



Supporting Housing Delivery



Delivering Together

The Housing Finance Agency facilitates the successful delivery of social and affordable housing in Ireland.

The HFA achieved remarkable results in 2023, providing €1.2 billion in loan financing to customers to support the development of high-quality social and affordable homes. This substantial investment underscores our commitment to the Government's *Housing for All* goals.



€987m

Loan advances to AHBs



3,796

Total homes delivered

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Explore online

Visit our website to find out more: www.hfa.ie
Follow us and join the conversation

Who We Are

The Housing Finance Agency (HFA) is a semi-State company that facilitates the delivery of social and affordable housing by Approved Housing Bodies, Local Authorities and Higher Education Institutions.

We do this by providing long-term competitive loans to the sector, and by using our financial expertise to support customers in the development and implementation of effective housing programmes. The HFA has committed to providing €5 billion in funding over the lifetime of the Government's *Housing for All* plan.

2023 at a Glance



Chairperson's Statement

Supporting our customers

Frank Allen Chairperson

I am very pleased to present the Housing Finance Agency's Annual Report for 2023, which showcases the significant role that the HFA continues to play in supporting the government's *Housing for All* plan. The year under review was particularly busy for all housing providers in Ireland and was a year of continued growth for the HFA. Our loan book increased to €7.4 billion and profits reached €74 million.

The HFA's customers are the main providers of social and affordable housing in the State and they excelled in delivering new housing in 2023. This delivery required housing providers to overcome difficulties in supply chains and to partner with other entities in the public, private and voluntary sectors. We are pleased to have been able to provide long-term finance at competitive rates to support this delivery.

Notwithstanding the strong growth in delivery of social and affordable housing, there remains a severe shortage in most categories of housing in Ireland. The HFA is particularly conscious of the need to support AHBs that are committed to providing housing for people with specific needs, who may also require care and support. These housing providers face the same difficulties as larger general housing bodies in relation to such issues as construction inflation and planning, but have the additional challenge of securing long-term funding for care of residents.

The HFA recognises that it can play a role in strengthening capacity and building skills in specialist housing associations and we are now partnering with the Irish Council for Social Housing (ICSH), to provide guidance to organisations that may not have the resources or internal knowledge to move confidently through the HFA process. With this support in place, we hope that some of these AHBs will consider HFA financing to provide long-term, appropriate housing for the communities they serve.

The HFA Board makes it a priority to visit HFA-funded housing projects and in 2023 we toured two new-build construction schemes in Galway City, where 184 homes are being delivered by Respond. We also had the opportunity to visit the University of Galway's new student accommodation on the day that it welcomed students for the new academic year. Provision of high-quality campus accommodation allows third level institutions to offer places to more students but without putting undue pressure on the local rental market.

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The HFA's customers are the main providers of social and affordable housing in the State and they excelled in delivering new housing in 2023.



The HFA hopes to work with the new Technological Universities as well as with the long-established universities to increase the supply of student accommodation in cities and towns around Ireland.

I want to thank all our housing partners, particularly the Department of Housing, Local Government & Heritage and the Department of Finance, for their continuing support over the course of 2023.

I also want to acknowledge the HFA staff for their commitment and dedication to providing excellent service to social and affordable housing providers, which is reflected in the exceptional results achieved in 2023.

Finally, I wish to express the Board's appreciation to three senior HFA executives who are retiring or have retired in recent months. Our Chief Executive and Board colleague,

Barry O'Leary, has shown vision and commitment to housing finance since he joined the Agency in 1988, and in particular during his term as Chief Executive. Seán Cremen, Head of Treasury, has upheld the highest standards in lending, while committing to a spirit of partnership with all our lenders. Tom Conroy retired as Company Secretary and Head of Finance, having ensured that governance and controls were fully implemented for an expanded mandate. We wish the very best for their future endeavours.

Frank Allen
Chairperson

28 March 2024

The HFA's Board and senior staff visited social housing schemes in Galway.



Taoiseach Simon Harris announced a €430 million deal between the HFA and the European Investment Bank to facilitate the delivery of affordable student accommodation. Pictured at the HFA offices with EIB President Werner Hoyer and HFA CEO Barry O'Leary.



Chief Executive Officer's Review

An impressive year of collective growth

Barry O'Leary Chief Executive Officer

This is my 12th and final review for an Annual Report as Chief Executive Officer of the HFA. 2023 was a positive year, for the HFA and for the sector, with clear evidence of a considerable pick-up in the momentum towards towards significant delivery of social and affordable housing.

Loan approvals in 2023 reached €1.6 billion, marking a 127% increase on the previous year, which was already very busy.

It was another challenging year – in part due to rising construction costs - but customers have shown a strong dedication to ramping up their delivery of housing and we take pride in our collaboration with them. We look forward to continuing to grow together.

While the financing for social and affordable housing plays a crucial role, it is our customers who ultimately deliver the bricks and mortar apartments and houses. Moreover, they provide essential support and guidance to residents so these properties can become comfortable, secure homes for life.

Our customers also play a significant role in building communities around the homes they deliver. I had the opportunity to see this first-hand when I visited Tuath's development, The Meadows, in Cork during the summer. Local staff ran a summer camp, funded by the HFA, for young people in the area and it was clear how much it had enriched the summer break for the young people who took part. This is just one of many activities and community events organised by AHBs all across Ireland during 2023 and the impact cannot be overstated.

I have been heartened to see the commitment from the sector to the delivery of cost rental housing, with our loan approvals last year suggesting that 2024 will be an even stronger year for cost rental. This is an important tenure of housing, providing a secure option for middle-income earners who are struggling to afford private sector rents.

We are also eager to help people to get a foot on the property ladder and our competitive-rate finance allows local authorities to provide long term, fixed rate mortgages to homeowners through the Local Authority Home Loan. Last year we provided €74 million to local authorities to support these loans, which are aimed at prospective homeowners who have been turned away from the traditional banks.

The HFA Board had the pleasure of visiting a number of HFA-funded housing sites delivered by Respond in Galway in September 2023, as well as an impressive new student accommodation complex at the University of Galway.

Increasing our financing of student housing is a key priority for the HFA. A particular highlight in the year was the visit of Dr Werner Hoyer, President of European Investment Bank (EIB) and Minister for Further and Higher Education Simon Harris to HFA offices to sign a

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Our strategy is geared towards facilitating the delivery of 19,000 new homes by the end of 2026.



€434million deal which will aid the delivery of more affordable student accommodation. Work is also underway to extend this financing option to Technological Universities.

Our strategy is geared towards facilitating the delivery of 19,000 new homes by the end of 2026. We are well on our way to reaching this target.

Our own team is also growing. We know that as our customers do more, they need more from us and we will continue to expand our team and enhance our services to ensure we can meet those demands. We are ready and willing to fulfil our side of the bargain, with well-priced funding to facilitate our customers' delivery of social and affordable housing.

I would like to thank our customers for their lively engagement and express my appreciation for the invaluable support we received from all stakeholders in 2023 and during my time as CEO. A special acknowledgement goes to Minister for Housing, Local Government and Heritage, Darragh O'Brien TD, whose energy and commitment to the sector is reflected in the advancements and successes in housing delivery in recent years.

My thanks too to our funders, namely the NTMA, the European Investment Bank and the Council of Europe Development Bank, whose collaboration allows us to make an excellent offering to customers.

Over the years I have had the honour to work with some wonderful people who served on the Board of the HFA. Each person contributed to the progress and success of the HFA and I thank them for their service and invaluable input.

I would like to express my gratitude to my Chairman, Mr Frank Allen, for his consistent support of me and the HFA. Under his stewardship, I am confident the agency will continue to thrive and deliver a superb service.

Finally, I would like to pay tribute to the dedicated staff of the Housing Finance Agency for their hard work, friendship and good humour over the years. It has been a privilege to lead the HFA through a period of recovery from the financial crisis, into a phase of sustained growth where we are financing record levels of loans for the supply of high quality social and affordable housing. Our steady accomplishments in recent years are thanks to those exceptional people and I am certain they will continue that success into the years ahead.

Go n-éirí an bóthar libh.

Barry O'Leary
Chief Executive Officer

28 March 2024



Serving and Celebrating Our Customers

We value our customers and the essential work they do. Together, we are dedicated to achieving our shared vision of delivering social and affordable housing for all.

Respond

Driving Growth



Clúid Housing

Homes for Life



Focus Ireland

Sustainable, Supported Communities



At the Housing Finance Agency, we value our customers and the essential work they do. Together, we are committed to achieving our shared vision of delivery social and affordable housing for all.

The HFA's own work involves loan application appraisals, the review of financial metrics relating to customers, loan drawdowns and the creation of new loan facilities to adapt to Government housing policy. We ensure customers know that staff are available to support them through each part of the process, including through in-person meetings at our offices.

The HFA knows how important it is for our customers to have access to affordable rates of financing, so they can deliver housing that is good value for the State and for their clients.

We have expertise, built up over more than forty years, in providing long-term competitive rate financing to customers. We have a strong reputation for our efficient and supportive engagement with customers and we are always striving to build on that.

Through the HFA's Strategy 2026, we are enhancing our relationships with customers, working with them to understand their needs and the challenges they face.

In 2023 this involved feedback meetings with customers in which we encouraged an open dialogue; participation in housing and finance groups and events; and the ongoing development of appropriate structures and products. In addition, the HFA funded a finance advisory role for customers to access through the Irish Council for Social Housing (ICSH).

Easy Access to Information

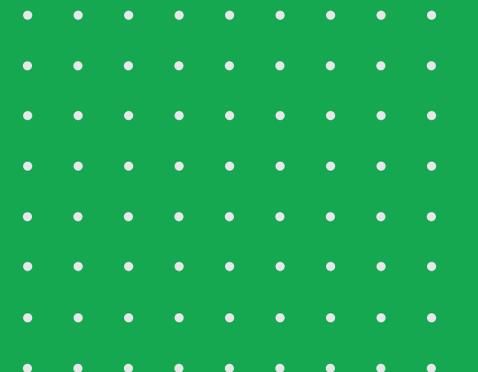
The HFA undertakes to respond to queries in an open and timely manner and to provide any required information about ourselves and our services to customers.

With the introduction of hybrid working across the sector since the start of the Covid-19 pandemic, the HFA understands the need to ensure easy online access to information about products and services.

The HFA aims to maximise the number of online services it provides, ensuring better customer service, improving data accessibility, and reducing costs for service users. Through the HFA website, customers can access data and avail of services, wherever they are.

A new Financial Management system and an improved Customer Relations Management (CRM) system are currently in development and will represent a major enhancement of the HFA's customer resources.

We have put in place a robust complaints procedure for customers and are committed to monitoring, evaluating, and improving our performance where required. We aim to deal with all complaints within 10 working days. We also aim to streamline and ensure clarity around rules, regulations, forms, information leaflets and procedures.



Respond

Driving Growth

Respond has 1,452 homes currently under construction



Parag Joglekar, Director of Investment and Development with Vanessa Kley, Development Department Assistant at Lisieux Hall, Murphystown Rd, Carmanhall, Leopardstown, Dublin 18.

“

Our Development Team is made up of 21 dedicated professionals, including registered architects, quantity surveyors, planners, land and development surveyors, clerk of works, construction managers, project managers, technicians and support staff.

Having an in-house technical team since its inception has allowed Respond to lead in all aspects of housing delivery, from design to construction management.

The financing structure, particularly the roles of the CALF and CREL models, has been pivotal in advancing the delivery of social and cost rental housing in Ireland. These models have significantly supported Respond’s mission to enhance the national housing stock. However, the cornerstone of our ability to implement these models and bring our projects to fruition is the critical support we receive from the Housing Finance Agency (HFA).

By providing the necessary residual funding through competitive lending rates, clear terms on title covenants, construction contracts, warranties, and efficient processing timescales, the HFA enables us to deliver more construction led projects. In doing so, wider opportunities have been unlocked to deliver additional homes on sites for other tenures, such as private for sale-affordable for sale-private rental by developers.

Since May 2018, when we embarked on our first development agreement scheme, the support from the HFA has been a cornerstone in facilitating the commencement of construction on 4,012 new homes. With 1,452 homes currently under construction and plans to commence at least 2,400 new homes in 2024, the importance of the HFA’s backing becomes even more pronounced.

Parag Joglekar
Director of Investment and Development



■ Respond Housing at Elanora Court, Longmile Road, Dublin 12

Clúid Housing

Homes for Life

Clúid Housing's dedicated age-friendly division Clann delivered 63 social apartments at Newtown Meadows in Limerick



Scheme Manager Josh Gibson with resident Frank O'Mahony at his new home in Newtown Meadows.

“

Newtown Meadows is a wonderful development, the apartments are extremely spacious and finished to a high standard. There is great potential to build a big community feel within the development, with the community room and office for myself as the Scheme Manager. I'm looking forward to holding events and having guest speakers in to engage with the residents to help empower the residents in building a community at Newtown.

My favourite thing about my job is the people and the value in the work we do. My grandfather lived in social housing back in the UK for as long as I can remember until the day he passed. He was always so proud of his home and his garden, which were both kept to an impeccable standard. It gave us all such comfort that he was able to live independently and didn't have to go into a home like many of his friends had to.

Josh Gibson
Scheme Manager

“

I have a secure home for the rest of my life. I am 65-years-old, so this will be the last move for the rest of my life. I feel so appreciative to have been allocated a home as I couldn't afford to find accommodation for myself. I'm also looking forward to putting my stamp on the apartment and furnishing the property to a high standard.

I've been extremely impressed with Josh. He has provided me with all the relevant information throughout the process and answered any questions or concerns I had at the beginning. Josh has been really helpful and given me more than I had expected.

The location is ideal for me, there's great public transport and local amenities. The building itself makes me feel really secure. I am looking forward to meeting people and getting involved with any events held for residents.

Frank O'Mahony
Resident of Newtown Meadows



■ Clúid Housing at Newtown Meadows, Limerick

Focus Ireland

Sustainable, Supported Communities

Focus Ireland delivered 16 homes at Grand Parade in Cork City



“

Focus Ireland prioritises its social responsibility, environmental friendliness, and economic resourcefulness in building and nurturing future communities.

Prior to regeneration, the Grand Parade building was disused and vacant for many years. Now, following extensive development, the site consists of high-quality, permanent homes for 16 households, with Focus Ireland’s main Cork office located at its ground-floor level.

Focus Ireland’s Meascán Housing Model brings about an intentional ‘social mix’ of people with or without support needs, combining tenants with experiences of homelessness, with those who have not. This brings about more tolerance, appreciation and understanding of the impacts homelessness can have, and seeks to reintegrate those tenants into mainstream housing.

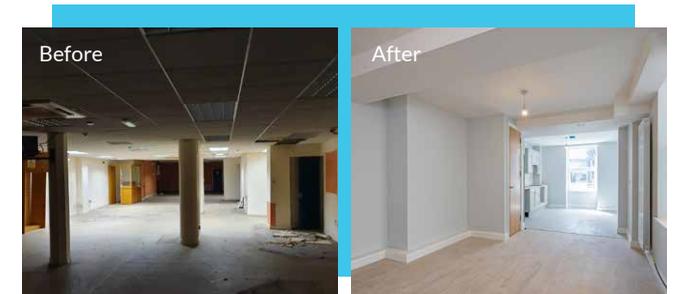
The Grand Parade development provides homes for young people leaving care, Housing First tenants who experienced homelessness, along with older persons, couples, single persons and a small number of families.

Having an office as part of the development has been an integral part of the project’s success. Residents can feel overwhelmed in the early stages of moving in, especially if they have come from emergency accommodation sites, where support is available 24/7.

The set up has allowed staff to build positive relationships from the onset, especially with our Housing Officer, Leona Hennessey, who supports tenants in our units. In turn it enables our residents to better settle into their new homes, knowing that we are only downstairs should a problem arise or even just for a chat.

Handing someone the keys to their new home and seeing the opportunities it can create for them is the best feeling. Although providing a home is a positive step in a customer’s journey, it is essential that we as a service can provide wrap-around-supports and equip people with the tools and resources needed to ensure they maintain and stay in their home, thus breaking the cycle of homelessness.

Aisling O’Connor
Manager of Focus Ireland Services for the Southwest Region



■ **Grand Parade** in Cork before was previously disused and vacant for many years. Following extensive development, it now consists of high-quality, permanent homes for 16 households.

Approved Housing Body Lending

Homes delivered by Approved Housing Bodies in 2023 with HFA financing

In 2023 our Approved Housing Body customers continued to deliver thousands of high-quality homes across Ireland, with the support of financing provided by the HFA¹.



€987m

Loan advances to AHBs

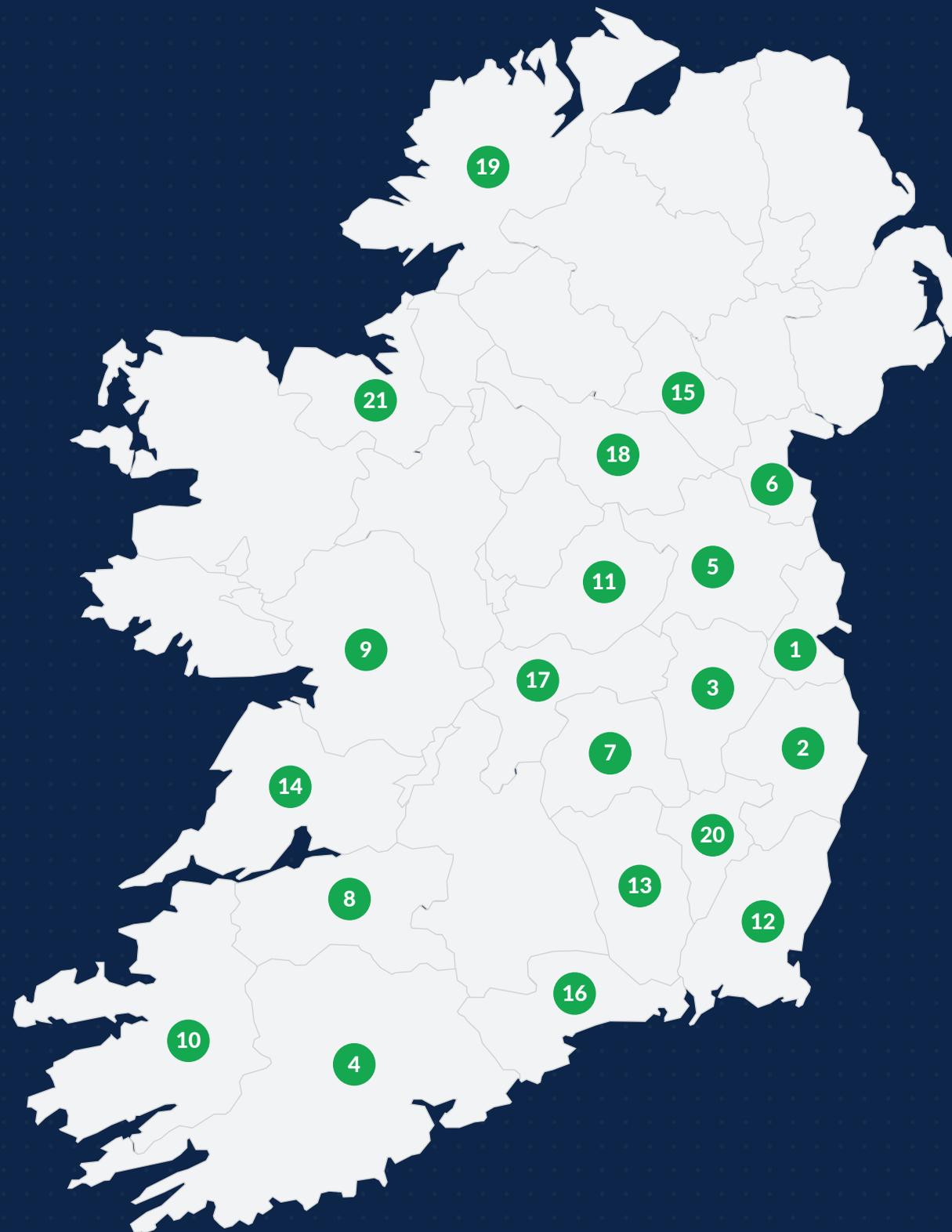


3,796

Total homes delivered

Loan Approvals by County

1 Dublin €347.7m 1,102 Homes	7 Laois €46.6m 224 homes	13 Kilkenny €19.9m 83 homes	19 Donegal €2.1m 12 homes
2 Wicklow €105.1m 406 homes	8 Limerick €34.1m 161 homes	14 Clare €15.2m 68 homes	20 Carlow €1.7m 10 homes
3 Kildare €87.9m 389 homes	9 Galway €32.2m 191 homes	15 Monaghan €9.2m 43 homes	21 Sligo €820,000 8 homes
4 Cork €68.5m 134 homes	10 Kerry €31.4m 149 homes	16 Waterford €7.7m 17 homes	Multi-county schemes €6m 34 homes
5 Meath €66m 384 homes	11 Westmeath €25.1m 98 homes	17 Offaly €2.5m 41 homes	
6 Louth €48.5m 105 homes	12 Wexford €24.4m 124 homes	18 Cavan €2.4m 13 homes	



¹ Loan totals include drawdowns for completed homes, as well as those still under construction. Home figures relate to completed homes only. The total loan advance figure includes a €1.9m drawdown in Tipperary for homes that were still under construction in 2023.

Environmental, Social Governance (ESG)

The Housing Finance Agency (HFA) is committed to integrating environmental, social and governance (ESG) principles into its services and business operations.

The Housing Finance Agency (HFA) recognises that the world faces environmental challenges and as a financial institution working with clients in the housing sector, we have an important role to play in promoting sustainability. By engaging with stakeholders – including employees, clients, and suppliers – we can do our part to improve sustainability, better serve our community, and simultaneously deliver good performance.

Environmental

Under its lending remit, the HFA provides loans to local authorities, approved housing bodies and higher education institutions to support the delivery of A-rated accommodation. 99% of HFA-financed homes are new-builds, which will have an energy-efficiency rating of A2 or higher. The HFA also provides competitive-rate financing to customers to facilitate retrofitting and repurposing of older and/or vacant buildings so they can be converted into homes.

We believe in minimising our own impact on the environment by following sustainable practices and reducing our carbon footprint. As part of the Public Sector Climate Action Mandate 2023, the HFA is committed to achieving its 2030 carbon emissions and energy efficiency targets.

The HFA aims to reduce energy consumption, water usage, waste disposal and our overall carbon footprint in a practical and cost-effective manner. Our Green Team held a number of meetings over 2023 and has recommended several of improvements to make our office greener, including the replacement of lighting at the HFA office and a new water dispenser system that will reduce our use of plastic. A HFA Climate Action Training Workshop was also rolled out in March 2023 to increase the level of awareness of climate change among staff members and to discuss how the company and staff as individuals could improve in this area.

The HFA's office, which is located in a listed building, has a BER rating of D1. The property management company, IPUT, has several initiatives in place to reduce energy consumption and waste and to support biodiversity. Solar panels provide power for common areas and the roof is home to a hive of bees that are cared for by IPUT's beekeeper.

HFA staff also have access to cycle facilities to securely store their bicycles and e-bikes, facilitating sustainable transport options. The Bike to Work and Taxsaver Commuter Ticket schemes are also available to staff.

Social Responsibility

The HFA is committed to investing in communities and supporting social initiatives that align with our values. The HFA provides long term, competitive-rate financing to customers that deliver social and affordable housing across Ireland. The HFA has committed to providing 25% of the funding required under the Government's Housing for All plan. The government's vision for the housing system over the longer term is to achieve a steady supply of housing in the right locations with economic, social and environmental sustainability built into the system. The remit of the HFA is intrinsically tied into this long-term vision.

The HFA offers benefits to all employees, including, family friendly policies such as parental/parents leave, the shorter working year scheme and pension related benefits. The current hybrid working environment promotes work-life balance for employees. We are committed to ensuring a fair workplace for our employees as well as partners with whom we do business. We have strict policies to protect against unlawful discrimination and harassment.

In addition to loan financing, the HFA provides €250,000 in direct funding each year through its Social Investment Fund to support community-enhancing initiatives around the homes our customers deliver. In 2023 these included gardening projects, safe play areas for children and wellbeing programmes for residents.

Governance

The HFA has a strong governance structure around decision-making, with an effective and highly skilled Board of Directors and three supporting committees: Audit and Risk, Credit and Organisational Performance and Development.

We follow the Corporate Governance guidelines as outlined in the Code of Practice for the Governance of State Bodies. This guide outlines key principles and rules to help our Board of Directors exercise its responsibilities and serve the interests of the company and its stakeholders. Our directors and all employees, including senior management, conduct themselves in accordance with the highest moral and ethical standards, informed by a robust Code of Conduct for Directors and an Employees Code of Conduct.

The HFA has an Oversight and Performance Delivery Agreement with the Department of Housing, Local Government and Heritage, as required by the Code of Practice for the Governance of State Bodies.

The purpose of the agreement is to define the terms of the relationship between the HFA and its key stakeholders. The agreement provides details of the legal framework of the HFA, the roles and responsibilities of the HFA, compliance with the Code of Practice for the Governance of State Bodies, monitoring arrangements, and the duration of, and signatories to the agreement. The current Oversight and Performance Delivery Agreement covers the period 2022 to 2024.

Case Study: Fold Housing's Pollination Project

"The Ballygall Tenants Pollination Project is a remarkable initiative that has the potential to transform our community and contribute positively to the environment. By focusing on pollination, we are not only enhancing the beauty of our surroundings but also playing a vital role in supporting local ecosystems and biodiversity.

This project holds significant educational value, providing residents with the opportunity to learn about the importance of pollinators such as bees, butterflies, and birds in sustaining our ecosystem. Through workshops, demonstrations, and hands-on activities, we can raise awareness about the threats facing pollinators and empower individuals to take action to protect them.

Furthermore, the creation of pollinator-friendly habitats in our community will not only attract a diverse range of species but also improve the overall health of our environment. By planting native flowers, shrubs, and trees, we can provide essential food and shelter for pollinators, contributing to their survival and ensuring the continued pollination of crops and wild plants.

This initiative demonstrates our commitment to environmental stewardship and our determination to make a positive impact for generations to come."

Resident
Ballygall Road East, Glasnevin, Dublin 11



Case Study: Supporting Biodiversity

The HFA's office has several initiatives in place to support biodiversity. Our office roof, pictured here, is home to a hive of bees that are cared for by IPUT's beekeeper.

HFA Head Office
St. Stephen's Green, Dublin 2

Recognising the importance of the Irish language

The Housing Finance Agency recognises the importance of the use of the Irish language in communications by public bodies.

We aim to ensure that customers who wish to conduct their business through Irish can do so and that all appropriate documents are made available in Irish. Our annual report, our five-year strategy and other relevant corporate documents are all made available to the public in Irish through our website.

In October 2022 the Government introduced Section 10A of the Amended Official Languages Act, which refers to advertising by public bodies. This section requires that 20% of all advertising be placed in the Irish language and that 5% of the entire public body's advertising budget be spent on media platforms with more than 50% of their content in Irish.

To fully comply with these regulations, public bodies must monitor all advertising and report to the Coimisinéir Teanga's office at the appointed time. 2023 was the first full year of reporting on this new requirement and the HFA reported full compliance.



48%

Placement of ads
(requirement 20%)



5.8%

Expenditure on advertising
in Irish language media
(requirement 5%)

Our Board



Frank Allen
Chairperson

Appointment to the Board

Appointed in May 2022 as a non-executive Board Member.

Committee Membership

Chairperson of the Credit Committee and a member of the Organisational Performance and Development Committee.

Career Experience

Frank has worked in infrastructure finance and operations over many years and now advises the World Bank and Governments in developing countries on public transport investment. He chairs the board of Corre Energy BV and was chair of Iarnród Éireann (2017-2023). He was chief executive of the Railway Procurement Agency from 2002 to 2012, during the implementation of Luas, and previously head of infrastructure finance at KBC Bank. He began his career with the International Finance Corporation, part of the World Bank Group. He has a long-standing commitment to social housing, and chaired the boards of Depaul Ireland and Depaul Housing Association.



Barry O'Leary
Chief Executive Officer

Appointment to the Board

Initially in August 2013, re-appointed in January 2017 as a Board Member (ex-officio) and subsequently in May 2020.

Committee Membership

Credit Committee and the Organisational Performance and Development Committee.

Career Experience

An accountant by profession, Barry was appointed as Chief Executive Officer in September 2012. He has worked with the Housing Finance Agency since 1988, holding the roles of Financial Controller/Company Secretary and Head of Treasury. Barry also has experience of insolvencies and previously worked with the Comptroller and Auditor General.



Laura Behan
Non-Executive Director

Appointment to the Board

Appointed in March 2024 as a non-executive Board Member.

Career Experience

Laura is a career civil servant with a breadth of policy experience across a range of Government departments, including most pertinently financing of infrastructure investment, economic evaluation and housing policy. With a B.Comm (International) from UCD, she has worked in the Department of Finance, Department of Foreign Affairs, Department of Environment and Local Government, Department of Transport and is currently the Head of the Affordable Housing – Local Authority and Land Development Agency Delivery Unit in the Department of Housing.

Our Board (continued)



Tom Enright
Non-Executive Director

Appointment to the Board

Appointed in May 2022 as a non-executive Board Member.

Committee Membership

Organisational Performance and Development Committee.

Career Experience

Tom is the County and City Management Association (CCMA) nominee to the Board. He graduated with a degree in Civil Engineering from University College Cork and has obtained a M.Sc. in Engineering from Cranfield University in the UK and a Masters in Business Administration from DCU. His roles include Chief Executive of Wexford County Council, Director of the Local Government Management Agency (LGMA), Chair of the LGMA Change Management Committee, Director of Waterford Airport Company since 2015, Director of the Wexford Arts Centre Company since 2014.



Aideen Hayden
Non-Executive Director

Appointment to the Board

Initially in March 2017 and reappointed in January 2022 as a non-executive Board Member.

Committee Membership

Credit Committee and Organisational Performance and Development Committees.

Career Experience

Aideen is a solicitor, she also holds a degree in economics and a doctorate in housing policy. She is the author of a number of studies and reports on Irish housing. Aideen is also a member of the boards of the Property Services Regulatory Authority and Wales and West Housing Group. Aideen previously served as Chair of Threshold, National Housing Charity and was a founding member of the Residential Tenancies Board, she also served on the boards of Daisyhouse housing association and was a member of the board of governors of UCD. A member of Seanad Eireann from 2011 to 2016 she served as vice chair of the Joint Oireachtas Committee on Finance.



William Johnston
Non-Executive Director

Appointment to the Board

Initially in March 2017 and reappointed in January 2022 as a non-executive Board Member.

Committee Membership

Audit and Risk Committee and Credit Committee.

Career Experience

William is a solicitor, an economics graduate of Trinity College Dublin, and a Consultant with Byrne Wallace LLP. He is the external Examiner for the Law Society in banking law and author of 'Banking and Security Law in Ireland' (2nd ed, Bloomsbury Professional, 2020). He is a member of the Board and Audit and Risk Committee of the Port of Waterford Company, a member of the Governing Body of TU Dublin and Chair of its Finance and Property Committee. He is also the Honorary Secretary and Board member of The National Maternity Hospital, Holles Street.



Michael Lee
Non-Executive Director

Appointment to the Board

Appointed in May 2022 as a non-executive Board Member.

Committee Membership

Credit Committee.

Career Experience

Michael is a qualified Chartered Accountant with experience in financial management and investments. Michael currently works as the Head of Investment Strategy and Origination at Reverence Capital Partners, a US private equity and credit investment firm. Previously Michael worked at FPG Amentum, a Dublin based aircraft lessor, as Senior Vice President Investor Markets. Michael also worked as the Deputy Director at the Irish Strategic Investment Fund with the National Treasury Management Agency. Michael worked at Goldman Sachs for 17 years in a variety of roles in the Investment Banking Division in New York where he was most recently responsible for the Investment Idea Generation Function and Sydney, where he was Head of the Financial Sponsors Group. Michael has also worked on a number of large Government asset privatisation transactions in Japan and Australia.



James Lidieth
Non-Executive Director

Appointment to the Board

Appointed in March 2024 as a non-executive Board Member.

Career Experience

James Lidieth is an experienced corporate banking professional with extensive credit risk, customer management and internal audit business experience. James has held roles such as Head of Internal Audit for Capital Markets & Credit Risk at AIB Bank plc, Head of Credit Risk for Commercial Banking at Ulster Bank, previously a Director in Corporate Banking in Ulster Bank and also held various senior roles in Bank of Ireland. James is a graduate of UCD, Irish Management Institute and The Institute of Banking. James is an experienced non executive director having previously served on the Council of the Institute of Banking and as a non executive director of a major Irish pension fund.



Thomas Mc Dermott
Non-Executive Director

Appointment to the Board

Appointed in May 2022 as a non-executive Board Member.

Committee Membership

Audit and Risk Committee.

Career Experience

Thomas qualified as a Chartered Accountant with Pricewaterhouse Coopers and is a Fellow of the Institute of Chartered Accountants. He later worked in London for Citigroup Corporate and Investment Bank and Royal Bank of Scotland in the areas of Corporate Reporting, Risk Management and Talent Development. He has served as a Non-Executive Director and Treasurer of Network/Stadium Homes a large housing association in London and as a Non-Executive Director and Chair of the Audit and Risk Committee of Qualifications and Quality Assurance Authority of Ireland. He is a graduate of Trinity College Dublin and holds a MSc in Economics from University College Dublin and a MSc in Sustainable Development from Technological University Dublin.

Our Board (continued)



David Owens
Non-Executive Director

Appointment to the Board

Appointed in May 2022 as a non-executive Board Member.

Committee Membership

Audit and Risk Committee

Career Experience

David currently works on sustainable and climate finance in the Department of Finance and was appointed to the Board in May 2022. He has extensive public service experience gained in Ireland and overseas including in the Department of Public Expenditure, NDP Delivery and Reform (DPENDR) and in the European Commission. He has worked in financial services in the private sector and also in the Central Bank of Ireland and was previously appointed to serve on the Pensions Board.



Lianne Patterson
Non-Executive Director

Appointment to the Board

Initially in March 2017 and reappointed in January 2022 as a non-executive Board Member.

Committee Membership

Chairperson of the Audit and Risk Committee and a member of the Organisational Performance and Development Committee.

Career Experience

Lianne joined the Northern Ireland Civil Service in 2005 and was appointed to her current role of Deputy Secretary for Resources, Reform and Infrastructure at the Department of Education in March 2019. Prior to her current role she previously held roles as Director of Justice Delivery in the Department of Justice and as Deputy Secretary in the Department of Infrastructure. Lianne is a chartered accountant by profession and spent much of her early career in management roles within both Deloitte and PricewaterhouseCoopers.



Jennifer Ward
Non-Executive Director

Appointment to the Board

Initially in March 2017 and reappointed in January 2022 as a non-executive Board Member.

Committee Membership

Chairperson of the Organisational Performance and Development Committee and a member of the Audit and Risk Committee.

Career Experience

Jennifer is an independent consultant working with an active and diverse client base on advisory consulting. Jennifer was a non-Executive Board member of Clúid Housing from 2015 to 2017, and a member of Clúid's 'Growing Our Business' Committee. She previously worked with AIB's Financial Solutions Group in roles as, Head of Investment Planning and Prioritisation and Head of Group Change Management for AIB Group. Jennifer holds an MSc in Management Practice and a BA (Mod) in Economics and Business, both from Trinity College Dublin's Business School.

Our Management Team



Seán Cremen
Head of Treasury

Seán has over thirty years' experience working in Treasury and Capital Markets. Having previously served as Executive Director on the Board of AIB Mortgage Bank, Seán joined the HFA as Head of Treasury in 2014.



Heiko Krakowitz
Head of Risk and Compliance

Heiko has thirty years' experience working in the Financial Industry and has previously worked for 23 years with Citigroup in various leadership roles, across different products and geographies. He holds a PhD in Business Administration. Heiko joined the HFA in 2024.



Michelle Hennessy
Head of Corporate Services

Michelle manages the ICT, HR and Communications divisions of the HFA and oversees areas such as corporate governance and procurement. She joined the HFA in 2022 as Communications Manager, having previously worked for over a decade in various roles in print and broadcast journalism.



Maria O'Reilly
Lending Team Lead

Maria currently manages the HFA Lending Services team. She graduated from the Waterford Institute of Technology in 2006 with a Bachelor of Business Studies (Hons). Maria has worked with the HFA since graduating, holding the roles of Accounts Assistant, Lending Executive AHBs and Senior Lending Officer, and in that time has accrued experience lending into the AHB sector. Maria is currently the Company Secretary of the HFA.



Daragh Johnston
Credit Assessments Team Lead

Daragh currently manages the Credit Assessment Team and is the Secretary to the Credit Committee. He joined the HFA in 2017 previously holding the roles of Credit Assessment Officer and Senior Lending Executive. Daragh has a Masters Degree in Real Estate from Technological University Dublin and previously worked in the private sector for Allied Irish Bank and Certus in Relationship Management roles.



Damian Flynn
Financial Accountant

Damian joined the HFA in 2000 and currently holds the role of Financial Accountant, managing the HFA Finance team. He holds an MA-Financial Management and a Higher Diploma - Public Management. Damian previously worked in the private sector for Irish Cement Ltd (part of the CRH Group), where he qualified as an accountant.

Directors' Report

The Directors present their report and the audited financial statements for the year ended 31 December 2023.

Results and dividends

	2023 €'000	2022 €'000
Total recognised gain for the year	73,725	72,705
Shareholders' funds at beginning of year	438,823	366,118
Shareholders' funds at end of year	512,548	438,823

This is an excellent result with profits generated by a margin policy, approved by the Directors, which is designed to ensure that the HFA has reserves sufficient to meet the estimated costs arising in the business.

The Directors do not propose the payment of a dividend for 2023 (2022: nil).

Note 18 to the financial statements details the HFA's financial risk, management objectives, details of its financial instruments and hedging activities, and its exposures to credit, liquidity, and market risks. The Directors' Report also addresses the significant business risks to which the HFA is exposed.

Review of the development of the business

Loans to local authorities (approved pre-27 May 1986)

The HFA was established to issue index-linked loans to local authorities for lending by them on an agency basis to individuals. A total of €403 million was advanced to local authorities under this scheme from 1982 to 1986 and was used to finance 15,571 mortgages. These loans were converted to variable and fixed rate loans in 2015, on the maturity of an underlying index-linked bond. On 31 December 2023 such loans represented outstanding balances of €1.14 million (2022: €1.14 million). The HFA is liable for any credit losses that may arise on these loans.

Loans to local authorities (approved post-27 May 1986)

With effect from May 1986, the HFA has issued loans to local authorities to be used by them for any purpose authorised by the Housing Acts 1966-2014 to finance social housing development. Outstanding loans to local authorities advanced since 27 May 1986 totalled €3.18 billion at end-December 2023 (2022: €3.36 billion).

A significant portion of these funds is retained by the local authorities for social housing purposes. The remainder is lent by the local authorities to individual borrowers. The local authorities are responsible for any losses that may arise on these loans. In the context of:

- (i) local authorities being statutory bodies under the Local Government Act, 2001 and other enactments;
- (ii) their revenues or funds being security for the due payment to the HFA of all amounts due by local authorities (as set out in the agreement between each local authority and the HFA);
- (iii) all loans advanced to local authorities are approved by the Minister for Housing, Local Government and Heritage;
- (iv) the Board's understanding that Central Government supports local authorities in meeting their obligations to the HFA; and
- (v) the HFA has not experienced any loan losses on its loans advanced to local authorities after 1986.

The Board is of the opinion that, in substance, no credit risk arises, other than sovereign risk, on loans advanced to local authorities on or after 27 May 1986 and no loan loss provisions are recorded in respect of these loans.

In 2023, gross loan advances for Post May 1986 loans amounted to €174 million (2022: €304 million), repayments and redemptions totalled €346 million (2022: €281 million), resulting in net redemptions of €172 million (2022: net advances of €23 million). Such loans represented outstanding balances of €3.18 billion (2022: €3.36 billion). The HFA endeavours to work with the local authorities to develop appropriate loan structures for them in order to better match their financial circumstances. The HFA may provide extended loan terms, interest deferred periods or offer other renegotiations as appropriate. During 2023 the HFA

Directors' Report (continued)

renegotiated €8.30 million (2022: €26.43 million) of non-mortgage related loans and €nil (2022: €nil) of housing related loans. These renegotiations have taken place in the context of €3.18 billion of loans advanced to local authorities as at 31 December 2023 and thus represents renegotiation activity of circa 0.26% in 2023 (2022: 0.79%).

Renegotiated non-mortgage related and mortgage related loans were given extended interest only periods that did not result in impairment or derecognition of the original loan assets as it did not represent a significant modification of terms. The HFA ceases to consider these loans as renegotiated once one year of up-to-date scheduled repayments has elapsed post renegotiation. In this regard, the HFA considers €8.30 million of loans (2022: €26.43 million) to be renegotiated as at 31 December 2023 with €0.11 million (2022: €0.15 million) of interest income recognised on these assets.

Interest accrued on loans converted upon maturity at 31 December 2023 amounts to €nil (2022: €nil).

Loans to approved housing bodies

Under Section 17 of the Housing (Miscellaneous Provisions) Act 2002, the HFA is empowered to lend directly to AHBs, which includes voluntary housing bodies and co-operative housing societies. Under the Social Housing Leasing Initiative, the Department of Housing, Local Government and Heritage, through local authorities, leases suitable housing units from AHBs which are rented to social housing tenants nominated by local authorities.

Properties are either bought or built by AHBs and financed by loan finance raised by the AHB. Income received by the AHBs from a Payment and Availability Agreement (PAA) with a local authority for a period of up to 30 years, will fund the repayment of the HFA's loan.

AHBs wishing to borrow from the HFA have to submit to a general financial assessment in order to be assessed for Certified Body status (apart from those who have applied under the Category 2 product). Only when that status has been confirmed and a master loan agreement signed, can they then furnish loan applications which are subsequently assessed by the Credit Assessment team. As at 31 December 2023, twenty Certified AHBs (2022:

nineteen) have been successful in obtaining Certified Body status.

The HFA's Credit and Management Committees, as at 31 December 2023, have approved 1,201 loan applications (2022: 1,054) totalling €6.15 billion (2022: €4.50 billion), €4.37 billion of which has been advanced (2022: €3.39 billion). It is anticipated that 2024 will herald continued growth in the level of lending in this area. The HFA continues to have frequent interaction with AHBs to develop the suite of products on offer.

Category 2 product

In 2016, the HFA introduced a 'Category 2' product offering for AHBs, whereby they could apply for loan finance without undergoing a full Certified Body assessment. From 1 May 2022 this limit was increased to €5 million. Loan applications are considered on a case-by-case basis. To date, two AHBs have availed of the Category 2 offering and subsequently progressed to Certified Body status. There are currently ten AHBs in this category.

Loans to higher education institutions

Under Section 51 of the Planning and Development (Housing) and Residential Tenancies Act 2016, the HFA is empowered to lend directly to higher education institutions (HEIs), for the development of new student accommodation.

These powers allow HEIs access the HFA's low cost, long term fixed rate finance for on and off campus student housing, thereby significantly reducing the costs to universities of such projects and improving the affordability for students. The provision of new student accommodation has the added benefit of freeing up existing rental stock to support additional social and affordable housing.

Currently five Universities have had loan facilities approved, totalling €261m for the provision of 2,402 new student bedrooms. It is anticipated that further loan applications will be received in the coming months. The HFA advanced funds of €7 million (2022: €3 million) to one HEI during 2023.

Directors' Report (continued)

Going concern

The financial statements have been prepared on the going concern basis. In making its assessment of the HFA's ability to continue as a going concern, the Board of Directors has taken into consideration the significant risks and uncertainties that currently impact the HFA. The Risk Management section below, and the 'Access to Funding and Going Concern' section within the Basis of Preparation section of the Statement of Accounting Policies, lists the HFA's business activities and takes into consideration the significant risks and uncertainties that currently impact the HFA.

In addition, Note 18 to the financial statements details the HFA's financial risk, management objectives, details of its financial instruments, and its exposures to credit, liquidity and market risks. The assessment of going concern is presented on page 37.

Risk management

The Board is responsible for the HFA's system of risk management and internal control, which is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board has delegated responsibility for the ongoing monitoring of the effectiveness of this system to the Audit and Risk Committee. Details in relation to the Committee's work in this regard are set out in the Audit and Risk Committee Report on pages 36 to 42.

The Chief Executive Officer also reports to the Board, on behalf of Management, on significant changes in the business and external environment which affect risk. Risk is a standing item on the agenda at each meeting of the Board. Where areas for improvements in the system are identified, the Board considers the recommendations made by Management and the Audit and Risk Committee.

Directors

The Directors have considered the principal risks and uncertainties which impact the HFA. In this regard, the Directors have concluded that the HFA has potential exposure to credit risk, liquidity risk and market risks owing to its use of financial instruments for certain types of loans. The HFA's objectives, policies, and procedures

for measuring and managing these risks are set out above and in Note 18 to the financial statements. The Directors and Secretary have no interests in the shares or debentures of the HFA.

Contracts

There are no contracts to be noted.

Post statement of financial position events

No events have taken place since the year-end that would result in an adjustment to the financial statements or inclusion of a note thereto.

Electoral Act, 1997

The HFA made no political donations during the year.

European Communities (Late Payment in Commercial Transactions) Regulations 2012

The HFA is required to comply with the requirements of the European Community (Late Payment in Commercial Transactions) Regulations, 2012, giving effect to Directive No. 2011/7/EC of the European Parliament and of the Council of 23 February 2011 and its predecessor, the European Community (Late Payment in Commercial Transactions) Regulations, 2002. A review of all payments made during the year ended 31 December 2023 shows no late payments were made during 2023 under the above Act.

Accounting records

The Directors are aware of their responsibilities under Sections 281 to 285 of the Companies Act 2014 as to whether, in their opinion, the accounting records of the HFA are sufficient to permit the financial statements to be readily and properly audited and are discharging their responsibility by ensuring that sufficient company resources are available for the task. The accounting records are held at the HFA's Registered Office, 46 St. Stephen's Green, Dublin 2.

Directors' Report (continued)

Corporate Governance

As required by the Code of Practice for the Governance of State Bodies, which the HFA has adopted, the Directors have prepared a Corporate Governance Statement, which is set out on pages 31 to 35 and which, for the purpose of Statutory Instrument 450/2009 European Community (Directive 2006/46) Regulations, forms part of the Report of the Directors.

Auditors

In accordance with Section 383(2) of the Companies Act, 2014, the Auditors, JPA Brenson Lawlor, Chartered Accountants, will continue in office. A resolution authorising the Directors to determine their remuneration will be proposed at the Annual General Meeting.

Principal risks and uncertainties

The Directors have considered the principal risks and uncertainties which impact the HFA. In this regard, the Directors have concluded that the HFA's principal risk exposures are in respect of credit risk, liquidity risk and market risk owing to its use of financial instruments. The HFA's objectives, policies, and procedures for measuring and managing these risks are set out in Note 18 to the financial statements.

Compliance Statement

The Directors have put in place appropriate arrangements or structures that, in their opinion, provide a reasonable assurance of compliance in all material respects with the HFA's "Relevant Obligations" for the purposes of section 225 of the Companies Act 2014 (the "Relevant Obligations").

The principal arrangements and structures that the HFA has put in place to secure material compliance with its Relevant Obligations are having suitably qualified and experienced personnel (both internal, and external advisers) to perform and assist in the performance of legal and tax compliance, and financial functions. In this regard, it appears to the Directors that the Company Secretary has the knowledge and experience to advise the HFA on the Company's compliance with its Relevant Obligations.

The HFA is also entitled to rely upon, and has access to, service-providers and professional advisers who have the requisite knowledge and experience to advise the HFA on compliance with its Relevant Obligations.

Specifically, the Directors are satisfied that the Company Secretary:

- has been fully briefed regarding section 225 of the Companies Act 2014;
- is aware of and understands the Relevant Obligations and their relevance to the HFA's business and operations, and vice versa;
- has undertaken a risk assessment in respect of those of the Relevant Obligations that are within his/her functional or operational responsibility;
- has implemented appropriate control processes in respect of each of the applicable Relevant Obligations;
- has, or has access to other personnel who have, the requisite knowledge, skills, experience, and resources to advise the HFA on the Company's compliance with its Relevant Obligations; and
- reports regularly to the Board of Directors of the HFA, and through more frequent operational channels as necessary, regarding the control processes that are in place to ensure material compliance by the HFA with its Relevant Obligations;
- such that, taken together, these arrangements and structures provide a reasonable assurance of compliance by the HFA with those Relevant Obligations, in all material respects.

The Board will review these arrangements and structures at least annually.

Dividend

No dividend is due to be declared for 2023.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and financial statements in accordance with applicable law and regulations. 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 Companies Act 2014 and FRS 102 (the Financial Reporting Standard applicable in the UK and Ireland issued by the Financial Reporting Council). Under Company Law the Directors must approve the financial statements when they are satisfied that they give a true and fair view of the state of affairs of the HFA and of its surplus and deficit for that period.

In preparing the financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- comply with applicable accounting standards, identify those standards, and note the effects and the reasons for any material departures from those standards; and,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the HFA will continue in business.

The Directors are also required under company law, to include a Directors' Report containing a fair review of the business and a description of the principal risks and uncertainties. Under company law the Directors are required to prepare a report to deal, so far as is material for the appreciation of the state of the HFA's affairs, with any change during the financial year in the nature of the business of the company.

The Directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the HFA and enable them to ensure that its financial statements comply with the Companies Act 2014. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the website (www.hfa.ie).

Each of the Directors confirms that, to the best of each person's knowledge and belief,

- the HFA's financial statements, prepared in accordance with FRS 102, give a true and fair view of the assets, liabilities and financial position of the HFA at 31 December 2023 and of the profit of the HFA for the year then ended; and,
- the Annual Report and financial statements, taken as a whole, are fair, balanced, and understandable, and provide the information necessary for shareholders to assess the HFA's performance, business model and strategy.

Statement of Disclosure to Auditor

Each of the Directors in office at the date of approval of this Annual Report confirms that:

- there is no relevant audit information of which the Company's Auditor is unsure; 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 Company's Auditor is aware of that information.

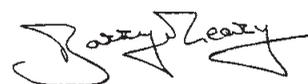
This confirmation is given and should be interpreted in accordance with the provision of Section 330 of the Companies Act 2014.

On behalf of the Board,



Frank Allen
Chairperson

28 March 2024



Barry O'Leary
Chief Executive Officer

28 March 2024

Corporate Governance

The Directors are committed to maintaining the highest standards of corporate governance and comply with the Code of Practice for the Governance of State Bodies (the Code), as published by the Department of Public Expenditure, NDP Delivery and Reform. The revised and updated Code is designed to ensure that both commercial and non-commercial State bodies meet the highest standards of corporate governance. It provides a framework for the application of best practice and is intended to take account of developments in respect of oversight, reporting requirements and the appointment of Board members. The Code is based on the underlying principles of good governance: accountability, transparency, probity, and a focus on the sustainable success of the organisation over the longer term.

The Board reviewed its obligations under the Code which includes requirements on the Board regarding consistency and appropriateness of disclosure, as well as a separate section for the Audit and Risk Committee in the Annual Report. The Directors have prepared a 'Corporate Governance Statement,' which is set out in this section and which, for the purpose of Statutory Instrument 450/2009 European Community (Directive 2006/46) Regulations 2009, forms part of the Directors' Report. The HFA has complied with the Code of Practice for the Governance of State Bodies.

Application of the Principles and Provisions of Corporate Governance

The following information explains how the HFA applies the principles and provisions of the Code of Practice for the Governance of State Bodies published by the Department of Public Expenditure, NDP Delivery and Reform.

Board of Directors

The Board takes the major strategic decisions and retains full and effective control while allowing Management sufficient flexibility to run the business efficiently and effectively within a centralised reporting framework.

The Board has a formal schedule of matters for decision pertaining to the HFA and its future direction such as major acquisitions and disposals, appointment and removal of the Company Secretary, expenditure budgets and risk management policies. Each non-executive Director brings independent judgement to bear on all matters dealt with by the Board including those relating to strategy, performance, resources and standards of conduct. All Board members have access to the advice and services of the Company Secretary who is responsible for ensuring that Board procedures are followed, and that applicable rules and regulations are complied with. The HFA's professional advisors are available for consultation with Board members as required. Individual Directors may take independent professional advice, if necessary, at the HFA's expense.

At 31 December 2023, the Board of Directors comprised ten non-executive Directors and one Executive Director. The Directors are appointed by the Minister for Housing, Local Government and Heritage in consultation with the Minister for Public Expenditure, NDP Delivery and Reform for a period not to exceed five years, unless the Minister sees fit to reappoint a Director for a second or subsequent term, up to a maximum of eight years. The roles of the Chairperson and Chief Executive Officer (CEO) are separate. The CEO is employed full time and does not have any other significant commitments. All Directors, except for the CEO, are independent non-Executive Directors. The Board met nine times in 2023 and is responsible for the proper management of the HFA. Four Directors were reappointed at the start of 2022 and have terms ceasing at the end of 2024. One of our directors has their term ceasing in 2025 and the CEO will be retiring in June 2024. All of the other Directors have terms ceasing in May 2027. One director resigned during 2023 and this position currently remains vacant.

Corporate Governance (continued)

Attendance at Board meetings during the year ended 31 December 2023 and length of service at 31 December 2023

Members	Meetings held	Directors attendance	Board service in years
Frank Allen (Non-executive Chairperson)	9	8	1.63 years
Barry O' Leary (Chief Executive Officer)	9	9	8.67 years
Deirdre Collier (Non-executive Director)*	3	2	1.04 years
Tom Enright (Non-executive Director)	9	8	1.63 years
Aideen Hayden (Non-executive Director)	9	9	6.82 years
William Johnston (Non-executive Director)	9	9	6.82 years
Michael Lee (Non-executive Director)	9	8	1.63 years
Thomas McDermott (Non-executive Director)	9	9	1.63 years
Rory O'Leary(Non-executive Director)**	9	9	2.83 years
David Owens (Non-executive Director)	9	7	1.63 years
Lianne Patterson (Non-executive Director)	9	5	6.82 years
Jennifer Ward (Non-executive Director)	9	6	6.82 years

* Deirdre Collier resigned as a Director on 31 May 2023

** Rory O' Leary resigned on 5 March 2024

The Board of the HFA comprises individuals who bring a wide range and depth of experience to the activities of the HFA being drawn from experts from areas such as infrastructure, sustainable development, housing policy, legal services, the Departments of Housing, Local Government and Heritage, which should enable the HFA to address major future challenges.

Directors' Remuneration

The Minister for Housing, Local Government and Heritage determines the level of remuneration for the Board of Directors. Remuneration of non-executive Directors is not linked to performance. The table below provides details of all fees paid to Directors during the year.

Members	Fees 2023 €	Fees 2022 €
Frank Allen (Non-executive Chairperson)	11,970	7,473
Deirdre Collier (Non-executive Director) *	3,210	4,804
Tom Enright (Non-executive Director) **	-	-
Aideen Hayden (Non-executive Director)	7,695	7,695
William Johnston (Non-executive Director)	7,695	7,695
Michael Lee (Non-executive Director)	7,695	4,804
Thomas McDermott (Non-executive Director)	7,695	4,804
Rory O'Leary(Non-executive Director) ***	-	-
David Owens (Non-executive Director) **	-	-
Lianne Patterson (Non-executive Director)	7,695	7,695
Jennifer Ward (Non-executive Director)	7,695	7,695
	61,350	52,665

* Deirdre Collier resigned as a Director on 31 May 2023

** Public servants serving on state boards in an ex officio capacity or on behalf of their Parent Department/organisation should not be paid remuneration in the form of board fees when serving in such a representational capacity.

*** Rory O' Leary resigned on 5 March 2024

Corporate Governance (continued)

The remuneration of the Chief Executive Officer is detailed in Note 8 to the financial statements.

Organisational Performance and Development Committee

Governance Ireland suggested that when strategy HFA 2026 was agreed with the Department, it should guide the Board in restating its own role and in deciding the shape of future structures, processes and information sets required to support its work. In particular, the Board should give greater prominence to its responsibilities around performance oversight and risk oversight in formulating its future agenda.

The Committee was nominated in 2022 and the Committee operates under formal terms of reference approved by the Board.

Attendance at OPDC meetings during the year ended 31 December 2023

Members	Meetings held	Directors attendance	€	Number
Jennifer Ward (Committee Chairperson)	4	4	130,001-140,000	1
Barry O' Leary (Chief Executive Officer)	4	4	120,001-130,000	1
Frank Allen	4	4	110,001-120,000	-
Seán Cremen	4	4	100,001-110,000	-
Tom Enright	4	4	90,001-100,000	1
Aideen Hayden	4	4	80,001-90,000	2
Rory O'Leary	4	4	70,001-80,000	2
Lianne Patterson	4	3	60,001-70,000	3

Ethics in Public Office

The HFA is included in Statutory Instrument no. 699 of 2004 for the purposes of the Ethics in Public Office Acts, 1995 and 2001. The Members of the HFA and relevant staff have fulfilled their obligation under this legislation.

Protected Disclosures Act, 2014

There were no protected disclosures made to the HFA in 2023.

Human Rights and Equality

In accordance with Section 42 of the Irish Human Rights and Equality Commission Act, 2014 the HFA has established and maintains procedures to eliminate discrimination, promote equality and protect the human rights of people that use the Agency's services, people affected by its policies and people employed by the Agency.

The HFA has established a working group to identify priorities and key values in this area, which will be incorporated into the HFA's next Corporate Plan. Progress will be reported in the 2024 Annual Report.

In respect of 2023, no disclosures were made to the Agency under the Irish Human Rights and Equality Commission Act, 2014.

Administrative Expenses

In line with Appendix B.7 of the Code of Practice for the Governance of State Bodies, the total number of employees whose short-term benefits exceeded €60,000 p.a. (excluding employer pension costs) is as follows:

€	Number
130,001-140,000	1
120,001-130,000	1
110,001-120,000	-
100,001-110,000	-
90,001-100,000	1
80,001-90,000	2
70,001-80,000	2
60,001-70,000	3

Also, as required under Appendix B.5 of the Code, expenditure on external consultancy/advisory services for 2023 was as follows:

Legal fees: €1,732,065 (2022: €1,581,453). Legal fees are directly related to conveyances.

Management consultancy fees: €25,516 (2022: €Nil).

Total expenses reimbursed to Directors for travel and subsistence: €10,794 (2022: €9,905) and international travel (in relation to the UK and the EU): €nil (2022: €nil).

Corporate Governance (continued)

Travel and subsistence for employees: €7,349 (2022: €4,509) and international travel (in relation to the UK and the EU): €nil (2022: €nil).

Hospitality expenditure: €8,042 (2022: €2,316).

Diversity

The HFA embraces and values diversity in all its forms, whether that is gender, age, ethnicity or cultural background. We believe that equality, diversity, and inclusion help to create a workplace that makes all staff feel equally supported, involved and valued. We are committed to ensuring that our work environment is free of harassment or discrimination based on gender, marital status, family status, age, disability, sexual orientation, race, religion, and membership of the Traveller Community.

Increased diversity can improve the performance of a company and we are proud to have a workforce that represents a mix of skills, backgrounds, age groups, genders, and cultures. The HFA is eager to continue its development in this area. As an Equal Opportunities Employer, the HFA will continue striving to attract a diverse pool of talent into our workforce. We are conscious in our development of recruitment campaigns for the need to avoid any biases for or against any individual or group of potential candidates.

The HFA also supports the promotion of inclusion by its customers in their work with tenants. Last year we awarded funds to Clúid Housing, Circle VHA and Respond through our Social Investment Fund to support a survey of residents of diverse ethnic or migrant backgrounds. They survey results will be used to developing a deeper understanding of experiences and challenges of residing in Irish social housing developments. The survey is part of a wider joint 'Quality in Our Diversity' project aimed at developing a process through which social housing providers can apply for accreditation as a positive and supportive landlord for those from diverse ethnic and/or migrant backgrounds.

Board Committees

The Board has an effective committee structure to assist in the discharge of its responsibilities. Please see the terms of reference for each Board Committee available on the HFA website, www.hfa.ie.

Audit and Risk Committee

Please see Audit and Risk Committee Report on pages 36 to 42.

Credit Committee

The HFA's Credit Committee comprises members of the Board and Management. The Committee was established in 2009 to maintain credit risk within Board policy, to review the creditworthiness of AHBs and approve credit risk limits before proceeding to advance such monies to AHBs. The Committee operates under formal terms of reference approved by the Board.

Attendance at meetings during the year ended 31 December 2023

Members	Meetings held	Members Attendance
Frank Allen (Committee Chairperson)	12	10
Barry O' Leary (Chief Executive Officer)	12	12
Tom Conroy*	6	-
Seán Cremen	12	12
Deirdre Collier**	5	2
Aideen Hayden	12	12
William Johnston	12	11
Paul Kilroy****	6	6
Michael Lee	12	11
Maria O'Reilly***	4	4
Javier Villagran*****	3	3

* Tom Conroy on extended leave during 2023, retired on 26 June 2023

** Deirdre Collier resigned from the Committee on 31 May 2023

*** On leave until mid-September 2023

**** Paul Kilroy appointed to the Credit Committee 15 June 2023, resigned 18 December 2023

***** Javier Villagran appointed to the Credit Committee 27 April 2023, resigned 07 July 2023

Corporate Governance (continued)

Induction and Professional Development

There is an induction process for new Directors. Its content varies between Executive and non-executive Directors. In respect of the latter, the induction is designed to familiarise non-executive Directors with the HFA and its operations and comprises the provision of relevant briefing material including details of the HFA's strategic and operational plans, and a programme of meetings with the Chief Executive Officer and Management.

Relations with Stakeholders

The Directors and Management maintain an ongoing dialogue with the HFA's stakeholders on strategic issues. Certain specified matters require the approval of the Minister for Housing, Local Government and Heritage and/or the Minister for Public Expenditure, NDP Delivery and Reform, in respect of which, ongoing communication with the Ministers, through their departments, is maintained.

Dedicated email address for Oireachtas members

The HFA has a dedicated email address for Oireachtas members to provide enquiries -oireachtas.enquiries@hfa.ie. The HFA received two enquiries in 2023 (2022: four). These were acknowledged and responded to within the required timelines.

Accountability and Audit

Accounts and Directors' responsibilities

The Directors have reviewed the 2023 Annual Report and believe that it presents a fair, balanced and understandable assessment of the HFA's position and prospects.

Viability statement

The Directors have assessed the viability of the HFA taking into account its current position and the principal risks facing the HFA over the next two years to 31 December 2025. The Directors have assumed that a two-year time span is an appropriate period for the annual assessment given that this is the key period of focus within the HFA's strategic planning process.

The assessment considered current financial performance, funding and liquidity management of the HFA, and the governance and organisation framework by which the HFA manages and seeks, where possible, to mitigate risk, as described in Note 18. An assessment of the principal risks facing the HFA including those that affect the operations, governance and internal control systems was also undertaken and considered, the details of which are included in Note 18. The Directors have a reasonable expectation, taking into account the HFA's current position, and subject to the identified risks, that the HFA will continue in operation and meet its liabilities as they fall due over the two-year period of assessment.

Corporate Governance Compliance

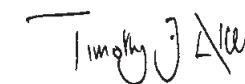
Internal audit

The Directors are satisfied that a sufficient level of independence is afforded to the internal audit function to allow it to carry out its duties in an objective and sufficiently independent manner.

Defined benefit pension scheme disclosure for Directors

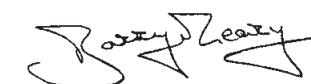
The Directors have complied with the disclosure guidelines set out in the Code of Practice for the Governance of State Bodies.

On behalf of the Board,



Frank Allen
Chairperson

28 March 2024



Barry O'Leary
Chief Executive Officer

28 March 2024

Audit and Risk Committee Report

The purpose of the Audit and Risk Committee, as per its terms of reference, is to assist the Board in its general oversight of the HFA's financial reporting, internal controls, risk management and audit functions. The responsibilities of the Audit and Risk Committee are discharged through its meetings and receipt of reports from Management, the Head of Risk and Compliance, external consultants, and the external and internal auditors. The Audit and Risk Committee has an agenda, as per its terms of reference, for the year that includes:

- monitoring the financial reporting process, integrity of the financial statements and any formal announcements relating to the HFA's financial performance;
- monitoring the effectiveness of the HFA's risk management and internal control arrangements;
- reviewing significant financial reporting judgements;
- reviewing any proposed changes to corporate governance practices and endorsing the same for adoption by the Board;
- monitoring the statutory Audit of the Annual Financial Statements;
- reviewing the External Auditor's performance, objectivity, qualification and independence;
- making recommendations to the Board in relation to the appointment of the External Auditor, the approval of the Auditors' remuneration and terms of engagement;
- dealing with significant control issues raised by Internal or External Audit;
- reviewing the cost of funds and interest rates charged; and,
- monitoring compliance with the General Data Protection Regulation and the Irish Data Protection Acts.

In line with Section 289 of the Companies Act 2014, the financial statements must give a true and fair view of the assets, liabilities and financial position, as at the end of the financial year, and profit or loss, for the financial year.

The Risk Management Committee reports to the Audit and Risk Committee and to the Board on a regular basis.

An annual review of the financial risk of the HFA was performed by the Board at its 28 March 2024 meeting.

Attendance at Audit and Risk Committee meetings for the year ended 31 December 2023

Members	Meetings held in 2023	Directors attendance
Lianne Patterson (Committee Chairperson)	4	4
William Johnston	4	3
Thomas Mc Dermott	4	3
Rory O' Leary	4	4
David Owens	4	3
Jennifer Ward	4	2

The Chief Executive Officer, Head of Treasury, the Company Secretary, the Head of Risk and Compliance and representatives of the Internal and External Auditors attend upon invitation.

Monitoring the integrity of the financial statements including significant judgements

Financial Reporting

The Audit and Risk Committee receives and considers regular reports on financial performance from Management during the course of the year, as well as directing the work of and receiving reports from the Internal Auditor and discussing the audit strategy and focus of the External Auditor.

Taking into account the information from these activities and views from the meetings of the Board of Directors, the Committee determined the key risks of financial reporting related to the availability of funding and going concern and provisions for doubtful debts arising on post- 1986 loans in the context of current market conditions.

These issues were discussed with Management during the year and with the External Auditor at the conclusion of the external audit of the financial statements. Management represented to the Audit and Risk Committee that the HFA's audited financial statements were prepared in accordance with Companies Act 2014 and FRS 102.

Audit & Risk Committee Report (continued)

This review included a discussion with Management of the quality, not merely the acceptability, of the HFA's accounting principles, the reasonableness of significant estimates and judgements and the clarity of disclosure in the HFA's financial statements, including the disclosures related to critical accounting estimates.

Availability of funding and going concern

These financial statements have been prepared on a going concern basis. The Guaranteed Note ("GN") Programme is guaranteed by the Minister for Finance and facilitates issuance out to a maximum maturity of thirty years from the date of issue. At the end of 2023, the average maturity of HFA debt was 10.8 years (2022: 9.8 years). This provides a stable funding base for the HFA's loan portfolio and significantly reduces short term liquidity risk for the HFA.

The liability maturity profile is expected to increase in 2024 as further additional long-term fixed rate funding is due to be accessed via the GN Programme with the NTMA and the bilateral agreements with the European Investment Bank and the Council of Europe Development Bank. In addition, the HFA will continue to have access to the NTMA and a Bank overdraft for short term liquidity needs as required.

The Audit and Risk Committee is satisfied with the disclosures of the appropriateness of the going concern assumption and access to funding that are made in these financial statements.

Misstatements

Management confirmed to the Audit and Risk Committee that it was not aware of any material or immaterial misstatements made intentionally to achieve a particular presentation.

Interaction with Management

The Audit and Risk Committee, as part of the approval of the financial statements, obtains and reviews a paper prepared by Management which sets out the significant risks impacting the HFA, a detailed assessment of these risks and how they are mitigated. The Committee challenges the assumptions and judgements contained in these management reports prior to submitting the financial statements to the Board for approval. See pages 51 to 83 of the financial statements for further

information relating to the Audit and Risk Committee's ongoing responsibilities in respect of the HFA's internal controls.

Recommendation of Approval of Financial Statements

As a result of these reviews and discussions with Management and Internal Audit, and the reports to the Audit and Risk Committee of the External Auditor, the Committee has reported to the Board that it considers the financial statements, taken as a whole, to be fair, balanced, and understandable and provides the information necessary for stakeholders to assess the HFA's performance, business model and strategy. The Audit and Risk Committee also recommended the inclusion of the audited financial statements in the HFA's Annual Report for the year ended 31 December 2023.

External Audit

Audit Firm Tendering

In 2021 the HFA continued its practice of tendering for the provision of external audit services every three years, to cover the 2021-2023 external audit period, and JPA Brenson Lawlor were the tender winners. The Board recommended the appointment of JPA Brenson Lawlor as independent External Auditor for a tenure of 3 years. This service is due to be tendered for during 2024.

Ensuring the independence of our external auditor

The Audit and Risk Committee believes the issue of auditor independence is taken very seriously and is reviewed annually. The Audit and Risk Committee has discussed with JPA Brenson Lawlor and Management regarding the firm's independence and there were no issues to note.

In 2023, apart from audit work, there was no other non-audit services carried out by our independent external auditor. The Audit and Risk Committee via its terms of reference reviews non-audit work performed by the external auditor and confirms that there is no adverse effect on actual or perceived independence or objectivity of the audit work itself.

Mazars carried out the provision of Internal Audit services for 2023.

Audit & Risk Committee Report (continued)

The Board of the HFA monitors the provision of non-audit services by the external auditor and the Audit Committee through the ongoing review of administration expenses. Given that there were no non-audit services provided by JPA Brenson Lawlor during 2023, therefore there was no conflict with auditor independence.

Fees for audit and non-audit services to the HFA's independent auditors JPA Brenson Lawlor and our internal auditor Mazars

Year ended	31 December 2023 €'000	31 December 2022 €'000
Audit of financial statements	35	34
Tax advisory services	-	-
Other services	-	-
Total Auditors remuneration	35	34
Internal audit fees	25	14

Liaising with external auditors

The Audit and Risk Committee provides a link between the Board and the External Auditor and is independent of the HFA's Management. JPA Brenson Lawlor, the HFA's statutory auditor, is responsible for performing an independent audit of the HFA's financial statements in accordance with international Standards on Auditing (Ireland). The Audit and Risk Committee has ultimate authority and responsibility for selecting, compensating, evaluating, and, when appropriate, replacing the HFA's independent audit firm. In accordance with Section 383(2) of the Companies Act 2014, the Auditor, JPA Brenson Lawlor, Chartered Accountants, will continue in office.

The Audit and Risk Committee pre-approves all services to be provided by the external auditors. Pre-approval includes audit services, audit-related services, taxation advice, and other services.

The Audit and Risk Committee also has the authority to engage its own outside advisors, including experts in particular areas of accounting, as it determines

appropriate, apart from counsel or advisors hired by Management.

Assessment of external audit process

The performance of the External Auditor is reviewed annually by the Committee at the end of the annual audit cycle. The review encompasses feedback from Management and staff of the HFA involved in the audit process, together with a review of the level of service provided by JPA Brenson Lawlor to the HFA. Based on its consideration of the feedback, together with its own ongoing assessment, for example through the quality of the external auditors' reports, and the audit partner's interaction with the Committee, the Audit and Risk Committee is satisfied that JPA Brenson Lawlor continues to provide an effective audit service.

Risk Management

As prescribed by the revised Code of Practice for the Governance of State Bodies, the Risk Register, overseen by the Audit and Risk Committee, was adopted by the Board, and a formal Risk Management Committee, consisting of Senior Management, has been operational since 2009. The Chief Executive Officer, Head of Treasury and Company Secretary have collegially managed the risk of the HFA, in place of a Chief Risk Officer, as permitted under the Code of Practice. A Head of Risk and Compliance was recently appointed.

The Risk Register is regularly reviewed by the Committee. The monitoring of risk remains a standing item at Board meetings. The HFA is a financial business and the key risks associated with the business are therefore essentially financial, credit and also treasury related risk (i.e., market and liquidity risks). These risks are outlined in more detail in Note 18 of our financial statements.

The HFA has developed a risk management process which includes constant reviews of its loans and advances portfolio and an ongoing review of treasury related risk, which allows it to manage these risks. The Board of the HFA adopted a Credit Policy regarding lending to AHBs in 2013 which is regularly updated, most recently in March 2023.

Audit & Risk Committee Report (continued)

Risk is dealt with by a reserves and margin policy as detailed in the HFA's Policies and Procedures Manual and also within the Risk Register. In the context of the HFA's Balance Sheet, interest rate risk arises where a move in interest rates gives rise to a change in the cost of existing funding, which is not offset by a corresponding change in the income earned from existing loans, leading to a positive or negative impact on current and future profitability. To measure this risk, HFA Management developed an Interest Rate Risk (IRR) model which calculates the outstanding IRR exposure on an annual basis (the annual gap) for all fixed rate liabilities and assets, up until their re-pricing date. The IRR model has been reviewed and reported on by the HFA external auditors.

The HFA carries out a comprehensive annual review of risks which is approved by the Board and forms part of the HFA's interest rate and reserves policy for subsequent years. The Board is informed on a quarterly basis of developments and corrective action, if required, is taken.

The Audit and Risk Committee assesses material risks namely:

- interest rate risk mismatch;
- funding, liquidity and going concern risks;
- credit risk associated with post 1986 local authority lending;
- local authority mortgage arrears;
- credit risk associated with approved housing body lending;
- credit risk associated with higher education institution lending;
- credit risk associated with pre 1986 local authority lending; and,
- funding risks in relation to the defined benefit pension scheme.

Pre 27 May 1986 local authority loans

With regard to the HFA's lending to local authorities, the HFA is liable for any credit losses that may arise on pre-May 1986 mortgages which are secured by the underlying mortgage property and mortgage protection

insurance. Of the €1.15 million of pre-May 1986 loans outstanding at 31 December 2023 (2022: €1.15 million), only €1.12 million (2022: €1.12 million) of these are still due to the local authorities from the underlying borrowers and there is a total impairment provision of €0.43 million.

The gap of €0.03 million (2022: €0.03 million) has arisen as the local authorities are not required to remit in full to the HFA monies received in relation to redemptions and repayments as allowed under the terms of the loan facility. The Board is of the opinion that, similar to post 1986 loans, in substance, no credit risk arises, other than sovereign risk, for this funding mismatch. The local authorities hold collateral against the remaining €1.12 million of loans advanced pre-27 May 1986, in the form of mortgage interests over property. Only in the event of that collateral not being sufficient to discharge the debt is the HFA liable for any impairment losses which may arise.

Individual borrowers are required to hold Mortgage Protection Insurance ('MPI') on their property. MPI covers the borrower in the event of death or disability on the loan amount outstanding, excluding arrears.

Post 27 May 1986 local authority loans

The legal relationship of post May 1986 loan advances is with local authorities and is not dependent on changes in house prices or other economic variations. In the context of:

- (a) local authorities being statutory bodies under the Local Government Act, 2001 and other enactments;
- (b) their revenues or funds being security for the due payment to the HFA of all amounts due by local authorities (as set out in the agreement between each local authority and the HFA);
- (c) all loans advanced to local authorities are approved by the Minister for Housing, Local Government and Heritage;
- (d) the Board's understanding that central Government supports local authorities in meeting their obligations to the HFA; and,
- (e) the HFA has not experienced any loan losses on its loans advanced to local authorities after 1986.

Audit & Risk Committee Report (continued)

The Board is of the opinion that, in substance, no credit risk arises, other than sovereign risk, on loans advanced to local authorities on or after 27 May 1986 and no loan loss provisions are recorded in respect of these loans. The Audit and Risk Committee is satisfied with the use of this assumption in the preparation of these financial statements and with the disclosure of these circumstances. At 31 December 2023 following the renegotiation of the terms of certain loans, all local authorities were up to date with their scheduled repayments on this portfolio (see Note 18 (a)). The HFA has not experienced any losses on its post May 1986 loans advanced to local authorities.

Loans to approved housing bodies

Up until 2011, the Government grant funded AHBs, through local authorities, for social housing. There was a rationale for the introduction of loan finance to replace grants, and for lending directly to AHBs to enable the timely completion of social housing projects. The HFA was given a central role in the provision of loan funding for the sector, in the absence of competitive rates and tenors, at the time, in the market.

The HFA established a process for the assessment of AHBs for 'Certified Body' status, i.e., deemed suitable for the provision of loan finance. The assessment process for AHBs is in two parts. The first is a market standard corporate review which uses a scoring matrix to assess current performance, corporate governance, and development and financial plans. The application is then brought before the HFA's Credit Committee for consideration. Following this, applicants are then awarded Certified Body status and can apply for funding on a case-by-case basis. Project applications are supported by the State funded Capital Advance Leasing Facility (CALF) and a Payment and Availability Agreement (PAA).

In December 2015, the HFA launched a lending initiative specifically targeted at AHBs which are not currently Certified Bodies. This product targets AHBs with lending requirements from a minimum of €0.25 million up to €1.50 million and was subsequently increased to €5 million in May 2022 and is specifically tailored towards property acquisitions. Tier 2 AHBs who apply for the new product do not have to undergo a full HFA credit review process.

There has been significant growth in AHB activity which has continued in 2023, strongly supported by the HFA's range of fixed rate offerings including acquisition, new build and mortgage-to-rent products. In particular, the National Treasury Management Agency (NTMA), European Investment Bank ("EIB") and Council of Europe Development Bank ("CEB") financing has facilitated long-term fixed rate funding out to 30 years at a current rate of 3.75%, which has significantly de-risked the interest rate environment for AHBs borrowing from the HFA. The HFA remains confident that it can play a central role in ensuring that any development plans can be supported with competitive and flexible financing which will meet the needs of the AHB sector.

Loans to higher education institutions

Section 51 of the Planning and Development (Housing) and Residential Tenancies Act, 2016, allows the HFA to lend to higher education institutions (HEIs) for the development of new student accommodation. These powers allow HEIs access the HFA's low cost, long term fixed rate finance for on and off campus student housing, thereby significantly reducing the costs to universities of such projects and improving the affordability for students. The provision of new student accommodation has the added benefit of freeing up existing rental stock to support additional social and affordable housing.

Currently four Universities have had loan applications approved totalling €261m for the provision of 2,402 new student bedrooms.

It is anticipated that further loan applications will be received in the coming months. The HFA advanced funds of €7 million (2022: €3 million) to one HEI during 2023 (2022: one).

Loans to Technological Universities (TUs)

In Housing for All it is proposed to allow Technological Universities to borrow from the Housing Finance Agency.

Treasury

The HFA raises funding, with the support of a Guarantee from the Minister of Finance, largely through the NTMA, local authorities and international agencies such as the European Investment Bank and the Council of Europe Development Bank. Marginal funding is raised via the NTMA using the Guaranteed Note Programme as approved by the Board.

Audit & Risk Committee Report (continued)

Review of internal controls

The Directors have responsibility for maintaining a system of internal control which provides reasonable assurance of effective and efficient operations, internal financial control and compliance with laws and regulations. In this context the Audit and Risk Committee has regard to what, in its judgement, is appropriate to the HFA's business, to the materiality of the financial and operational risks inherent in the business and to the relative costs and benefits of implementing specific controls. The HFA has a policy outlined in its Policies and Procedures Manual whereby employees can raise concerns, in confidence, about possible irregularities in financial reporting or other matters.

The Board has devolved the task of reviewing risks, in detail, to the Committee, and this is a standing agenda item for meetings of the Audit and Risk Committee. The Audit and Risk Committee subsequently reports and makes recommendations to the Board on its findings, with the Board tasked with overseeing risk and considering recommendations from the Committee. At all of the meetings of the Audit and Risk Committee a review is undertaken of one area of risk as detailed in the HFA's Risk Register.

The HFA's system of internal control is designed to provide reasonable, but not absolute, assurance against the risk of material errors, fraud or losses occurring. It is possible that internal controls can be circumvented or overridden. Further, due to changes in conditions, the effectiveness of an internal control system may vary over time.

HFA Management endeavours to amend internal control systems in line with changes in the underlying business in a timely manner.

The Internal Auditor, (now outsourced to Mazars up to November 2025), identifies and evaluates the HFA's internal control systems as a basis for reporting upon its adequacy and effectiveness. An approved plan is agreed with the Audit and Risk Committee and the Internal Auditor plans, performs, and evaluates their work based around this schedule. If significant weaknesses are found with internal controls within any sample tested, then the Internal Auditor reverts to carrying out substantive tests on the areas where the controls were found to be ineffective/defective. The Audit and Risk Committee

reviews the reports carried out by the Internal Auditor on a regular basis and the Internal Auditor also holds a yearly private meeting with the Committee, without Management present, where any issues can be raised by either the Internal Auditor or the Committee.

The Directors have established an organisational structure with defined responsibility for internal control for each element of the HFA's business and this, together with the associated responsibility for reviewing periodically the effectiveness of such internal control, is formally reported upon by the Chief Executive Officer once a year and is subject to testing by Internal Audit throughout the year with reports issued to the Audit and Risk Committee. The key elements of the system of internal control are as follows:

- a clearly defined organisational structure with appropriate segregation of duties and limits of authority;
- internal financial controls documented in a Policies and Procedures Manual which is reviewed annually, and any subsequent changes approved by the Board;
- clearly defined limits and procedures for financial expenditure including procurement and capital expenditure;
- annual budgets (and means of comparing actual results with budgets during the year) and long-term plans for the HFA identifying key risks and opportunities;
- monthly management accounts prepared and presented to the Board;
- Internal Audit reviewing key financial systems and controls;
- an Audit and Risk Committee dealing with any significant control issues raised by Internal or External Audit; and,

Audit & Risk Committee Report (continued)

- the preparation and issue of financial reports, including the Annual Report, managed by the Finance Section with oversight from the Audit and Risk Committee. The financial reporting process is controlled using documented accounting policies. Whilst the Directors have the responsibility for the preparation of the financial statements, the Directors are supported by Senior Management and professional advisors, such as an actuary, who have responsibility and accountability to provide information in keeping with agreed policies, including the completion and reconciliations of financial information to processing systems. Its quality is underpinned by arrangements for segregation of duties to facilitate independent checks on the integrity of the financial reports. The financial information for each year is subject to review by Senior Management prior to being submitted to the Audit and Risk Committee. The Annual Report is also reviewed by the Audit and Risk Committee in advance of being presented to the Board for its approval.

The Audit and Risk Committee has reviewed and discussed with Management its assessment and report on the effectiveness of the HFA's internal control over financial reporting as of 31 December 2023.

Discussions with the Auditor

The Audit and Risk Committee has received and discussed a report from the External Auditor on the findings from the external audit engagement, including those relating to the risks noted above. The External Auditor reported to the Audit and Risk Committee the misstatements that they had found in the course of their work and no material amounts remain unadjusted.

Committee Effectiveness

The effectiveness of the Committee is reviewed on an annual basis by both the Board and the Committee itself. Following such reviews, the Committee is satisfied to advise that it is considered to have discharged its duties, as per its terms of reference, in an effective and efficient manner.

Conclusion

After reviewing the presentations and reports from Management and Internal Audit and taking into account views expressed by the External Auditor, the Audit and Risk Committee is satisfied that the financial statements appropriately address the critical judgements and key estimates, both in respect to the amounts reported and the disclosures. The Audit and Risk Committee is also satisfied that it has sufficiently scrutinised and challenged the significant assumptions used for determining the value of assets and liabilities.

On behalf of the Audit and Risk Committee,



Lianne Patterson
Committee Chairperson

28 March 2024

Report of the Independent Auditor to the Members of Housing Finance Agency Plc

Opinion

We have audited the financial statements of Housing Finance Agency plc (the 'company') for the year ended 31 December 2023 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows, and the related notes. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2014 and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its gain for the year then ended;
- have been properly prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our assessment of risks of material misstatement

The risks of material misstatement detailed in this section of the report are those risks that we have deemed, in our professional judgement, to have had the greatest effect on: the overall audit strategy; the allocation of resources

in our audit; and directing the efforts of the engagement team. Our audit procedures relating to these risks were designed in the context of our audit of the financial statements as a whole. Our opinion on the financial statements is not modified with respect to any of these risks, and we do not express an opinion on these individual risks.

In arriving at our audit opinion above on the financial statements, the risks that had the greatest effect on the audit were as follows:

Existence and recoverability of loans

There is a risk that loans on the Agency's loan book do not exist, or that funds have been disbursed to bodies other than the local authorities or approved housing bodies. There is also a risk that loans may not be recoverable, and that credit risk arises on the Agency's loan book, particularly post May 1986 loans which account for the substantial portion of the Agency's loan book.

We selected a sample of loans outstanding at the statement of financial position date, including loans that were advanced during the year. We inspected the documentation to support each of these loans, and we performed recalculations of the amounts outstanding on each of the loans at the statement of financial position date, referring to key inputs such as interest rates and repayment history. In all cases we discussed the status of each loan with management. In relation to recoverability, we considered the disclosures made in the Audit Committee Report in relation to the recoverability of post May 1986 loans in particular. We are satisfied that management's assessment that there is no credit risk on post May 1986 loans is appropriate.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the HFA's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue. Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Report of the Independent Auditor to the Members of Housing Finance Agency Plc (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that in our opinion:

- the information given in the Directors' Report is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

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

Matters on which we are required to report by exception

Based on the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

We have nothing to report in respect of our obligation under the Companies Act 2014 to report to you if, in our opinion, the disclosures of director's remuneration and transactions specified by sections 305 to 312 of the Act are not made.

Responsibilities of directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) 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.

Report of the Independent Auditor to the Members of Housing Finance Agency Plc (continued)

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at: [http://www.iaasa.ie/Publications/Auditing-standards/International-Standards-on-Auditing-for-use-in-Ire/International-Standards-on-Auditing-\(Ireland\)/ISA-700-\(Ireland\)](http://www.iaasa.ie/Publications/Auditing-standards/International-Standards-on-Auditing-for-use-in-Ire/International-Standards-on-Auditing-(Ireland)/ISA-700-(Ireland)). This description forms part of our auditor's report.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Thomas McDonald

For and on behalf of JPA Brenson Lawlor Chartered Accountants, Statutory Audit Firm

Argyle Square,
Morehampton Road
Donnybrook,
Dublin 4,

28 March 2024

Income Statement

	Note	31 December 2023 €'000	31 December 2022 €'000
Interest income	5	162,154	111,854
Interest expense	6	(93,414)	(37,055)
Net Interest Income		68,740	74,799
Administration expenditure	7	(2,492)	(1,987)
Operating lease	7	(197)	(197)
Depreciation on tangible assets	7, 12	(134)	(76)
Impairment charges	7	0	0
Other Administration Expenses	9	(212)	(243)
Gain on ordinary activities before finance income/expense		65,705	72,296
Finance income	10	8,439	38
Finance expense	10	-	(8)
Gain on ordinary activities after finance income		74,144	72,326

The accompanying notes on pages 51 to 83 form an integral part of the financial statements.

On behalf of the Board,



Frank Allen
Chairperson

28 March 2024



Barry O'Leary
Chief Executive Officer

28 March 2024

Statement of Comprehensive Income

	Note	31 December 2023 €'000	31 December 2022 €'000
Gain on ordinary activities after finance income		74,144	72,326
Actuarial gain/(loss)	17	(419)	379
Total comprehensive income for the financial year		73,725	72,705

Statement of Financial Position

	Note	31 December 2023 €'000	31 December 2022 €'000
Assets			
Cash and cash equivalents	11	26,138	182,020
Property, plant and equipment	12	309	252
Loans and advances	13	7,543,008	6,795,493
Other debtors and receivables	14	3,029	3,597
Total assets		7,572,484	6,981,362
Liabilities			
Debt securities in issue	15	5,987,560	5,608,939
Bank loans	16	1,071,052	931,662
Pension scheme deficit	17	9	337
Other payables		1,315	1,601
Total liabilities		7,059,936	6,542,539
Equity			
Called up share capital	20	39	39
Retained surplus	21	512,509	438,784
Total equity		512,548	438,823
Total liabilities and equity		7,572,484	6,981,362

The accompanying notes on pages 51 to 83 form an integral part of the financial statements.

On behalf of the Board,



Frank Allen
Chairperson

28 March 2024



Barry O'Leary
Chief Executive Officer

28 March 2024

Statement of Changes in Equity

	Share Capital €'000	Retained Earnings €'000	Total €'000
Balance as at 1 January 2023 as previously reported	39	438,784	438,823
Profit for the year	-	74,144	74,144
Actuarial loss on defined benefit pension schemes	-	(419)	(419)
Balance as at 31 December 2023	39	512,509	512,548

Statement of Cash Flows

	31 December 2023 €'000	31 December 2022 €'000
Cash flow from operating activities		
Profit for the financial year	74,144	72,326
<i>Adjustments for:</i>		
Depreciation	134	76
Pension actuarial costs	(419)	379
Impairment charges	-	-
Net (increase)/decrease in loans and advances	(746,925)	(827,272)
Net (increase)/decrease in other creditors	(607)	352
Net (increase)/decrease in debtors	(21)	41
Net cash generated from operating activities	(673,694)	(754,098)
Cash flows from investing activities		
Purchases of property, plant and equipment	(197)	(254)
Net cash used in investing activities	(197)	(254)
Cash flows from financing activities		
Movement of borrowings	518,008	311,908
Net cash used in financing activities	518,008	311,908
Net increase (decrease) in cash and cash equivalents	(155,883)	(442,444)
Cash and cash equivalents at the beginning of the year	182,020	624,464
Cash and cash equivalents at the end of the year	26,138	182,020

Notes to the financial statements

1. Statutory Information

The Housing Finance Agency is a public limited company domiciled in Ireland, registration number 87513. The registered office is located at 46, St Stephen's Green, Dublin 2.

2. Compliance with Accounting Standards

The financial statements have been prepared in accordance with FRS102, the Financial Reporting Standard applicable in the UK and Ireland issued by the Financial Reporting Council. There were no material departures from that Standard.

3. Accounting Policies

Basis of preparation

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the HFA's financial statements.

The financial statements have been prepared under the historic cost convention as modified by the revaluation of certain fixed assets.

The financial statements comply with generally accepted accounting practice in Ireland, which includes compliance with Irish law and FRS 102, the Financial Reporting Standard applicable in the UK and Ireland, issued by the Financial Reporting Council, as promulgated by Chartered Accountants Ireland. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Due to the nature of the HFA's business and the type of transactions it is engaged in, the Directors have adapted the Income Statement to suit the circumstances of the business in accordance with Section 3, Part II of the Companies Act 2014. The Directors have chosen to present their financial statements in a format which is used by similar financial institutions.

Access to Funding and Going Concern

The financial statements have been prepared on the going concern basis. In making its assessment of the HFA's ability to continue as a going concern the Board of Directors has taken into consideration the significant risks and uncertainties that may impact the HFA, in particular with regard to difficulties which may arise in relation to access to funding.

About 26% of the HFA's loans have a variable rate structure, and the funding acquired to provide these loans is similarly structured. The HFA's main funder is the National Treasury Management Agency (NTMA) through the HFA's Guaranteed Notes (GN) programme. The GN programme is guaranteed by the Minister for Finance and facilitates issuance out to a maximum maturity of thirty years from the date of issue.

In January 2016 a pricing arrangement with the NTMA was introduced whereby the interest rate for new issues (fixed or floating) is priced off the Irish Government bond yield curve for the respective maturity plus a margin agreed between both parties. At year end 2023 the average maturity of HFA debt was 10.8 years (2022: 9.8 years). The NTMA had purchased €4.13bn in GNs at 31 December 2023 (2022: €3.01bn).

The Directors are satisfied that there is a sufficient range of funding options available, to allow the HFA to continue to provide ongoing financing to its customers and to continue its operations into the foreseeable future. The Directors are also assured that, given the average life of the HFA's borrowing is significantly longer than 18 months from the date of approval of these financial statements, it continues to be appropriate to prepare the financial statements on a going concern basis and that the HFA will continue in business for the foreseeable future.

Notes to the financial statements (continued)

3. Accounting Policies (continued)

Functional and presentation currency

These financial statements are presented in euro, which is the HFA's functional currency. Financial information presented in euro has been rounded to the nearest thousand except where indicated.

Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The judgements that have a significant effect on the financial statements and those with a risk of material adjustment in the next year are in the areas of impairment losses that may arise on loans and advances issued before 1986 and on loans to approved housing bodies.

Impairment loss on loans and advances

The HFA currently lends to local authorities, approved housing bodies, the Local Government Management Agency and higher education institutions. These borrowers have different credit risk profiles. A more detailed explanation regarding this can be found in Note 18(a).

The most significant judgement on which the financial statements have been prepared relates to the Directors' view of the credit risk of loans issued post 1986 to local authorities. In the context of (a) local authorities being statutory bodies under the Local Government Act, 2001 and other enactments; (b) their revenues or funds being security for the due payment to the HFA of all amounts due by local authorities (as set out in the agreement between each local authority and the HFA); (c) all loans advanced to local authorities are approved by the Minister for Housing, Local Government and Heritage; (d) the Board's understanding that central Government supports local authorities in meeting their obligations to the HFA; and (e) the HFA has not experienced any loan losses on its loans advanced to local authorities after 1986, the Board is of the opinion that, in substance, no credit risk arises, other than sovereign risk, on loans advanced to local authorities on or after 27 May 1986 and no loan loss provisions are recorded in respect of these loans.

Other areas of estimates which have a less significant impact on the HFA's financial reporting include impairment losses that may arise on loans issued before May 1986 and loans to AHBs. The HFA is liable for any credit losses that may arise on the €1.12 million (2022: €1.12 million) still due to the local authorities from the underlying borrowers on pre-May 1986 mortgages which are secured by the underlying mortgage property. A collective provision of €0.43 million has been recognised in respect of these accounts. Refer to Note 13 for further details. Direct lending to AHBs commenced in 2012 with the total balances as at 31 December 2023 of €4.12 billion (2022: €3.21 billion). No loans losses were incurred on loans to AHBs and therefore no loan loss allowances were made.

Employee benefits

The HFA operates a defined benefit pension scheme covering all employees that commenced employment prior to 2013. Seventeen employees, recruited since 1 January 2013, are included in the Single Public Service Pension Scheme in line with Government policy. The market value of the assets and actuarial value of the liabilities of the HFA's pension scheme are evaluated annually. This involves Management, with the advice of an external actuary, making assumptions regarding the future as to price inflation, salary and pension increases, return on investments and employee mortality. There are acceptable ranges in which these estimates validly fall. The impact on the results for the period and financial position could be materially different if alternative assumptions were used. Further details are disclosed in Note 17 to the financial statements.

Notes to the financial statements (continued)

3. Accounting Policies (continued)

The HFA's net deficit or surplus in respect of its defined benefit plan represents the shortfall or surplus, respectively, for the fair value of the plan assets over the present value of the future benefits owed to employees in return for their service in the current and prior periods. The discount rate used is the market yield on high quality corporate bonds at the year-end date that have maturity dates approximating to the terms of the HFA's obligations. The calculation is performed by a qualified independent actuary using the projected unit cost method. Actuarial gains and losses are taken directly to other comprehensive income in the year in which they are incurred. The impact on the Income Statement includes current service cost, past service cost, the interest cost of the plan liabilities and the expected return on plan assets.

Financial assets and liabilities

Recognition

The HFA initially recognises at fair value, loans and advances, deposits and debt securities issued on the date that they are originated.

Derecognition

The HFA derecognises a financial asset when the contractual rights to the cash flows from the asset expire or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the HFA is recognised as a separate asset or liability.

The HFA derecognises a financial liability when its contractual obligations are discharged, cancelled or expired. The HFA may enter into transactions whereby it transfers assets recognised on its Statement of Financial Position but retains both all risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised from the Statement of Financial Position.

Financial Instruments

In previous financial years, the HFA opted-in to the requirements of FRS 26 'Financial Instruments: Recognition and Measurement'. FRS 26 implements the recognition, measurement and hedge accounting requirements of the International Standard IAS 39 'Financial Instruments: Recognition and Measurement'. IAS 39 requires Financial Assets to be classified into one of four categories. The HFA classified its loans to local authorities, approved housing bodies and higher education institutions under the category of 'Loans and Receivables' in accordance with IAS 39.

Therefore, the HFA's loans were initially recognised at fair value of the consideration paid and were subsequently measured at amortised cost less provision for impairment. The HFA has considered the requirements of Sections 11 and 12 of FRS 102 in deciding on the accounting treatment for its loans to local authorities, approved housing bodies and higher education institutions.

Pre May 1986 loans

The HFA is liable for any credit losses that arise on pre-May 1986 mortgages which are secured by the underlying mortgage property. The HFA considers that these loans fall under the category of asset-backed securities in accordance with Paragraph 11.6 of FRS 102, and therefore they fall under the scope of section 12 which deals with complex financial instruments.

Post May 1986 local authority loans

The HFA notes the definitions included in paragraphs 11.8 and 11.9 of FRS 102 and considers that its post May 1986 loans to local authorities constitute debt instruments in which the contractual return to the Agency is a fixed amount and a positive fixed rate or a positive variable rate, and therefore meet the definition of basic financial instruments.

Notes to the financial statements (continued)

3. Accounting Policies (continued)

Loans to approved housing bodies

The HFA commenced lending to approved housing bodies in 2012. The HFA considers that the loans advanced to AHBs meet the definition of complex financial instruments on the basis that the loans are secured by way of charges over the underlying properties.

Loans to higher education institutions

The HFA commenced lending to higher education institutions in 2019. The HFA considers that the loans advanced to HEIs meet the definition of complex financial instruments on the basis that the loans are secured by way of charges over the underlying properties.

Consideration of accounting treatment

Section 11 of FRS 102 requires that Basic Financial Instruments be measured initially at the transaction price, and subsequently at amortised cost using the effective interest method. This method of accounting represents no difference from the method that the HFA previously applied and therefore would not give rise to any transition adjustments. Section 11 applies to the most significant part of the Agency's loan books, dealing with the loans advanced to local authorities post May 1986. Section 12 of FRS 102 requires that complex financial instruments be initially recognised at fair value, and subsequently should also be measured at fair value at the end of each reporting period. As noted above the loans that would fall into this category comprise the HFA's loans advanced to local authorities prior to May 1986, and its loans to approved housing bodies and higher education institutions. These loans collectively account for 57% of the HFA's total loan book.

The HFA considers that the nature of its business means that it meets the requirements to be classified as a Public Benefit Entity in accordance with FRS 100. In accordance with paragraph 11.1A of FRS 102, a Public Benefit Entity that makes or receives public benefit entity concessionary loans may refer to the paragraphs of Section 34 of the standard for the accounting requirements for these loans. In so far as it applies to the HFA, the standard defines such a loan as one that is below the prevailing market rate of interest, is not payable on demand, and is for the purpose of furthering the objectives of the Public Benefit Entity. Section 34 of the standard allows the user to apply the recognition, measurement and disclosure requirements of Section 11 or Section 12. The HFA has therefore opted to apply the provisions of Section 34 and continues to account for its loans at fair value on initial measurement, and at amortised cost. This applies the principles of Section 11 of the Standard covering Basic Financial Instruments.

In relation to all other Financial Instruments, the HFA is satisfied that these meet the definition of Basic Financial Instruments and therefore should continue to be accounted for in the same manner as in previous years. This does not give rise to any transition adjustments.

Offsetting

Financial assets and liabilities are set off and the net amount presented in the Statement of Financial Position only when the HFA has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis when the HFA has the intent and ability to set off the amounts.

Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

Notes to the financial statements (continued)

3. Accounting Policies (continued)

Fair value measurement

The determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations for financial instruments traded in active markets. Quoted market value for assets is based on bid prices, where available. For all other financial instruments fair value is determined by using valuation techniques. For securities where market quotes are not available, the HFA uses estimation techniques to determine fair value.

Estimation techniques used include discounted cash flows, internal models that utilise observable market data or comparisons with other securities that are substantially the same.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the HFA does not intend to sell immediately or in the near term.

Loans and receivables are initially measured at fair value of the consideration paid and are subsequently held at amortised cost less provision for impairment.

Identification and measurement of impairment

At each year-end date the HFA assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows of the asset that can be estimated reliably.

The HFA considers evidence of impairment at both a specific asset and collective level. All individually significant financial assets are assessed for specific impairment. All significant assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet reported. Assets that are not individually significant are then collectively assessed for impairment by grouping together financial assets (carried at amortised cost) with similar risk characteristics. Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial assets and the present value of estimated cash flows. Losses are recognised in the Income Statement and reflected in an allowance account against loans and advances.

All loans that are assessed for renegotiation are tested for impairment and where a loan is deemed to be impaired, an appropriate provision is raised to cover the difference between the loan's carrying value and the present value of estimated future cash flows. Where the terms on a renegotiated loan which has been subject to an impairment provision differ substantially from the original loan terms either in a quantitative or qualitative analysis, the original loan is derecognised, and a new loan is recognised at fair value.

Any difference between the carrying amount of the loan and the fair value of the new renegotiated loan terms is recognised in the income statement.

Interest on the impaired asset continues to be recognised and a write-off is made when all or part of a loan is deemed uncollectible or forgiven. Write-offs are charged against previously established provisions for impairment or directly to the Income Statement.

Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and on hand, and short-term investments which are readily convertible to a known amount of cash and subject to an insignificant risk of change in value.

Notes to the financial statements (continued)

3. Accounting Policies (continued)

Property, plant and equipment

Depreciation has been computed to write off the cost of tangible fixed assets over their expected useful lives using the following rates:

Computer assets Straight line over 3 years

Other assets Straight line over 5 years

Estimates of expected useful life are reviewed at the end of each accounting period. Where necessary a provision is also made for any impairment of tangible fixed assets. The carrying amount of the tangible fixed assets is reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists then the asset is tested for impairment by comparing the carrying amount to the recoverable amount, which is the higher of the amount that can be obtained from selling the asset less costs or its value in use. Impairment losses are recognised in Other Comprehensive Income.

Interest receivable and payable

Interest receivable and payable on financial instruments classified as loans and advances and financial liabilities at amortised cost. This calculation takes into account interest and commissions, paid or received, that are integral to the yield as well as incremental transaction costs or, where appropriate, a shorter period to the net carrying amount of the financial asset or financial liability at initial recognition.

Foreign currencies

Transactions denominated in currencies other than euro are recorded at the rates ruling at the date of those transactions. Monetary assets and liabilities in foreign currencies are translated at the rates ruling at the year-end date. The exchange differences are dealt within the Income Statement.

Segment reporting

The HFA has only one type of operation carried out in only one country. Management reviews the operations of HFA as a whole and does not distinguish operating segments. As a result, operations are reported in these financial statements as a single segment.

Operating lease

Operating lease costs are disclosed separately in the Income Statement on an accruals basis over the period of the lease using the straight-line method. Operating lease incentives are recognised in the statement of financial position and released on a straight-line basis over the period to the first review to market rate contained within the lease.

Inflationary increases in lease rentals are expensed as incurred.

Finance income

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues.

Notes to the financial statements (continued)

4. Status of the HFA and related party transactions

Housing Finance Agency plc. is a public company limited by shares promoted by the Minister for Housing, Local Government and Heritage under the terms of the Housing Finance Agency Act, 1981. The issued share capital is beneficially owned by the Minister for Public Expenditure, NDP Delivery and Reform. The HFA was formed as a private limited company on 8 February 1982 and on 13 January 1983 became a public limited company.

In the normal course of business, the HFA is funded by the NTMA and local authorities, which are also Government bodies and are as such considered to be related parties. Details of amounts outstanding under the Guaranteed Note programme which are provided by the NTMA and local authorities, at 31 December 2023, can be found in Note 15. The interest expense relating to these facilities for the financial year was €58.76 million (2022: €24.90 million) for the NTMA, and €21.63 million (2022: €4.04 million) for local authorities and €13.02 million for others (2022: €8.09 million).

In the normal course of business, the HFA loans funds to local authorities which are Government bodies and are, in this respect, also considered to be related parties. Interest earned on these advances is detailed in Note 5 to the financial statements.

The management/administration of the HFA's pension scheme (see Note 17) is performed by Irish Life Corporate Business, effective from 1 January 2012.

In the normal course of business, the HFA deposits funds from short term surpluses that arise with Allied Irish Bank plc. (since June 2023 the State has a less than 50% shareholding), on either of the HFA's treasury related or expense accounts, or with the NTMA. Interest charged on these positive balances during 2023 was €0.005 million (2022: €0.098 million) and amounts on deposit and invested with the NTMA as at 31 December 2023 were €26.14 million (2022: €182.02 million).

Transactions with key Management personnel

Key Management personnel include those personnel that have authority or responsibility for controlling the activities of the HFA and include the Board of Directors and the Chief Executive Officer, Head of Treasury, Head of Risk and Compliance and Head of Finance. In addition to their salaries, the HFA also contributes to a post-employment defined benefit plan on behalf of key Management personnel. Total key Management personnel compensation comprised:

	31 December 2023	31 December 2023
	€'000	€'000
Salaries*	394	313
Directors' fees	61	53
Pension contributions	79	120
	534	486

*Salaries include Chief Executive Officer's remuneration which is detailed in Note 8, in addition to other salaried key senior Management personnel (i.e., Head of Treasury, Head of Risk and Compliance and Head of Finance). At the end of 2023, one key Management member is in the Single Public Service Pension Scheme.

Taxation status of the HFA

Under Section 218 of the Taxes Consolidation Act 1997, income earned by HFA from the business of making loans and advances under Section 5 of the Housing Finance Agency Act, 1981, is exempt from Corporation Tax. Income chargeable under Case III, Schedule D is also exempt from Corporation Tax.

Under Section 172(A) of the Taxes Consolidation Act 1999, the HFA is entitled to pay dividends gross of Dividend Withholding Tax.

Notes to the financial statements (continued)

5. Interest income – continuing activities

	31 December 2023 €'000	31 December 2022 €'000
Interest on advances to local authorities:		
Post 27 May 1986	71,898	44,998
Pre 27 May 1986	27	12
Interest on advances to approved housing bodies	88,068	64,703
Interest on advances to higher education institutions	2,161	2,141
	162,154	111,854

Total interest income on financial assets not carried at fair value through the Income Statement amounted to gross interest of €164.07 million (2022: €113.60 million).

6. Interest expense – continuing activities

	31 December 2023 €'000	31 December 2022 €'000
Loan costs		
Interest payable on Guaranteed Notes	80,428	28,968
Interest payable on EIB and CEB facilities	12,981	7,990
Interest payable on positive balances on AIB account	5	97
Total interest expenses	93,414	37,055

7. Non-interest expenditure

	31 December 2023 €'000	31 December 2022 €'000
Operating lease (Note 8)	197	197
General expenditure, Directors emoluments and Employee	2,492	1,987
Depreciation (Note 12)	134	76
Impairment charges	0	0
Total non-interest expenditure	2,823	2,260

Notes to the financial statements (continued)

8. Administration expenditure

Operating lease commitments

The HFA has commitments under an operating lease (office premises) to make total payments as follows:

Buildings	€'000
Not later than one year	197
After one year less than five years	788
After five years	1,234

Administration expenditure

Administration expenditure has been arrived at after charging:

Year ended	31 December 2023 €'000	31 December 2022 €'000
Auditor's remuneration		
Audit of financial statements	34	35
Total Auditor's remuneration	34	35
Other assurance services (internal audit)	25	14
General expenses	737	502
Directors emoluments		
Fees – Chairperson	12	7
Fees – other Directors	49	46
Total Director emoluments	61	53
Employee costs (excluding Directors)		
Chief Executive Officer's remuneration	133	129
Other salaries	1,104	809
Pension contributions	77	77
Social Welfare costs	122	90
Pension service costs - present	199	279
Total employee costs	1,425	1,384
Total administration expenses	2,492	1,988

Total salaries for key Management were €394,000 (2022: €313,000). The balance of €843,000 (2022: €625,000) was for administration staff. PAYE/PRSI and VAT at the year-end were €58,145 (2022: €44,194). The average number of employees during the year was nineteen (2022: seventeen) including the Executive Director.

Notes to the financial statements (continued)

9. Other administration expenditure

	31 December 2023 €'000	31 December 2022 €'000
Other Administration Expenditure	212	243
Total other administration expenditure	212	243

Other Administration Expenditure relates to the HFA Social Investment Fund. The HFA contributes towards the social and economic fabric of communities through sponsorship of schemes submitted for approval by customers. The aim of the Social Investment Fund is to enable the HFA to support suitable local projects that complement social housing and enable community development.

10. Finance income/(expense)

	31 December 2023 €'000	31 December 2022 €'000
Net Interest expense on defined benefit pension scheme liabilities	-	(8)
Investment income from NTMA	8,436	38
Net Interest income on defined benefit pension scheme	3	
Net finance income (expense)	8,439	30

11. Cash and cash equivalents

Year ended	31 December 2023 €'000	31 December 2022 €'000
Cash at bank and in hand	1,122	11,987
Amounts held on short term deposits	25,016	170,033
	26,138	182,020

Notes to the financial statements (continued)

12. Property, plant and equipment

	31 December 2023 €'000
Cost or valuation	
At 1 January 2023	507
Additions	191
Disposals	(6)
At end of year	692
Accumulated depreciation	
At beginning of year	255
Charged for year	134
Disposals	(6)
At end of year	383
<i>Net book value</i>	
31 December 2023	309
31 December 2022	252

13. Loans and advances to local authorities, approved housing bodies and higher education institutions

	31 December 2023 €'000	31 December 2022 €'000
Loans advanced to local authorities	3,185,355	3,355,873
Loans advanced to approved housing bodies (AHBs)	4,120,650	3,214,303
Loans advanced to higher education institutions (HEIs)	122,135	119,568
Total balances due on advances	7,428,140	6,689,744
Less: Collective provision	(425)	(425)
	7,427,715	6,689,319
Due from local authorities	115,293	106,174
Total loans and advances to local authorities, AHBs and HEIs	7,543,008	6,795,493

The HFA is liable for any credit losses that may arise on the €1.12 million (2022: €1.12 million) still due to the local authorities from the underlying borrowers on pre-May 1986 mortgages which are secured by the underlying mortgage property. A provision of €0.43 million (2022: €0.43 million) has been recognised in respect of these loans. Refer to Note 18(a) for further details. This provision is based on the HFA's best estimate of the present value of estimated future cash flows compared to the carrying value of the loans as at 31 December 2023 and subject to changes in the underlying assumptions and may increase or decrease in future years.

Notes to the financial statements (continued)

13. Loans and advances to local authorities, approved housing bodies and higher education institutions (continued)

In the context of (a) local authorities being statutory bodies under the Local Government Act, 2001 and other enactments; (b) their revenues or funds being security for the due payment to the HFA of all amounts due by local authorities (as set out in the agreement between each local authority and the HFA); (c) all loans advanced to local authorities are approved by the Minister for Housing, Local Government and Heritage; (d) the Board's understanding that central Government supports local authorities in meeting their obligations to the HFA; and (e) the HFA has not experienced any loan losses on its loans advanced to local authorities after 1986, the Board is of the opinion that, in substance, no credit risk arises, other than sovereign risk, on loans advanced to local authorities on or after 27 May 1986 and no loan loss provisions are recorded in respect of these loans. Please refer to Note 18(a) for further details.

Direct lending to approved housing bodies commenced in 2012 and losses are recognised on these loans to the extent that losses are incurred. No such losses arose in 2023 and no provision is considered necessary in respect of these advances as at 31 December 2023.

Lending to higher education institutions commenced in 2019 and losses are recognised on these loans to the extent that losses are incurred. No such losses arose in 2023 and no provision is considered necessary in respect of these advances as at 31 December 2023.

14. Other debtors and receivables

	31 December 2023 €'000	31 December 2022 €'000
Amounts due to MARP Fund	2,972	3,562
Deposit interest receivable	5	5
Pension related receivables	52	30
Total other debtors and receivables	3,029	3,597

15. Debt securities in issue

	31 December 2023 €'000	31 December 2022 €'000
Guaranteed Notes		
GN Local authorities	1,685,812	2,388,691
National Treasury Management Agency	4,130,000	3,010,000
GN HEIs	49,230	120,958
Local authority MARP fund	28,507	21,341
GN HEI Security	3,232	3,055
GN LA Fixed rate	45,048	45,048
Total Guaranteed Notes advanced	5,941,829	5,589,093
Interest payable on Guaranteed Notes	45,731	19,846
Total debt securities issued	5,987,560	5,608,939

The Guaranteed Notes are fully guaranteed by the Minister for Finance.

Notes to the financial statements (continued)

16. Bank loans

	31 December 2023 €'000	31 December 2022 €'000
Bank loans		
Between one and two years	40,184	45,616
Between two and five years	0	-
After more than five years	1,030,868	886,046
Total	1,071,052	931,662

The bank loans payable are fully guaranteed by the Minister for Finance, excepting one small facility for the purpose of unguaranteed lending for water, waste and environmental projects, totalling just under €2 million with the Council of Europe Development Bank. The maturity of the amounts falling due after more than one year is further split out in Note 18(c).

17. Pension scheme

The HFA operates a defined benefit pension scheme covering all permanent employees (apart from employees recruited after 31 December 2012). This pension scheme is internally funded.

The latest full actuarial valuation was carried out at 6 September 2023 using the Projected Unit Lost Method.

At 31 December 2023, the market value of the fund's assets was €5.24 million (2022: €4.07 million). The Actuarial Report is available for inspection by members of the scheme.

For the purposes of FRS 102 Section 28, Employee Benefits, the latest valuations have been updated to 31 December 2023 by a qualified independent actuary using the projected unit cost method.

The principal actuarial assumptions used were as follows:

	31 December 2023 %	31 December 2022 %	31 December 2021 %
Rate of increase in salaries	3.60	4.25	3.80
Rate of increase in pensions payments	2.00	2.00	2.00
Discount rate	3.35	3.70	1.45
Inflation assumption	2.10	2.75	2.30
Life expectancies			
Post retirement – male age 65	23.3 years	23.6 years	23.6 years
Post retirement – female age 65	25.3 years	25.5 years	25.5 years
Post retirement – male age 62.5	25.3 years	26.0 years	26.0 years
Post retirement – female age 62.5	27.5 years	28.0 years	28.0 years

Notes to the financial statements (continued)

17. Pension scheme (continued)

The (deficit)/surplus of the scheme may be analysed as follows:

	31 Dec 2023 €'000	31 Dec 2022 €'000	31 Dec 2021 €'000	31 Dec 2020 €'000	31 Dec 2019 €'000
Pension assets	5,239	4,069	5,803	5,661	5,222
Pension liabilities	(5,248)	(4,406)	(6,439)	(7,264)	(5,966)
Liability	(9)	(337)	(636)	(1,603)	(744)

Based on these assumptions, the following table sets out the market value of the assets of the defined benefit scheme together with the most recent valuation of the scheme liabilities updated for movements in the financial assumptions:

	Value at 31 Dec 2023 €'000	Value at 31 Dec 2022 €'000	Value at 31 Dec 2021 €'000
Equities	-	-	641
Bonds	5,239	4,069	5,066
Property	-	-	54
Cash and other assets	-	-	42
Total market value of pension scheme assets	5,239	4,069	5,803
Present value of pension scheme liabilities	(5,248)	(4,406)	(6,439)
Total net pension (liability) recognised in the Statement of financial position	(9)	(337)	(636)

Interest income on plan assets for 2023 has been calculated based on the discount rate for the prior year which stood at 2.75%. For the year ended 31 December 2024, interest income on plan assets will be based on a discount rate of 3.35%.

Changes in the present value of the defined benefit obligation are as follows:

	31 December 2023 €'000	31 December 2022 €'000
Present value of defined benefit obligations at 1 January	(4,406)	(6,439)
Current and past service cost	(199)	(279)
Interest cost	(162)	(93)
Contributions by employees	(21)	(22)
Actuarial (loss)/gain and remeasurements	(634)	2,390
Benefits paid	174	37
Present Value of defined benefit obligations at 31 December	(5,248)	(4,406)

Notes to the financial statements (continued)

17. Pension scheme (continued)

Changes in the fair value of plan assets are as follows:

	31 December 2023 €'000	31 December 2022 €'000
Fair value of plan assets as at 1 January	4,069	5,803
Interest income on plan assets	165	85
Contributions by employer	942	206
Contributions by employees	21	22
Actuarial (loss)/gain	216	(2,011)
Benefits paid	(174)	(36)
Present value of defined benefit obligations at 31 December	5,239	4,069

History of actuarial gains and losses:

	31 Dec 2023 €'000	31 Dec 2022 €'000	31 Dec 2021 €'000	31 Dec 2020 €'000	31 Dec 2019 €'000
Difference between expected and actual return on assets	216	(2,011)	(66)	171	497
Expressed as a percentage of scheme assets	4.12%	49.4%	1.1%	3.0%	9.5%
Actuarial gains and (losses) on scheme liabilities	(634)	2,390	1,086	(1,013)	(1,158)
Expressed as a percentage of scheme liabilities	12.1%	54.3%	16.9%	13.9%	19.40%
Total actuarial gains and (losses)	(419)	379	1,020	(842)	(661)
Expressed as a percentage of scheme liabilities	7.98%	8.6%	15.8%	11.6%	11.10%

Cumulative actuarial gains and losses recognised in the Statement of Comprehensive Income:

	31 December 2023 €'000	31 December 2022 €'000
Cumulative amount at 1 January	(2,528)	(2,907)
Recognised during the period	(419)	379
Cumulative amount at 31 December	(2,947)	(2,528)

The amounts related to the defined benefit scheme that were recognised in the Income Statement and Other Comprehensive Income are presented in Note 8.

Notes to the financial statements (continued)

17. Pension scheme (continued)

Expected Employer contributions:

	2024 €'000	2023 €'000
Expected Employer contributions	438	425

18. Financial risk management

Introduction and overview

The HFA has potential exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risks (including interest rate, inflation, and currency). This note presents information about the HFA's exposure to each of the above risks and the HFA's objectives, policies and procedures for measuring and managing risk.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the HFA's Risk Management Framework. The HFA's risk management policies are established to identify and analyse the risks faced by the HFA, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and products and services offered. The HFA's Policies and Procedures manual includes policies on the use of derivative financial instruments. These support and ensure that HFA meet its requirements under the Specification and Requirements of the Minister for Finance issued under the terms of the Financial Transactions of Certain Companies and Other Bodies Act, 1992, and take into account best practice on the use of derivative treasury instruments. The principal objective of using derivative financial instruments is to match or eliminate risk from potential movements in foreign exchange rates in the HFA's assets and liabilities. The HFA does not currently use derivatives.

While the tables over leaf set out the purpose for which lending has been provided to local authorities, the HFA considers it primarily has two categories of loans to local authorities namely those approved pre and post 27 May 1986 and a separate category for loans to AHBs and HEIs. These categories have a different credit risk profile.

Notes to the financial statements (continued)

18. Financial risk management (continued)

a) Credit risk

Credit risk is the risk of financial loss to the HFA if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the HFA's loans and advances to its customers, Irish local authorities, approved housing bodies and higher education institutions. The HFA's maximum exposure to credit risk is set out in the table below.

	31 December 2023 €'000	31 December 2022 €'000
Financial assets		
Loans advanced to local authorities	3,185,355	3,355,873
Loans advanced to approved housing bodies	4,120,650	3,214,303
Loans to higher education institutions	122,135	119,568
Total loans advanced	7,428,140	6,689,744
Less collective provision-local authorities	(425)	(425)
	7,427,715	6,689,319
Due from local authorities	115,293	106,174
Cash at bank and in hand	26,138	182,020
Due from other debtors and receivables	3,029	3,597
	7,572,175	6,981,110

The HFA is currently permitted to advance money to the following:

- local authorities, the Local Government Management Agency and the voluntary housing sector to be used by them for any purpose authorised under the Housing Acts 1966 to 2009;
- local authorities for capital projects authorised under Section 17 of the Housing (Miscellaneous Provisions) Act, 2002;
- higher education institutions for the provision or management of student accommodation, including the acquisition of land for this purpose; and,
- the Land Development Agency and the Housing Agency.

Notes to the financial statements (continued)

18. Financial risk management (continued)

Balances due from local authorities, AHBs and HEIs are categorised as follows:

	31 December 2023 €'000	31 December 2022 €'000
Balance due on advances		
Mortgage related loans*	1,086,866	1,096,632
Capital subsidy and rental	675,466	722,891
Bridging finance	318,544	365,842
Land acquisition	223,792	344,165
Other non-mortgage housing related loans	880,687	826,343
Advances due from local authorities	3,185,355	3,355,873
Advances due from approved housing bodies	4,120,650	3,214,302
Advances due from higher education institutions	122,135	119,568
Overall total balances due on advances	7,428,140	6,689,743

* Loans issued pre-1986 of €1.15m are included in the Mortgage related loans (2022: €1.15m).

Policies and Procedures for managing credit risk

The HFA is liable for any credit losses that may arise on pre-May 1986 mortgages which are secured by the underlying mortgage property and mortgage protection insurance. The local authorities hold collateral in the form of mortgage interests over the property and individual borrowers hold mortgage protection insurance. Only in the event of collateral not being sufficient to discharge the debt is the HFA liable for any impairment losses which may arise.

On post May 1986 loans, the HFA has security, following the discharging of priority charges and payments, over the local authority's revenues or funds for the payment to the HFA of all amounts due. With regard to loans to AHBs the HFA is permitted under Section 17 of the Housing Miscellaneous Provision Act 2002 to lend to AHBs and under section 51 of the Planning and Development (Housing) and Residential Tenancies Act 2016 to lend to higher education institutions and the Housing Agency.

Under the Social Housing Leasing Initiative, the Department of Housing, Local Government and Heritage through local authorities leases suitable housing units from AHBs which are rented to social housing tenants nominated by local authorities. Properties are either bought or built by AHBs and financed by loan finance raised by the AHB (from the HFA or the private sector). Income received by the AHBs from a lease, taken out by the DHLGH for a period of up to 30 years, will fund the repayment of the HFA's loan.

The HFA has a credit policy regarding lending to AHBs which was approved by the Board in June 2013 and updated in March 2023. The Credit Committee maintains credit risk within Board limits and reports on the credit worthiness of AHBs.

Notes to the financial statements (continued)

18. Financial risk management (continued)

Impaired and past due loans

Fair value is not assessed except where a loan is individually assessed past due or impaired. The definition of past due and impaired is as follows:

Impaired loans are loans for which the HFA determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan. Loans where contractual interest or principal payments are past due are defined as past due. The HFA had no loans and advances which are past due at 31 December 2023 (2022: nil). Details of loans that were subject to renegotiation in the year are in the Renegotiated Loans section of this note.

	31 December 2023 €'000	31 December 2022 €'000
Analysis of loans to local authorities and approved housing bodies		
Pre 1986 loans	1,145	1,141
Post 1986 loans	3,184,210	3,354,732
Loans to approved housing bodies	4,120,650	3,214,303
Loans to higher education institutions	122,135	119,568
	7,428,140	6,689,744
Collective Provision		
Pre 1986 loans	(425)	(425)
Other loans	-	-
	7,427,715	6,689,319

In substance, no material credit risk other than sovereign risk, arises on loans advanced to local authorities on or after 27 May 1986 and no loan loss provisions are recorded in respect of these loans. Local authorities are bodies constituted under statute. All loans advanced to local authorities are approved by the Minister for Housing, Local Government and Heritage. It is the Board's belief that, in this context, credit risk does not arise.

Loan losses are recognised on direct lending to approved housing bodies and higher education institutions to the extent that losses are incurred. No such losses arose in 2023.

The Board of Directors is responsible for the oversight of the HFA's credit risk including:

- formulating credit policies in conjunction with Management, covering collateral requirements, documentary and legal procedures within the confines of statutory requirements;
- establishing the authorisation structure and approval for new counterparties (non-local authorities) and lending concentrations thereto;
- reviewing compliance with internal policies and procedures;
- monitoring of loans policy disclosure;
- approving any loans advanced to AHBs under the terms of Section 17 of the Housing (Miscellaneous Provisions) Act 2002 and to ensure that all loans advanced are in accordance with the HFA's Credit Policy;
- considering and approving the creditworthiness of each AHB prior to a Master Loan Agreement being executed by the HFA;

Notes to the financial statements (continued)

18. Financial risk management (continued)

- approving any loans advanced to HEIs under the terms of Section 51 of the Planning and Development (Housing) and Residential Tenancies Act 2016;
- ensuring that it has obtained all relevant documentation pertaining to the credit application; and,
- maintaining credit risk within Board approved limits.

Mortgage Arrears Resolution Process (MARP)

In August 2012, the Department of Housing, Local Government and Heritage provided assistance to local authorities in dealing with their borrowers' mortgage arrears, by issuing guidelines detailing the proposed Mortgage Arrears Resolution Process (MARP). These guidelines reflect the Central Bank's Code of Conduct on Mortgage Arrears and have the intention of standardising an approach to arrears among the Local Authorities Sector. The MARP process consists of a five step process mentioned in the DHLGH's guidelines.

In order to offset future losses and to allay impending financial constraints on local authority revenue streams, the DHLGH established a MARP premium to begin to accumulate funds. MARP has been operational for local authorities since 1 October 2012 through the application of a premium to all variable mortgage related local authority loan accounts.

A MARP premium of 0.80% on variable rate mortgage loans (from 1 January 2014) and a rate of 0.25% is charged on Rebuilding Ireland mortgage loans (for loan applications from 1 January 2018 to 14 January 2020). Newer loans since 2020 are charged different rates ranging from 0.50% to 0.995%. This is collected on the MARP Adjudicating Panel's behalf by the HFA half-yearly and retained in a separate interest-bearing account with the intention of being drawn down, as necessary, when given the proper authorisation. The MARP fund purchases a Guaranteed Note for the amounts collected on their behalf.

The County and City Management Association (CCMA) have established an Adjudicating Panel to operate the MARP fund and to assess applications for assistance from local authorities under the Scheme. This Panel consists of a County Manager, Heads of Finance and an Executive Manager of the Housing Management Services.

Applications for assistance from the MARP Premium Fund are made on an ongoing basis by local authorities. Decisions to approve/partially approve applications are notified to the HFA, who will then arrange for payment of the approved amount from the MARP Fund to the applicant local authority, according to instructions received from the Panel.

It should be emphasised that the HFA's only involvement in the MARP Fund is to collect the MARP premium on the local authorities' behalf and to pay these funds as requested by the Adjudicating Panel, as per the instructions mentioned above.

MARP Fund Reconciliation

	€'000
Receipts to MARP Fund	80,073
Disbursements from MARP Fund	(51,943)
Interest Earned	377
Balance at 31 December 2023	28,507

The above table represents cash movements since the inception of the fund.

Notes to the financial statements (continued)

18. Financial risk management (continued)

Renegotiated Loans

Loans with renegotiated terms are loans that have been restructured due to budgetary circumstances and where the HFA has made concessions that it would not otherwise consider.

The HFA endeavours to work with the local authorities to develop appropriate loan structures for them in order to better match their financial circumstances. In this regard, the HFA may extend loan terms, offer deferred interest periods or offer other renegotiations as appropriate.

During 2023, the HFA renegotiated €8.30 million (2022: €26.43 million) of non-mortgage related loans and €nil (2022: €Nil) of housing related loans.

These renegotiations have taken place in the context of €3.18 billion of loans advanced to local authorities as at 31 December 2023 and thus represents renegotiation activity of circa 0.26% in 2023 (2022: 0.79%).

Renegotiated non-mortgage related and mortgage related loans were given interest only loans, and mortgage related loans were given payment breaks for three to six monthly terms, that did not result in impairment or derecognition of the original loan assets as it did not represent a significant modification of terms. The HFA ceases to consider these loans as renegotiated once one year of up-to-date scheduled repayments has elapsed post renegotiation. In this regard, the HFA considers €8.30 million of loans (2022: €26.43 million) to be renegotiated as at 31 December 2023 with €0.11 million (2022: €0.17 million) of interest income recognised on these assets.

31 December 2023	Number of loans	Carrying value €'000
Opening renegotiated loans	13	26,434
Renegotiated during the year	2	8,304
Repaid during the year	-	-
Less loans no longer considered renegotiated	(13)	(26,434)
Closing renegotiated loans	2	8,304
31 December 2022	Number of loans	Carrying value €'000
Opening renegotiated loans	105	82,833
Renegotiated during the year	13	26,434
Repaid during the year	-	-
Less loans no longer considered renegotiated	(105)	(82,833)
Closing renegotiated loans	13	(82,833)

As at year ended 31 December 2023, no land acquisition loans were converted upon maturity to annuity loans (2022: €nil) repayable over a period of up to 30 years. There was no interest accrued on loans converted upon maturity at 31 December 2023 (2022: €nil).

Notes to the financial statements (continued)

18. Financial risk management (continued)

Concentrations

All loans and advances to local authorities are approved by the Minister for Housing, Local Government and Heritage.

The HFA's credit risk also consists of its exposure to institutions, primarily the NTMA, with which it holds short term investments. An investment and counterparty exposure policy are periodically approved by the Board. Investments arise at present only in the context of day-to-day liquidity management. At 31 December 2023 the HFA had investments valued at €25 million (2022: €170 million) in Exchequer Notes with the NTMA.

Allied Irish Bank plc. is currently the main counterparty for cash, with a surplus of €1.12 million held at 31 December 2023 (2022: €11.98 million). At 31 December 2023, the Standard and Poor's rating for Allied Irish Bank plc. was BBB- (2022: BBB-).

b) Liquidity risk

Liquidity risk is the risk that the HFA will encounter difficulty in meeting its obligations from its financial liabilities. The HFA has arranged €4.13 billion (2022: €3.01 billion) fixed rate deals with the NTMA.

The HFA has agreed fixed rate deals with the NTMA worth €975m, with maturity dates between 2026 and 2031 and €3.155 billion worth of deals with the NTMA with maturity dates between 2032 and 2052. The HFA has also agreed fixed rate deals with the EIB and CEDB worth €1,071m with maturity dates between 2028 and 2048. The HFA has €45m of agreed fixed rate deals with local authorities with maturity dates in 2025. Fixed rate lending and fixed rate debt are well matched.

The GNs are guaranteed by the Minister for Finance of Ireland. In contrast, loans and receivables have an average original loan term of 27 years (2022: 26 years). This represents a significant mismatch in the maturity profile, however given the assurances received from the NTMA concerning the continuity and quantum of funding, the Board considers that sufficient resources are available to cover any liquidity risk that may arise over the next 24 months. The HFA also holds GNs with local authorities (see Note 15).

In managing liquidity risk, HFA Management hold regular meetings with the NTMA, the Banks, AHBs, HEIs and other market participants to assess future loan demand and funding requirements; agree access to funding sources; explore alternative funding sources and structures; negotiate terms and conditions and obtain the necessary funding commitments. In this regard the HFA's funding requirements for 2023 have been included as part of the overall planning process for State funding. The HFA has access to short term funding from the NTMA.

Notes to the financial statements (continued)

18. Financial risk management (continued)

The following table presents the maturity analysis of financial liabilities on an undiscounted basis by remaining contract maturity at the year-end date.

	Carrying amount €'000	Gross nominal outflow €'000	Less than 1 month €'000	1-3 months €'000	3 months to 1 year €'000	1-5 years €'000	More than 5 years €'000
31 December 2023							
2016 NTMA 10 Year Fixed Rate	(75,000)	(77,018)	(406)	-	(402)	(76,210)	-
2017 NTMA €200m Fixed Rate	(200,000)	(229,038)	-	(936)	(957)	(47,170)	(179,975)
2018 NTMA €130m Fixed Rate	(130,000)	(156,627)	-	-	(2,080)	(48,247)	(106,300)
2019 NTMA €210m Fixed Rate	(210,000)	(257,323)	-	-	(3,209)	(12,809)	(241,305)
2020 NTMA €400m Fixed Rate	(400,000)	(424,909)	-	(1,656)	-	(6,582)	(416,671)
2021 NTMA €650m Fixed Rate	(650,000)	(728,906)	-	-	(4,130)	(16,487)	(708,289)
2022 NTMA €1,345m Fixed Rate	(1,345,000)	(1,749,716)	-	(2,408)	(22,034)	(196,536)	(1,528,738)
2023 NTMA €1,120m Fixed Rate	(1,120,000)	(1,563,837)	(2,519)	(14,579)	(17,950)	(239,787)	(1,289,002)
Guaranteed Notes facility (LA)	(1,685,812)	(1,697,289)	(599,946)	(453,677)	(610,524)	(33,142)	-
GN LA Fixed rate	(45,048)	(45,447)	(45,447)	-	-	-	-
Guaranteed notes facility (Held by HEIs)	(49,230)	(49,484)	(12,644)	(36,840)	-	-	-
Guaranteed Notes Facility (HEI Sec)	(3,232)	(3,265)	(173)	-	(3,092)	-	-
Guaranteed Notes facility (MARP)	(28,507)	(28,525)	(28,525)	-	-	-	-
EIB and CEB loans	(1,071,052)	(1,119,450)	-	-	(27,448)	(157,668)	(934,334)
	(7,012,881)	(8,130,834)	(689,660)	(510,096)	(691,826)	(834,638)	(5,404,614)

Notes to the financial statements (continued)

18. Financial risk management (continued)

31 December 2022	Carrying amount €'000	Gross nominal outflow €'000	Less than 1 month €'000	1-3 months €'000	3 months to 1 year €'000	1-5 years €'000	More than 5 years €'000
Non-derivative liabilities							
2016 NTMA 10 Year Fixed Rate	(75,000)	(77,829)	(411)	-	(400)	(77,018)	-
2017 NTMA €200m Fixed Rate	(200,000)	(230,916)	-	(931)	(947)	(47,404)	(181,634)
2018 NTMA €130m Fixed Rate	(130,000)	(158,690)	-	-	(2,063)	(8,258)	(148,368)
2019 NTMA €210m Fixed Rate	(210,000)	(260,523)	-	-	(3,200)	(12,818)	(244,505)
2020 NTMA €400m Fixed Rate	(400,000)	(426,555)	-	(1,647)	-	(6,591)	(418,318)
2021 NTMA €650m Fixed Rate	(650,000)	(733,018)	-	-	(4,112)	(16,480)	(712,426)
2022 NTMA €650m Fixed Rate	(1,345,000)	(1,774,154)	-	(2,405)	(22,033)	(197,601)	(1,552,114)
Guaranteed Notes facility (LA)	(2,388,691)	(2,392,693)	(976,748)	(661,272)	(733,804)	(20,868)	-
GN LA Fixed rate	(45,048)	(46,237)	-	(122)	(274)	(45,841)	-
Guaranteed Notes facility (MARP)	(21,341)	(21,351)	(21,351)	-	-	-	-
Guaranteed notes facility (Held by HEIs)	(120,958)	(121,042)	(77,361)	(43,681)	-	-	-
Guaranteed Notes Facility (HEI Sec)	(3,055)	(3,063)	(171)	-	(2,891)	-	-
EIB and CEB loans	(931,662)	(1,049,405)	-	(21,678)	-	(125,668)	(902,059)
	(6,520,755)	(7,295,476)	(1,076,042)	(731,736)	(769,724)	(558,549)	(4,159,424)

Notes to the financial statements (continued)

18. Financial risk management (continued)

Management of liquidity risk

The HFA's policy in relation to liquidity risk is to ensure, by periodic reviews of cashflow requirements, that it can meet its funding obligations for an appropriate period ahead.

The Board approves a rolling update of a five-year Corporate Plan in the first half of each year. This takes into account the HFA's internal resource calculations on estimates of loan advances, loans maturing during the year and funding options. Regular review of the HFA's financial position is presented, along with monthly management accounts, to the Board.

The Board regularly reviews the current debt programme, which includes a borrowings and advances report on a quarterly basis by loan type and maturity detailing capital, interest rate structure, currency composition, borrowing costs, maturity profile.

The HFA finances its operations by a combination of bilateral funding agreements and Guaranteed Notes issuance, bank overdrafts and retained profits. The NTMA had purchased €4.13bn in GNs at 31 December 2023 (2022: €3.01bn).

Given the assurances received from the NTMA concerning the continuity and quantum of funding, the Board considers that sufficient resources are available to cover any liquidity risk that may arise over the next 12 months. The HFA also issues GNs to local authorities and MARP Funds (see Note 15). The HFA's overdraft facilities (€50 million available at 31 December 2023) are subject to annual review by the HFA's bankers.

The average cost of the HFA's debt in 2023 was an annualised 1.34% compared with 0.64% in 2022, primarily due to increased rates charged by the NTMA and higher rates to GN holders in 2023.

c) Market risks

Market risk is the risk that changes in market prices, such as interest rate and foreign exchange rates will affect the HFA's income or the value of its holdings of financial instruments. The objective of market risk management is to minimize or eliminate market risk exposures.

Management of market risks

The HFA splits market risks into risks related to changes in variable and fixed interest rates. Interest rate risk exposure is managed by minimising mismatches between its borrowings and its advances within its individual programmes, fixed rate and floating rate. The following uncertainties are taken into account in determining the policy:

- where borrowers can redeem without penalty;
- where specialised markets may not always be receptive to issues and redemptions; and,
- where the HFA's business is subject to changes in Government policy.

The HFA's general approach in relation to managing its interest rate risk exposure is to generate margins to increase profitability and also by taking action to set interest rates to protect the HFA against perceived residual risks, by reference to various scenarios and assumptions. The Board assesses the situation regularly and determines the level of reserves required annually.

Management reports to the Board on a regular basis with respect to Interest Rate Risk in the Balance Sheet.

Notes to the financial statements (continued)

18. Financial risk management (continued)

Following the extension of the maximum maturity for notes issued under the HFA's Guaranteed Notes Programme, a suite of fixed rate loan products targeted at local authorities (LAs) and approved housing bodies (AHBs) was approved by the Board in late 2016. In addition, the HFA has access to long term fixed rate funding for new build and retrofit projects from both the European Investment Bank and the Council of Europe Development Bank. Consequently, nearly all new business entered into by LAs, AHBs and HEIs is on a fixed rate basis, giving rise to potential interest rate risk on the HFA's balance sheet.

The gross financial assets are analysed below:

	31 December 2023 €'000	31 December 2022 €'000
Fixed rate	5,563,082	4,550,984
Floating rate	2,006,064	2,426,529
	7,569,146	6,977,513

The HFA made new fixed and floating rate advances during the financial year. Fixed rate €1,142.9 million; Floating rate €25.2 million. (2022: Fixed rate €1,159.12 million; Floating rate €1.22 million).

Interest rate risk profile of financial assets:

	31 December 2023	31 December 2022
Weighted average fixed interest rate	2.42%	2.17%
Weighted average floating interest rate	3.31%	1.80%
Weighted average period of fixed interest assets	24.3 years	25.5 years

HFA's fixed rate loans primarily consist of 25 and 30-year loans issued to approved housing bodies, higher education institutions and local authorities, with lending to local authorities comprising 25% of fixed rate lending and AHBs and HEIs making up the remaining 75%. Floating rate loans consist mainly of loans to local authorities of terms between one and forty years. Based on original loan balances advanced, the weighted average original loan term is 27 years (2022: 27 years).

The financial liabilities principal amounts are analysed below:

	31 December 2023 €'000	31 December 2022 €'000
Fixed rate	5,209,148	3,941,095
Floating rate	1,803,733	2,579,660
	7,012,881	6,520,755

Notes to the financial statements (continued)

18. Financial risk management (continued)

Interest rate risk profile of financial liabilities as at year end date:

	31 December 2023 €'000	31 December 2022 €'000
Weighted average fixed interest rate	1.78%	1.20%
Weighted average period for which fixed interest liabilities are fixed (years)	18 years	20 years
Weighted average floating interest rate	1.79%	0.47%
Weighted average period for which variable interest liabilities are fixed (days)	140 days	160 days

Fixed rate liabilities include longer-term fixed rate funding with the NTMA and the European Investment Bank and the Council of European Development Bank. Floating rate financial liabilities comprise bank borrowings and Guaranteed Notes.

The following table presents the financial assets at the year-end date:

	Maturity as at 31 December 2023 €'000	Repricing as at 31 December 2023 €'000
Maturity and interest rate of financial assets		
Amounts falling due in one month or less	141,431	2,041,226
Amounts falling due between one and three months	0	0
Amounts falling due between three and twelve months	131,301	1,351
Amounts falling due between one and two years	225,602	1,992
Amounts falling due between two and three years	32,321	3,248
Amounts falling due between three and four years	51,618	13,382
Amounts falling due between four and five years	27,295	2,562
Amounts falling due after more than five years	6,959,578	5,505,385
	7,569,146	7,569,146

Notes to the financial statements (continued)

18. Financial risk management (continued)

	Maturity as at 31 December 2022 €'000	Repricing as at 31 December 2022 €'000
Maturity and interest rate of financial assets		
Amounts falling due in one month or less	288,194	2,455,883
Amounts falling due between one and three months	0	0
Amounts falling due between three and twelve months	257,249	4
Amounts falling due between one and two years	0	0
Amounts falling due between two and three years	145,869	1,512
Amounts falling due between three and four years	23,985	2,184
Amounts falling due between four and five years	36,665	3,998
Amounts falling due after more than five years	6,225,551	4,513,930
	6,977,513	6,977,511

The following table presents the maturity and repricing of principal amounts of financial liabilities at the year-end date:

	Maturity as at 31 December 2023 €'000	Repricing as at 31 December 2023 €'000
Maturity, liquidity measures and interest rate of financial liabilities		
Maturing in one month or less	639,478	663,161
Maturing between one and three months	487,399	502,399
Maturing between three and twelve months	639,904	641,404
Maturing greater than 1 year and less than 2 years	45,048	45,048
Maturing greater than 2 years and less than 3 years	75,000	75,000
Maturing greater than 3 years and less than 4 years	140,000	140,000
Maturing greater than 4 years and less than 5 years	140,000	140,000
Maturing greater than 5 years	4,846,052	4,805,869
	7,012,881	7,012,881

Notes to the financial statements (continued)

18. Financial risk management (continued)

The following table presents the maturity and repricing of principal amounts of financial liabilities at the year-end date:

	Maturity as at 31 December 2022 €'000	Repricing as at 31 December 2022 €'000
Maturity, liquidity measures and interest rate of financial liabilities		
Maturing in one month or less	1,076,937	1,103,253
Maturing between one and three months	699,313	716,813
Maturing between three and twelve months	737,095	738,895
Maturing greater than 1 year and less than 2 years	20,700	20,700
Maturing greater than 2 years and less than 3 years	45,048	45,048
Maturing greater than 3 years and less than 4 years	75,000	75,000
Maturing greater than 4 years and less than 5 years	140,000	140,000
Maturing greater than 5 years	3,726,662	3,681,046
	6,520,755	6,520,755

Undrawn committed facilities

The HFA had undrawn committed facilities at 31 December 2023 of €175 million (2022: €210 million), these are the amounts yet to be drawn down on approved committed facilities.

Sensitivity to interest rate risk

An analysis of the HFA's sensitivity to an increase or decrease in market interest rates (assuming a constant statement of financial position) would impact on gains/(losses) for the financial year as follows:

	100bp parallel increase €'000 gain	100bp parallel decrease €'000 (loss)	50bp parallel increase €'000 gain	50bp parallel decrease €'000 (loss)
At 31 December 2023	2,511	(2,511)	1,256	(1,256)
At 31 December 2022	(584)	584	(292)	292

The above figures have been calculated using outstanding balances of variable rate loan advances offsetting outstanding variable rate GN funding, at the above dates. Increases in interest rates above assume mid-point average for the calendar year. Fixed rate advances and fixed rate funding have no sensitivity to changes in market interest rates and are therefore excluded from this analysis.

Notes to the financial statements (continued)

18. Financial risk management (continued)

Fair value

The following tables outline the fair values of the financial assets and liabilities as at 31 December 2023 and 31 December 2022. The carrying amount of all other financial assets and liabilities not carried at fair value is considered to be a reasonable approximation of fair value. Information for loans is presented below:

	Carrying value €'000	Fair value €'000
31 Dec 2023		
Financial assets		
<i>Loans and receivables:</i>		
Fixed rate	5,563,082	4,964,623
Floating rate	2,006,064	1,906,596
	7,569,146	6,871,219
Financial liabilities		
Fixed rate	5,209,148	4,992,496
Floating rate	1,803,733	1,803,733
	7,012,881	6,796,229

The carrying amount of all other financial assets and liabilities not carried at fair value is considered to be a reasonable approximation of fair value. Information for loans is presented below:

	Carrying value €'000	Fair value €'000
31 Dec 2022		
Financial assets		
<i>Loans and receivables:</i>		
Fixed rate	4,550,983	5,227,443
Floating rate	2,426,530	2,575,016
	6,977,513	7,802,459
Financial liabilities		
Fixed rate	3,941,095	3,979,158
Floating rate	2,579,660	2,579,660
	6,520,755	6,558,818

The HFA operates in a relatively niche market serving a need for funding of local authorities and social housing. It is thus difficult to obtain market observable information on which to calculate a fair value of its fixed rate financial assets and liabilities. Estimated fair values of financial fixed rate assets and liabilities have been discounted using relevant Irish Government bond yields as at the statement of financial position date. This is based on the HFA's exposure to sovereign risk as discussed in the liquidity risk section of this note. As per the prior year, the floating rate liabilities are shown at par value due to the short-term nature of their maturities.

Notes to the financial statements (continued)

18. Financial risk management (continued)

The fair value of the HFA's assets has been estimated as €6.87 billion (2022: €7.80 billion) while the fair value of its liabilities has been estimated as €6.80 billion (2022: €6.56 billion). A significantly different amount may arise if alternative assumptions were used in calculating fair value. In selecting this methodology, it was considered that the value by reference to variable rates gave a more accurate reflection of the situation and allowed both assets and liabilities to be assessed on a similar basis.

19. Movement in cash, liquid resources and financing

	At 31 December 2022 €'000	Cash flows €'000	Non-cash movements €'000	At 31 December 2023 €'000
Analysis of changes in net debt				
Cash and cash equivalents	182,020	(155,882)	-	26,138
Overdraft	-	-	-	-
	182,020	(155,882)	-	26,138
Guaranteed Notes	(5,589,093)	(352,736)	-	(5,941,829)
Bank loans	(931,662)	(139,390)	-	(1,071,052)
Interest payable on facilities	(19,848)	(25,883)	-	(45,731)
	(6,540,603)	(518,009)	-	7,058,612
Net debt	(6,358,583)	(673,891)	-	(7,032,474)

Proceeds from the issue of borrowings during 2023 amounted to €69.98 billion (2022: €53.53 billion) and the repayment of borrowings during 2023 amounted to €70.06 billion (2022: €53.58 billion).

20. Share capital

There are 30,000 ordinary shares of €1.30 (2021: 30,000 shares of €1.30), authorised, allotted, called up and fully paid amounting to €39,000 at 31 December 2023 (2022: €39,000).

21. Reconciliation of retained surplus

	31 December 2023 €'000	31 December 2022 €'000
Retained surplus at the beginning of year	438,784	366,079
Total comprehensive income for the financial year	73,725	72,705
Retained surplus at end of year	512,509	438,784

Notes to the financial statements (continued)

22. Reconciliation of shareholder's funds

	31 December 2023	31 December 2022
	€'000	€'000
Opening shareholder's funds	438,823	366,118
Total recognised gain for the financial year	73,725	72,705
	512,548	438,823

23. Loan commitments

With regard to proposed lending by the HFA to AHBs/HEIs, loan applications of €1.78 billion were approved but undrawn at 31 December 2023 (2022: €1.10 billion).

24. Post statement of financial position events

There were no significant events after the year-end which require disclosures or adjustments to the accounts.

25. Contingent liability

No dividend is due to be declared for 2023.

26. Approval of Financial Statements

The audited financial statements, which are in the form approved by the Minister for Housing, Local Government and Heritage, with the consent of the Minister for Public Expenditure, NDP Delivery and Reform, were approved by the Directors on 28 March 2024.

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