last risk report to bring to the attention of the Board and advised that the risk report is due to be presented at the May Board Meeting.

The Board NOTED the Risk Appetite KPIs.

iii. Account Review Schedule

The HoCR presented the schedule and advised the position of the upcoming loan account reviews including when they are expected to be presented to the relevant DA.

The Board NOTED the Account Review Schedule.

18. CREDIT AND RISK POLICIES:

i. Pricing Policy

The HoCR presented the scheduled review of the Pricing Policy and confirmed that there were no changes proposed to the policy.

Following a discussion, the Board APPROVED the Pricing Policy as presented.

ii. Credit Grading Policy

The HoCR presented the scheduled review of the Credit Grading Policy and confirmed that there were no changes proposed to the policy.

Following a discussion, the Board APPROVED the Credit Grading Policy as presented.

19. BOARD SELF-ASSESSMENT RESULTS

The Chair introduced this item and advised that the process error on the circulation of the results has been resolved and the CS outlined the steps taken to ensure the error does not reoccur. The CS presented the results and outlined the proposed actions. The CEO advised that a review will be taken of the number of scheduled meetings annually with a paper to be presented at the next meeting for consideration and discussion.

The Board discussed the area of groupthink noting the importance of critical thinking and constructive challenge while striving to reach consensus on decisions. The Board further discussed the results and proposed actions. The Board requested that the CS make available all the comments received from the survey. **[AP]**

Following a discussion, the Board NOTED the results of the self-assessment.

20. AOB

There were no matters to discuss under AOB.

The CEO and CS left the meeting.

21. PRIVATE SESSION

In accordance with section 1.7 of the Code of Practice for the Governance of State Bodies the Board met without the executive Board members or management present. This item was minuted separately.

CLOSE

There being no further business the meeting then terminated.

Chairperson