FIRST HOME SCHEME

Supporting Home Ownership

First Home Scheme

ANNUAL REPORT & FINANCIAL STATEMENTS 2023

CONTENTS

ABOUT THE FIRST HOME SCHEME

The First Home Scheme Ireland Designated Activity Company (FHS) is a legal entity established on 14 December 2021. The Scheme was officially launched on 7July 2022.

The FHS is a collaborative initiative between the State (Department of Housing, Local Government and Heritage - DHLGH) and Participating Lenders, who are AIB Group (AIB, EBS, and Haven Mortgages), Bank of Ireland (BOI), and PTSB.

Its objective is to bridge the gap for eligible customers between their deposit and mortgage, and the price or build cost of their new home (within price ceilings established across the country). An additional objective of the FHS is to encourage the supply of new homes across the country. The FHS is available to first-time buyers (FTBs) and those who qualify under the Fresh Start Principle seeking to purchase or build a new home in the Republic of Ireland.

The scheme is making €400 million available to facilitate the purchase or self-build of up to 8,000 homes over a 3-5 year period (the deployment period will be determined by the volume and amount of each drawdown).

In order for the FHS to operate successfully, a number of third-party service providers have been appointed in addition to the main service provider, BCM Global. The table overleaf sets out the appointed entities and and the services they are providing.

	Service Provider	Role & Responsibility
1.	**BCM Global**	Main service provider responsible for the end-to-end processing of customer applications and all points of contact with the customer to include the provision of a customer service centre.
2.	**KPMG**	KPMG Future Analytics were engaged in 2023 to provide independent review of the Company's Price Ceiling thresholds with an initial review in December 2023 and reviews planned semi-annually thereafter. Prior to the appointment of KPMG, reviews were undertaken by the Department of Housing, Local Government and Heritage.
2.	**Deloitte**	The Deloitte Consulting Practice were engaged to assist with the delivery and implementation of the Scheme. In addition, Deloitte's Corporate Finance department were engaged to advise on the operation of the fund and to assist with the tranche recalibration.
3.	**Gordon MRM**	Gordon MRM have been engaged by the FHS to manage all media and press enquiries.
4.	**Mazars Quantitative Solutions**	Mazars Quantitative Solutions have been engaged to advise on the Fund valuation methodology as well as to conduct a full valuation of the equity on an agreed basis.
5.	**Arthur Cox**	Arthur Cox were appointed by the First Home Scheme to provide corporate legal advice to includethe incorporation of the FHS Entity as well as drafting the Term Sheet, Joint Venture Agreement and Facility Agreement. The FHS has extended this agreement with Arthur Cox to advise on corporate legal matters on an on-going basis.
6.	**Philip Lee**	Philip Lee were engaged to provide advice on the Customer Legal Pack relating to the Scheme. This included drafting of the Customer Contract and Priorities Agreement as well as additional supporting documentation. Philip Lee continues to provide advice and address any queries in this area.
7.	**Apex**	Apex have been engaged by the FHS to manage the accounting of the FHS as well as to provide the financial reports on a regular basis as agreed between the FHS and Apex. Apex have also been engaged to provide Company Secretarial services to the FHS.
8.	**PWC**	PWC have been engaged by the FHS to provide tax advisory services to the company post go-live. PWC provided Data Protection (DP) services prior to going live. They have assisted with putting in place all of the necessary policies and procedures around DP and ensuring GDPR compliance. Since the appointment of the Head of DP and Compliance for the FHS, PWC continue to operate in an advisory capacity.

	Service Provider	Role & Responsibility
9.	**Grant Thornton**	Grant Thornton provide audit services to the First Home Scheme, having undertaken the statutory audit of Annual Financial Statements in 2022 and 2023. They were also engaged in 2022 to provide an opinion on the Fund Valuation Methodology proposed by Mazars.
10.	**HR Suite**	The HR Suite have been appointed as a provider of HR advisory services to include the provision of a HR Handbook and general guidance and advice to ensure the entity remains compliant with all HR and employment legislation. They also provided advisory services around the recruitment processes.
11.	**Nostra**	Nostra was appointed as IT service provider in 2022. This includes IT infrastructure support, software licences as well as acting as the custodian of the IT security policy processes including the Business Continuity Plan (BCP).
12.	**Paycheck Plus**	Paycheck Plus have been appointed as payroll provider to the FHS.
13.	**AON Risk Solutions**	AON was appointed as Insurance Brokers to provide cover for the following key areas: Directors and Officers Professional Indemnity Cyber Public and Products Liability Employers Liability
14.	**ACNE Advertising**	ACNE advertising are providing marketing and advertising services to include devising and implementing advertising campaigns agreed with Senior Management.
15.	**Kefron**	Kefron have been appointed to provide legal file storage and management services to BCM Global on behalf of the FHS.
16.	**Geowox**	Geowox are appointed to provide property valuations as required to support product lifecycle events including partial and full redemptions.

OUR MISSION

The First Home Scheme aims to make home ownership achievable for individuals and families by bridging the gap for first-time buyers and other eligible homebuyers between their deposit and mortgage, and the price or build cost of their new home.

KEY EVENTS AND BUSINESS HIGHLIGHTS IN 2023

DEC 2021
The First Home Scheme Ireland Designated Activity Company (FHS) was incorporated

JUL 2022
Launch of the scheme with the New Build product

APR 2023
Scheme launches the Tenant Home Purchase product

SEP 2023
Scheme launches the Self-build product

NUMBER OF REGISTRATIONS
5,097
since launch 7,530

NUMBER OF APPROVALS IN PRINCIPLE
2,446
since launch 3,196

VALUE OF FUNDS DRAWN DOWN
€73,879,000
since launch €83,647,500

NUMBER OF DRAWDOWNS
1,118
since launch 1,255

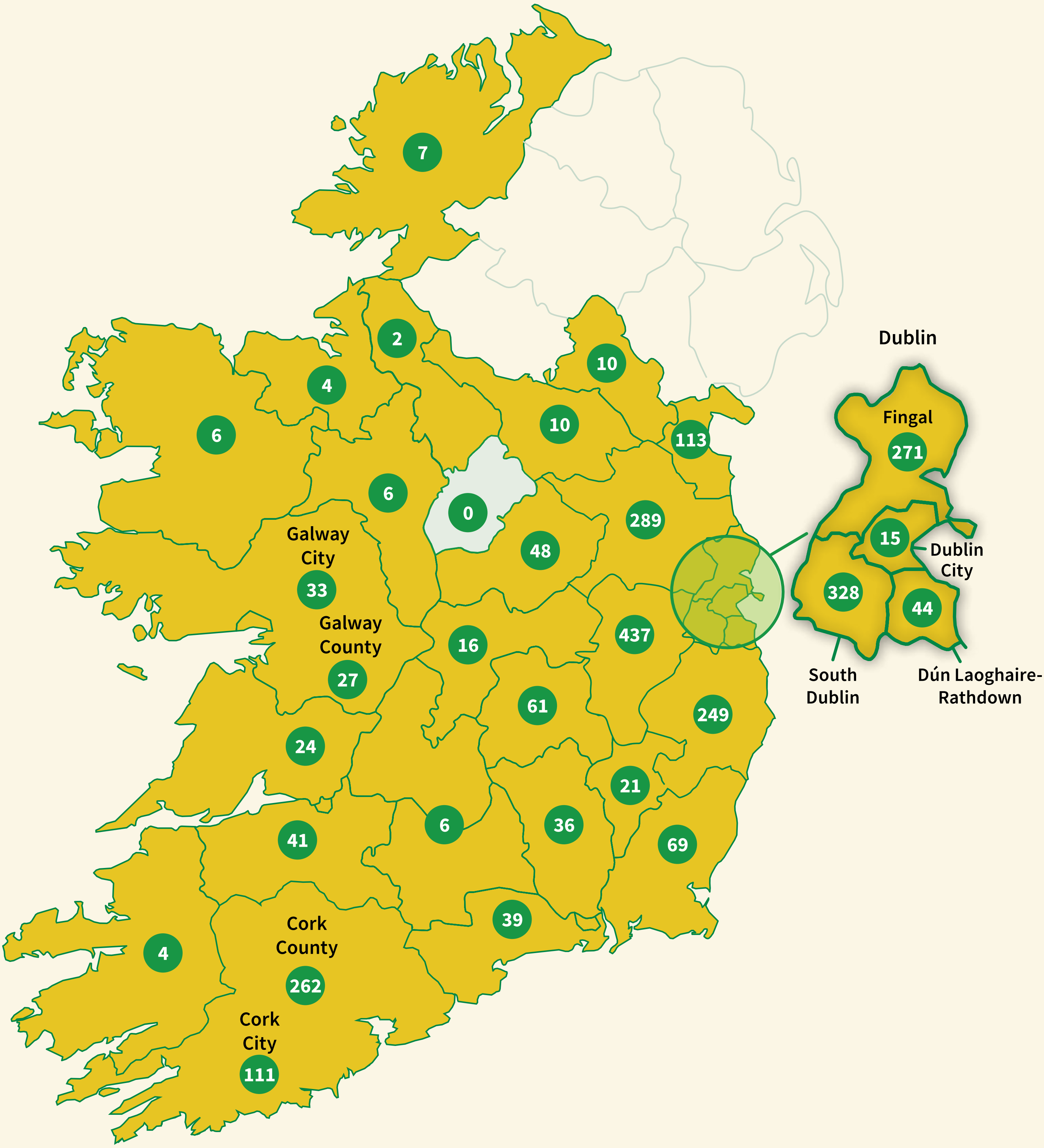
Headline Figures since launch

AVERAGE EQUITY FUNDING
€66,651

AVERAGE % EQUITY SHARE TO DATE
18%*
*rounded from 17.5%

AVERAGE FHS PROPERTY PRICE
€380,032

Number of Live Approvals* by Local Authority Area since Launch



*Live Approvals include unexpired approvals, contracts issued and facilities drawn down.

CHAIRPERSON'S STATEMENT

The First Home Scheme has completed its first full calendar year of operation. During the year the scheme has seen a large increase in the number of approvals issued and facilities provided. In doing so the scheme has helped over a thousand individuals and families achieve their dream of acquiring their new home.

During 2023 two new products were launched by the First Home Scheme.

The Tenant Home Purchase product which was launched in April 2023 aims to support tenants in a situation where they wish to purchase the home they are renting by helping them to bridge the gap between their deposit, mortgage and the price of the home. This applies in a situation where the landlord is looking to sell the property and has issued the tenant with a Notice of Termination.

The Self-build product was launched in September 2023 at the National Ploughing Championships. This product aims to support eligible individuals to build their first home on their own site anywhere in the State. This product works by bridging the gap between an individual or couple's deposit, mortgage and the build cost of the new home.

The addition of these two products, in conjunction with the existing New Build product, enhances the First Home Scheme by supporting a broader cohort of first-time buyers in acquiring their new home.

During the year, the Scheme received over 2,700 applications and provided more than 2,400 approvals. Just over 1,100 first-time buyers have become homeowners during the period.

As we move into 2024, I look forward to seeing many more first-time buyers secure their first home with the support of the Scheme. Finally, I would like to thank the members of the Board and the First Home Scheme staff for their support and commitment throughout the year and I look forward to working with them in 2024.

John Murphy
Chairperson

CHIEF EXECUTIVE OFFICER'S REVIEW

In the first full calendar year of operations, the First Home Scheme has managed to establish itself as a scheme which helps first-time buyers who heretofore would either not have been able to purchase or build their first home or would have had to delay the purchase or build for several years due to a funding gap between their mortgage, deposit and the price of the new home.

In many cases, individuals had given up hope of ever owning their own home, this is especially true of individuals and couples who for varying reasons had not been able to purchase or build a property when they were younger and now find themselves in a position of being unable to maximise a mortgage due to age constraints. While this is a smaller portion of the market, we should not underestimate the positive impact the Scheme is having on such individuals and I have seen this first-hand having met some of these customers.

The Scheme has also assisted people in getting onto the path of home ownership earlier in their working life than expected, allowing them to get on with other aspects of their lives such as having a family and settling into their local community. In addition to those looking to own their first home, the First Home Scheme is also available to applicants who qualify under the 'Fresh Start' principle – those who have given up their interest in the family home due to divorce, separation, insolvency or bankruptcy.

While our biggest customer base is around those seeking to purchase a home in a private development and we expect this to remain the case (New Build product), there are two other paths to home ownership which were included in the Scheme during 2023.

The first of these relates to individuals and couples who have been renting a property but are now issued with a Notice of Termination where the landlord is seeking vacant possession to allow them to sell the property. Those tenants now have an option to purchase the property from the landlord with the assistance of the First Home Scheme. The scheme can be used to bridge a funding gap that the tenant may have between the mortgage, their deposit and the market price of the property they have been renting. This is the only situation where the scheme can be used to assist in the purchase of a second-hand property.

Another path to home ownership which is particularly popular outside the main urban areas is where individuals and couples build their first new home on a site that they may have been gifted, for example as part of the family farm or indeed have purchased themselves. In this scenario, the First Home Scheme can now be used to assist with the build cost of the new property if a funding gap exists between the mortgage, deposit (for which the site value can be included) and the build cost of the new home.

With the introduction of these two new products, the first-time buyer can be supported in all scenarios where they wish to buy or build a new home or acquire the home they are currently renting. This widening of the Scheme offerings allows the Scheme to assist a broader cohort of first-time buyers. Users of the 'New Build' and 'Self-build' products can also avail of the Help to Buy scheme in conjunction with the First Home Scheme, further broadening the level of support available for first-time buyers.

While awareness of the First Home Scheme and the products on offer has increased considerably during 2023, work still remains to be done to further grow the First Home Scheme brand, especially outside the main urban centres. This remains a key focus for 2024 as we work with our advertisers to increase this awareness through a number of different media formats.

During 2023 we continued to keep a close eye on property price ceilings in each of the local authority areas and undertook a detailed review in June and December which entailed a number of changes to ceilings in various local authority areas across the country. We are acutely aware of the impact of any such changes and the risk that any uplift in ceilings could bring in the form of increased house price inflation. To mitigate this risk, it is planned to undertake work in 2024 to examine if there is any correlation between the First Home Scheme price ceilings and house price inflation.

During 2023 we engaged extensively with our stakeholders at Board and operational level within the banks and state. We also engaged with the housing delivery sector to include builder/developers, estate agents and mortgage brokers and most importantly of all our customers. This was done through attendance at various events where we meet and interact with the public. This provides valuable information around awareness of the Scheme and feedback in relation to its operation. We also undertook a customer survey during the year to gauge customer experience and feedback based on their dealings with the First Home Scheme. The feedback was overwhelmingly positive and we plan to build further on this engagement during 2024.

Michael Broderick
Chief Executive Officer

BUSINESS REVIEW

Our Market

The FHS, launched in July 2022, has completed its first full calendar year in operation. With a pledged funding of €400m, the FHS's mandate is to make home ownership achievable for thousands of individuals and families in Ireland. The FHS is focused on the first-time buyer segment of the market and other eligible homebuyers who qualify under the 'Fresh Start Principle'.

Demand in the Irish residential property market is still very high and while the supply of homes increased in 2023, it is still not meeting the level of demand, with house prices in excess of what many income earners can afford.

Despite being able to borrow up to 4 times their income, when their mortgage is added to their deposit, FTBs are often left with a shortfall between their available mortgage, deposit and the price of a new home and are therefore unable to get onto the property ladder.

The FHS is designed to address this gap by providing the funding shortfall in the form of an equity share.

The FHS has enhanced its product range in 2023, with the launch of two new products, the Tenant Home Purchase product and the Self-build product. The introduction of these products widens the Scheme's availability to the first-time buyer market.

Our Performance

Since the launch of the Scheme in July 2022 to year end 31 December 2023, the Scheme approved 3,196 buyers in 25 counties. These buyers, who have received eligibility certificates totalling a financial commitment of €191.5m by the FHS, will now be able to proceed with the purchase or build of their chosen home, many of whom have already done so.

The average purchase price for completed purchases is €380,032 (an increase of 2.7% on 2022); the average support being provided by the First Home Scheme in these cases is €66,651 (a decrease of 6.5% on 2022) 17.5% of the average purchase price.

78% of live eligibility certificates issued have been for buyers in Dublin, Cork, Kildare, Meath and Wicklow, with the remaining 22% spread across 20 counties throughout Ireland.

Our Scheme

The First Home Scheme is a shared equity scheme, designed to help bridge the gap for first-time buyers and other eligible homebuyers between their deposit and mortgage, and the price or build cost of their new home.

The First Home Scheme has the following products available to first-time buyers:

- New Build product - newly built houses or apartments in a private development
- Self-build product - self-build houses on a site owned or being purchased by the owner(s)
- Tenant Home Purchase product - houses or apartments which tenants wish to purchase, having received a Notice of Termination from their landlord as they wish to sell the property

The Scheme provides homebuyers with what is known as an equity facility. This means that homebuyers will enter into a contract with the FHS and receive funds from the Scheme in return for the FHS taking a percentage ownership in the property.

The percentage ownership that the FHS holds in the home is known as an equity share.

Our Customers

Our customers are first-time buyers and other eligible homebuyers who have mortgage approval with a Participating Lender, looking to purchase or build their first home but who are unable to secure the full amount required by combining their mortgage and deposit.

A first-time buyer is defined as a person who:

- Has a right to live in the Republic of Ireland
- Has not previously purchased or built a home in the Republic of Ireland or elsewhere for their occupation

and

- Does not own or is not beneficially entitled to an estate or has an interest in any home in the Republic of Ireland or elsewhere

Under the government's 'Fresh Start' principle, people who:

- Are separated or divorced or
- Having been in a committed relationship and that relationship has now ended, or
- Have undergone insolvency proceedings, and
- Have no interest in their former home

are also eligible to apply for support through the Scheme.

Our ESG Priority

The construction sector has seen considerable advances in building standards in recent years which will result in a significant reduction in energy consumption over the lifetime of new homes.

The Nearly Zero Energy Buildings (NZEB) regulations introduced in December 2020 sets a high standard for building energy performance levels across the state to include new homes.

The FHS supports the purchase and build of new homes all of which are now delivered in accordance with the NZEB regulations, thereby ensuring that homes being supported by the scheme are delivered to the highest energy performance standards and in doing so reducing the carbon footprint over the life of the home.

The sustainability strategy of BCM Global (our most significant service provider) incorporates robust environment, social and governance (ESG) areas of focus that they consider material to their business. Their key focus continues to be:

- Providing assistance to their communities
- Minimising the use of resources by reducing their consumption and waste
- Reducing their production of waste
- Supporting the development of skills, competencies and capabilities at all levels
- Advancing their diversity and inclusion strategies (including gender equality)

Our Stakeholders

The FHS has several key stakeholders who we engage with both directly and indirectly.

Our primary stakeholders are the first-time buyers who we aim to support in acquiring or building their new home. FHS engages with this cohort through a number of different ways.

FHS attends and participates in events across the country including:

- Specific property related events targeted at first-time buyers
- First-time buyer events held by other professionals such as estate agents, financial advisors and solicitors

FHS advertises the scheme on radio stations targeted at this age group along with social media to include:

- Instagram
- Facebook
- LinkedIn

Other important stakeholders include:

- The State (The Minister for Housing, Local Government and Heritage, the Department of Housing / The Housing Agency)
- Shareholder banks
- The construction sector to include the Irish Home Builders Association (IHBA)
- Estate Agents
- Mortgage Brokers
- Parents and influencers of first-time buyers

Engagement with these stakeholders is through a variety of methods to include radio (targeted at this audience), print media, social media and attendance at/participation in relevant events.

Our Policy Considerations

The policy objective underpinning the First Home Scheme is to increase home ownership and to support an increase in the supply of newly built homes.

While the FHS is not a state agency and the Scheme's strategy and direction is set by the FHS Board, we are very cognisant and mindful of government policy in the area of housing, in particular the Housing for All plan published in September 2021*, which was the driver for the formation of the First Home Scheme.

With this in mind there is regular communication between the FHS senior management team and the Department of Housing, Local Government and Heritage to include briefings with the Minister for Housing, Local Government and Heritage. Further insight into government housing policy is provided by the government appointed directors who sit on the FHS Board.

We are very cognisant and mindful of government policy in the area of housing

***Scan to view Housing for All website**

GOVERNANCE AND CORPORATE INFORMATION

Directors

John Murphy
Chairperson
Independent Non-Executive Director

John has over 40 years' experience as a civil servant across six government departments: Labour, Revenue, Finance, Environment and Local Government, Transport and culminating in his appointment as Secretary General of the Department of Jobs, Enterprise and Innovation (2011-2016).
He has extensive experience of working at the most senior levels of government on the development and implementation of public policy and is particularly skilled in managing relationships with a wide range of stakeholders in the public policy domain. Since leaving the Civil Service, John has taken on a number of roles as a senior level Public Affairs Consultant and in the Charity sector. He has also undertaken public policy roles at the request of government departments. He has considerable experience as a non-executive director and board chair.

Michael Broderick
CEO
Executive Director

Michael Broderick, a former Army Officer, joined the National Treasury Management Agency (NTMA) in 2006 where he held a number of different roles in the National Development Finance Agency (NDFA) and National Asset Management Agency (NAMA). In July 2018, Michael was appointed by the Minister for Finance as Project Lead for Home Building Finance Ireland (HBFI) and held the position of Interim CEO from April 2019 to September 2019. Between October 2019 and January 2022, Michael held the role of Chief Commercial Officer with HBFI. In February 2022 he was appointed as Interim CEO of the First Home Scheme and CEO in October 2022. Michael holds an MBA from the UCD Smurfit Business School and a Diploma in Company Direction from the IOD (Institute of Directors).

Caroline Timmons
Non-Executive Director

Caroline Timmons is an Assistant Secretary at the Department of Housing, Local Government & Heritage where she is currently the head of the Affordable Housing Division and has responsibility for affordable housing policy, residential viability schemes and tackling residential vacancy. She previously served on the board of the Land Development Agency.

She is a qualified barrister and practiced for a number of years at the Bar before joining the Attorney General's Office as Advisory Counsel. She holds postgraduate Diplomas in Planning & Environmental Law, Data Protection law, Public Management and a Masters in Leadership & Strategy.

Directors

Sarah Cooney
Non-Executive Director

Sarah Cooney is a Principal Officer in the Department of Housing, Local Government and Heritage with specific responsibility for the Housing Affordability Policy and Cost Rental Unit. Sarah has over 15 years' experience working in the public sector in Ireland, and has previously worked in the Department of Foreign Affairs, Department of Health and Office of the Ombudsman. During her tenure in the Department of Foreign Affairs, Sarah has worked in Rome and Brussels. She has also worked in the public sector in the UK. Sarah holds a Masters in International Development, and has undertaken postgraduate studies in governance and law.

Pat O'Sullivan
Non-Executive Director

Pat O'Sullivan is Head of Real Estate Research in AIB. Pat has over 30 years' experience of working in the financial markets. Pat is responsible for the research and analysis of the Irish commercial real estate and residential development markets in Ireland for AIB. He is on the senior management team of AIB's Real Estate Finance division which is a leading senior debt provider for Land & Development Finance and Commercial Real Estate Finance in Ireland

Pat is a graduate of University College Dublin and Dublin City University and has a BA and MA in Economics, an MSc in Investment and Treasury and is a CFA and QFA.

Rositsa Meehan
Non-Executive Director

Rositsa (Rosi) has over 20 years financial services experience with Allied Irish Banks, p.l.c. during which she held a number of different positions, most of which related to AIB's residential mortgage business. Her roles over the years include the setup, governance and assurance of AIB Mortgage Bank, a separate legal entity within AIB Group. She is currently Head of Credit Models in AIB Retail Banking, a role which focuses on expected credit loss, capital (IRB) and credit grading models. Rosi is a Fellow Member of the Association of Chartered Certified Accountants (ACCA).

GOVERNANCE
AND CORPORATE INFORMATION

Directors

Aoife Leonard
Non-Executive Director

Aoife has more than 25 years' experience working in Financial Services and has extensive leadership experience across Branch Banking, Business Banking, Direct Channels, Operations and Consumer Segments. In her current role, she is Director of Distribution, Digital, & Operations in Bank of Ireland's Retail Ireland Division. With circa 2,000 colleagues, Aoife is accountable for a diverse range of customer facing and back office functions including a network of 169 branches across the country, digital channel development and change teams, customer service and operations teams for Retail Ireland. Aoife is a qualified financial advisor, certified bank director and holds a Masters in Management Practice from University College Dublin.

Brian Coffey
Non-Executive Director

Brian has over 20 years' experience in the Irish financial services and for the last six years he has been working for Bank of Ireland.

Brian has a broad experience across treasury, lending and product management. In his current role as Head of Commercial for Bank of Ireland Home Buying, his focus is on the housing and mortgage market.

Brian is a qualified QFA holder and has a Degree in Economics from UCD and a Masters in Investment, Treasury and Banking from DCU.

Jeff Harbourne
Non-Executive Director

Jeff Harbourne is Head of Products in PTSB with responsibility for the Bank's product strategy and innovation. His remit covers all Bank products and pricing including its card and mobile payment offerings. Since joining the commercial function in 2013, Jeff has held several leadership positions and, prior to this, Jeff held various leadership roles within the Bank's Finance and Treasury functions. Jeff holds a Masters in Business Practice from UCC, is a Fellow Member of Association of Chartered Certified Accountants and secured a QFA designation from the Institute of Bankers.

Directors

Deirdre Kelly
Non-Executive Director

Deirdre is a solicitor and member of PTSB's Group Legal and Senior Leadership teams having joined PTSB in 2016. In her role, Deirdre is responsible for leading the legal aspects of strategic and transformational projects.

Prior to joining PTSB, Deirdre worked in private practice specialising in commercial real estate law.

Deirdre is a member of the Law Society of Ireland, the Society of Trust and Estate Practitioners and is also a Chartered Tax Adviser (Associate of Irish Tax Institute).

She holds a Bachelor of Corporate Law (First Class Hons) and a Bachelor of Laws (First Class Hons) from N.U.I Galway.

GOVERNANCE AND BOARD MEMBERS REPORT

Governance

The Board is responsible for the overall direction and strategic management of the FHS and for formulating policies for conducting the business of the FHS.

The Board is responsible for ensuring good governance and achieves this by setting strategic objectives and targets and making strategic decisions on all key business issues.

Board Responsibilities

The Board is responsible for the overall strategic direction and oversight of the day-to-day management of the scheme. Subject to those matters reserved for the Board, day-to-day operation of the FHS's business is undertaken and transacted by the CEO and the FHS Senior Management Team.

The non-executive directors do not participate in the day-to-day management of the FHS's affairs. The CEO inputs to and acts upon the lawful decisions of the Board and manages the daily execution of the strategy for the scheme as set out and approved by the Board. The CEO attends Board meetings as a director of the company and member of the Board but does not have voting rights.

Board Structure

The Board consists of 10 Directors, with each of the 4 Shareholders entitled to nominate two directors to the Board and to request the replacement or removal from office of any persons so nominated (with or without the appointment of another person in their place) from time to time by written notice to the FHS.

The Directors have appointed a person to act as Independent Director to the Board. The Independent Director will also serve as the Chair of the Board and will preside as Chair at every meeting of the Board (or if the Chair is not present, any Director present can act as Chair of the meeting).

The Participating Lenders and State must each be represented by at least one nominee director for a meeting of the Board to be quorate with each shareholder having one vote irrespective of the number of directors from that shareholder present.

The scheme is open to participation by other authorised mortgage lenders in the Irish market.

Schedule of Attendance

A schedule of attendance at the 2023 Board meetings is set out below for each Board member:

	Board
Number of Meetings	**12**
Board Members	
John Murphy (appointed in January 2023)	**12**
Michael Broderick	**12**
Caroline Timmons	**11**
Robert Nicholson*	**8**
Sarah Cooney	**4**
Pat O'Sullivan	**11**
Rositsa Meehan	**10**
Aoife Leonard	**7**
Brian Coffey	**11**
Jeff Harbourne	**10**
Deirdre Kelly	**9**
Nicola O'Brien**	**2**

*Robert Nicholson stepped down as a Director in August 2023. Robert was replaced on the Board by Sarah Cooney.

**Nicola O'Brien stepped down as a Director in March 2023. Nicola was replaced on the Board by Deirdre Kelly.

RISK MANAGEMENT

While the FHS equity product is not a regulated product as defined by the Central Bank of Ireland (CBI) or the Consumer and Competition Protection Commission (CCPC), it is nevertheless a product of interest to both regulators. For this reason, the FHS engaged with both the CBI and the CCPC during the set-up phase and will continue to engage as necessary going forward.

BCM Global, who manage the customer interaction and process the applications on behalf of the Scheme, are a regulated entity for the purpose of services they provide to other clients. While they are not regulated in relation to the FHS equity product, they operate to regulated entity standards. An example of this relates to the complaints process for the FHS which is run along the same lines as that for a regulated product.

FHS has implemented a comprehensive enterprise risk management framework. The objectives of the framework are to:

- Identify and understand the risks that could prevent the achievement of FHS's strategic objectives
- Assess these risks in a consistent manner for the purposes of prioritising potential remediation and resulting resource allocation
- Evaluate the adequacy and effectiveness of internal controls, and
- Develop actions to address Operational Risks in breach of an agreed Risk Appetite

In order to achieve its risk objectives, FHS has implemented risk framework tools to Identify, Measure, Assess, Manage, Monitor and Report on the risks to which it is exposed.

FHS has appointed a Head of Risk who will oversee the implementation of the risk framework, however the Board of Directors carries ultimate responsibility ensuring the effectiveness of the risk management system, setting the risk appetite and overall risk tolerance limits, as well as approving the main risk management strategies and policies.

FIRST HOME SCHEME

Michael Broderick
Chief Executive Officer

Helen Quigley
Head of Operations and Stakeholder Management

Mark Bingham
Head of Finance and Risk

Vish Shanmugam
Head of Data Protection and Compliance

Fiona Tuite
Head of Business Development

Cian Coleman
Business Analyst

FINANCIAL STATEMENTS

Financial Statements

Directors and Other Information

Directors

John Murphy	Irish
Michael Broderick	Irish
Patrick O'Sullivan	Irish
Rositsa Meehan	Irish
Aoife Leonard	Irish
Brian Coffey	Irish
Jeff Harbourne	Irish
Deirdre Kelly	Irish
Caroline Timmons	Irish
Sarah Cooney	Irish

Registered Office
Pembroke Hall,
29 Upper Mount Street,
Dublin 2, Ireland,
D02 K003

Independent Auditors
Grant Thornton,
Chartered Accountants and Statutory Audit Firm,
13-18 City Quay,
Dublin Docklands,
Dublin 2, Ireland,
D02 ED70

Solicitors
Arthur Cox LLP
10 Earlsfort Terrace,
Dublin, Ireland,
D02 T380

Philip Lee LLP
Connaught House,
One Burlington Road,
Dublin, Ireland,
D04 C5Y6

Accountants
Apex IFS Limited
2nd Floor Block 5,
Irish Life Centre,
Abbey Street Lower,
Dublin, Ireland,
D01 P767

Administrators
BCM Global
Block C, Maynooth Business Campus,
Maynooth,
Kildare, Ireland,
W23 F854

Company Secretary
Apex IFS Limited
per above

Bankers
Bank of Ireland,
2 College Green,
Dublin 2, Ireland,
D02 VR66

PTSB
56-59 St Stephens Green
Dublin, Ireland,
D02 H489

DIRECTORS' REPORT

The Directors submit their annual report together with the audited financial statements of First Home Scheme Ireland Designated Activity Company (the 'Company') for the financial year ended 31 December 2023.

Principal Activities, Business Review and Future Developments

The Company was incorporated in the Republic of Ireland on the 14 December 2021.

The principal activity of the Company is to operate a scheme ("the scheme") which provides equity support to future homeowners ("the customers") by taking a beneficial interest, via an inhibition on title, in residential dwellings which enables the customers to purchase such residential dwellings.

The Company is a joint venture with four shareholders ("the Participants") and is funded via drawdowns from the Participants Loan Facility. The funds advanced from the Participants cover all relevant costs associated with the scheme, with the remaining funds available to deploy to the customers to acquire residential property. The company commenced trading in July 2022 and the deployment period of the scheme is estimated to be 5 years from that date. This period may change based on customer take up of the scheme and ongoing support from the Participants. The Company is also entitled to a service charge from each customer which is payable from year six following the drawdown of the equity facility. It is at this point that the Company is expected to earn revenue, however the service charge can be deferred in full by the Customer.

The Directors are satisfied with the performance of the Company during the financial year which showed strong business volumes as indicated by the KPI's below. Awareness of the Company's products amongst target groups in Ireland grew significantly in the year as a result of advertising and publicity campaigns.

During the financial year, the scheme's remit was expanded to include two new products: (i) the Tenant Home Purchase Product, for tenants who are seeking to purchase the property they are currently renting and is being offered for sale by the landlord. (ii) Self-build product, for eligible applicants with their own site who are seeking to build their own residential property. There has been no impact on the valuation methodology in these financial statements as a result of these new products.

Looking forward, the Directors see the Company continuing to progress as house building in Ireland increases, macro-economic conditions remain favourable and awareness of the First Home Scheme continues to grow.

The scheme is administered by a third party operator, BCM Global ("the Administrator"), and is governed by a Master Service Agreement which outlines the roles and responsibilities between the Company and the Administrator. In September 2023, BCM Global was acquired by LC Financial Holdings Limited. The sale is not anticipated to have a significant impact on the operations of the Company.

Key Performance Indicators

Key performance indicators, which are used to measure and monitor the performance of the Company, are as follows:

During the financial year:

The net gain on loans and borrowings at fair value through profit or loss ('FVTPL') amounted to €3,570,922 (2022: €8,095,563).

The net gain on equity investments in residential properties at fair value through profit or loss ('FVTPL') amounted to €5,387,183 (2022: €702,822

As at 31 December 2023:

The fair value of the equity investments in residential properties of the Company amounted to €89,160,498 (2022: €10,471,167).

The number of equity investments in residential properties amounted to 1,255 (2022:137).

These indicators are reviewed regularly throughout the financial year by the Directors.

Principal Risks and Uncertainties

The underlying business of the Company, being the equity investments in residential properties, is expected to continue in an orderly, consistent manner over the coming financial year. The principal risk exposures for the Company relate to market risk, credit risk, liquidity risk and operational risk exposure in dealings with counterparties. The principal risks and uncertainties are discussed in more detail in note 18 of these financial statements.

Results for the Financial Year/Period

The Statement of Comprehensive Income for the financial year ended 31 December 2023 and the Statement of Financial Position at that date are set out on pages 32 and 33 respectively.

Dividends

No dividends were declared or paid by the Company during the financial year and the Directors do not propose a final dividend (2022: Nil).

Directors' Interests

The Directors who served during the financial year are set out in this report.

The Directors who held office during the financial year do not have any direct or beneficial interest in the shares or debentures of the Company (2022: Nil).

Transactions Involving Directors

One Director has been seconded to the Company in the role of Chief Executive Officer since February 2022 from the National Treasury Management Agency ("NTMA"), a state agency of the Department of Finance.

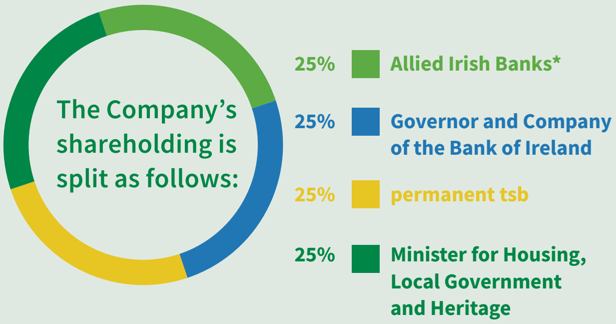
Fees to the NTMA in respect of these secondment services total €257,855 (2022: €227,998 (11 months)) in these financial statements

On 5th January 2023, John Murphy was appointed Chairperson of the Board. The Chairperson's remuneration for the financial year totalled €31,177 (2022: Nil).

Directors and Secretary of the Company and their Interests

The Directors and Secretary who served during the financial period and up to the date of this report are as follows:

Name	Office	Appointed	Resigned
Aoife Leonard	**Director**	**1 July 2022**	
Brian Coffey	**Director**	**1 July 2022**	
Rosi Meehan	**Director**	**1 July 2022**	
Patrick O'Sullivan	**Director**	**1 July 2022**	
Jeff Harbourne	**Director**	**1 July 2022**	
Nicola O'Brien	**Director**	**1 July 2022**	**30 March 2023**
Deirdre Kelly	**Director**	**30 March 2023**	
Robert Nicholson	**Director**	**14 December 2021**	**3 August 2023**
Sarah Cooney	**Director**	**3 August 2023**	
Caroline Timmons	**Director**	**14 December 2021**	
Michael Broderick	**Director**	**1 July 2022**	
John Murphy	**Director**	**5 January 2023**	
Apex IFS Limited	**Secretary**	**19 July 2022**	



*Customers of Allied Irish Banks Plcs' affiliated lenders, EBS Designated Activity Company and Haven Mortgages Limited, can also access the scheme for so long as Allied Irish Banks remains a shareholder of the Company.

Statement on Relevant Audit Information

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- So far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- He or she has taken all the steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information, and to establish that the Company's auditors are aware of that information.

Political Donations

The Company did not make any political donations during the financial year (2022: Nil).

Accounting Records

The measures taken by the Directors to secure compliance with the requirements of sections 281 to 285 of the Companies Act 2014 with regard to the keeping of accounting records are the implementation of necessary policies and procedures for recording transactions, the employment of competent accounting personnel with appropriate expertise and the provision of adequate resources to the financial function.

To achieve this, the Directors have appointed Apex IFS Limited to provide accounting services. The accounting records are kept at 2nd Floor Block 5, Irish Life Centre, Abbey Street Lower, Dublin D01 P767, Ireland.

Audit Committee

Under Section 167 of the Companies Act 2014, the Company is exempt from the requirement to establish an audit committee as the Company does not meet the criteria of a 'large company' under legislation. The Directors have availed of this exemption for the preparation of the financial statements.

Going Concern

The Directors are satisfied with the Company's progress and have a reasonable expectation that the Company has adequate resources based on projected cashflows to fund its requirements and to continue in operational existence for the foreseeable future. The Participants have committed up to €400m in funding for the scheme during the deployment period. As at the date of these financial statements the Participants have advanced €157m in funding to the Company.

Subsequent Events

There are no other subsequent events outside the ordinary scope of business that require adjustment to, or disclosure in the financial statements.

This report was approved by the Board of Directors and authorised for issue on 28 March 2024.

Independent Auditor

The auditors Grant Thornton, Chartered Accountants and Statutory Audit firm, have signified their willingness to continue in office in accordance with Section 382(2) of the Companies Act 2014.

Directors' Compliance Statement

"At this present time the Company does not exceed the balance sheet and turnover threshold limits as set out under Section 225(7) of the Act, which enables the Company to avail of an exemption to the Compliance Policy Statement obligations. Accordingly, the Directors are not required to include a Compliance Statement in their statutory Directors report for the current financial year ended 31 December 2023.

Signed on behalf of the Board of Directors by:

Director
28 March 2024

Director
28 March 2024

Directors' Responsibilities Statement

The Directors are responsible for preparing the Directors' Report and Financial Statements in accordance with Irish law.

Irish law requires the Directors to prepare Financial Statements for each financial year giving a true and fair view of the Company's assets, liabilities and financial position at the end of the financial year and the profit or loss of the Company for the financial year. Under that law the Directors have prepared the Financial Statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS).

Under Irish law the Directors shall not approve the Financial Statements unless they are satisfied that they give a true and fair view of the Company's assets, liabilities and financial position as at the end of the financial period and of the profit or loss of the company for the financial period.

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and accounting estimates that are reasonable and prudent;
- State whether the financial statements have been prepared in accordance with IFRS and ensure that they contain the additional information required by the Companies Act 2014 ;and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to:

- Correctly record and explain the transactions of the Company;
- Enable, at any time, the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy.
- Enable the directors to ensure that the financial statements comply with the Companies Act 2014 and enable those financial statements to be audited.

The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report was approved by the Board of Directors and authorised for issue on 30 March 2023.

Director
28 March 2024

Director
28 March 2024

Independent auditor's report to the members of First Home Scheme Ireland Designated Activity Company

Opinion

We have audited the financial statements of First Home Scheme Ireland Designated Activity Company ("the Company"), which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows for the financial year ended 31 December 2023, and the related notes to the financial statements, including the summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is Irish law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

In our opinion, First Home Scheme Ireland Designated Activity Company's financial statements:

- give a true and fair view in accordance with IFRS as adopted by the European Union of the assets, liabilities and financial position of the company as at 31 December 2023 and of the company financial performance and its cash flows for the financial year then ended; and
- have been properly 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 'Responsibilities of the auditor 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 the financial statements in Ireland, including the Ethical Standard for Auditors (Ireland) issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances for the entity. 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of 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 Company'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.

Other information

Other information comprises information included in the annual report, other than the financial statements and the auditor's report thereon, including the Director's Report. The directors are responsible for the other information. 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 in the financial statements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other.

Independent auditor's report to the members of First Home Scheme Ireland Designated Activity Company

Other information (continued)

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.

Matters on which we are required to report by the Companies Act 2014

- 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.
- The financial statements are in agreement with the accounting records.
- In our opinion the information given in the Directors' Report is consistent with the financial statements. Based solely on the work undertaken in the course of our audit, in our opinion, the Directors' Report has been prepared in accordance with the requirements of the Companies Act 2014.

Matters on which we are required to report by exception

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

Under the Companies Act 2014 we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of the Act have not been made. We have no exceptions to report arising from this responsibility.

Responsibilities of management and those charged with governance for the financial statements

As explained more fully in the Directors' responsibilities statement, management is responsible for the preparation of the financial statements which give a true and fair view in accordance with IFRS as adopted by the European Union, and for such internal control as they determine 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, management is 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 management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

Responsibilities of the auditor for the audit of the financial statements

The auditor's 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 their 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.

Independent auditor's report to the members of First Home Scheme Ireland Designated Activity Company

As part of an audit in accordance with ISAs (Ireland), the auditor will exercise professional judgment and maintain professional scepticism throughout the audit. The auditor will also:

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

The auditor communicates with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that may be identified during the audit.

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.

Shahnawaz Mirza
For and on behalf of
Grant Thornton
Chartered Accountants & Statutory Audit Firm

Date: 28 March 2024

Statement of Comprehensive Income

For the financial year ended 31 December 2023

		Financial year ended 31 Dec 2023 EUR	Financial period from 14 Dec 2021 to 31 Dec 2022 EUR
Other operating income:			
Fair value gain on equity investments in residential properties here and throughout	9	5,387,183	702,822
Fair value gain on loans and borrowings	14	3,570,922	8,095,563
Other income	4	337,201	-
Expenses:			
Administrative expenses	5	(5,660,642)	(7,141,473)
Employee remuneration	8	(476,092)	-
Depreciation	10	(4,245)	(1,011)
Net operating income before finance expenses		**3,154,327**	**1,655,901**
Finance expenses	7	**(3,154,327)**	**(1,366,208)**
Profit before taxation			**289,693**
Income tax	8	-	(289,693)
Profit/(loss) for the year/period		**-**	**-**
Other comprehensive income		-	-
Total comprehensive profit/(loss) for the period		-	**-**

The company has not recognised gains or losses in the financial year other than those included within the statement of comprehensive income. All income relates to continuing operations and all gains and losses are attributable to the owners of the Company.

The accompanying notes on pages 36 to 59 form an integral part of these financial statements.

FIRST HOME SCHEME IRELAND DESIGNATED ACTIVITY COMPANY

Statement of Financial Position as at 31 December 2023

		31 Dec 2023 EUR	31 Dec 2022 EUR
Non current assets			
Equity investments at fair value in residential properties	9	89,160,498	10,471,167
Property, plant and equipment	10	18,420	10,883
		89,178,918	**10,482,050**
Current assets			
Cash and cash equivalents	11	57,780,752	63,995,575
Other receivables	13	128,708	-
Deferred tax	8	161	-
Prepayments	12	78,734	78,148
		57,988,355	**64,073,723**
Total assets		**147,167,273**	**74,555,773**
Equity			
Share capital	16	4	4
Accumulated profits/(losses)		-	-
Total equity		**4**	**4**
Non current liabilities			
Loans and borrowings at fair value through profit and loss	14	146,311,315	73,270,645
Current liabilities			
Trade and other payables	15	855,793	995,431
Corporation tax	8	161	289,693
		855,954	1,285,124
Total liabilities		**147,167,269**	**74,555,769**
Total equity and liabilities		**147,167,273**	**74,555,773**

The accompanying notes on pages 36 to 59 form an integral part of these financial statements.

Approved by the Board:

Director
28 March 2024

Director
28 March 2024

FIRST HOME SCHEME IRELAND DESIGNATED ACTIVITY COMPANY

Statement of Changes in Equity for the financial year ended 31 December 2023

	Share Capital	Accumulated Profit/Losses	Total Equity
	EUR	EUR	EUR
Balance at 14 December 2021	-	-	-
Share capital issued	4	-	4
Profit/Loss for the financial period	-	-	-
Balance at 31 December 2022	**4**	**-**	**4**
Balance at 1 January 2023	4	-	4
Share capital issued	-	-	-
Profit/Loss for the financial period	-	-	-
Balance at 31 December 2023	**4**	**-**	**4**

The accompanying notes on pages 36 to 59 form an integral part of these financial statements.

Statement of Cash Flows for the financial year ended 31 December 2023

		Financial year ended 31 Dec 2023 EUR	Financial period from 14 Dec 2021 to 31 Dec 2022 EUR
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit on ordinary activities before taxation			289,693
Adjustments for:			
Depreciation	10	4,245	1,011
Finance expenses	7	3,154,327	1,366,208
Fair value gain on equity investments in residential properties	9	(5,387,183)	(702,822)
Fair value gain on loans and borrowings	14	(3,570,922)	(8,095,563)
Increase in prepayments	12	(586)	(78,148)
Increase in bank interest receivable	13	(128,708)	-
(Decrease) / increase in trade and other payables	15, 8	(429,330)	995,431
Net cash used in operating activities		**(6,358,157)**	**(6,224,190)**
Cash flows from investing activities			
Acquisition of equity investments in residential properties	9	(73,824,455)	(9,768,345)
Redemptions of equity investments in residential properties	9	522,307	-
Acquisition of IT equipment	10	(11,782)	(11,894)
Net cash used in investing activities		**(73,313,930)**	**(9,780,239)**
Cash flows from financing activities			
Proceeds from issuance of share capital	16	-	4
Proceeds from loans and borrowings at fair value through profit or loss	14	73,457,264	80,000,000
Net cash from financing activities		**73,457,264**	**80,000,004**
Net (decrease)/increase in cash and cash equivalents		(6,214,823)	63,995,575
Cash and cash equivalents at beginning of financial year / period		63,995,575	-
Cash and cash equivalents at end of financial year / period		**57,780,752**	**63,995,575**

The accompanying notes on pages 36 to 59 form an integral part of these financial statements.

1 CORPORATE INFORMATION

The Company was incorporated in the Republic of Ireland on the 14 December 2021 with company registration number 710046. The Company has its registered address at Pembroke Hall, 29 Mount Street Upper, Dublin D02 K003, Ireland.

The principal activity of the Company is to operate a scheme ("the scheme") which provides equity support to future homeowners ("the customers") by taking a beneficial interest, via an inhibition on title, in residential dwellings which will enable the customers to purchase such residential dwellings.

The Company is a joint venture with the four shareholders ("the Participants") and is funded via drawdowns from the Participants Loan Facility. The funds advanced from the Participants will cover all relevant costs associated with the scheme, with the remaining funds available to deploy to the customers to acquire residential property.

2. STATEMENT OF ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and those parts of the Companies Act 2014 applicable to companies reporting under IFRS. The financial statements have been prepared on a historical cost basis, except for the revaluation of certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period as explained in the accounting policies below.

The Company's functional currency is the Euro.

GOING CONCERN

The Directors are satisfied with the Company's progress and have a reasonable expectation that the Company has adequate resources based on projected cashflows to fund its requirements and to continue in operational existence for the foreseeable future. The Participants have committed up to €400m in funding for the scheme during the deployment period. As at the date of these financial statements the Participants have advanced €157m in funding to the Company.

Based on all of the information available at present, the Directors believe that the Company will continue to meet its obligations as they fall due and that it continues to be appropriate to prepare the Financial Statements on a going concern basis of preparation.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial report in conformity with IFRS as adopted by the EU requires the Directors to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based upon historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed by the Directors on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year. If the revision affects both current and future years the revision is recognised in both years.

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

Equity investments in residential properties

Equity investments in residential properties include the Company's equity stake (share of the ownership) in each residential property. The equity stakes in the properties also entitle the Company to a service charge which is payable from year six but may be deferred by the customer.

The total fair value of the equity investments in residential properties including the service charge is comprised of the total equity interest in the residential property and the present value of the service charge from the equity interest. With respect to each property that the Company holds an equity interest in, the valuation will be calculated as the percentage equity agreed, multiplied by the valuation of the property as at the reporting date with a haircut applied to account for selling costs. In order to model the fair value of the service charge the Company employs a Discounted Cash Flow ("DCF") approach. The future cash flows of the service charge are forecast and discounted using an appropriate discount rate to arrive at the present value at each reporting period end.

A number of observable inputs have been used in this calculation which results in a €5,387,183 (2022: €702,822) gain on the fair value of the equity investments in residential properties. This calculation uses a number of judgmental assumptions, notably a forecast for future house price movement and a discount rate based on comparable housing bonds.

The valuation of the equity interests may require the use of a House Price Index ("HPI") in order to index the valuation of the property price. The data required to calculate the appropriate indexation shall be sourced from the Central Statistics Office (Ireland) . In particular, the Index "HPM09" Residential Property Price Index will be utilised. At each reporting date, the last available HPI series will be employed. It should be noted, the HPI data is lagged by 3 months. In order to capture the regional distribution of the portfolio, the Company will utilise the regional HPI indices available in order to derive a HPI that is both reasonable and appropriate when the distribution of properties is considered.

Typically, an assumption is made that under normal economic conditions, property valuations will remain consistent over the period of one quarter. However, to account for periods of sudden deterioration of economic conditions where the property valuation may be materially impacted within the last quarter, the Company will ascertain whether an adjustment is needed to HPI.

As noted above, in order to model the fair value of the service charge component, the Company employs a Discounted Cash Flow (“DCF”) approach. The future cash flows of the service charge are forecast and discounted using an appropriate discount rate to arrive at the present value at each reporting period end.

The Company used a comparable approach in order to derive an appropriate discount rate. In order to infer the discount rate, the Company has benchmarked similar investments for which the yield is available in the market. The closest to those of the Company are Residential Mortgage Backed Securities (“RMBS”) in Ireland. The discount rate is based on analysis of Irish RMBS securities and finding the average yield across all tranches for the RMBS. The data is sourced from Bloomberg. A sample of multiple RMBS is taken for the valuation at each reporting period end.

The service charge can be deferred by the customer without incurring any extra costs. As such certain assumption will have to be made with respect to the timings of these cashflows. These assumptions may include the following:

- (i) Assuming service charges are paid out as scheduled.
- (ii) Assuming that for each property the customer redeemed the equity by the end of the mortgage term. The Company’s analysis of comparable schemes experience show that there is a significant deferral of repayment and as such, an adjustment factor will be applied to this assumption to account for this. This shall be benchmarked and rationalised based on further research and analysis, including but not limited to the experience of similar schemes in the United Kingdom.
- (iii) As no service charge will be earned on properties that default, the impact will be modelled through assuming a small percentage of the current properties experience default. This percentage will be calibrated to historical data.

NEW AND AMENDED STANDARDS ADOPTED BY THE COMPANY

The Company has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2023.

Description	Effective date (periods beginning)
Reference to the Conceptual Framework – Amendments to IFRS 3	**1 January 2022**
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	**1 January 2022**
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	**1 January 2022**
IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter	**1 January 2022**
IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities	**1 January 2022**
Definition of Accounting Estimates - Amendments to IAS 8	**1 January 2023**
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	**1 January 2023**
Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12	**1 January 2023**
Insurance Contracts - Amendments to IFRS 17 and IFRS 4	**1 January 2023**

The above standards and amendments do not have a material impact on these financial statements.

NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

Description	Effective date (periods beginning)
Classification of Liabilities as Current or Non-current - Amendments to IAS 1	**1 January 2024**
Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	**1 January 2024**
Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7	**1 January 2024**
Lack of exchangeability – Amendments to IAS 21	**1 January 2025**

The above standards and amendments are not expected to have a material impact on the financial results of the Company.

INCOME TAX

Tax expense comprises current and deferred tax. Current and deferred tax expense is recognised through profit or loss in the Statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in there.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to the tax payable in respect of previous years. The Company is subject to Irish corporation tax on trading operations at the standard rate of 12.5%.

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the end of the reporting period where transactions or events have occurred at that date that will result in an obligation to pay more or right to pay less tax. Provision is made at the rates expected to apply when the temporary differences reverse based on legislation substantively enacted at the end of the reporting period. Temporary differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in taxable profits in periods different from those in which they are recognised in the financial statements. A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted.

OTHER INCOME AND ADMINISTRATIVE EXPENSES

All other income and operating expenses are accounted for on an accruals basis.

FINANCE EXPENSES

Finance expenses on loans and borrowings are recognised based on the effective interest model. A prepayment is recorded for interest payments made and not yet incurred. For interest that has been incurred but unpaid at the end of the year, an accrual is recorded.

DIVIDENDS

Dividends are recognised in the financial statements when they have been appropriately approved or authorised by the shareholders. No dividend was declared or paid in the financial year ended 31 December 2023.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment comprises of IT equipment and is initially recognised at cost in accordance with IAS 16. This includes not only its original purchase price but also costs of preparation, delivery and handling and installation.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation. Depreciation is calculated on a straight line basis, over an estimated useful economic life of five years.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of cash at banks and where applicable, overdrafts. They are convertible into cash with an insignificant risk of changes in value and with original maturities of less than 90 days.

PREPAYMENTS

Prepayments consist of operating expenses which have been paid in advance. A prepaid expense is carried on the statement of financial position as a current asset until it is consumed and subsequently released to the statement of comprehensive income.

TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

FINANCIAL ASSETS

Initial recognition and measurement

Financial assets are classified at initial recognition, and subsequently measured at, amortised cost, fair value through Other Comprehensive Income (OCI), or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Subsequent measurement

For purposes of subsequent measurement, financial assets may be classified in three categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income ("FVOCI").

- Financial assets at fair value through profit or loss (“FVTPL”).

*Financial assets at amortised cos*t

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company’s financial assets at amortised cost comprise of cash and cash equivalents and other receivables in the Statement of Financial Position.

Financial assets at fair value through OCI

The Company does not hold Debt or Equity Instruments at FVOCI.

Financial assets at fair value through profit or loss

Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

The Company’s equity investment in residential properties does not meet SPPI criteria and the return of the equity investment in residential properties is based on gain or loss on the property for certain period of time, therefore these are measured at fair value through profit or loss in the statement of financial position, with value changes recognised in profit or loss under the scope of IFRS 9 ‘Financial Instruments’. Accordingly, the Company’s financial assets at FVTPL in the Statement of Financial Position comprise of:

- The total equity interest in residential properties; and

- The present value of service charges from the equity interest in residential properties.

The Company will record movements in the fair value of the equity interests through FVTPL at each reporting date.

Derecognition

A financial asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired; or

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under passthrough' arrangement; and either

- (a) the Company has transferred substantially all the risks and rewards of the asset, or

- (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Impairment

IFRS 9 requires the Company to record an allowance for Expected Credit Losses ("ECLs") for all financial assets at amortised cost.

ECLs are recognised in three stages:

- For credit loss exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are within the next 12-months (a 12-month ECL).

- Those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life exposure, irrespective of the timing of the default (a lifetime ECL).

- For credit exposures that are credit impaired (i.e. have objective evidence of impairment at the reporting date). The Company recognises lifetime expected credit losses for these financial assets.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off for these reasons when there is no reasonable expectation of recovering the contractual cash flows. Provisions are made for credit impaired exposures where it is considered that there is a significant risk of non recovery. The assessment of risk of non recovery is primarily based on the extent to which amounts outstanding exceed the value of the security held together with an assessment of the financial strength and condition of a borrower and the economic conditions persisting in the borrower's operating environment.

FINANCIAL LIABILITIES

Initial recognition and measurement

The Company's financial liabilities, which include loans and borrowings and trade and other payables are recognised initially at fair value.

Subsequent measurement

Financial liabilities are generally classified and measured at amortised cost, unless they meet the criteria for classification at fair value through profit or loss.

Conditions for FVTPL classification

- It eliminates, or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or liabilities, or recognising the gains and losses on them, on a different basis, or

- A group of financial liabilities, or financial assets and financial liabilities, is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel.

In this instance, the Company's loans and borrowings at fair value through profit or loss in the Statement of Financial Position comprise of a Facility Agreement between the Company and the Shareholders. Proceeds from this agreement are used to fund the equity investments in residential property.

The available funds which will be used to make repayments on the Facility Agreement are directly linked to the performance/cash flows of the financial assets (partial and full redemptions, service charge payments). The Company will therefore have an asset at FVTPL and a liability whose cash flows are directly linked to the performance of the assets. Therefore, the Company has designated the loans and borrowings at fair value through profit or loss to eliminate the accounting mismatch.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

3 DIRECTORS AND EMPLOYEES

The Company had 6 full time employees during the financial year (2022: Nil) further details are disclosed in Note 6 below.

One Director is seconded to the Company in the role of Chief Executive Officer from the National Treasury Management Agency ("NTMA"), a state agency of the Department of Finance.

Fees to the NTMA in respect of these secondment services total €257,855 (2022: €227,998 (11 months)) in these financial statements.

One Director was appointed Chairperson of the Board during the financial year. The Chairperson's remuneration for the financial year totaled €31,177 (2022: Nil)

4 OTHER INCOME

	Financial year ended 31 Dec 2023 EUR	Financial period from 14 Dec 2021 to 31 Dec 2022 EUR
Interest income on bank accounts	**337,201**	-

5 ADMINISTRATIVE EXPENSES

	Financial year ended 31 Dec 2023 EUR	Financial period from 14 Dec 2021 to 31 Dec 2022 EUR
Consulting and secondment fees	563,367	3,144,651
BCM management fees	3,956,357	2,856,367
Legal fees	109,089	611,611
Advertising and marketing fees	412,720	188,535
Professional and Other Expenses	200,754	88,920
Office license expense	110,257	43,050
Accounting and company secretarial fees	151,896	80,288
Audit fees	63,708	67,779
Fund valuation fees	93,110	34,442
Tax advisory fees	(616)	25,830
	5,660,642	**7,141,473**

The fees outlined above are inclusive of non-recoverable VAT.

Auditors remuneration for the Company (including expenses and excluding VAT) comprises:		
The audit of financial statements	53,500	38,500
Other assurance services	-	15,000
Tax advisory services	-	-
Other non-audit services	-	-
	53,500	**53,500**

6 EMPLOYEE REMUNERATION

	Financial year ended 31 Dec 2023 EUR	Financial period from 14 Dec 2021 to 31 Dec 2022 EUR
Wages and salaries	245,020	-
PRSI	166,622	-
Pension Contributions	64,450	-
	476,092	**-**

The average monthly number of persons employed by the Company (including the Chairperson) during the financial year analysed by category was as set out below:

	2023 Number	2022 Number
Average number of persons employed	**6**	-
Administration, management and professional staff	6	-

The Chairperson's remuneration for the financial year is included in the wages and salaries balance disclosed above.

All the amounts stated above were treated as an expense of the Company in the financial year. No amount was capitalised into assets.

7 FINANCE EXPENSES

	Financial year ended 31 Dec 2023 EUR	Financial period from 14 Dec 2021 to 31 Dec 2022 EUR
Interest expense on loans and borrowings	3,154,327	1,366,208
	3,154,327	**1,366,208**

8 INCOME TAX

	Financial year ended 31 Dec 2023 EUR	Financial period from 14 Dec 2021 to 31 Dec 2022 EUR
(a) Analysis of tax credit in the financial period		
Current Tax	161	289,693
Deferred Tax	(161)	-
Total tax charge/(credit) on profits for the financial year/period	**-**	**289,693**
b) Reconciliation of effective tax rate		
Profit before tax	-	289,693
Tax based on standard rate of 12.5%	-	36,212
Effects of:		
Depreciation in excess of capital allowances	161	-
Non-deductible expenses	-	253,481
Total tax expense	**161**	**289,693**
(c) Deferred tax assets		
Opening deferred tax balance	-	-
Movement during the financial year/period	161	-
Closing deferred tax balance	**161**	**-**

The company has a deferred tax asset of €440 of which it has recognised €161 in the current year.

9 EQUITY INVESTMENTS IN RESIDENTIAL PROPERTIES

	2023 EUR	2022 EUR
Movement in financial assets at fair value through profit or loss		
Balance at the beginning of the year/period	10,471,167	-
Additions during the financial year/period	73,824,455	9,768,345
Redemptions during the financial year/period	(522,307)	-
Realised gain/ (losses) on financial assets at fair value through profit or loss	-	-
Fair value movement on financial assets at fair value through profit or loss	5,387,183	702,822
Balance at the end of the year/period	**89,160,498**	**10,471,167**

The Company's core commercial objective is to operate a scheme ("the scheme") to provide equity support to future homeowners by taking a percentage equity stake (share of the ownership) in residential property. The equity investments in residential properties have no maturity date and will remain in perpetuity, subject to voluntary or mandatory redemption trigger events such as the sale of a property. The equity investment in the property also includes the service charge which is payable from year six but may be deferred by the customer. Service charge rates will be set for the full term of the Customer Agreement and deferral of payment of the service charge will not attract any extra cost to the customer.

The equity investments in residential properties are recorded and measured at fair value in the statement of financial position, with value changes recognised in the statement of comprehensive income at each financial period end.

There were no realised gains or losses on the redemptions of the equity investments during the financial year (2022: nil).

The valuation methodology for these equity investments in residential properties is disclosed in note 2 of these financial statements.

10 PROPERTY, PLANT AND EQUIPMENT

	2023 EUR	2022 EUR
Cost:		
Balance at the beginning of the year/period	11,894	-
Additions during the financial year	11,782	11,894
Balance at the end of the year/period	**23,676**	**11,894**
Depreciation and impairment:		
Balance at the beginning of the year/period	(1,011)	-
Depreciation charge	(4,245)	(1,011)
Balance at the end of the year/period	(5,256)	(1,011)
Net book value at the end of the year/period	**18,420**	**10,883**

Property, plant and equipment comprises of IT equipment, initially recognised at cost and subsequently measured at cost less accumulated depreciation. Depreciation is calculated on a straight line basis, over an estimated useful economic life of five years.

11 CASH AND CASH EQUIVALENTS

	2023 EUR	2022 EUR
Cash at bank	11,029,523	63,995,575
Cash on deposit	40,206,698	-
State holding account	6,544,531	-
	57,780,752	**63,995,575**

The Company's cash at bank balances are held with Bank of Ireland.

During the financial year the Company opened two term deposit accounts with Permanent TSB. The cash on deposit account is used to hold excess funds held by the Company which are not currently being advanced to customers or being utilised for operating expenses. The State holding account is used to hold the excess funds received from the office of the Minister for Housing, Local Government and Heritage as a result of their pre-funding of the Facility drawdowns.

Given that the above cash balances are either on demand or short term deposit, the expected credit allowance is considered to be immaterial.

12 PREPAYMENTS

	2023 EUR	2022 EUR
Prepaid expenses	**78,734**	**78,148**
	78,734	**78,148**

Prepaid expenses consist of operating expenses including office rental and insurance costs which have been paid in advance.

13 OTHER RECEIVABLES

	2023 EUR	2022 EUR
Interest receivable	**128,708**	**-**
	128,708	**-**

Interest receivable consists of bank interest income accrued on the cash held on short term deposit. Interest is charged at a benchmark rate of 3%.

14 LOANS AND BORROWINGS AT FAIR VALUE THROUGH PROFIT AND LOSS

	2023 EUR	2022 EUR
Movement in financial liabilities at fair value through profit or loss		
Balance at start of year/period	71,904,437	-
Drawdown on participants loan facility	73,457,264	80,000,000
Fair value movement on financial liabilities at fair value through profit or loss	(3,570,922)	(8,095,563)
Closing Balance	**141,790,779**	**71,904,437**
Interest accrual	4,520,536	1,366,208
Balance at the end of the year/period	**146,311,315**	**73,270,645**

The aggregate repayment amounts of loans and borrowings for each of the fiscal years subsequent to 31 December 2023 is as follows:

• Within 1 year	-	-
• 1-2 years	-	-
• 2-5 years	-	-
• After 5 years	146,311,315	73,270,645
	146,311,315	**73,270,645**

On 1 July 2022 the Company entered into a Participants Loan Facility Agreement ("the Facility") with its four shareholders ("the Participants"). The funds advanced from the Participants will cover all relevant costs associated with operating the scheme, with the remaining funds available to acquire the equity investments in residential properties.

The initial Facility size is €400 million, however there is the ability for this to increase over time. It is expected for the deployment to take approximately 5 years. The Facility accrues interest on the outstanding principal at a fixed rate of 3.5% per annum and has as term of 35 years.

There are no scheduled principal payments. The available funds which will be used to make repayments on the Facility are directly linked to the performance and cash flows of the Company's financial assets, primarily the equity investments in residential properties.

Given that the Company will have a liability whose cash flows are directly linked to the performance of a financial asset which is measured at fair value through profit and loss ("FVTPL"), the Company has also decided to recognise and measure the Facility at FVTPL.

15 TRADE AND OTHER PAYABLES

	2023 EUR	2022 EUR
Operating expenses payable	855,793	995,431
	855,793	**995,431**

Trade and other creditors are payable at various dates in the next three months in accordance with the suppliers' usual and customary credit terms.

16 SHARE CAPITAL

	2023 EUR	2022 EUR
Authorised share capital		
1,000,000 Ordinary shares of €1 each	1,000,000	1,000,000
Allotted, called up and fully paid - presented as equity		
4 Ordinary shares of €1 each	4	4
Total paid share capital	**4**	**4**

The Company's shareholders are outlined in note 20 of these financial statements.

17 RELATED PARTY TRANSACTIONS

One Director is seconded to the Company in the role of Chief Executive Officer from the National Treasury Management Agency ("NTMA"), a state agency of the Department of Finance.

Fees to the NTMA in respect of these secondment services total €257,855 (2022: €227,998 (11 months)) in these financial statements.

During the financial year John Murphy, a Director of the Company, was also appointed Chairperson of the Board. The Chairperson's remuneration is disclosed in Note 3 of these financial statements.

On 1 July 2022 the Company entered into a Participants Loan Facility Agreement ("the Facility") with its four shareholders ("the Participants"). The initial Facility will be €400 million, with the Minister for Housing, Local Government and Heritage contributing €200 million of that amount and an amount of €200 million being provided by the three remaining shareholders.

The Company's shareholders are outlined in note 20 of these financial statements.

18 FINANCIAL RISK MANAGEMENT

The Board of Directors has overall responsibility for the establishment and oversight of the Company and Company's risk management framework.

Risk management processes incorporate the regular and continuing analysis of trading operations and performance and the monitoring of capital adequacy and asset valuations. This note seeks to further describe the key business and financial instrument risks faced by the Company and the policies and procedures used to mitigate these risks. The Company has exposure to the following risks from its use of financial instruments:

1. **Market risk;**
2. **Liquidity risk;**
3. **Credit risk; and**
4. **Operational risk.**

1. Market risk

Market risk is the risk that changes in market prices, such as price risk associated with residential property prices and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objectives of market risk management are to manage and control market risk exposure within acceptable parameters, while optimising the return on risk.

a. Price Risk
   The Company has significant exposure to property price risk through its equity investments in residential property. As outlined in note 2 of these financial statements, the valuation of the equity investments in residential properties includes the use of a House Price Index ("HPI") in order to obtain the fair value of the residential properties. The Company will record movements in the fair value of the equity investments in residential properties through FVTPL at each reporting date.

   A scenario analysis on the HPI has been performed at the reporting date to understand the impact on the fair value of the equity investments in residential properties of increases and decreases in the HPI. The results of this analysis is presented in Note 19 below.

   In addition, given the limited recourse nature of the loans and borrowings at fair value through profit or loss, any increase or decrease in the value of the equity investments in residential properties due to a movement in the HPI is ultimately borne by the Participants with a corresponding fair value adjustment on the loans and borrowings at fair value through profit or loss recorded in the statement of comprehensive income.

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b. Interest rate risk

The fair value movements in the Company's financial assets will ultimately be primarily derived from the movement in the HPI. It is only in the instance of a sudden deterioration of economic conditions that an adjustment will be made to the HPI data based on the correlation of the HPI indices with interest rates. As such any movement in the value in an underlying property as a result of a positive or negative movement in the HPI would not be regarded as interest equivalent.

Valuation of the Company's assets is sensitive to movements in discount rate which in turn is sensitive to prevailing interest rates. Note 19 below details the sensitivity of the valuation to movements in discount rate.

The Company has managed its exposure to interest rate risk by fixing the rate of interest on its financial liabilities and therefore no sensitivity analysis has been performed to this exposure. The Company's external exposure to interest rate risk at the financial period end is not considered significant.

2. Liquidity risk

The Company monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs. To avoid excess cash holdings, drawdowns from the participants' loan facilities are staged over a number of tranches. As tranches are distributed by the Company, early warning mechanisms are in place to ensure ongoing availability of funds. Beyond the drawdown stage, surplus cash held by the Company over and above balances required for working capital management are to be used to repay accrued interest on the participants loan facility, total outstanding principal and return of capital.

The equity investments in residential properties have no maturity date and will remain in perpetuity, subject to voluntary or mandatory redemption trigger events. There is no fixed termination date on the loans and borrowings at fair value through profit or loss, however the earliest termination option occurs on the 35th anniversary of the date of the Agreement.

The table below classifies the Company's financial liabilities into relevant maturities based on the remaining period at the statement of financial position date to the contractual maturity date. Loans and borrowings is inclusive of future interest payable to maturity based on the amounts drawdown on the facility at the reporting date.

Financial Liabilities

2023	< 1 year	1 - 2 years	2 - 5 years	> than 5 years	Gross Contractual Cash Flows	Total carrying value
Loans & Borrowings	-	-	-	333,911,315	333,911,315	146,311,315
Trade and other payables	855,793	-	-	-	855,793	855,793
Total	**855,793**	**-**	**-**	**333,911,315**	**334,767,108**	**147,167,108**

2022	< 1 year	1 - 2 years	2 - 5 years	> than 5 years	Gross Contractual Cash Flows	Total carrying value
Loans & Borrowings	-	-	-	169,870,645	169,870,645	73,270,645
Trade and other payables	995,431	-	-	-	995,431	995,431
Total	**995,431**	**-**	**-**	**169,870,645**	**170,866,076**	**74,266,076**

3. Credit risk

Credit risk is the risk of the financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations.

The Company's maximum exposure to credit risk in the event that counterparties fail to perform their obligations as at 31 December 2023 in relation to each class of recognised financial assets is set out below.

	2023 EUR	2022 EUR
Equity investments in residential properties	89,160,498	10,471,167
Cash and cash equivalents	57,780,752	63,995,575
Other receivables	128,708	-
	147,069,958	**74,466,742**

The table above represents a worst case scenario of credit exposure to the Company, without taking account of any other credit enhancements. The exposures set out above are based on amounts as reported in the statement of financial position.

The Company's financial assets are cash and cash equivalents, other receivables and the equity investments in residential property at FVTPL which represent the Company's maximum exposure to credit risks in relation to financial assets. The Company's maximum exposure to credit risk in the event that counterparties fail to perform their obligations as at 31 December 2023 in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the statement of financial position.

The company's cash and cash equivalent balances are held with Bank of Ireland and Permanent TSB both of which hold an external short term credit rating of A-2 (Standard & Poor's). While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Other receivables consists of bank interest income accrued on the cash held on short term deposit with Permanent TSB. Again, these balances are also subject to the impairment requirements of IFRS 9, however the identified impairment loss was immaterial.

The equity investments in residential properties are secured by an inhibition on title of the residential property. The Company's only recourse is to the property and not to the customer. All customers of the Scheme are required to have mortgage approval with one of the Participants and meet the minimum deposit criteria of the Scheme, being 10% of the property purchase price. The control for ensuring the customer meets the eligibility criteria of the Scheme is held by the Participant lender. All applications to the Scheme are processed by the Administrator.

4. Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel and infrastructure, and from external factors other than credit, market and liquidity issues such as those arising from legal and regulatory requirements and generally accepted standards to corporate behavior. These risks are routinely monitored by the Company's management team and the Board of Directors. Identified risks are documented, assigned a risk rating and a mitigation plan is devised for each identified operational risk.

Operational risk is also managed by the outsourcing of certain services to competent service providers.

19 FAIR VALUE MEASUREMENT

Fair value refers to the price that would be received to sell an asset or the price that would be paid to transfer a liability in an arm's length transaction with a willing counterparty, which may be an observable market price or, where there is no quoted price for the instrument, may be an estimated based on available market data.

IFRS 13 Fair Value Measurement requires an entity to classify its assets and liabilities according to a hierarchy that reflects the observability of significant market inputs. The three levels of the fair value hierarchy are defined below:

Quoted market prices – Level 1

Assets and liabilities are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted price is readily available, and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis.

Valuation technique using observable inputs – Level 2

Assets and liabilities classified as Level 2 have been valued using models whose inputs are observable in an active market. Valuations based on observable inputs include assets and liabilities such as swaps and forwards which are valued using market standard pricing techniques, and options that are commonly traded in markets where all the inputs to the market standard pricing models are observable.

Valuation technique using significant unobservable inputs – Level 3

Assets and liabilities are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). A valuation input is considered observable if it can be directly observed from transactions in an active market, or if there is compelling external evidence demonstrating an executable exit price. Unobservable input levels are generally determined via reference to observable inputs, historical observations or using other analytical techniques.

The following tables summarises the fair value of financial assets and liabilities on the Company's statement of financial position:

31 December 2023

	Carrying value	Quoted Market Prices (Level 1)	Observable inputs (Level 2) Fair Values	Significant unobservable inputs (Level 3)
		Fair Values		
Assets				
Equity investments in residential properties	89,160,498	-	-	89,160,498
Cash and cash equivalents	57,780,752	-	57,780,752.00	-
Other receivables	128,708	-	128,708	-
Total financial assets	**147,069,958**	**-**	**57,909,460**	**89,160,49**
Liabilities				
Loans and borrowings at fair value through profit and loss	146,311,315	-	-	146,311,315
Trade and other payables	855,793		-	855,793
Total financial liabilities	**147,167,108**	**-**	**855,793**	**146,311,315**

31 December 2022

	Carrying value	Quoted Market Prices (Level 1)	Observable inputs (Level 2) Fair Values	Significant unobservable inputs (Level 3)
		Fair Values		
Assets				
Equity investments in residential properties	10,471,167	-	-	10,471,167
Cash and cash equivalents	63,995,575	-	63,995,575	-
Total financial assets	**74,466,742**	**-**	**63,995,575**	**10,471,167**
Liabilities				
Loans and borrowings	73,270,645	-	-	73,270,645
Trade and other payables	995,431	-	995,431	-
Total financial liabilities	**74,266,076**	**-**	**995,431**	**73,270,645**

The reconciliation of the carrying amounts for equity investments in residential properties and loans and borrowings at fair value through profit or loss are disclosed in note 9 and 14, respectively. The valuation methodology of the Company's financial instruments including estimates and assumptions used are outlined in Note 2 of these financial statements.

There were no transfers between the levels during the financial year ended 31 December 2023 (2022: Nil).

The following table provides information about the sensitivity of the Level 3 fair value measurements to changes in the most significant inputs.

31 December 2023

	Significant Unobservable Input	Estimate of the input	Sensitivity of the fair value measurement to input
Assets			
Equity investments in residential properties	Redemption rate	-*	A 0.5% increase (0.5% decrease) in the redemption rate results in a 13% decrease (14% increase) in the fair value gain recorded during the period.
Equity investments in residential properties	Default rate	6.0%	A 2% increase (2% decrease) in the default rate results in a 2% decrease (2% increase) in the fair value gain recorded during the period
Equity investments in residential properties	Discount rate	7.17%	A 0.5% increase (0.5% decrease) in the discount rate results in a 5% decrease (5% increase) in the fair value gain recorded during the period.
Equity investments in residential properties	House Price Index	The latest HPI Available 31/10/2023	A 2% increase (2% decrease) in the HPI results in a 0.95% increase (0.95% decrease) in the fair value gain recorded during the period.

31 December 2022

	Significant Unobservable Input	Estimate of the input	Sensitivity of the fair value measurement to input
Assets			
Equity investments in residential properties	Redemption rate	-*	A 0.5% increase (0.5% decrease) in the redemption rate results in a 14% decrease (16% increase) in the fair value gain recorded during the period.
Equity investments in residential properties	Default rate	6.0%	A 2% increase (2% decrease) in the default rate results in a 2% decrease (2% increase) in the fair value gain recorded during the period.
Equity investments in residential properties	Discount rate	5.78%	A 0.5% increase (0.5% decrease) in the discount rate results in a 5% decrease (6% increase) in the fair value gain recorded during the period.

*The Redemption rate is based on an annual rate which is calculated as the inverse of the maturity term of each equity investment in residential property. This is adjusted for accelerated redemptions as the portfolio matures and to incorporate benchmarks of other comparable schemes.

As outlined in note 2 of these financial statements, both selling costs and HPI movements are potential factors in the fair value measurement of the equity investments in residential properties. However these inputs did not materially impact the fair valuation of the equity investments in residential properties at the reporting date.

Given that the fair value movements on the loans and borrowings are directly linked to the performance of the financial assets, a separate table has not been presented.

20. OWNERSHIP OF THE COMPANY

The Company's shareholders are the Governor and Company of the Bank of Ireland (1 share), Allied Irish Banks Plc (1 share), Permanent TSB Plc (1 share) and the Minister for Housing, Local Government and Heritage (1 share).

Customers of Allied Irish Banks Plcs' affiliated lenders, EBS Designated Activity Company and Haven Mortgages Limited, can also access the scheme for so long as Allied Irish Banks Plc remains a shareholder of the Company.

21. COMMITMENTS AND CONTINGENCIES

There were no commitments and contingencies as at 31 December 2023 (2022: Nil).

22. SUBSEQUENT EVENTS

There are no other subsequent events outside the ordinary scope of business that require adjustment to, or disclosure in the financial statements.

23. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised by the Board of Directors on 28 March 2024.

FIRST HOME SCHEME

Supporting Home Ownership

First Home Scheme Ireland DAC is a Designated Activity Company incorporated in Ireland under number 710046 and having its registered office at Pembroke Hall, 29 Mount Street Upper, Dublin 2, Ireland, D02 K003.