ANNUAL REPORT
& FINANCIAL STATEMENTS

2023

SBCI
Anseo chun gnó a fhorbairt
Corparáid Baincéireachta Straitéiseach na hÉireann
Here to build business
Strategic Banking Corporation of Ireland

DRIVING INCREASED ACCESS TO FINANCE FOR IRISH SMEs

Our Mission is to support growth, prosperity, and the transition to sustainability by driving competition, enabling innovation, and improving access to finance in the Irish credit market.

CONTENTS

OUR IMPACT IN 2023

Year to 31 December 2023

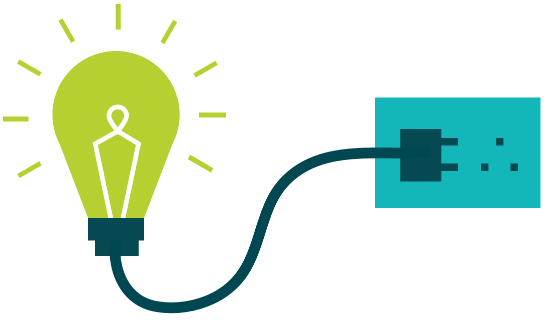
€90,851
average **loan size**

€356m
of loans supported

3,913
SMEs supported
in **Ireland**

SCHEMES LAUNCHED IN 2023

The **Ukraine Credit Guarantee Scheme** is providing **€1.2bn** of **funding**.



The **Growth and Sustainability Loan Scheme** is providing **€500m** of **funding**.

SBCI'S GEOGRAPHICAL SPREAD

Loan numbers: % by Region

Year to 31 December 2023

5% North-West

4% North-East

38% East

16% South-East

15% South-West

5% Mid-West

7% West

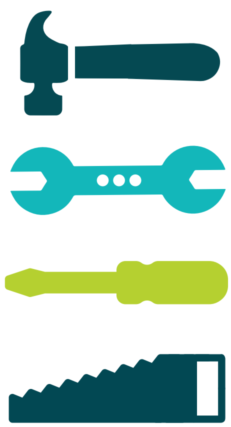
10% Midlands

Building on the delivery of our new digital Hub platform in 2022, further developments of the Hub were completed in 2023 as planned.

This platform enhances our digital capability, streamlining the application process for our loan products and enhancing our digital interaction with on-lenders and Irish businesses.

SBCI Funding is benefiting a wide range of sectors.

18%
Construction



17%
Wholesale Retail Trade

16%
Manufacturing

14%
Agriculture, Forestry & Fishing

13%
Transport & Storage, Accommodation & Food

13%
Admin Support, Professional & Technology

6%
Other

3%
Health

“Our key strategic objectives for 2020 - 2025 are increasing access to finance, promoting sustainability, and enabling SMEs to grow and prosper.”

CHAIRPERSON'S STATEMENT

Market conditions in 2023 have been demanding. Increased input costs, a sustained interest rate cycle, and the phased withdrawal of pandemic supports, have impacted SMEs and consumers.

Following the resurgence in economic activity and related investment by businesses during 2022, growth levels ebbed during 2023 as businesses deliberated over their future investment plans, and national policies, including the Climate Action Plan, began to impact their future strategic planning.

During 2023, the SBCI remained active within the Irish market, continuing to provide support to Irish businesses as the country adapted to the economic environment. Our focus has been on delivering against our immediate priorities, principally through two new loan schemes for businesses, while also planning and investing for the future.

The role of the SBCI is particularly important at the more difficult stages of the economic cycle when Irish businesses and lenders need additional support.

STRATEGY AND PERFORMANCE

Our key strategic objectives for 2020 - 2025 are increasing access to finance, promoting sustainability, and enabling SMEs to grow and prosper. On a quarterly basis during 2023, the Board of the SBCI formally reviewed progress against the KPIs which underpin these objectives. Our strategy continues to focus the Board and the SBCI team on building strategic alliances with key existing and prospective business partners and stakeholders, upon whom we are reliant to implement our mandate.

At the SBCI we executed strongly against our priorities. This progress was made against an economic backdrop dominated by a 2% cumulative increase by the European Central Bank in interest rates during the year, as it strove to bring Eurozone inflation under control.

With support from the Department of Enterprise, Trade and Employment, the Department of Agriculture, Food and the Marine, and the European Investment Bank Group, the SBCI extended the range of risk-sharing loan schemes available to Irish businesses.

We also progressed the development of the Home Energy Upgrade Loan Scheme (HEULS), entering into a counter-guarantee agreement with the European Investment Fund in late 2023 and a formal co-operation agreement with the Department of the Environment, Climate and Communications in early 2024. This ground-breaking scheme, launched in early 2024, provides homeowners with access to lower interest rates to fund the investment in energy efficiency upgrades to their homes and, through its integration with the existing National Housing Retrofit Scheme, supports the delivery of the Government's Climate Action Plan targets.

SUPPORTING IRISH SMEs

Throughout 2023, our suite of credit supports included low-cost, flexible loans to counteract increased input costs and to support strategic long-term investment by SMEs, with a particular focus on climate action and environmentally sustainable investments. The Ukraine Credit Guarantee Scheme (UCGS), which was designed to address the impact of the conflict in Ukraine on businesses and Small Mid-Caps, was launched in January 2023 and will be available until the end of 2024.

In September 2023, in response to an on-going gap in the SME lending market for longer term unsecured investment loans, the SBCI launched the €500m Growth and Sustainability Loan Scheme (GSLS), with a minimum of 30% of this scheme targeted at investment by SMEs in climate-action related investments.

Our clear focus is to provide differentiated lending support to Irish businesses, and our on-lending partners are essential to deliver on this mandate. In total, the team in the SBCI currently supports thirty-nine on-lenders covering SME financing needs from micro- to mid-cap sized businesses.

BOARD

The SBCI Board met ten times, and there were eleven Board Committee meetings during the year. I want to acknowledge the strong commitment of all my fellow current and former Directors to the SBCI during 2023.

Barbara Cotter led the Board with great skill and professionalism as Chairperson since 2019 and resigned in February 2024. Barbara successfully guided the Board through a period of significant expansion for the SBCI, both in terms of the number and complexity of schemes and on-lenders that the SBCI is now engaged with, and her contribution will be greatly missed.

> "We will remain committed to providing accessible financing and forward-thinking solutions that empower businesses to thrive in an ever-changing business landscape."

OUTLOOK

Conditions continue to be challenging for many businesses in Ireland. The importance of both financial and non-financial support for businesses must not be underestimated. As Chair, I am extremely conscious of the market need for the SBCI and we remain ready to act to support access to finance for Irish businesses where there are gaps in the credit market.

For 2024 and beyond, we remain optimistic about the prospects for Irish businesses. As the global economy recovers and market conditions stabilise, opportunities for growth and expansion are likely to increase. The SBCI will continue to adapt our operations to support the financial needs of Irish businesses.

In conclusion, 2023 has been a testament to our resilience, dedication, and ability to navigate through challenging market conditions. On behalf of the Board and staff of the SBCI, we express our gratitude to our valued on-lending partners, our colleagues in the government departments, with whom we work closely, and industry partners for their continuous support.

On behalf of the Board, I want to sincerely thank Minister for Finance Michael McGrath TD, and his colleagues in the Department of Finance for their ongoing collaboration and support of the SBCI. Their inputs and guidance help to ensure that we are implementing our mandate and supporting the delivery of national policy priorities.

I would also like to extend my thanks to our CEO June Butler and our team at the SBCI. Everyone who works for the SBCI can be proud of the support that we provide to Irish businesses, which are at the heart of Irish communities and the Irish economy.

Patrick Delaney
Chairperson

"During the year, the SBCI supported 3,913 businesses, with the provision of €356m of loans through risk-sharing guarantee schemes and low-cost liquidity."

CHIEF EXECUTIVE'S REVIEW

Both the global and the Irish economy faced headwinds in 2023. The role of the SBCI comes to the fore at times like these. We provide opportunities for Irish businesses to invest and grow, creating additional economic activity across Ireland, by providing low-cost finance through established and newly emerging finance providers. We operate in a flexible way, which means that our role in supporting access to finance can adapt to the prevailing economic circumstances, and we stand ready to do what is needed throughout the economic cycle.

Rising inflation, which plateaued towards the end of the year, as well as rising interest rates, made 2023 a year of changing economic conditions for many businesses. Lenders also faced challenges as they adapted their loan pricing in response to a continued increase in European Central Bank (ECB) reference interest rates. The increases in interest rates by the ECB, starting in June 2022, led to a peak ECB reference rate of 4.5% by September 2023, which is the highest level since the launch of the euro. These changes, introduced to tackle high inflation levels across the EU, have impacted Irish businesses' cash flows and investment appetite.

PERFORMANCE OVERVIEW

The relevance and requirement for State-supported business lending remained evident during 2023 with the launch of the UCGS and the GSLS in January and September 2023, respectively. The funding offered through these schemes has helped Irish businesses to adapt, innovate and grow through a volatile economic environment.

The Energy Efficiency Loan Scheme (EELS), the UCGS, and the GSLS, offer targeted loan funding through a combination of State and European guarantees.

The EELS was launched into the market in July 2022 and was tailored to businesses investing in energy efficient equipment to reduce their energy bills. The EELS closed for new applications on the 31st of December 2023.

Since its launch in January 2023, the SBCI has operated the €1.2bn UCGS on behalf of the Department of Enterprise, Trade and Employment. The ongoing take-up of the scheme demonstrates the effectiveness of this support in enabling businesses to address the challenges, including increased costs, brought about by the war in Ukraine.

The GSLS, the successor to the Future Growth Loan Scheme (FGLS), launched to the market in September 2023. The GSLS specifically supports businesses that want to invest in climate and environmental sustainability measures. A minimum of 30% of the scheme will fund investment in environmental sustainability, providing a further discount on the interest rate on these loans, while the remainder will fund businesses investing in the future growth of their business.

The EELS and the GSLS both benefitted from separate guarantees provided by the European Investment Fund. The SBCI is grateful for the continued support received from the European Investment Bank Group and the European Commission in offering counter guarantees to support our schemes.

The SBCI team has continued to develop relationships with our on-lenders. We currently supply low-cost liquidity into the SME finance market through our non-bank on-lending partners from which businesses can access lower cost funding that would otherwise not be available to them.

SBCI financial results for 2023 show an operating profit of €1.826m, compared to an operating loss of €2.356m in the previous year. The move to profitability is due in part to the increase in interest rates. Additional factors which influenced income levels included fees received from Government Departments for schemes under management.

OUR STRATEGIC OBJECTIVES

We have made substantial progress to date in delivering market impact through our lending programmes. Our 2023 strategic review process included a market review and external environment analysis, along with engagement with our key stakeholders and Irish businesses. Through this review, we have reaffirmed our vision of supporting economic development in Ireland by driving increased access to finance and our mission to support growth, prosperity, and the transition to sustainability by driving competition, enabling innovation, and improving access to finance in the Irish credit market.

The focus of our ESG strategy is to maximise the positive environmental and social impact that we have on the planet and our stakeholders, including our customers, our employees, and the communities in which we operate. The integration of our ESG strategy into our decision making is an integral part of our long-term strategy as an organisation, evidenced during 2023 by the launch of the GSLS providing low-cost loans to support SMEs investing in their transition towards low-carbon, economically sustainable growth.

OUR TEAM

Our people make the SBCI what it is. Like many other organisations, attracting and retaining talent remains a priority. Through our focus on career development, health and wellbeing, diversity, inclusion, and employee engagement, we ensure the SBCI continues to be a great place to work.

> “Our people make the SBCI what it is. Like many other organisations, attracting and retaining talent remains a priority.”

LOOKING TO THE FUTURE

As we look to 2024, the SBCI will continue to offer products in the market that address the key challenges faced by Irish businesses, such as the economic impacts of the war in Ukraine and the need for further climate action and the transition to a net zero carbon emissions economy.

In early 2024, the SBCI added new on-lenders to both the UCGS and the GSLS, further expanding the options available to borrowers under the two schemes.

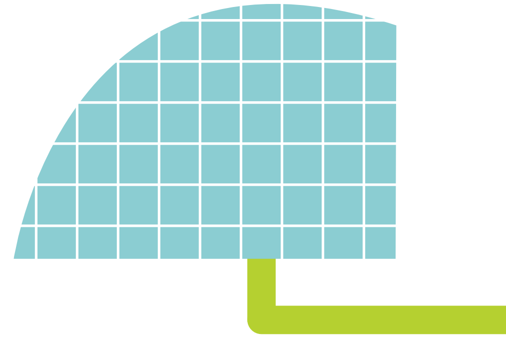
We will continue to develop relationships and engage with potential future lending partners to ensure a greater variety of competitive funding options is available for SMEs. These options will include term loans, hire purchase, leasing of assets, invoice finance, and green finance.

The SBCI launched the Home Energy Upgrade Loan Scheme in early 2024. This scheme is aimed at homeowners who are seeking to improve the energy efficiency of their property. We worked closely with the Department of the Environment, Climate and Communications and the Sustainable Energy Authority of Ireland, along with other stakeholders including the European Investment Bank Group, to bring this product to market.

I would like to extend my sincere appreciation to the Minister for Finance and his team in the Department of Finance for their engagement and support over the past year. Their collaboration and guidance are invaluable and help us in the ongoing delivery of our key priorities.

I very much appreciate the continued creativity, commitment and collaboration of the SBCI team and the Board in delivering for our Shareholder, the Minister for Finance, the Department of Finance, for our wider group of stakeholders and, most critically, for the businesses and communities across Ireland that we are here to support.

June Butler
Chief Executive Officer



HOW WE WORK

Established in 2014 as the national promotional institution for Ireland, the SBCI avails of both National and European funding and other supports for the purpose of making low-cost, longer-term credit available to Irish SMEs.

Our strategy is to support the development and maintenance of an effective market for the provision of credit to businesses in Ireland, while maintaining our ability to respond to emerging market dislocations and the policy delivery needs of Government.

We provide opportunities for businesses to invest and grow, creating additional jobs and economic activity across Ireland by providing low-cost finance through established and newly emerging finance providers.

In total, our SME credit supports are available through partnerships with thirty-nine finance partners.

These finance supports are designed and delivered by the SBCI team in partnership with Government departments, the European Investment Bank, the European Investment Fund, and our on-lending partners.


European Investment Bank
#BelieveInSmall
Rialtas na hÉireann
Government of Ireland
SBCI
Anseo chun gnó a fhorbairt
Corparáid Baincéireachta Straitéiseach na hÉireann
Here to build business
Strategic Banking Corporation of Ireland
CREDIT UNION
FINANCE PROVIDER

OUR STRATEGY

In 2023 the SBCI conducted an annual review of our Strategic Plan 2020-2025. This review included an analysis of the current economic environment and the Irish lending market and canvassed the views of our key stakeholders.

The review confirmed that our strategic pillars and objectives remain relevant. We have prioritised the delivery of specific products and initiatives in 2024, in response to stakeholder feedback, government policy priorities, and SME investment needs.

OUR VISION

Support economic development in Ireland by driving increased access to finance.

OUR MISSION

Support growth, prosperity, and the transition to sustainability by driving competition, enabling innovation, and improving access to finance in the Irish credit market.

OUR IMPACT THEMES

- Increase access to finance
- Promote sustainability
- Enable SMEs to grow and prosper

OUR ENABLERS

- Harness digital and data
- Build brand, insights, and relationships
- Support our people to be the difference
- Manage taxpayers' money effectively
- Robust and effective risk management

OUR KEY AREAS OF FOCUS

The SBCI identifies funding gaps in the Irish credit market, and we work closely with our key stakeholders and business partners to develop a pipeline of innovative solutions to fill those gaps, helping Irish businesses to access the finance they need to invest in and grow their business.

We promote sustainability and the Government's Climate Action Plan by financing green investments and helping businesses transition to net zero, so that they can thrive in a green future.

We make sure that the supports put in place at National and EU level can be accessed by Irish businesses and we continue to build the number of on-lenders that distribute our solutions, to increase competition in the Irish market.

The SBCI launched two new products in 2023:

- The Ukraine Credit Guarantee Scheme, launched in January 2023.
- The Growth and Sustainability Loan Scheme, launched in September 2023.

BUSINESS STORY

Company Name:
Weatherglaze Systems Ltd

Sector: Construction

Location: Wexford

Purpose: Investment in Process Innovation

About the Business: Weatherglaze is a family business owned by the Dempsey family since 1987, which employs approximately 70 people. They have a long successful history of supplying PVCu windows and doors, home security and energy-saving windows for almost 40 years.

"There's a never ending requirement for finance. I suppose we need all the money we can get. We'd hope to grow the business further and hopefully to avail of more funds. It all comes together through finance."

LOOKING FORWARD - OUR FOCUS FOR 2024

As we look to 2024 our core mandate remains to provide support to Irish business where funding gaps exist, to access the finance available through EU and Government sources, and to increase competition in the Irish market by distributing our products through an increasing range of on-lenders. We will continue to provide funding support to:

- Businesses impacted by the war in Ukraine with the ongoing deployment of the UCGS.
- Businesses seeking to invest in innovation to drive business growth and competitive advantage with the continued deployment of the GSLS.

In early 2024, we launched the Home Energy Upgrade Loan Scheme to support homeowners that wish to improve the energy efficiency of their homes.

We will continue to design, develop, and launch new products that are aligned with government policies and priorities, and that bridge identified gaps in the credit market.

We will respond quickly to unforeseen market events that may emerge as we continue to deliver on government policy measures.

Thirteen Credit Unions join the Ukraine Credit Guarantee Scheme. Also in attendance are Ministers of State from the Department of Enterprise, Trade, and Employment (DETE); the Department of Finance (DOF); the Department of Agriculture, Food, and the Marine (DAFM); the SBCI CEO and the SBCI Head of Lending

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) OUTLOOK

The SBCI implemented our first ESG strategy in 2023. The focus of our ESG strategy is to maximise the positive environmental and social impact that we have on the planet and our stakeholders; including our customers, our employees, and the communities in which we operate.

OUR ESG PILLARS

Environmental

- Impact of our own operations
- Impact of our financing activity

Social

- Impact on employees
- Impact on customers
- Impact on communities

Governance

- Strong Board diversity and structure
- Transparent measurement and reporting
- Integrated risk management

The integration of ESG factors into our decision making is an integral part of our long-term strategy as an organisation.

OUR PROGRESS TO DATE

Environmental

Lending Activities

- The SBCI supports the Government's Climate Action Plan by leveraging EU and Government funding supports and creating loan schemes to facilitate SME investment in the green transition.
- The €500m GSLS, launched in 2023, provides low-cost loans to support business investment in the green transition towards low-carbon, economically sustainable growth.
- The €500m Home Energy Upgrade Loan Scheme launched in early 2024, supports homeowners and small landlords who wish to invest in the energy efficiency of their residential property.

Public Sector Climate Action Mandate

The SBCI works closely with the NTMA to meet public sector body obligations under the Public Sector Climate Action Mandate, outlined in the Government's Climate Action Plan 2023. In accordance with this mandate, a Climate Action Roadmap was submitted in Q3 2023 by the NTMA and its affiliates. This Roadmap is published on the NTMA website: https://www.ntma.ie/about-the-ntma/sustainability-and-climate-action

1/3 of **employees walk** or **cycle** to **work**

The Climate Action Mandate, together with the NTMA Annual Report, includes details on the following:

- GHG emissions – obligations, targets, and pathway to net zero;
- implementation of the Mandate;
- sustainability activities report; and
- compliance with Circular 1/2020: Procedures for offsetting the emissions associated with official air travel.

Some actions set out in the roadmap are outlined below:

Our People - Engaging and Training

Formal sustainability education and training support are being made available to SBCI employees as part of the overall NTMA Learning and Development Programme.

Our Way of Working

The SBCI is an affiliate member of the NTMA Sustainability Group, which oversees the NTMA Climate Action Strategy and facilitates cross-unit collaboration on climate-related activities including the delivery of the Public Sector Climate Action Roadmap.

The SBCI is represented on the NTMA employee-led Green Team, which supports the aim of the NTMA to be a recognised leader in sustainable workplace practices in Ireland and assists in embedding new environmentally sustainable behaviours among all employees. The SBCI recognises the contribution it can make by reducing our organisational carbon footprint and supporting our employees to adopt a low carbon lifestyle through a range of sustainability initiatives.

Our Buildings and Vehicles

The SBCI operates from Treasury Dock, North Wall Quay, Dublin 1, occupying 3.37% of the total floor area. The building has achieved LEED 2009 Platinum and BER A3 energy rating standards. The NTMA's Energy Efficiency Report details energy usage by the building and is published within the NTMA's Climate Action Roadmap.

The building has many sustainable features including a building systems performance and optimisation system, which enables the identification and implementation of energy saving opportunities, rainwater harvesting for grey water use, LED lighting and daylight and presence detection sensors to manage lighting efficiencies.

More than one third of employee commutes are by walking or cycling to work. Treasury Dock was designed as a bicycle-friendly building with over 300 bicycle spaces. The SBCI participates in the NTMA Cycle to Work Scheme which enables and encourages employees to cycle to and from work. Charging points for e-bikes and e-scooters are available, in addition to a bike maintenance station.

Resource Use

The SBCI has already taken several measures to realise and successfully implement digitisation of paper-based processes with the introduction of the SBCI Hub platform and a successful hybrid working model:

- New longer-battery life laptop devices have been rolled out to all staff.
- Microsoft Teams has been introduced to create a digital hub for teamwork with chat, collaboration, document co-authoring, screen sharing, video, and audio-conferencing capabilities.

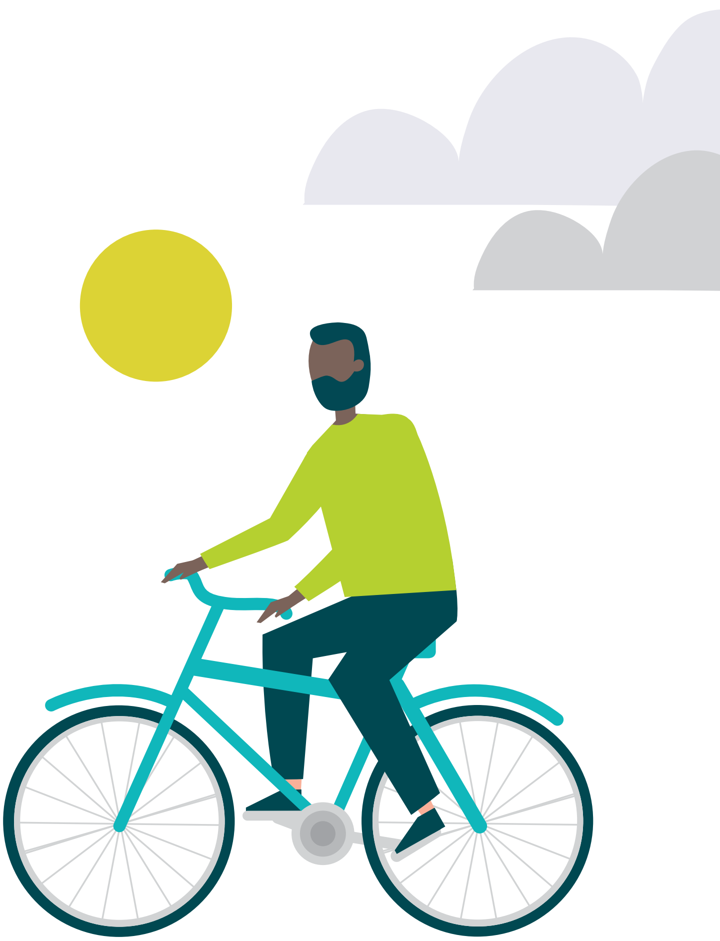
These rollouts support the SBCI hybrid working model, facilitate smart working both at home and in the office and reduce the need to print.

Printing

The SBCI monitors printing statistics and continues to see a significant reduction in print volumes. The SBCI uses recycled and unbleached paper.

Green Public Procurement

Green criteria for selection and award are being introduced on a phased basis in accordance with the Climate Action Plan, with the published Green Public Procurement guidance used where applicable.



Social

Inclusion & Diversity

- The SBCI recognises that a diverse and inclusive workplace is the foundation for innovation, creative thinking and decision making; key factors in shaping a successful business.
- We are committed to fostering inclusion and diversity in the workplace, with high levels of trust and transparency where people feel a sense of belonging.
- A deeper understanding of societal challenges, and organisational and employee needs is being developed by engaging in collaborative external partnerships such as the 30% Club Ireland and the Business Disability Forum, and through employee feedback and surveys.
- We continue to focus on embedding inclusion, diversity, and wellbeing within our strategies to build an organisation that is representative of society and where every individual has a strong sense of belonging.

The SBCI gender profile as of 31 December 2023:

	Female	Male	Gov't. Target*
Board	56%	44%	40%
Senior Mgmt. Team	60%	40%	N/A
All Employees	48%	52%	N/A

** Government target of a minimum of 40% representation of each gender in the membership of State Boards, per the Code of Practice for the Governance of State Bodies.*

Governance

As a wholly owned State Body, we aim to ensure that we follow, promote, and support positive governance practices.

We are committed to maintaining the highest standards of corporate governance in line with best practice and the Code of Practice for the Governance of State Bodies (2016). More information on how we do that is set out in our corporate governance statement on page 32.

BUSINESS STORY

Company Name:
Think Projects Managed Ltd.

Sector: Wholesale & Retail Trade

Location: Dublin

Purpose: Working Capital

About the Business: Think Projects Managed Limited was set up in October 2017 and is specialised in print project management for businesses, covering a wide range of printing materials and sizes.

"The SBCI facility has been a game changer for us and has allowed us to grow our business beyond expectations."

OUR TEAM

INTRODUCTION

Our people are at the heart of our business. They make the SBCI what it is. Collaborative, energetic and innovative, they are essential to the delivery of our strategy.

Attracting and retaining talent is an ongoing priority for the SBCI. Through our focus on career development, health and wellbeing, diversity, inclusion, and employee engagement, we ensure the SBCI continues to be a great place to work.

Our Employee Engagement Committee, established in 2021, provides a forum for team members to be part of developing initiatives.

The Committee has four key focus areas:

- Wellbeing
- Learning & Development
- Social Engagement
- Volunteering

Some of the key initiatives this group coordinated throughout 2023 were:

- First Employee Sustainability Day
- Co-ordination of fundraising events
- Board exposure programme
- Mentorship programme
- Team building activities
- Coordination of Learning and Development session

SFA Small Business Awards_20th Anniversary

Team Building Training

SBCI VOLUNTEERING

In 2023, members of the SBCI team, in conjunction with the NTMA, completed a Charity Cycle raising €17,000 for the Together Academy, a Charity set up to support young adults with Down Syndrome to gain employment in society.

SBCI SUSTAINABILITY DAY

We held our first Employee Sustainability Day, aimed at building employee awareness of the impact of climate change on the environment and encouraging personal action. The team visited the Dublin Waste to Energy Plant where we learned how they sustainably treat waste that cannot be used or recycled, converting it to renewable energy.

EMPLOYEE RESOURCE GROUPS (ERGS)

The SBCI recognises the importance of ERGs and encourages employees to voice their views through participation in these groups.

Team members are participating in 12 NTMA employee groups focused on a variety of topics including:

- International and Multicultural Awareness Team
- NTMA LGBTQ+
- NTMA Connect Innovation Team
- Gender Matters
- NTMA Thrive
- Green Team
- Inclusion and Diversity
- My Wellbeing
- NTMA Sports & Social
- NTMA Choir
- Disability Advocacy Team
- Cross Departmental and Agency Group committees

BETTER WAYS OF WORKING

Aligned to the Public Sector Climate Action Plan, we continue to evolve our ways of working, using a hybrid working model supported by digitisation of our business processes, enabled by technology, and underpinned by our Team Charter. Flexibility, Team Spirit, Communication and Technology are the cornerstones of the Charter.

CAREER PROGRESSION AND DEVELOPMENT

The SBCI develops a formal Learning and Development Plan annually to support the personal development of our people and to help develop new skills required by the business. Our people participated in a wide variety of development training in 2023.

NTMA 2023 Charity Cycle

BUSINESS REVIEW

LOAN GUARANTEE SCHEMES

Throughout 2023, Irish businesses continued to be impacted by the economic consequences of the war in Ukraine, through high energy prices and ongoing supply chain challenges, while also dealing with interest rates that rose as lenders amended their loan pricing in response to multiple increases in European Central Bank (ECB) reference rates. State support in the form of guarantee loan schemes proved crucial for Irish businesses to help them navigate through the impacts of these macro-economic trends.

Through the provision of low-cost loan programmes, such as the UCGS, the SBCI worked to ensure businesses could access the finance they needed to grow, prosper, and transition to sustainability. We further expanded our range of risk-sharing guarantee schemes to banks, non-bank finance providers and credit unions providing low-cost loans to Irish businesses.

Ireland's national mandate to reduce carbon emissions extends to all businesses, and we are working to ensure that businesses can access finance for investments which can reduce their costs and carbon emissions. The launch in September 2023 of the GSLS supported the economy in its pursuit of this goal. The long-term nature of the scheme, with loans of up to 10 years, also supports businesses making long-term investments that support the growth of their enterprise.

THE UKRAINE CREDIT GUARANTEE SCHEME

Since its launch in January 2023, the SBCI has been the operator of the €1.2bn UCGS on behalf of the Department of Enterprise, Trade and Employment and the Department of Agriculture, Food and the Marine.

During 2023, 2,054 loan drawdowns with a value of €183m were provided to SMEs under the UCGS. The strong take-up of the scheme showed the effectiveness of this support in enabling businesses to address the challenges, including increased costs, brought about by the war in Ukraine. The number of participating on-lenders (banks, non-bank finance providers and credit unions) also provided more choice to borrowers.

The UCGS will be available in the market until 31 December 2024.

Key features

- Available to eligible SMEs, farmers, fishers, and Small Mid-Caps
- Loans from €10,000 up to €1m
- Term from 3 months to 6 years
- Loans unsecured up to €250,000
- Variable interest rate

Loans could be used for

- Working Capital
- Investments

THE GROWTH AND SUSTAINABILITY LOAN SCHEME

The GSLS, launched to the market in Q3 2023.

The GSLS is expected to be an effective financing support for Irish businesses, giving a competitively priced long-term funding option to Irish businesses.

The GSLS specifically supports businesses that want to invest in environmental sustainability measures designed to improve their performance by providing a further discount on the interest rate offered to borrowers. A minimum of 30% of the scheme will fund investment in environmental sustainability while the remainder can be used by SMEs investing in the growth of their business.

The GSLS will be available in the market until 30 June 2026.

Key features

- Available to eligible SMEs, farmers, fishers, and Small Mid-Caps
- Loans from €25,000 up to €3m
- Term from 7 to 10 years
- Loans unsecured up to €500,000
- Variable interest rate
- Loans can be used for long term investments

THE ENERGY EFFICIENCY LOAN SCHEME

In July 2022, the SBCI developed and launched the €150m EELS to help Irish businesses invest in energy efficient equipment to reduce their energy bills.

The scheme offered long-term low-cost finance, at reduced interest rates, with repayments of up to 10 years. Its repayment flexibility and availability across a range of different finance products provided the best match for the business' funding requirements.

The EELS closed on 31 December 2023.

Key features

- Available to eligible SMEs, farmers, fishers, and Small Mid-Caps
- Loans from €10,000 up to €150,000
- Term from 1 year to 10 years
- Variable interest rate
- Loans could be used for upgrading the energy efficiency of the enterprise

INCREASING ACCESS TO FINANCE

During 2023, we supported €356m of funding to 3,913 SMEs through both our risk-sharing and liquidity products. This was delivered through our on-lending partners which included banks, non-bank lenders, and credit unions.

In the UCGS, the SBCI had 16 on-lenders participating including AIB, Bank of Ireland, Capitalflow and 13 Credit Unions. The 13 credit unions (who combined have 64 branches) participating in the scheme include: Access Credit Union, Altura Credit Union, Capital Credit Union, Cara Credit Union, Connect Credit Union, Credit Union Plus, First Choice Credit Union, Listowel Credit Union, Naomh Breandan Credit Union, Premier Credit Union, Savvi Credit Union, St Canice's Credit Union, and Synergy Credit Union.

Early in 2024, non-bank lender Linked Finance also joined the scheme, with additional non-bank on-lenders expected to join later in the year.

AIB, Bank of Ireland and Finance Ireland launched their participation in the €500m GSLS at various stages during the second half of 2023, and additional on-lenders are expected to join the scheme in 2024.

In August 2023, Finance Ireland repaid its €55m loan facility from the SBCI. The SBCI provided over €200m in liquidity facilities to Finance Ireland since 2016, helping to support over 4,000 businesses, including sole traders and farmers.

The open call for expressions of interest for the €500m Home Energy Upgrade Loan Scheme closed on the 30th of November 2023, with a wide range of on-lenders seeking allocations.

We continue to develop relationships and engage with potential future lending partners to ensure a greater variety of competitive funding options is available for SMEs. These options will include term loans, hire purchase and leasing of assets, invoice finance and green finance.

BUSINESS STORY

Company Name: Seán Ó Súilleabháin

Sector: Agriculture, Forestry & Fishing

Location: Cork

Purpose: Investment in Business Expansion

About the Business: Sean O'Suilleabhain runs his family dairy farm in Ballingeary (West Cork), where he milks 50 cows on the bank of the River Lee.

"I'd recommend the SBCI funding to all businesses, especially to farmers because it is a very easy process. It makes things easier for a small business to deal with an organisation that has the best interest of those businesses at heart."

BUSINESS STORY

Company Name: Cork Dental Care

Sector: Health Services

Location: Cork

Purpose:
Investment in Business Expansion and Hire New Staff

About the Business:
Dr. Grania O'Connell opened Cork Dental Care in 2009 with the help of her husband, John. They were looking for funding to expand their business, hire additional staff and acquire new equipment.

"The funding has made a huge difference to our business. We now have three surgeries, a large sterilization room and our equipment is very high-tech."

BUILDING OUR FUTURE

The SBCI continues to provide financial support to Irish businesses by making it easier for them to get the finance they need to stay competitive, transition to a more sustainable business model and ultimately build economic activity in Ireland.

We will continue to help Irish businesses to grow and prosper by providing short-term working capital to support staff costs or long-term finance to facilitate investment that will position a business for the future.

We will also continue to work closely with the European Investment Bank Group to make sure that we can respond quickly to market challenges that can impact on access to finance for businesses as well as proactively addressing failures in the SME credit market.

WORKING TOGETHER

By fostering partnerships with government departments, financial institutions, community organisations and industry associations, the SBCI worked to deliver finance supports to Irish businesses. Through active engagement and knowledge-sharing, we facilitated the development of innovative financial products, designed to address the specific needs of Irish businesses.

Bank of Ireland launches GSLS

National Engagements

SBCI's promotional activity included attendance at a range of SME-focused events and webinars during the year.

Some of the highlights included:

- Department of Enterprise, Trade and Employment Better Business Nationwide events
- Enterprise Ireland Start-Up Showcase
- The Digital Summit in Croke Park
- Digital Business Better Ireland Awards
- National Ploughing Championship
- Hosting the online seminar 'The Place for Risk-Sharing Instruments in the Irish Finance Market' for the The Institute of Bankers in Ireland

These events allowed us to engage with businesses and meet with representative bodies and stakeholders to continue to increase the level of awareness of the SBCI and provide information on how Irish businesses can benefit from SBCI funding support.

We are members of several European National Promotional Banks and Institutions (NPBIs) representative bodies, including:

- ELTIA (European Long-Term Investors Association) where our CEO holds the position of Vice President
- AECM (European Association of Guarantee Institutions)
- NEFI (Network of European Financial Institutions for SMEs)

As members of these representative groups, we work to keep informed of EU developments that affect Irish businesses, or that present opportunities and solutions to address identified market gaps. The SBCI continually monitors and reviews market developments both domestically and at a European level to ensure that SBCI can offer Irish businesses the most relevant supports possible.

In May 2023, the SBCI hosted an AECM Operational Training Session at our offices in Treasury Dock. The workshop focused on how the guaranteed sector and National Promotional Banks and Institutions (NPBIs) across Europe are helping businesses address the transition to a more sustainable business model. We welcomed 32 participants from 15 European countries.

GOVERNANCE AND CORPORATE INFORMATION

GOVERNANCE

The SBCI was established pursuant to the Strategic Banking Corporation of Ireland Act 2014 (the "SBCI Act") and incorporated under the Companies Act 1963 to 2013 in September 2014 (and subsequently converted to a Designated Activity Company under the Companies Act 2014 (as amended) in July 2016) to offer low-cost credit to Irish SMEs, while driving competition and innovation in the Irish finance market. The SBCI's sole shareholder is the Minister for Finance (the "Minister") to whom the Board is accountable. The Board is responsible for ensuring good governance and performs this task by setting strategic objectives and targets and taking strategic decisions on all key business issues.

The SBCI complies with the Code of Practice for the Governance of State Bodies (2016) (the "Code"), operates a robust corporate governance framework appropriate to the organisation, and is supported in this by the Board of Directors and the Board's Committees. Our corporate governance standards are implemented by way of a comprehensive suite of frameworks, policies, and procedures, underpinned by a strong focus on expected culture and values.

In accordance with the Code as it applies to Commercial State bodies, the Minister for Finance provides a written oversight agreement in the form of a Shareholder Letter of Expectation which defines the terms of the Minister's relationship with, and expectations of, the SBCI.

The Board provides leadership to the organisation, setting strategic aims and risk appetite to support the strategy. The Board is responsible for approving the SBCI's strategic plans, capital investment and financial plans, which include the consideration of Environmental, Social and Governance strategy.

The Senior Management Team ("SMT"), under the stewardship of the Chief Executive Officer ("CEO"), has responsibility for the implementation of the Board's agreed strategy and for the day-to-day management of the SBCI's operations whilst maintaining collaborative relationships with stakeholders, lending partners and Government departments.

Board oversight is achieved through regular updates from SMT on the implementation of the organisation's strategy, resourcing, and the management of capacity, as well as ensuring that a strong risk and control framework operates across the three lines of defence.

"The Board remained focused on its governance, its objectives, and risks to the organisation's business throughout the year."

The Board remained focused on its governance, its objectives, and risks to the organisation's business throughout the year. The Board reviewed and approved the following key items during the period under review:

- **Fixed Interest Rate Offering** - the Board approved the offering of fixed-rate loan finance for on-lenders.
- **Home Energy Upgrade Loan Scheme** - following approval of the scheme in Q4 2022, the Board approved revisions to the scheme, including an increase to the maximum loan amount available in respect of each residential property from €50,000 to €75,000.
- **Growth and Sustainability Loan Scheme** – following approval of the scheme in 2022 to support SMEs and Small Mid-Caps, including primary producers, the Board approved allocations for five on-lenders totaling €500m.
- **Liquidity** - €67.1m of liquidity facilities were approved by the Board for new and existing on-lenders.

The Board also reviewed and approved key policies to support the SBCI's internal governance and risk processes, including the Risk Management Policy and Framework, and the Risk Appetite Statement.

DIRECTORS

PATRICK DELANEY

Roles
Chairperson of the Board of Directors
Member of the Remuneration Committee

Date of appointment 1 January 2024
Term 5 Years
Nationality Irish

Skills, Expertise & Experience
Patrick Delaney is a former Executive Director of IBEC (Irish Business and Employers Confederation), with responsibility for IBEC's Business Sectors and Regions.

Prior to that appointment he was the Director of the Small Firms Association (SFA).

Qualifications
Patrick is a graduate of the Institute of Public Administration.

Key external appointments
Patrick is a former Chairperson of SOLAS, the Further Education and Training Authority.

He has served on the National Competitiveness Council, (NCC), the Irish Pensions Board, the Irish Payments Services Organisation (IPSO) and the High-Level Group on Manufacturing, among others.

He was a member of the lead negotiating team on successive National Pay Agreements and has also represented Irish business on numerous international and EU councils and committees.

JUNE BUTLER

Roles
Chief Executive Officer
Ex officio Board member
Member of the Credit Committee

Date of appointment 1 September 2021
Term Ceases upon resignation as CEO
Nationality Irish

Skills, Expertise & Experience
June Butler has more than 20 years' experience in the financial services sector. Prior to her appointment as CEO of the SBCI, she served as Head of SME Banking and Sectors in Bank of Ireland where she was responsible for formulating and driving the strategic direction for the business, including the delivery of the finance and funding requirements of Irish SMEs.

Qualifications
June holds a degree in Law from Trinity College Dublin and diplomas iin Accounting and Taxation, and Corporate Treasury and Risk Management from Dublin City University. She is a fellow of Chartered Accountants Ireland and a Certified Bank Director.

Key external appointments
June is Vice President of the European Long Term Investors Association and served as an external member of the UCD Audit and Risk Management Committee until November 2023.

MARGUERITE MCMAHON

Roles
Board member
Chairperson of the Remuneration Committee
Member of the Credit Committee

Date of appointment 17 July 2020
Term 5 Years
Nationality Irish

Skills, Expertise & Experience
Marguerite is an experienced executive specialising in long-term sustainable finance. She has expertise in project and SME finance using various techniques, including securitisation and portfolio guarantees. She has worked with the European Investment Bank (EIB) for over 30 years on the Spanish and Italian markets holding several roles, culminating in 10 years as Head of Division Banks and Corporates for Italy, Malta, Croatia, and Slovenia.

Prior to the EIB Marguerite worked as Credit Analyst in London with a US and Spanish bank. She is currently a non-executive director and is passionate about innovation and climate issues.

Qualifications
Marguerite holds a Bachelor of Arts Degree from UCD, MBA from ESADE, Barcelona, a Masters in Science – Accounting and Finance from London School of Economics and various diplomas in Corporate Governance.

Key external appointments
Marguerite served as a non-executive director of SME Wholesale Finance (London) Limited between 2019 and 2023.

RICHARD PELLY

Roles
Board member
Chairperson of the Credit Committee

Date of reappointment 12 March 2020
Term 5 Years
Nationality British

Skills, Expertise & Experience
Richard has a portfolio of non-executive and advisory roles. He is the former Chief Executive of the European Investment Fund. Previously he was a member of the GE Capital European management team and a Managing Director at Lloyds TSB.

Qualifications
Richard is a graduate of Durham University and a member of the Institute of Bankers.

EILIS QUINLAN

Roles
Board member
Chairperson of the Audit and Risk Committee

Date of reappointment 12 March 2020
Term 5 Years
Nationality Irish

Skills, Expertise & Experience
Eilis Quinlan is principal in Quinlan & Co. Accountants.

Qualifications
Eilis is a Fellow of the ACCA and a Chartered Director. She is a graduate of Griffith College Dublin.

Key external appointments
Eilis currently serves as Director of the Irish Small and Medium Enterprise Association and previously served as Chairperson. Since 2011, Eilis has been the Irish representative to the Association of Chartered Certified Accountants Global Forum for SMEs. She also represents the ACCA on FEE, the Federation of European Accountants in Brussels.

IAN BLACK

Roles
Board member
Member of the Credit Committee

Date of appointment 4 July 2022
Term 5 Years
Nationality Irish

Skills, Expertise & Experience
Ian joined the NTMA in 2013 as Director of Finance, Technology and Risk. Prior to joining the NTMA, he was an Executive Director (CFO/COO) of KBC Bank Ireland with responsibility for Finance, Operations & IT, and Treasury-ALM. He has worked in the financial services industry since 1988.

Qualifications
Ian is a Chartered Accountant, a member of the UK Association of Corporate Treasurers, a member of the Irish Tax Institute and holds an MBA from Dublin City University.

DEIRDRE DONAGHY

Roles
Board member
Member of the Credit Committee

Date of appointment 12 May 2023
Term 5 years
Nationality Irish

Skills, Expertise & Experience
Deirdre Donaghy is the Head of Business Tax Policy in the Department of Finance. She has responsibility for advising on, and implementing changes to, Irish corporation tax policy, including the taxation of financial services. Prior to joining the Department of Finance in 2012, Deirdre worked for over 10 years in tax practice.

Qualifications
AITI Chartered Tax Adviser and Diploma in Financial Services Taxation (Irish Tax Institute), Master of Science in Economic Policy (Trinity College Dublin), and Diploma in Financial Services (The Institute of Banking / UCD).

ELAINE HANLY

Roles
Board member
Member of the Audit and Risk Committee

Date of appointment 1 March 2024
Term 5 Years
Nationality Irish

Skills, Expertise & Experience
Elaine was a Senior Partner and Head of Banking & Finance with William Fry, Solicitors. She has significant independent non-executive director experience having worked with a variety of companies operating within the banking, insurance, investment, and non-profit sectors.

Qualifications
Elaine is a graduate of University College Dublin (BCL), University of Cambridge (Sustainable Finance) and Harvard Business School (Corporate Director).

Key External Appointments
Elaine is a Board Trustee of ENT UK, as well as a Director of both Gresham House Investment ICAV and Dartra Saving Life Assurance dac.

DECLAN MURRAY

Roles
Board member
Member of the Audit and Risk Committee
Member of the Remuneration Committee

Date of appointment 1 January 2024
Term 5 Years
Nationality Irish

Skills, Expertise & Experience
Declan is a senior risk management executive in the financial services industry. He had an over 35-year career with Bank of Ireland Group where he held the roles of Head of Enterprise Risk Management, Chief Credit Officer, and Interim Chief Risk Officer.

Qualifications
Declan is a graduate of University College Dublin.

BOARD RESPONSIBILITIES

The functions of the SBCI are prescribed in Section 8 of the SBCI Act 2014. There is a formal schedule of matters reserved for decision by the Board, which includes the approval of any of the following matters:

- Annual Reports and Financial Statements
- Risk Management Policy
- Business strategies
- Annual budgets and corporate plans
- Receipt and/or grant of financing facilities
- Entry into credit and risk-sharing arrangements
- Appointment and terms and conditions of the CEO (after consultation with the Minister for Finance and the NTMA Chief Executive)
- Overall remuneration policy

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

"The SBCI complies with the Code of Practice for the Governance of State Bodies (2016), operates a best practice and robust corporate governance framework appropriate to the organisation, and is supported in this by the Board of Directors and the Board's Committees."

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

- Select suitable accounting policies and apply them consistently,
- Make judgements and estimates that are reasonable and prudent,
- Prepare the financial statements on a going concern basis unless it is inappropriate to do so, and
- State whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards.

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

The Board is responsible for approving the SBCI's income and expenditure budget and corporate strategy. Forecasts against budget and goals are reviewed by the Board during the year and out-turns are reviewed at year end. The Board is also responsible for safeguarding the SBCI's assets and so must take reasonable steps to prevent and detect fraud and other irregularities.

The Board is satisfied that the financial statements of the SBCI give a true and fair view of the assets, liabilities, and financial position of the SBCI as of 31 December 2023 and of the profit and loss of the SBCI for the financial year ending 31 December 2023, and that they otherwise comply with the requirements of the Companies Act 2014.

Board Structure

The SBCI's Constitution provides that there shall be a minimum of two and a maximum of nine Directors, one of whom will be the CEO of the SBCI as an ex-officio member of the Board. The first Directors were appointed by the Minister on the formation and incorporation of the SBCI. Subsequent Directors must be nominated by the Minister and appointed by the Board, and the Board can only appoint Directors nominated by the Minister. The Chairperson of the SBCI is also appointed by the Minister. A Director's term of office must not exceed five years. Details of the current Directors and their appointment periods are set out on pages 33 - 37.

The Board conducts an annual evaluation of its own performance and that of its Committees. In 2023, 2022, 2020, 2019, 2017 and 2016 this performance evaluation was conducted by way of self-assessment. In 2021 and 2018, the Board's performance evaluation was conducted externally in accordance with the requirements set out in the Code and the next Board and Committees performance evaluation will be conducted by an external service provider during 2024.

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

- Audit and Risk Committee
- Credit Committee
- Remuneration Committee

For further information on the Board's Committees, see Committee Reports on pages 45 - 48.

The Board is supported in its functions by the SBCI's Company Secretary who also co-ordinates the operations of the various Board Committees.

BUSINESS STORY

Company Name:
Grass Technology Ltd.

Sector: Agriculture (Dairy Industry)

Location: Borris (Co. Carlow)

Purpose:
Investment in New Technology

About the Business:
Grass Technology is a Carlow-based business founded by Jim Barron, an industrial engineer and farmer. He started his own company that has rapidly become the top seller of Zero Grazers in Europe.

"My recommendation is to talk to them. Give them the opportunity to prove that you can do it well. We have grown tremendously and there is a very bright future."

Schedule of Attendance, Fees, and Expenses

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

June Butler (SBCI CEO), Eoin Dorgan (until 3 May 2023) and Deirdre Donaghy (from 12 May 2023) (both being the Department of Finance's representatives on the Board), and Ian Black (NTMA) did not receive any remuneration in respect of their membership of the Board.

	Board	Audit and Risk Committee	Credit Committee	Remuneration Committee	Fees 2023 €	Expenses 2023 €
Number of Meetings	10	6	3	2		
June Butler	10		3		-	-
Barbara Cotter	10			2	€31,500	-
Eoin Dorgan	3/4(p)		1/1(p)		-	-
Tom McAleese	10	6			€15,750	-
AJ Noonan	10	6		2	€15,750	-
Deirdre Donaghy	6/6(p)		2/2(p)		-	-
Richard Pelly	9/10(p)		2/3(p)		€15,750	€410
Eilis Quinlan	9/10(p)	6			€15,750	-
Marguerite McMahon	10		3	2	€15,750	-
Ian Black	9/10(p)		3		-	-

(p) refers to the number of meetings it was possible to attend relative to the dates of appointment

Key Personnel Changes

During 2023 Eoin Dorgan,AJ Noonan and Tom McAleese resigned from the Board while Deirdre Donaghy was appointed to the Board.

In 2024 Patrick Delaney, Declan Murray and Elaine Hanly were appointed to the Board while Barbara Cotter resigned from the Board. Patrick Delaney has taken over the role of Board Chairperson following Barbara Cotter's resignation.

Remuneration

The SBCI Act 2014 provides that the NTMA shall assign so many of its staff to the SBCI, from time-to-time, as necessary for the performance of its functions. Therefore, all staff assigned to the SBCI are employees of the NTMA.

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

Discretionary performance-related payments are intended to reward exceptional performance having regard to the employee's own performance, the performance of the employee's area of responsibility, and the overall performance of the SBCI. Performance-related payments are made in accordance with parameters approved by the Board on the recommendation of the Remuneration Committee. The overall amount of performance-related payments made in respect of any year is also subject to the approval of the Board. SBCI made €151.4k of performance-related payments for 2023.

Employee Short-Term Benefits Breakdown

Employees' short-term benefits in excess of €50,000 in 2023 are categorised into the following bands.

Range	No. of Employees
€50,001 to €75,000	5
€75,001 to €100,000	12
€100,001 to €125,000	6
€125,001 to €150,000	1
€150,001 to €175,000	1
€175,001 to €200,000	3
€200,001 to €225,000	0
€225,001 to €250,000	0
€250,001 to €275,000	0
€275,001 to €300,000	0
€300,001 to €325,000	1
Total	**29**

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

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

The Board is responsible for ensuring that the SBCI has complied with the requirements of the Code as published by the Department of Public Expenditure and Reform in August 2016. The following disclosures are required by the Code.

Consultancy Costs

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

	2023 €000	2022 €000
Legal advice	598	445
Financial advice	707	631
Public relations / marketing	543	313
Human Resources	0	17
Other	7	60
Total consultancy costs	**1,855**	**1,466**
Consultancy costs capitalised	0	0
Consultancy costs charged to the Statement of Comprehensive Income	1,855	1,466
Total consultancy costs	**1,855**	**1,466**

During the year, the **SBCI supported**

3,913

businesses

Legal Costs and Settlements

Expenditure incurred in 2023 in relation to legal costs and settlement amounted to €Nil (2022 €Nil).

Travel and Subsistence Expenditure

Travel and subsistence expenditure is categorised as follows.

	2023 €000	2022 €000
Domestic		
Board	0	0
Employees	11	5
International		
Board	1	3
Employees	13	11
Total	**25**	**19**

Hospitality Expenditure

The Statement of Comprehensive Income includes €18.8k in respect of staff hospitality expenditure in 2023 (2022 €8.0k).

Statement of Compliance

The SBCI has complied with the Code, subject only to a limited number of variations which have been agreed with the Department of Finance as summarized below:

Matters Reserved for Decision by the Board

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

There are some wording differences regarding the items on significant acquisition and disposal of assets and major investments and capital projects to reflect the nature of the SBCI's business (obtaining and granting financing facilities).

Non-Compliance with Statutory Obligations

In view of the wide range of relevant statutory obligations to which the SBCI is subject to, the SBCI, as a matter of ongoing practice, addresses the requirements set out in the Code whereby the Chairperson is obliged to bring "incidents of non-compliance with any statutory obligations to the attention of the Minister", by notifying the Minister of material instances of non-compliance only.

BUSINESS STORY

Company Name: Applied Concepts Ltd

Sector: Mechanical Services

Location: Birr (Co. Offaly)

Purpose: Investment in Innovation and R&D

About the Business:
Mark Clendenin established Applied Concepts, a business specialised in designing and manufacturing abrasive blasting machines, in 2010 in Birr. The company has 12 employees responsible for designing, researching and manufacturing all their products. Thanks to the SBCI-supported funding, they have been able to increase their sales and offer their customers favourable access to finance options.

"We used finance to fund some of our capital equipment. In order to survive and thrive in business today, you need to constantly innovate and focus on Research and Development."

BUSINESS STORY

Company Name: Allpro Services

Sector: Facilities Services

Location: Galway

Purpose: Investment in New services and Business Expansion

About the Business: Conor Nolan and Alan Connolly established Allpro Services in 2002. It started as a cleaning business and now provides facilities services. In order to expand their business, they required the addition of more managers, fleet and CRM services. With this additional funding, Allpro intends to grow its business by 15-20% across the country.

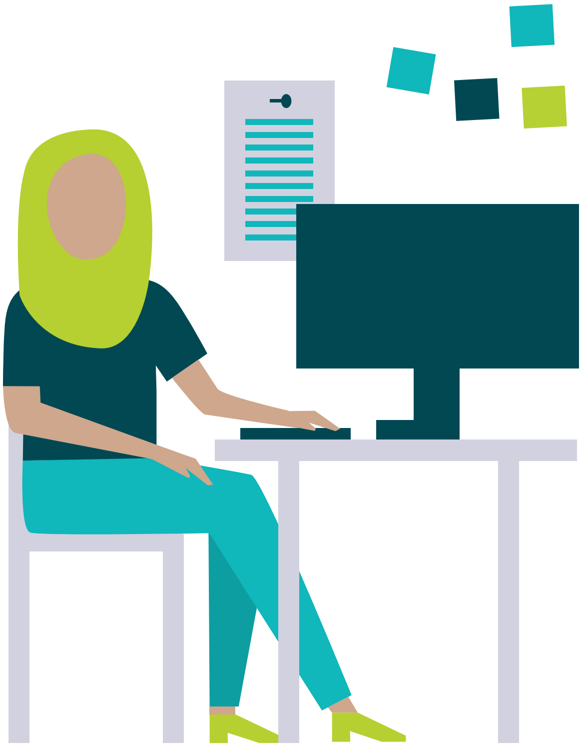
"It's important that the SBCI continues to fund SME companies, most Irish SMEs are either exporters or feeders into large multinational companies with 60-day plus credit terms; therefore, to assist with funding and to assist with the everyday running of the company, companies such as the SBCI are a vital part of everyday life within a SME."

Relations with the Oireachtas, Minister and Parent Department

Those provisions of Section 8 of the Code dealing with the acquisition or disposal of assets, capital investment appraisal, establishment or acquisition of subsidiaries, participation in joint ventures and the acquisition of shares do not apply to the business activities of the SBCI as set out in the SBCI Act 2014 and the SBCI's Constitution. The SBCI Constitution sets out specific activities in respect of which ministerial consent is required.

Public Spending Code

The Public Spending Code is limited in its application to the SBCI as its principal activities are the sourcing of funding, and the provision of long-term, low-cost finance to on-lenders for distribution through the supply of credit to borrowers and the extension of risk-sharing facilities. If, and when, the SBCI engages in capital projects or new current expenditure programmes it will comply with the relevant provisions of the Infrastructure Guidelines, which replaced the Public Spending Code on the 21st December 2023.



Remuneration and Superannuation

The SBCI Act 2014 provides that the NTMA shall assign so many of its staff to the SBCI as the SBCI determines, from time-to-time, to be necessary for the performance of its functions. Therefore, all staff assigned to the SBCI are employees of the NTMA.

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

OFFICIAL LANGUAGES ACT 2003 AND THE OFFICIAL LANGUAGES (AMENDMENT) ACT 2021

In accordance with the Official Languages Act 2003 and the Official Languages (Amendment) Act 2021 this Annual Report is published simultaneously in each of the official languages. The SBCI has obligations pursuant to Section 10 of the Official Languages (Amendment) Act 2021 to undertake certain minimum advertising activities in the Irish language and report details of such activities to An Coimisinéir Teanga.

The SBCI has complied with this obligation via an overall 5% Irish language channel marketing spend and 42% of advertising delivered in the Irish language during 2023, details of which have been reported in accordance with requirements.

COMMITTEE REPORTS

Audit and Risk Committee Report

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

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

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

- Eilis Quinlan (Chairperson and Board member)
- Declan Murray (Board member)
- Elaine Hanly (Board member)

The Committee met on six occasions in 2023.

AJ Noonan and Tom McAleese both resigned from the Committee on their retirement from the Board on 31 December 2023. Eilis Quinlan was appointed as Chairperson of the Committee on 1 January 2024. Declan Murray was appointed as a member of the Committee on 1 January 2024 and Elaine Hanly was appointed as a member of the Committee on 1 March 2024.

Financial Reporting

The Committee reviewed the draft financial statements and recommended them to the Board. The review focused on the accounting methods, the relevant requirements of the Companies Act 2014 (as amended) and the clarity and completeness of disclosures in line with applicable accounting standards, together with the relevant provisions of the Code.

The Committee also reviewed the Board Responsibilities, and statements on Risk Management and Internal Control for inclusion in the SBCI Annual Report.

Internal Controls

The Committee reviewed the effectiveness of the system of internal control. It also reviewed the Statement on Internal Control to be included in the 2023 Financial Statements and recommended it to the Board. The review was informed by a report from management in relation to the assertions contained in the Statement on Internal Control and the Committee's detailed Work Programme, including regular internal audit and risk reports.

Internal Audit

The Committee received regular reports from the internal auditor. It reviewed the key findings from the outcome of individual internal audit reviews completed under the 2023 risk-based internal audit plan and monitored the implementation of audit recommendations. It approved the 2024 internal audit plan and approved the Internal Audit Charter for use in SBCI. The Committee reviewed the effectiveness of the internal auditor. The Committee meets with the NTMA Head of Internal Audit without management present at least annually.

External Audit

The SBCI's external auditor is the Comptroller and Auditor General. The Committee reviewed the external audit plan, the key areas of focus and the audit terms of engagement. It also monitored management's responses to the external auditor's findings arising from the audit of the 2023 Financial Statements. The Committee meets with the external auditor without management present at least annually.

Risk

The Committee reviewed and approved updates to several specific risk policies, and recommended updates to the Board, as provided for under the Risk Management Policy and Framework. It also approved the Risk Management Plan for 2024 and monitored progress against the 2023 plan. It received regular reports on the SBCI's risks and the controls in place to mitigate risks. The Committee meets with the SBCI Head of Risk and Governance without management present at least annually.

Compliance and Protected Disclosures

The Committee reviewed the adequacy and security of SBCI's arrangements for its staff and contractors to raise concerns and approved updates to the Protected Disclosures Policy.

The Committee also reviewed and approved the Data Protection Policy and Privacy Statement and reviewed and recommended to the Board the Business Risk Assessment and the Anti-Money Laundering Policy. It received the annual Compliance and Data Protection Officer report and reviewed the services performed by NTMA Compliance.

The Committee meets with the NTMA Head of Compliance without management present at least annually.

On-Lender Reviews

The Committee received regular reports from external service provider PWC in respect of on-lender reviews. It reviewed the key findings from the outcome of individual on-lender reviews completed under the 2023 plan and monitored the implementation of PWC's recommendations.

Other

The Committee reviewed its terms of reference and recommended amendments to the Board. It also undertook a review of its own effectiveness and reported to the Board on its review. The Committee's priorities in respect of 2024 were approved as part of its Work Programme.

Credit Committee Report

The Credit Committee's role is to assist the Board in its review and approval of credit decisions, and the oversight and monitoring of credit risk.

The Committee comprises of four non-executive members of the Board, together with the SBCI CEO.

The current members of the Committee are:

- Richard Pelly (Chairperson and Board member)
- Deirdre Donaghy (Board member)
- Marguerite McMahon (Board member)
- June Butler (CEO and Ex officio Board member)
- Ian Black (Board member)

Eoin Dorgan resigned from the Committee on 3 May 2023 and Deirdre Donaghy was appointed as a member of the Committee from 12 May 2023.

The Credit Committee met on three occasions in 2023. Its main activity involved the review of detailed credit proposals from management. It reviewed the annual credit reviews of on-lenders performed by management. The Committee reviewed its terms of reference and recommended amendments to the Board. It also undertook a review of its own effectiveness and reported to the Board on its review.

BUSINESS STORY

Company Name: Promec

Sector: Mechanical Services

Location: Limerick

Purpose: Working Capital and Business Expansion

About the Business:
Promec was founded in 2014 as a mechanical services business. Over the years, they have grown from 3 to over 60 employees and diversified their services to include renewable and energy upgrades at commercial and residential scales.

"I'd recommend the SBCI funding to other businesses. It's really given us a huge lift and the opportunity to look forward."

Remuneration Committee Report

The Remuneration Committee assists the Board on remuneration matters in respect of the NTMA employees assigned to the SBCI in accordance with the criteria and oversight arrangements agreed with the NTMA.

The Board is responsible for the SBCI's overall remuneration policy and is guided in its responsibilities by the advice and recommendations of the Remuneration Committee.

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

- Marguerite McMahon (Chairperson and Board member)
- Declan Murray (Board member)
- Patrick Delaney (Board member)

AJ Noonan resigned from the Committee on 31 December 2023 and Marguerite McMahon was appointed as Chairperson from 1 January 2024. Declan Murray was appointed as a member of the Committee from 1 January 2024. Barbara Cotter resigned from the Committee on 29 February 2024, and Patrick Delaney was appointed as a member of the Committee from 1 March 2024.

The Committee met on two occasions in 2023. It reviewed and recommended the total amount of performance-related payments (PRP) for 2023.

The Committee reviewed its terms of reference and recommended minor amendments to the Board. It also undertook a review of its own effectiveness and reported to the Board on its review.

RISK MANAGEMENT AND INTERNAL CONTROL

A key objective of the SBCI is to manage taxpayers' money efficiently within a robust risk management framework. Our risk management framework has been designed to align with the size, scale, and complexity of the SBCI. The framework is a collection of tools, processes and methodologies that support the SBCI in identifying, assessing, monitoring, and controlling the risks it faces in the delivery of strategic objectives. The framework supports our business activities and the delivery of our strategy by setting out how we mitigate and manage risk.

The SBCI aims to manage risk in an informed and proactive manner, in accordance with its risk management policy and risk appetite statement, so that the level of accepted risk is consistent with its underlying business activity, and that the SBCI understands and can manage or absorb the impact of any risks that may materialise. The SBCI complies with the risk management provisions of the Code.

The SBCI encourages a strong culture of risk awareness and transparency through robust risk governance, clear accountabilities, and training. Policies form an integral part of managing risk within the SBCI. We have in place organisation-wide policies, frameworks and procedures covering the major parts of our business. They outline how we intend to function, taking account of regulatory or legal requirements and industry best practice. Policies are approved by the appropriate committees and communicated to staff. Colleagues are also subject to the NTMA code of conduct and annual compliance declarations.

A risk register is in place, which identifies the key risks facing the SBCI, and these have been evaluated and graded according to their significance. An in-depth review of the risk register was conducted in 2023 which included a bottom-up review of all SBCI's risks and controls. Where risks have been identified, controls are implemented to manage and mitigate those risks. The SBCI risk team conducted independent second line testing of a sample of controls in 2023.

The risk register, including high and emerging risks, is reviewed by the Audit and Risk Committee semi-annually and by the Board at least once every financial year.

> "The SBCI encourages a strong culture of risk awareness and transparency through robust risk governance, clear accountabilities, and training."

RISK GOVERNANCE AND OVERSIGHT

Board of Directors

The SBCI Board is committed to promoting a culture of integrity, high ethical standards, and strong risk awareness. The Board is responsible for setting the risk appetite and overseeing and guiding risk management activity across the SBCI. The Board has mandated that risk management be integrated and embedded into the tone and culture of the SBCI and this has been adopted across the SBCI. All members of the SBCI team are expected to contribute to and promote a sound risk culture, to maintain a strong internal control environment and facilitate the operation of the SBCI's risk management framework.

Audit and Risk Committee

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

- Fostering sound risk governance across the SBCI's operations
- Ensuring that processes are in place to assure the Board that risks are being appropriately identified, reported, assessed, managed, and controlled
- Promoting a culture of risk awareness within the SBCI, through communication and training

There were **10**
Board meetings
in **2023**

THREE LINES OF DEFENCE

The SBCI applies the financial services industry standard three lines of defence model to ensure risk is managed and governed appropriately, that the second and third lines of defence are independent, and that any potential conflicts of interest are avoided or managed appropriately.

First Line of Defence
SBCI Team and
Senior Managament

Second Line of Defence
SBCI risk function

Third Line of Defence
Internal Audit function

First Line of Defence

Within this model, the SBCI team and senior management (first line of defence) incur and own the risks and controls with the aim of achieving the strategic objectives while remaining within the risk appetite of the Board. Function heads have primary responsibility for the performance, operation, compliance, and effective control of risks affecting their business area.

Second Line of Defence

The SBCI risk function and other control functions (the second line of defence) provide objective independent oversight and appropriate challenge to the first line of defence, including effectiveness of functions in managing risk and the associated mitigating controls. They also develop risk-management-related policies and procedures, monitoring the adherence to exposure limits and reporting on risk to the Board and relevant committees.

Third Line of Defence

The third line of defence comprises an internal audit function which provides independent, risk-based assurance to key stakeholders on the robustness of the SBCI risk management system, its governance, and the design and operating effectiveness of the internal control environment.

AUDIT

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

BUSINESS STORY

Company Name: Watermans (L.I) Ltd.

Sector: Manufacturing

Location: Cork

Purpose: Investment in Process Innovation

About the Business: The Waterman family name has been associated with printing since 1908. After three generations, the business based in Little Island (Cork) still remains in the family.

"The Ukraine Credit Guarantee Scheme has allowed us to expand our business by buying raw materials and new machinery. We are now a one-stop-shop for sustainable packaging."

PRINCIPAL RISKS

The SBCI is exposed to a wide variety of risks which have the potential to affect its financial and operational performance. The risk management policy and framework establishes the processes to identify, assess, report, and mitigate risk.

In addition, the SBCI maintains a comprehensive Risk Register which identifies, as much as possible, all risks facing the SBCI. A detailed review of the risk register is completed semi-annually, and annual workshops are completed across the business taking a bottom-up approach to identify the key risks to the SBCI. The SBCI Risk function completes robust assurance testing of the controls listed in the risk register at least annually.

The SBCI maintains a risk directory to categorise our principal risks, which are detailed below.

Risk	Description Of The Risk	Risk Mitigation Measure
Business & Strategic Risk	The risk of failing to achieve SBCI's strategic objectives due to internal or external factors, resulting in reputational damage and/or customer detriment.	This risk is mitigated by active engagement with stakeholder groups, and diversity of SBCI products to ensure that the needs of on-lenders and SMEs are addressed. There is a regular review of SBCI's principal risks and progress against our strategic plan by the senior team and Board members.
Credit & Concentration Risk	The risk that a counterparty defaults on its obligations and fails to repay its debt in full, resulting in financial losses to the SBCI. The credit risk is concentrated on a small number of counterparties as a result SBCI is also open to concentration risk.	Mitigation measures in place in respect of this risk include thorough due diligence in advance of any lending decisions, ongoing monitoring, and review of on-lending facilities, as well as regular review of compliance with the respective covenants and undertakings. Other measures include quarterly reporting which monitors the overall risk levels in the portfolio including analysis of the key risk indicators detailed in the risk appetite statement and assessment of credit risk by the Credit Committee and Board.
Operational Risk	The risk of inadequate and/or ineffective internal processes (including human error), technology, supplier management, or external events resulting in operating losses and/or customer detriment.	This risk is mitigated by operational support and business continuity services provided by the NTMA, as provided for under the SBCI Act, and adherence to relevant policies and procedures. New systems and processes are subject to comprehensive review and approval by the appropriate authority and robust project management methodology is used to manage new projects.
Compliance Risk	The risk of failing to comply with all relevant legislative and regulatory requirements resulting in regulatory sanctions and/or reputational damage.	This risk is mitigated by engaging internal and external legal and compliance advice, to ensure adherence to relevant laws and regulations, and adherence to relevant policies and procedures.
Liquidity and Funding Risk	The risk of SBCI being unable to fund its assets and meet its contractual payment obligations as they fall due, without incurring unacceptable losses, while also maintaining a diversified, stable, and cost-effective funding base.	This risk is mitigated by regular reviews of our funding position and future funding requirements. Variable interest funding is matched against variable loans issued. In addition, liquidity targets are set out in relevant policies and adherence is monitored and reported.

"The SBCI Board is committed to promoting a culture of integrity, high ethical standards, and strong risk awareness."

DIRECTORS REPORT AND FINANCIAL STATEMENTS OF THE STRATEGIC BANKING CORPORATION OF IRELAND

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

CONTENTS

COMPANY AND OTHER INFORMATION

DIRECTORS

Barbara Cotter
(resigned 29 February 2024)

June Butler

Ian Black

Deirdre Donaghy
(appointed 12 May 2023)

Eoin Dorgan
(resigned 3 May 2023)

Tom McAleese
(resigned 31 December 2023)

Marguerite McMahon

AJ Noonan
(resigned 31 December 2023)

Richard Pelly

Eilis Quinlan

Patrick Delaney
(appointed 1 January 2024)

Declan Murray
(appointed 1 January 2024)

Elaine Hanly
(appointed 1 March 2024)

COMPANY SECRETARY

Desmond O'Connor

REGISTERED OFFICE

Treasury Dock
North Wall Quay
Dublin 1
D01 A9T8

BANKERS

Citibank

1 North Wall Quay
Dublin 1
D01 T8Y1

Central Bank of Ireland

New Wapping Street
North Wall Quay
Dublin 1
D01 F7X3

Danske Bank

3 Harbourmaster Place
International Financial Services Centre
Dublin 1
D01 K8F1

AUDITOR

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

DIRECTORS' REPORT

The Directors of the Strategic Banking Corporation of Ireland (the "Company" or "SBCI") present their report and audited financial statements for the financial year ended 31 December 2023 (the "Financial Year").

PRINCIPAL ACTIVITIES

The Company was established pursuant to the Strategic Banking Corporation of Ireland Act 2014 (the "SBCI Act 2014") and incorporated under the Companies Acts 1963 to 2013 on 12 September 2014, and then converted to a designated activity company under the Companies Act 2014 on 28 July 2016. The Company avails of Irish and international sources of funding to support the provision of credit to enterprises in Ireland and to consumers as part of the planned Home Energy Upgrade Scheme ("HEULS") that was launched in early 2024. This is achieved by providing third party on-lenders with liquidity and risk-sharing products. These on-lenders are then required to pass on the benefit of more favourable interest rates and credit terms to enterprises in Ireland.

SBCI's principal activities during the Financial Year were focused on the delivery of liquidity and risk-sharing schemes to facilitate the provision of credit to small and medium-sized enterprises ("SMEs") and Small Mid-Cap* borrowers in Ireland to address the challenges of the impact of the conflict in Ukraine and to support investment in the growth and sustainability of their businesses. Over the course of the year, SBCI implemented several initiatives to make it easier for Irish businesses to access the finance they needed for their business.

New product activities included the delivery of the Growth and Sustainability Loan Scheme ("GSLS") in partnership with the Department of Enterprise, Trade and Employment, and the Department of Agriculture, Food and the Marine. The Ukraine Credit Guarantee scheme ("UCGS"), which is operated by SBCI on behalf of the Minister for Enterprise, Trade and Employment also launched in 2023 and over 5,400 businesses received eligibility codes for the scheme by the year end. In addition, SBCI continued to manage drawdowns under the Brexit Impact Loan Scheme, the Future Growth Loan Scheme and the Energy Efficiency Loan Scheme, and SBCI continued to progress the development of HEULS which is expected to be launched in early 2024 to support borrowers in Ireland that require funding to finance energy efficiency upgrades of their properties.

**Small Mid-Cap refers to an enterprise which has up to 499 employees and is not classified as an SME.*

BUSINESS REVIEW

The Chairperson's Statement and Chief Executive Officer's Review in the Annual Report outline the development and performance of SBCI during the financial year and significant events that occurred during that period. Further information on SBCI's strategy and business model is set out in the Strategy section of the Annual Report, while a comprehensive review of the operations of SBCI is set out in the Business Review section of the Annual Report.

During the Financial Year, SBCI focused on developing each of its three lines of business, namely lending, risk-sharing and service provision. SBCI continued to progress its lending business by advancing additional credit to on-lenders and new risk-sharing products were both developed and deployed. The Company also continued to manage each of the Credit Guarantee Scheme (the "CGS") and the Covid Credit Guarantee Scheme (the "CCGS") on behalf of the Minister for Enterprise, Trade and Employment. During the Financial Year, the following represents the key performance outturn:

- The €1,200.0m UCGS launched to the market in January 2023. By year-end 16 on-lenders were participating in this scheme including AIB, Bank of Ireland, Capitalflow and thirteen Credit Unions. Three additional on-lenders are scheduled to join the scheme in 2024. In total, over 2,320 businesses had drawn €219.0m of new lending through this scheme in 2023.
- The €500.0m Growth and Sustainability Loan Scheme was also launched to the market in September 2023 and by year-end the participating on-lenders were AIB, Bank of Ireland and Finance Ireland. It is anticipated that PTSB and Close Brothers will join the scheme in 2024. In total, over 45 businesses had drawdowns of €10.0m of new lending through this scheme in 2023.
- The Energy Efficiency Loan Scheme, originally launched to the market in 2022 closed for new applications at the 31 December 2023, having provided €10.0m of funding to 156 businesses.
- Across all SBCI supported loan products, €356.0m of lower cost loans were advanced by our on-lenders to SMEs and Small Mid-Caps into the market.
- €67.1m of liquidity facilities were approved by SBCI to its on-lenders to provide low-cost loans to SMEs and Small Mid-Caps.
- €31.8m of liquidity facilities were drawn in 2023 by on-lenders and €104.8m of loan principal repayments were made by on-lenders to SBCI. One on-lender repaid a €55.0m loan facility from SBCI during the year.

DIVERSITY AND INCLUSION

SBCI wants to reflect the diversity of its customers and the economy in which it operates by making sure the workforce within SBCI is representative of all members of society. In line with SBCI's workplace equality policy, SBCI is committed to attracting and developing people from a wide range of backgrounds and ensuring there are equal opportunities within SBCI for everyone, without any form of discrimination.

When recruiting for all roles within SBCI, it looks to promote positions in a way which reaches the broadest range of candidates and most diverse talent pools. SBCI maintains a skills matrix in respect of the SBCI Board (the "Board") to identify the level of relevant experience in key areas including diversity and inclusion. As at 31 December 2023 the Board was composed of five females (56%) and four males (44%), while the wider SBCI team consisted of twenty-three females (52%) and twenty-one males (48%).

SUSTAINABILITY PRINCIPLES

SBCI is committed to promoting sustainability across the business, and with the SMEs and Small Mid-Caps it serves. Concern for the environment and promoting a broader sustainability agenda are integral to SBCI's professional activities and the management of the organisation. SBCI aims to follow and to promote good sustainability practice, to reduce the environmental impacts of all our activities and to help its clients and partners to do the same.

Recognising the importance of sustainable development and transitioning toward a low-carbon economy, SBCI prioritised initiatives that support environmental sustainability in 2023. SBCI developed and offered specialised funding programs, including the Growth and Sustainability Loan Scheme and the Energy Efficiency Loan Scheme with incentives for SMEs and Small Mid-Caps actively involved in sustainable practices and clean technologies. These initiatives will support the reduction of carbon emissions, the promotion of renewable energy projects, and the advancement of green business practices across various industries in Ireland. Furthermore, SBCI continued in 2023 to progress the development of HEULS launched in 2024 to support long-term loans to borrowers requiring funding to finance energy efficiency upgrades of their properties.

PRINCIPAL RISKS AND UNCERTAINTIES

Principal risks and uncertainties could impact our ability to deliver our strategic objectives. SBCI considers risks that arise from the impact of external market shocks, geopolitical events or emerging risks that could materially affect our financial or operational outcomes or the reputation of SBCI.

The principal risks and uncertainties facing SBCI are set out below:

Business and Strategic Risk

Business and strategic risk is the risk of failing to achieve SBCI's agreed strategic objectives and goals, due to internal or external factors, resulting in reputational damage and/or customer detriment. One such risk would be SBCI failing to structure its products appropriately and deploy a suitable delivery strategy in a timely manner, resulting in poor customer outcome.

Credit and Concentration Risk

SBCI is exposed to the risk that a counterparty defaults on its obligations and fails to repay its debt in full, resulting in losses to SBCI. SBCI is exposed to credit risk (i) due to its loans to on-lenders which are concentrated to a small number of counterparties and (ii) in respect of its risk-sharing schemes, where loans made to final borrowers have been guaranteed by SBCI. SBCI's credit quality remains robust against a backdrop of high inflation and interest rates in 2023. In line with IAS39 there is no impairment charge proposed for 2023

Operational Risk

As SBCI grows and seeks to deliver additional market supports it is exposed to increased operational risk as a result of suboptimal or failed internal processes, human factors, systems, or external events resulting in operating losses and/or customer detriment. SBCI regularly monitors its exposure to operational risk and provides ongoing training to staff to reduce this risk.

Compliance Risk

SBCI's activities are subject to EU State Aid rules and other regulations. There is a risk that SBCI fails to comply with those rules and regulations, resulting in reputational or financial damage to SBCI.

Liquidity and Funding Risk

SBCI relies on Government departments and the EIB Group to fund both its liquidity and risk sharing schemes. SBCI manages its funding lines to ensure it is well funded with a cost-effective funding base. SBCI's funding and liquidity positions remain under regular review.

FINANCIAL RISK MANAGEMENT

SBCI is exposed to credit risk, market risk, liquidity risk, capital risk and concentration risk in the normal course of its business. Further details on Company policy and how it manages these risks are set out in Note 15 to the financial statements.

DIRECTORS

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

Barbara Cotter *(resigned 29 February 2024)*

June Butler

Ian Black

Deirdre Donaghy *(appointed 12 May 2023)*

Eoin Dorgan *(resigned 3 May 2023)*

Tom McAleese *(resigned 31 December 2023)*

Marguerite McMahon

AJ Noonan *(resigned 31 December 2023)*

Richard Pelly

Eilis Quinlan

DIRECTORS' INTERESTS

The Directors had no beneficial interest in the Company during the financial year or at the financial year end (see Note 28). The issued share capital of the Company is owned solely by the Minister for Finance (see Note 23).

ADEQUATE ACCOUNTING RECORDS

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

RESULTS AND DIVIDENDS

The results for the financial year and the state of affairs of the Company are set out in the Statement of Comprehensive Income and the Statement of Financial Position respectively. The SBCI Act 2014 provides, inter alia, that insofar as possible, and consistent with the achievement of its statutory functions under section 8 of the SBCI Act 2014, SBCI shall seek to obtain a positive financial return for the State. This objective remains under regular review by the SBCI Board and the SBCI senior management team (the "SMT").

The Company did not pay any dividends during the Financial Year to its sole shareholder, the Minister for Finance, and does not propose to pay any dividends for this Financial Year.

EVENTS AFTER THE REPORTING PERIOD

Refer to Note 29 of the financial statements.

AUDITOR

The Comptroller and Auditor General (C&AG) is the Company's auditor by virtue of section 19 of the SBCI Act 2014. So far as each of the Directors is aware, there is no relevant audit information of which the C&AG is unaware pursuant to section 330(1)(a) of the Companies Act 2014. Each Director 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 statutory auditor is aware of that information.

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

June Butler

June Butler

Chief Executive Officer
Strategic Banking Corporation of Ireland

Pat Delaney

Patrick Delaney

Chairperson
Strategic Banking Corporation of Ireland

7th June 2024

DIRECTORS' RESPONSIBILITIES STATEMENT

Company law requires the Directors to prepare financial statements of the Company for each financial year. The Directors have elected to prepare the financial statements in accordance with FRS 102, being the Financial Reporting Standard applicable in the UK and Ireland ("relevant financial reporting framework") and in accordance with the Companies Act 2014.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company as at the end of the financial year and of the profit or loss of the Company for the financial year, and that they otherwise comply with the Companies Act 2014.

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

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

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

The Directors are also responsible for safeguarding the assets of the Company and therefore are obliged to take reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the financial and other information on the Company's website (www.sbci.gov.ie). Legislation in Ireland concerning the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

June Butler

June Butler

Chief Executive Officer
Strategic Banking Corporation of Ireland

Pat Delaney

Patrick Delaney

Chairperson
Strategic Banking Corporation of Ireland

7th June 2024

STATEMENT ON INTERNAL CONTROL

SCOPE OF RESPONSIBILITY

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

SBCI is committed to ensuring high standards of corporate governance and is supported in this by the Board and Board Committees.

PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

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

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

CAPACITY TO HANDLE RISK

The Board provides leadership to the organisation, setting the strategic direction and the risk appetite to support the strategy. The Board approves the SBCI's Risk Management Framework (RMF) which is a collection of tools, processes and methodologies that support SBCI in identifying, assessing, monitoring and controlling the risks it faces in delivery of its strategic objectives. The RMF has been designed to align with the size, scale, and complexity of SBCI and was subject to an external review in 2023, as recommended by the Code of Practice for the Governance of State Bodies. It demonstrates a clear link to the overall strategy and business plan of SBCI, and outlines the risk management, objectives, and our approach to evolving the risk management capability of SBCI.

SBCI has an Audit and Risk Committee ("ARC") comprising of non-executive members of the Board with financial and/or audit experience, one of whom acts as the Chairperson of the ARC. The ARC met six times in 2023.

The ARC oversees the internal audit activities of SBCI, which are based on a programme of work proposed by the National Treasury Management Agency's ("NTMA") internal audit function and approved by the ARC. The internal audit activities of SBCI are performed by the NTMA's internal audit function.

The NTMA provides certain finance, human resources, legal, internal audit, risk, compliance and procurement services to SBCI, as provided for under section 10 of the SBCI Act 2014, and as agreed in the service level agreement between the NTMA and SBCI. SBCI therefore depends to a significant degree on the controls operated by the NTMA. The NTMA has developed a comprehensive system of internal control and any services provided to SBCI under the service level agreement are provided in accordance with the NTMA's system of internal control. SBCI has received a letter of confirmation from the NTMA that the NTMA's system of internal control in respect of services provided to SBCI has operated effectively in respect of the year ended 31 December 2023.

RISK AND CONTROL FRAMEWORK

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

A risk register is in place, which identifies the key risks facing SBCI, and these have been evaluated and graded according to their significance. All risks are assessed for their potential reputational and/or financial impact on SBCI. An in-depth review of the risk register was conducted in 2023 which included a bottom-up review of all SBCI's risks and controls. Where risks have been identified, controls are implemented to manage and mitigate those risks. The SBCI risk team conducted an independent second line testing of a sample of controls in 2023.

The risk register is reviewed by the ARC at least semi-annually and by the Board at least once every financial year. The outcome of these reviews is used to plan and allocate resources to ensure risks are managed to an acceptable level. The senior management team is required to attest on a semi-annual basis that, to the best of its knowledge, the controls noted in the risk register are in place and effective.

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

- Documented procedures for key business processes.
- Systems ensuring the security of the information and communication technology systems.
- Regular review and assessment of financial assets.
- A comprehensive budgeting system including an annual budget which is reviewed and approved by the Board.
- Regular reviews of periodic financial reports which detail financial performance against forecasts.
- Formal project management disciplines.
- Adherence to the reporting of 'Relevant Wrongdoing' and 'Protected Disclosures' policies and the anti-fraud policy.

SBCI encourages a strong culture of risk awareness and transparency through robust risk governance, clear accountabilities, regular intranet updates and in-house live and computer-based training. Policies form an integral part of managing risk within SBCI. We have in place an organisation-wide set of policies, frameworks and procedures covering the major parts of our business. They outline how we intend to function, taking account of regulatory or legal requirements and industry best practice. Policies are approved by the appropriate committees and communicated to staff. Colleagues are also subject to the NTMA Code of Conduct and annual compliance declarations.

THIRD PARTY RISK

SBCI relies on a number of critical outsourced service providers, including the NTMA, for the operational delivery of its services. There are detailed third party risk management policies and procedures in place to monitor and control the risks associated with this. Additionally, the supports provided to SMEs and Small Mid-Caps by SBCI are through an on-lender model where a number of banks, non-banks and credit union on-lenders are engaged to distribute credit to SMEs and Small Mid-Caps. Formal policies and procedures are in place to monitor and control any risks associated with the delivery of SBCI supports through its on-lenders.

The 2021 and 2022 financial statements disclosed that SBCI had been notified of a small number of loans (eleven) with a total value of €1.2m that had been approved by an on-lender on the basis of fraudulent financial information and identification presented by certain borrowers.

Eight of the loans to the value of €1.0m were obtained under the COVID-19 Credit Guarantee Scheme. The on-lender is liable for €0.2m of the losses and the balance of €0.8m potentially falls to be borne by the Department of Enterprise, Trade and Employment on whose behalf SBCI operates this scheme.

Three of the loans to the value of €0.25m were obtained under the Brexit Loan Scheme and COVID-19 Working Capital Loan Scheme. The on-lender was liable for €0.10m of the losses, the EIF guarantee covered €0.10m and the balance of €0.05m was borne by the Department of Enterprise, Trade and Employment and the Department of Agriculture, Food and the Marine pro-rated to their respective contributions to BLS/CWCS.

The guarantee cover on the BLS/CWCS loans was paid to the on-lender in 2022 with the CCGS loans still under review.

Upon notification of the suspected fraud, SBCI engaged with the on-lender to investigate the matter and the fraud was immediately reported to the relevant authorities and investigations are on-going.

ONGOING MONITORING AND REVIEW

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

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

PROCUREMENT

Pursuant to the SBCI business model, procurement support is provided to SBCI by the NTMA. SBCI adheres to the NTMA procurement policy (published on its website) and associated procedures, which are consistent with the current Office of Government Procurement (OGP) guidelines.

In certain instances it is deemed appropriate to obtain duly authorised exceptions from the policy and procedure (i.e., not run a competitive tender process); for example, in respect of services, supplies or works valued below the EU thresholds, for reasons of confidentiality, conflicts of interest, urgency, protection of intellectual property rights, sole source of supply etc. Such exceptions are approved by the Chief Executive Officer, and do not amount to non-compliant procurement.

During the financial year ending 31 December 2019, the then Chief Executive Officer approved a procurement exception to the value of €0.036m (i.e. below the EU threshold for service contracts) to ensure SBCI engaged a recognised and reputable market operator to assign SBCI with an independent credit rating, for which a service contract was signed for a period of 5 years, expiring in 2024. The approximate cost of this service for 2024 is expected to be €0.036m. During the financial year ending 31 December 2023, the Chief Executive Officer approved a procurement exception to the value of €0.038m to appoint an advisory firm (from its existing advisory panel) to complete a due diligence of an on-lender. This exception was approved due the very tight deadline required for the review.

REVIEW OF EFFECTIVENESS

We confirm that SBCI has procedures in place to monitor the effectiveness of its risk management and control procedures. SBCI's monitoring and review of the effectiveness of the system of internal control is informed by the work of the NTMA's internal audit function, the ARC which oversees its work, the senior management within SBCI responsible for the development and maintenance of the internal control framework and the Office of the Comptroller & Auditor General (C&AG).

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

INTERNAL CONTROL ISSUES

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

Patrick Delaney

Chairperson
Strategic Banking Corporation of Ireland

Eilis Quinlan

Chairperson, Audit and Risk Committee (ARC)
Strategic Banking Corporation of Ireland

7th June 2024

REPORT OF THE COMPTROLLER AND AUDITOR GENERAL

REPORT FOR PRESENTATION TO THE HOUSES OF THE OIREACHTAS

STRATEGIC BANKING CORPORATION OF IRELAND

Opinion on the financial statements

I have audited the financial statements of the Strategic Banking Corporation of Ireland (the company) for the year ended 31 December 2023 as required under the provisions of the Strategic Banking Corporation of Ireland Act 2014. The financial statements comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the related notes, including a summary of significant accounting policies.

In my opinion, the financial statements

- give a true and fair view of the assets, liabilities and financial position of the company at 31 December 2023 and of its income and expenditure for 2023
- have been properly prepared in accordance with Financial Reporting Standard (FRS) 102 — The Financial Reporting Standard applicable in the UK and the Republic of Ireland, and
- have been properly prepared in accordance with the Companies Act 2014.

Basis of opinion

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

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

Conclusions related to going concern

As described in the appendix to this report, I conclude on

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

I have nothing to report in that regard.

Opinion on matters prescribed by the Companies Act 2014

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

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

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

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

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

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

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

Extended loan facility to on-lender

Note 15.1 (Credit risk) discloses that, in September 2023, the Strategic Banking Corporation of Ireland agreed to defer a loan facility repayment of €8.5 million due from one of its on-lenders, to provide additional time for the on-lender to put in place the next phase of its capital structure. The terms of the loan facility were renegotiated with the on-lender and approved by the Board in December 2023, with the Strategic Banking Corporation of Ireland agreeing to provide additional funding of €20 million to the on-lender.

Seamus McCarthy

Seamus McCarthy

Comptroller and Auditor General

13 June 2024

APPENDIX TO THE REPORT

Responsibilities of the directors

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

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

Responsibilities of the Comptroller and Auditor General

I am required under section 19 of the Strategic Banking Corporation of Ireland Act 2014 to audit the financial statements of the company and to report thereon to the Houses of the Oireachtas.

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

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

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

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

Information other than the financial statements

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

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

Reporting on other matters

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

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

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Note	2023 €000	2022 €000
Interest income	5	9,250	2,725
Interest expense	6	(4,648)	(639)
Net interest income		**4,602**	**2,086**
Other income	7	9,003	5,375
Operating expenses	8	(11,779)	(9,876)
Guarantee fee income	7	4,988	3,593
Guarantee fee expenses	7	(4,988)	(3,534)
Operating profit/(loss)		**1,826**	**(2,356)**
Profit/(Loss) for the year		**1,826**	**(2,356)**
Realised and unrealised gain on investments	12	1,794	-
Other comprehensive income		**1,794**	**-**
Total comprehensive income for the financial year		**3,620**	**(2,356)**

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

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

June Butler

Chief Executive Officer
Strategic Banking Corporation of Ireland

7th June 2024

Patrick Delaney

Chairperson
Strategic Banking Corporation of Ireland

STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

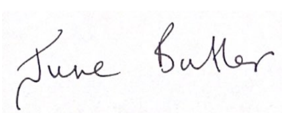
	Note	2023 €000	2022 €000
Non-current assets			
Intangible assets	11	1,488	1,160
Investments	12	6,204	4,410
Financial assets – loans and receivables	13	90,050	187,994
		97,742	**193,564**
Current assets			
Financial assets – loans and receivables	13	58,235	32,662
Other receivables	17	9,241	6,306
Cash and cash equivalents	14	69,047	63,723
		136,523	**102,691**
Creditors; amounts falling due within 1 year			
Funding and borrowings	18	(23,966)	(78,466)
Other liabilities	19	(117,958)	(109,544)
		(141,924)	**(188,010)**
Net current liabilities / assets		**(5,401)**	**(85,319)**
Total assets less current liabilities		**92,341**	**108,245**

Statement of Financial Position – continued

	Note	2023 €000	2022 €000
Creditors; amounts falling due after 1 year			
Funding and borrowings	18	(13,809)	(33,333)
Net assets		**78,532**	**74,912**
Capital and reserves			
Called up share capital presented as equity	23	85,000	85,000
Retained losses		(6,468)	(10,088)
Total equity		**78,532**	**74,912**

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

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



June Butler

Chief Executive Officer
Strategic Banking Corporation of Ireland

Patrick Delaney

Chairperson
Strategic Banking Corporation of Ireland

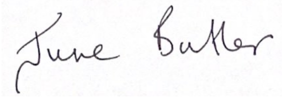
7th June 2024

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2023

	Note	Share Capital €000	Retained Losses €000	Total Equity €000
Balance as at 1 January 2022		**85,000**	**(7,732)**	**77,268**
Total comprehensive income for the year		-	(2,356)	(2,356)
Balance at 31 December 2022		**85,000**	**(10,088)**	**74,912**
Total comprehensive income for the year		-	3,620	3,620
Balance at 31 December 2023		**85,000**	**(6,468)**	**78,532**

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



June Butler

Chief Executive Officer
Strategic Banking Corporation of Ireland

Patrick Delaney

Chairperson
Strategic Banking Corporation of Ireland

7th June 2024

STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Note	2023 €000	2022 €000
Cash flows from operating activities:			
Loans and receivables principal advances		(31,800)	(39,000)
Loans and receivables principal repayments received		104,750	125,250
Interest receipts		8,162	2,278
Interest payments		(2,782)	(385)
Administration costs recovered		4,344	1,313
Other income received		3,368	3,580
Counter guarantee claims		834	1,010
Counter guarantee recoveries		1,053	-
Agriculture Scheme guarantee payments		(7)	(24)
Brexit Loan Scheme guarantee payments		(621)	(2,551)
Brexit Loan Scheme guarantee recoveries		-	19
Future Growth Loan Scheme guarantee payments		(2,517)	(343)
Brexit Impact Loan Scheme guarantee payments		(607)	-
Agriculture Scheme subsidy payments		(4)	(354)
Operating expenses paid		(14,006)	(12,513)
Net cash from operating activities		**70,167**	**78,280**
Cash flows from investing activities			
Purchase of intangible assets		(485)	(1,205)
Net cash used in investing activities		**(485)**	**(1,205)**

Statement of Cash Flows – continued

	Note	2023 €000	2022 €000
Cash flows from financing activities			
Funding loans repaid		(73,809)	(75,238)
Minister for Agriculture, Food and the Marine funding		3,847	4,250
Minister for Enterprise, Trade and Employment funding		5,584	14,709
Net cash used in financing activities		**(64,378)**	**(56,279)**
Net increase in cash and cash equivalents		**5,304**	**20,796**
Cash and cash equivalents at 1 January		**63,723**	**42,927**
Cash held on behalf of Department of Enterprise, Trade and Employment Loans and receivables principal advances		20	-
Cash and cash equivalents at 31 December	**14**	**69,047**	**63,723**

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

SBCI is a company registered and domiciled in Ireland. The Company was established pursuant to the SBCI Act 2014 and was incorporated under the Companies Acts 1963 to 2013 with registered number 549539 on 12 September 2014. The Company avails of national and international sources of funding to support the provision of credit to enterprises in Ireland through its on-lenders.

The Company was converted to a designated activity company under the Companies Act 2014 on 28 July 2016. The issued share capital of SBCI is owned solely by the Minister for Finance. The Company's registered office is at Treasury Dock, North Wall Quay, Dublin 1, D01 A9T8.

2. STATEMENT OF COMPLIANCE

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

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Management believes the underlying assumptions used are appropriate and the Company's financial statements, therefore, present the financial position and results fairly. The areas involving (i) a higher degree of judgement or complexity and (ii) areas where assumptions and estimates are significant to the financial statements are described below:

3.1. Key sources of estimates and judgements

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

3.1.1. Loan impairment assessment

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

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

If any objective evidence of impairment exists, SBCI performs a detailed impairment calculation on each loan individually to determine when an impairment loss should be recognised. The amount of the impairment loss is measured as the difference between the loan's carrying amount and the present value of the estimated cash flows discounted at the loan's original effective interest rate in line with IAS 39. The assessment is reviewed and approved by the SMT, including the Head of Risk and Governance, Head of Lending and the CEO. See Note 13 for the carrying amount of the loans.

3.1.2. Financial guarantee assessment

At each reporting date for the financial guarantees it has issued, SBCI considers whether payments under each guarantee are probable for a financial liability to be recognised in line with FRS 102.21. In order to assess the probability of a payment under a guarantee contract, the Company reviews any relevant data to assess the amount of the loans which are at risk of defaulting and being subject to a claim by an on-lender.

A financial liability for any probable claims, which can be reliably measured, is recognised in the accounting records of SBCI. If a financial liability is recognised, and the financial liability amount is greater than the existing carrying amount, an adjustment is required to reflect the financial liability and recognise the difference in the Statement of Comprehensive Income. Where a financial liability cannot be reliably measured, a contingent liability is disclosed in the financial statements for the total amount payable under SBCI's financial guarantee contracts. See Notes 24 and 25.

3.1.3. Intangible asset useful life

The charge in respect of periodic amortisation is derived after determining an estimate of an asset's expected useful life. Changing an asset's expected life would result in a change in the amortisation charge.

The useful lives of the Company's assets are determined by management and reviewed at least annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their lives. See Note 11 for the carrying amount of Intangible assets.

3.1.4. Recognition and measurement of investments

Investments are measured at fair value which is the latest available audited share price of the underlying shareholdings.

3.2. Significant accounting judgements in applying accounting policies

As management judgement involves an estimate of the likelihood of future events, actual results could differ from those estimates, which could affect the future reported amounts of assets and liabilities. Apart from the estimates (see Note 3.1 above), the Company was not required to make any additional significant judgements when applying its accounting policies.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1. Basis of preparation

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

In its consideration of whether accounting on a going concern basis is appropriate, the Board has had regard to the functions of SBCI as set out in the SBCI Act 2014 and in the Constitution of SBCI, and believes it is reasonable to assume that, given the purpose of the legislation, the State will take appropriate steps to ensure that the Company is put in a position to discharge its mandate.

The functions of the Company are, inter alia, to provide, and promote the provision of, additional credit in a prudent manner to enterprises or other persons in the State, particularly SMEs and Small Mid-Caps, and to provide finance to projects which promote the economic development of the State. The Company's activities are subject to risk factors including credit, liquidity, market concentration and capital risk. The Board has reviewed these risk factors and all relevant information to assess the Company's ability to continue as a going concern. Both the Board and ARC review key aspects of the Company's activities on an on-going basis and review, whenever appropriate, the critical assumptions underpinning its long-term strategies.

The financial statements are presented in euro (€), which is the Company's functional and presentational currency. The figures shown in the financial statements are stated in € thousands unless otherwise indicated. Where used, '000' or 'k' denotes thousand, and 'm' denotes millions. As permitted by paragraph 4 in Schedule 3 of the Companies Act 2014, the Directors have adapted the arrangements, headings and subheadings otherwise required by Profit and Loss Account Format 1 and Balance Sheet Statement Format 1 as the special nature of the Company's business requires such adaptation.

4.2. Basis of measurement

The financial statements have been prepared on the historical cost basis modified by the inclusion at fair value of investments designated at fair value through profit or loss.

4.3. Interest income and expense

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

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

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

Interest income received on loans to on-lenders is accounted for within operating activities in the Statement of Cash Flows as on-lending is a core operation of the Company.

Interest income received on loan notes issued by the Company is accounted for within operating activities in the Statement of Cash Flows and is classed as interest on loans and receivables in Note 5.

Interest expense paid on loans from funders is presented within operating activities in the Statement of Cash Flows. Interest expense paid on cash deposits and cash management products is presented within operating activities in the Statement of Cash Flows and is classed as other interest expense in Note 6.

4.4. Other income

SBCI recovers costs from the Minister for Enterprise, Trade and Employment ("Minister for ETE") and/or the Minister for Agriculture, Food and the Marine ("Minister for AFM"), as (i) operator of each of the Credit Guarantee Scheme ("CGS"), the COVID-19 Credit Guarantee Scheme ("CCGS") and the Ukraine Credit Guarantee Scheme ("UCGS") (Note 15.9), (ii) pursuant to the Agricultural Cashflow Support Loan Scheme ("Agriculture Scheme") (Note 15.6), (iii) pursuant to the Brexit Loan Scheme and COVID-19 Working Capital Loan Scheme ("BLS/CWCS") (Note 15.7), (iv) pursuant to the Brexit Impact and COVID-19 Loan Scheme ("BILS/CLS") (Note 15.8), (v) pursuant to the Future Growth Loan Scheme ("FGLS") (Note 15.10) and (vi) pursuant to the Growth and Sustainability Loan Scheme ("GSLS") (Note 15.11), based solely on the reimbursement of costs incurred by SBCI.

Funding provided by the Minister for AFM and/or the Minister for ETE to SBCI in conjunction with the schemes are released to the Statement of Comprehensive Income as costs relating to the schemes are incurred. The amount is recognised in line with FRS 102 Section 24 Government Grants.

Pursuant to guarantee agreements granted by SBCI to those on-lenders participating in the Energy Efficiency Loan Scheme ("EELS"), SBCI recognises income from those participating on-lenders in the form of a guarantee fee. The guarantee fee is charged so as to (i) partially cover the credit risk and (ii) partially recover the costs incurred by SBCI in granting the guarantee agreements under the EELS (Note 15.12). The EELS income is recognised on an accruals basis and is presented within operating activities in the Statement of Comprehensive Income. The guarantee fee is calculated for each on-lender participating in the scheme based on the agreed fee percentage of their EELS average loan balances for the quarter (or part thereof).

4.5. Costs reimbursable to the NTMA

In accordance with section 10 of the SBCI Act 2014, the NTMA provides business and support services and systems to SBCI in addition to assigning staff to SBCI. Costs reimbursable to the NTMA are recognised on an accruals basis. These expenses are recovered from SBCI by the NTMA at cost. Further information on costs reimbursable to the NTMA is included in Note 8.2.

4.6. Financial instruments

The Company recognises and measures its financial assets and financial liabilities in accordance with IAS 39 as permitted by FRS 102. The Company determines the classification of its financial instruments at initial recognition.

4.7. Financial assets

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. On initial recognition, the loans are measured at fair value plus incremental direct transaction costs that are directly attributable to the issue of the loan. They are then subsequently measured at amortised cost using the EIR method as described in Note 4.3.

Investments

Investments in unquoted equity instruments are measured at fair value, which is based on the most recent audited share price of the investments. Prior to 2023 investments in unquoted equity instruments whose fair value could not be reliably measured were measured at cost less impairment.

4.8. Financial liabilities

Funding and borrowings

Funding and borrowings are those loans drawn down by the Company from its funders in order to support its on-lending activities. The Company recognises these loans in its Statement of Financial Position on the date the loan is drawn down. These loans are measured initially at fair value plus incremental direct transaction costs that are directly attributable to the issue of the financial liability. They are subsequently measured at amortised cost using the EIR method as described in Note 4.3.

4.9. De-recognition of financial assets and liabilities

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

4.10. Impairment of financial assets

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

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

The loans to each on-lender are objectively assessed for evidence of impairment at the end of the financial period.

Objective evidence that a financial asset is impaired includes:

- significant financial difficulty of the on-lender.
- non-compliance by the on-lender with its respective loan covenants and undertakings, and any other terms and conditions imposed by SBCI.
- breaches of contract, such as default or delinquency in interest payments or principal repayments.
- signs that the on-lender will enter bankruptcy or other financial reorganisation.
- adverse changes in the status of the on-lender due to adverse national or local economic conditions or adverse changes in industrial conditions.

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

Where there is no further prospect of recovering the carrying value of a loan, or a portion of a loan, SBCI writes the amount that is not recoverable off against the related impairment loss (i.e. in this circumstance, there is no additional charge to the Statement of Comprehensive Income). Write-off of loan amounts must be approved by the SBCI Board (or relevant authorised Committee). Subsequent recoveries of amounts previously written off proportionately decrease the amount of the allowance for loan impairment in the Statement of Comprehensive Income.

4.11. Financial guarantees

Financial guarantee contracts are contracts that require the Company to make specified payments to reimburse the beneficiary for a loss the beneficiary incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt obligation. SBCI has issued guarantees to on-lenders in respect of each of (i) the Agriculture Cashflow Support Loan Scheme (“Agriculture Scheme”) (Note 15.6), (ii) the Brexit Loan Scheme and COVID-19 Working Capital Loan Scheme (“BLS/CWCS”) (Note 15.7), (iii) the Brexit Impact and COVID-19 Loan Scheme (“BILS/CLS”) (Note 15.8), (iv) the Future Growth Loan Scheme (“FGLS”) (Note 15.10), (v) the Energy Efficiency Loan Scheme (‘EELS’) (Note 15.12) and (vi) the Growth and Sustainability Loan Scheme (“GSLS”) (Note 15.11).

Under the Home Energy Upgrade Loan Scheme (“HEULS”) (Note 15.13), once launched to the market in early 2024, SBCI will issue credit guarantees to participating on-lenders in respect of loans to qualifying borrowers.

These financial guarantees are initially recognised at fair value on the date that the guarantee is given. Subsequent to initial recognition, the Company’s liabilities under such guarantees are measured at the higher of the amount initially recognised less, where appropriate, cumulative amortisation and the best estimate of the expenditure required to settle any financial obligation arising pursuant to the guarantees at financial year end.

Financial guarantee income is recognised on an accruals basis and is presented within operating activities in the Statement of Comprehensive Income. The financial guarantee income is calculated for each on-lender participating in a scheme and based on the agreed guarantee fee percentage of the outstanding loan balances for the quarter (or part thereof) covered by the guarantee in place.

Financial guarantee income is recognised on an accruals basis and is presented within operating activities in the Statement of Comprehensive Income. The financial guarantee income is calculated for each on-lender participating in a scheme and based on the agreed guarantee fee percentage of the outstanding loan balances for the quarter (or part thereof) covered by the guarantee in place.

The best estimate of expenditure is determined in accordance with FRS 102.21. Financial guarantee liabilities correspond to the cost of settling the obligation, which is the expected loss, estimated on the basis of all relevant factors and information available to the Company at financial year end. A financial liability arising from a financial guarantee contract is presented as provisions for liabilities in the Statement of Financial Position.

Any increase or decrease in the financial liability relating to financial guarantees, other than the payment of guarantee calls, is recognised in the Statement of Comprehensive Income. In circumstances where a financial liability is not required to be recognised, a contingent liability is disclosed in the financial statements for the total amount payable under SBCI’s financial guarantee contracts (Note 24).

4.12. Counter-guarantees

Where some or all the expenditure required to settle a financial guarantee liability is expected to be reimbursed pursuant to a counter-guarantee agreement, the reimbursement shall be recognised when it is virtually certain that reimbursement will be received if the Company settles the obligation.

Financial counter-guarantee expense is recognised on an accruals basis and is presented within operating activities in the Statement of Comprehensive Income. The financial counter-guarantee expense is calculated on a total scheme basis and is based on the agreed counter-guarantee fee percentage on the outstanding scheme loan balances for the quarter (or part thereof) covered by the counter-guarantee in place.

The Company recognises a reimbursement as a separate asset. The Company nets off the impairment loss charge for the guarantee liability with the recoverable portion in the Statement of Comprehensive Income. Should a recovery not be recognised, then the financial statements disclose a contingent asset for the total amount recoverable under SBCI's counter-guarantee contracts (Note 25). SBCI has entered into counter-guarantees with the European Investment Fund ("EIF") in respect of each of (i) the Agriculture Cashflow Support Loan Scheme ("Agriculture Scheme") (Note 15.6), (ii) the Brexit Loan Scheme and COVID-19 Working Capital Loan Scheme ("BLS/CWCS") (Note 15.7), (iii) the Brexit Impact and COVID-19 Loan Scheme ("BILS/CLS") (Note 15.8), (iv) the Future Growth Loan Scheme ("FGLS") (Note 15.10), (v) the Energy Efficiency Loan Scheme ("EELS") (Note 15.12), (vi) the Growth and Sustainability Loan Scheme ("GSLS") (Note 15.11), and (vii) the Home Energy Upgrade Loan Scheme ("HEULS") (Note 15.13) which is expected to launch to market in 2024.

4.13. Cash and cash equivalents

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

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

4.14. Intangible assets

Intangible assets comprise software acquired by the Company. They are measured at cost less accumulated amortisation and any accumulated impairment losses. Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Software is amortised in the Statement of Comprehensive Income on a straight-line basis over its estimated useful life, from the date on which it is available for use. The estimated useful life of SBCI's current software is five years.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. SBCI assumes that the residual value of its intangible assets is zero unless:

- there is a commitment by a third party to purchase the asset at the end of its useful life; or
- there is an active market for the asset; and:
  - residual value can be determined by reference to that market; and
  - it is probable that such a market will exist at the end of the asset's useful life.

At each reporting date, the Company reviews the carrying amount of its software to determine whether there is any indication of impairment. If any such indication exists, these assets are subject to an impairment review.

The impairment review comprises a comparison of the carrying amount of the asset with its recoverable amount. The recoverable amount is determined as the higher of the fair value less costs of disposal of the asset and its value in use.

Value in use is calculated by discounting the expected future cash flows obtainable as a result of the asset's continued use, including those resulting from its ultimate disposal, at a market-based discount rate on a pre-tax basis. This discount rate reflects the current market assessment of the time value of money and the risks specific to the asset for which future cash flow estimates have not been adjusted.

The carrying value of the software is written down by the amount of any impairment and this loss is recognised in the Statement of Comprehensive Income in the financial period in which it occurs. A previously recognised impairment loss may be reversed in part or in full if the reasons for the impairment loss have ceased to apply. An assessment is carried out each period on whether there are any indications that an impairment loss may have ceased to exist or decreased. The carrying amount of the asset will only be increased up to the amount that it would have been had the original impairment not been recognised.

4.15. Other receivables

Other receivables which are due within one year are measured at the undiscounted amount of the cash or other consideration expected to be received.

4.16. Provisions

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

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

4.17. Contingent liabilities

Contingent liabilities are possible obligations whose existence will be confirmed only by the occurrence of uncertain future events or present obligations where the transfer of economic benefit is uncertain or cannot be reliably estimated. Contingent liabilities are not recognised but disclosed in the notes to the financial statements unless the probability of the transfer of economic benefit is remote. See Note 24.

4.18. Contingent assets

Contingent assets are possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets are not recognised but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable. If the realisation of income becomes virtually certain then the related asset is recognised. See Note 25.

4.19. Leasing

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

5. INTEREST INCOME

	2023 €000	2022 €000
Interest on loans and receivables	7,132	2,725
Other interest income	2,118	-
Interest income	**9,250**	**2,725**

Interest on loans and receivables relates to interest income from loans provided to on-lenders.

Other interest income relates to bank interest earned on cash held on deposit during the year.

6. INTEREST EXPENSE

	2023 €000	2022 €000
Interest on funding and borrowings	2,566	409
Other interest expense	2,082	230
Interest expense	**4,648**	**639**

Other interest expense relates to interest credit applying to the schemes for bank interest earned on funding held on deposit during the year.

7. OTHER INCOME

	Note	2023 €000	2022 €000
Ukraine Credit Guarantee Scheme administration costs recovered	7.1	2,281	523
Home Energy Upgrade Loan Scheme administration costs recovered	7.2	1,626	-
Growth and Sustainability Loan Scheme administration costs recovered	7.2	1,380	465
CGS and CCGS administration costs recovered	7.1	1,065	1,259
Future Growth Loan Scheme administration costs recovery	7.2	940	1,132
BILS/CLS administration costs recovery	7.2	809	912
Agriculture Scheme administration costs recovery	7.2	166	187
BLS/CWCS administration costs recovery	7.2	162	308
Energy Efficiency Loan Scheme income	7.2	117	-
Agriculture Scheme interest subsidy recovery	7.2	13	154
Financial counter-guarantee income	7.3	-	77
Miscellaneous income		444	358
Other income		**9,003**	**5,375**

7.1. UCGS, CGS and CCGS administration costs recovery

Pursuant to an agreement dated 4 August 2023 between the Minister for ETE and SBCI (the UCGS Co-Operation Agreement"), SBCI assumed the role of operator of the UCGS on behalf of the Minister for ETE. SBCI receives payments from the Minister for ETE based on the recovery of the costs and expenses incurred by SBCI in providing the services as set out in the UCGS Co-Operation Agreement. No financial gain or loss will be made by SBCI in providing the services (see Note 15.9).

Pursuant to an agreement dated 13 October 2016, as amended and restated on 14 May 2019, between the Minister for ETE and SBCI (the "CGS Co-Operation Agreement"), SBCI assumed the role of operator of the CGS on behalf of the Minister for ETE. SBCI receives payments from the Minister for ETE based on the recovery of the costs and expenses incurred by SBCI in providing the services as set out in the CGS Co-Operation Agreement. No financial gain or loss is made by SBCI in providing the services (see Note 15.9).

Pursuant to an agreement dated 28 September 2020 between the Minister for ETE and SBCI (the "CCGS Co-Operation Agreement"), SBCI assumed the role of operator of the CCGS on behalf of the Minister for ETE. SBCI receives payments from the Minister for ETE based on the recovery of the costs and expenses incurred by SBCI in providing the services as set out in the CCGS Co-Operation Agreement. No financial gain or loss is made by SBCI in providing the services (see Note 15.9).

7.2. Scheme cost recovery

Under an agreement between the Minister for AFM and SBCI dated 20 December 2016, as amended on 20 August 2020, (the "Agri Co-Operation Agreement"), SBCI recovers the costs for its role in operating the Agriculture Scheme including the cost of interest rate subsidies (see Note 15.6).

Under an agreement between the Minister for AFM, the Minister for ETE and SBCI dated 15 December 2017, as amended and restated on 27 November 2020, (the "Amended BLS/CWCS Co-Operation Agreement"), SBCI recovers the costs for its role in operating the BLS/CWCS (see Note 15.7).

Under an agreement between the Minister for AFM, the Minister for ETE and SBCI dated 7 September 2021 (the "Brexit Impact Loan Scheme Co-Operation Agreement"), SBCI recovers the costs for its role in operating the BILS (see Note 15.8). It should be noted that the BILS was expanded during 2022 to include the provision of credit to COVID-19 impacted enterprises and was renamed the Brexit Impact and COVID-19 Loan Scheme ("BILS/CLS").

Under an agreement between the Minister for AFM, the Minister for ETE and SBCI dated 21 December 2018, as amended and restated on 24 July 2020, (the "Future Growth Loan Scheme Co-Operation Agreement"), SBCI recovers the costs for its role in operating the Future Growth Loan Scheme (see Note 15.10).

Under an agreement between the Minister for AFM, the Minister for ETE and SBCI dated 13 December 2022, (the "Growth and Sustainability Loan Scheme Co-Operation Agreement"), SBCI recovers the costs for its role in operating the Growth and Sustainability Loan Scheme (see Note 15.11).

Under an arrangement between the Minister for the Environment Climate and Communications (ECC) and SBCI for the Home Energy Upgrade Scheme, SBCI recovered the 2022 and 2023 costs in 2023 for its role in developing this scheme (see Note 15.13). An agreement between the Minister for the Environment, Climate and Communications (the "Minister for ECC") and SBCI to operate this scheme is expected to be signed in early 2024.

Under guarantee agreements granted by SBCI to those on-lenders participating in the Energy Efficiency loan Scheme ("EELS"), SBCI recognises income from those on-lenders in the form of a guarantee fee. The guarantee fee is charged so as to (i) partially cover the credit risk and (ii) partially recover the costs incurred by SBCI in granting the guarantee agreements under EELS. SBCI did not receive any funding from any Government Minister to support the development, establishment and/or ongoing operation of the EELS (see 15.12)."

7.3. Financial counter-guarantee income

	2023 €000	2022 €000
Guarantee expenses		
Agri Loan scheme	128	(24)
FGLS	(1,450)	(1,226)
BLS/CWCS	(557)	(2,691)
BILS/CLS	(755)	(196)
Counter guarantee income		
Agri Loan scheme	(128)	24
FGLS	1,450	1,226
BLS/CWCS	557	2,768
BILS/CLS	755	196
Financial counter-guarantee income	**-**	**77**

On 31 December 2023, SBCI has considered whether payments under its financial guarantees are probable and whether receipts under its financial counter guarantees are recognisable. SBCI recognises €2.6m (2022: €4.1m) of guarantee expenses in the period. This is offset by €2.6m (2022: €4.2m) of counter guarantee income of which €1.9m (2022: €1.7m) derives from deferred income from the relevant Government Departments and €0.7m (2022: €2.5m) to income from the EIF counter guarantee. SBCI received €77k in March 2022 for a counter claim expensed in December 2020.

The 2022 financial statements disclosed that SBCI had been notified that a small number of SBCI-backed loans may have been approved by an on-lender on the basis of fraudulent financial information presented by certain borrowers. Following investigations, SBCI established that two risk sharing schemes had been affected, being (i) the COVID-19 Credit Guarantee Scheme ("CCGS") and (ii) the Brexit Loan Schemes and COVID-19 Working Capital Loan Scheme ("BLS/CWCS"), and that a total of eleven loans had been obtained by certain borrowers utilising fraudulent identification documents and/or fraudulent financial information (the "Fraudulent Loans"), with a total value of €1.2m.

Eight of the Fraudulent Loans were obtained under the CCGS to a total value of €1.0 million. The on-lender is liable for €0.2m of the losses and the balance of €0.8m potentially falls to be borne by the Department of Enterprise, Trade and Employment, on whose behalf SBCI operates this scheme.

Three of the Fraudulent Loans were obtained under the BLS/CWCS to a total value of €0.25m. The on-lender is liable for €0.05m of the losses, the EIF guarantee covers €0.10m and the balance of €0.10m falls to be borne by the Department of Enterprise, Trade and Employment and the Department of Agriculture, Food and the Marine pro-rated to their respective contributions to the BLS/CWCS.

In December 2022, €0.2m was paid to the on-lender by SBCI in respect of the Fraudulent Loans obtained under the BLS/CWCS pursuant to the terms of the on-lender's contractual guarantee.

The guarantee cover on the BLS/CWCS loans was paid to the on-lender in 2022 with the CCGS loans still under review.

7.4 Guarantee fee income

	2023 €000	2022 €000
FGLS	3,145	3,424
EELS	-	3
BLS/CWCS	58	166
BILS	1,780	-
GSLS	5	-
Guarantee fee income	**4,988**	**3,593**

Guarantee fee income relates to fees payable by participating on-lenders in the Future Growth Loan Scheme, the Growth and Sustainability Loan Scheme, the Energy Efficiency Loan Scheme and the recognition of deferred income from the relevant Government Departments relating to BLS/ CWCS and BILS.

Guarantee fee expense relates to fees incurred for counter guarantees for the Future Growth Loan Scheme, BILS, GSLS and BLS/CWCS that are paid to the EIF.

8. OPERATING EXPENSES

	Note	2023 €000	2022 €000
Costs reimbursable to the NTMA	8.2	8,912	7,832
Other expenses	8.1.3	2,545	1,601
Amortisation	11	199	94
Board fees	9	111	113
Agriculture Scheme interest subsidy expense	8.1.1	12	236
Operating expenses		**11,779**	**9,876**

8.1.1. Agriculture Scheme interest subsidy expenses

Agriculture Scheme interest subsidy is comprised of expenses incurred by the Company in providing an interest rate subsidy to participating on-lenders of the Agriculture Scheme.

8.1.2. Other expenses

Other expenses are comprised of all other expenses paid directly by the Company. These primarily comprise marketing costs €0.5m (2022: €0.3m) and legal and professional fees €1.3m (2022: €1.1m).

8.2. Costs reimbursable to the NTMA

	Note	2023 €000	2022 €000
NTMA staff costs	8.2.1	4,963	4,138
Business services	8.2.2	3,658	3,666
Professional fees		290	24
Other operating costs		1	4
Cost reimbursable to the NTMA		**8,912**	**7,832**

8.2.1. NTMA staff costs

NTMA staff costs include the remuneration (inclusive of pension costs) and other staff related costs, such as temporary staff costs, recruitment costs and staff training costs, of the NTMA staff directly assigned to SBCI. All employee benefits costs have been expensed during the financial year and accordingly no costs were capitalised.

8.2.2. Business services

Business services costs are comprised of costs incurred during the financial year in relation to the premises occupied by the Company and the cost of support services provided by the NTMA.

8.3. Remuneration

The following remuneration disclosures are required under the Code of Practice for the Governance of State Bodies 2016:

8.3.1. Aggregate employee benefits

	Note	2023 €000	2022 €000
Staff short-term benefits	8.3.2	3,836	3,111
Employer's contribution to social insurance costs		416	315
Aggregate employee benefits		**4,252**	**3,426**

The total number of whole-time equivalent staff employed at year end was 44 (2022: 38). Pension costs incurred by the Company during the financial year of €0.59m (2022: €0.43m) are included in NTMA staff costs in Note 8.2. Pension costs charged to the Statement of Comprehensive Income represent contributions made by the Company to the NTMA scheme in accordance with actuarial recommendations. No amounts are included in these financial statements in relation to pension liabilities. The relevant assets and liabilities are recognised in the NTMA Administration Account.

8.3.2. Staff short-term benefits

	2023 €000	2022 €000
Basic pay	3,616	2,917
Performance related pay	151	136
Allowances	69	58
Staff short-term benefits	**3,836**	**3,111**

8.3.3. Key management personnel

	2023 €000	2022 €000
Board fees and management short-term benefits	918	771
Performance related pay	61	64
Allowances	59	46
Health insurance	4	3
Key management personnel	**1,042**	**884**

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

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

8.3.4. Chief executive officer (CEO) salary and benefits

The amounts paid to the CEO are included in the costs reimbursable to the NTMA. The CEO is a member of the NTMA's pension scheme and their entitlements in that regard do not extend beyond the standard terms of the model public service pension scheme.

June Butler (CEO, appointed 1 September 2021)	2023 €000	2022 €000
Salary	250	250
Performance related pay	30	30
Annual taxable benefits	23	22
Contributions to the defined benefit retirement schemes	41	41
CEO salary and benefits	**344**	**343**

9. BOARD FEES AND EXPENSES

An annual fee of €15,750 (2022: €15,750) is paid to certain Directors as specified by the Minister for Finance in accordance with the Constitution of SBCI. An annual fee of €31,500 (2022: €31,500) is paid to the Chairperson. The Directors received no other benefits or remuneration, including retirement benefits, as a result of their services to the Company.

	2023 €	2022 €
Barbara Cotter	31,500	31,500
Tom McAleese	15,750	15,750
AJ Noonan	15,750	15,750
Richard Pelly	16,160	18,900
Marguerite McMahon	15,750	15,750
Eilis Quinlan	15,750	15,750
Board fees and expenses	**110,660**	**113,400**

The Chief Executive Officer, NTMA staff members (Ian Black) and the Department of Finance official, (Eoin Dorgan and Deirdre Donaghy), did not receive any remuneration in respect of their membership of the Board.

Directors are reimbursed approved expenses on a vouched basis. Expenses relate to travel to attend meetings in SBCI's offices in Dublin.

The expenses paid to Directors relate to travel and are included in operating expenses in Note 8.

10. TAX CHARGE

The Company is exempt from corporation tax by virtue of section 23(1)(b) of the SBCI Act 2014.

11. INTANGIBLE ASSETS

2023	Cost €000	Accumulated amortisation €000	Net book value €000
Balance as at 1 January 2023	3,271	(2,111)	1,160
Acquisitions	527	-	527
Amortisation	-	(199)	(199)
Balance at 31 December 2023	**3,798**	**(2,310)**	**1,488**

2022	Cost €000	Accumulated amortisation €000	Net book value €000
Balance as at 1 January 2022	2,237	(2,017)	220
Acquisitions	1,034	-	1,034
Amortisation	-	(94)	(94)
Balance at 31 December 2022	**3,271**	**(2,111)**	**1,160**

Intangible assets relate to IT software. Amortisation charged during the financial year is included in operating expenses in the Statement of Comprehensive Income. IT software of €781k (2022: €255k) continued to be under development at the financial year end in respect of a new customer management system ("SBCI Hub"). Phase one of the software development of the SBCI Hub became operational on 31 August 2022. Amortisation of €199k (2022:€94k) was recognised on this asset during the financial year. Phase two of the software development of the SBCI Hub will become operational in 2024.

There were no impairment losses incurred on the software assets during the current or prior financial year.

12. INVESTMENTS

Shareholding in European Investment Fund ("EIF")

	2023 €000	2022 €000
Shareholding cost	4,410	4,410
Unrealised gain on shareholding	1,794	-
Investments	**6,204**	**4,410**

SBCI acquired no new shares in the European Investment fund ("EIF") during the financial year. SBCI holds a total of 10 shares (2022: 10 shares) at fair value of €6.2m (2022: cost €4.4m).

13. LOANS AND RECEIVABLES

	2023 €000	2022 €000
Loans to on-lenders - current	58,235	32,662
Loans to on-lenders - non current	90,050	187,994
Loans and receivables	**148,285**	**220,656**

The split of the loans to on-lenders between secured and unsecured loans is as below:

	2023 €000	2022 €000
Secured	38,172	69,151
Unsecured	110,113	151,505
Loans and receivables	**148,285**	**220,656**

At the end of the Financial Year, SBCI had loans in issue to four on-lenders (2022: six). One of these on-lenders is a bank (2022: one), and three on-lenders are non-bank finance providers (2022: five). The remaining terms of the on-lender loans in issue range from six months to five years and interest is charged by SBCI at 6-month Euribor plus a margin.

The Company assesses at the end of each financial year whether there is objective evidence that the on-lender loans are impaired (see Note 4.10). Following the impairment assessment of the loans as at 31 December 2023, the Company concluded that an impairment charge of €Nil (2022: €Nil) had been incurred. At the end of the financial year, the Company had €35.0m (2022: €117.0m) in undrawn loan commitments.

14. CASH AND CASH EQUIVALENTS

	2023 €000	2022 €000
Cash and cash equivalents	**69,047**	**63,723**

The cash held by the Company includes cash for operating activities and funding provided to the Company to cover the costs of operating the (i) Agriculture Cashflow Support Loan Scheme, (ii) the Brexit Loan Scheme and COVID-19 Working Capital Loan Scheme, (iii) the Brexit Impact and COVID-19 Loan Scheme, (iv) the Credit Guarantee Scheme and the Covid Credit Guarantee Scheme, (v) the Future Growth Loan Scheme and (vi) the Growth and Sustainability Loan Scheme. See Note 15 for further information on these schemes.

15. RISK MANAGEMENT

The Company aims to be risk aware and to actively manage its risks. The critical activities performed by SBCI and the reliance placed on its good reputation means that there is a strong emphasis on implementing an appropriate range of risk controls.

SBCI aims to manage risks in an informed and proactive manner, in accordance with its risk appetite, such that the level of risk is consistent with the underlying business activity. Any new risks that materialise will be reviewed by SBCI and a decision will be made on the acceptance and management of those risks.

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

Risk management policy and framework

The Board is responsible for setting the Company's Risk Appetite and for overseeing and guiding risk management across SBCI. To this end, the Board has mandated that risk management be integrated and embedded into the tone and culture of SBCI.

The ARC is responsible for overseeing the implementation of the SBCI Risk Management Policy and Framework and seeks to ensure that SBCI's risk management governance model enables appropriate levels of independence and challenge. The ARC therefore reports to the Board independently.

SBCI's Risk Management Policy and Framework is in accordance with the principles of the Code of Practice for the Governance of State Bodies 2016.

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

- business continuity management.
- compliance and legal services.
- internal audit services.

First line of defence:

The SMT is responsible for the Company's day-to-day management and for ensuring that adequate controls are both in place and operating effectively. The SMT reports on this to the ARC. The key steps in the risk management process are:

Identify risks that may affect or prevent SBCI from achieving its established objectives.

- For each risk identified, determine its impact and its probability of materialising.
- For each risk identified, determine whether the risk can be accepted in full or should be mitigated or avoided.
- For each risk identified, regardless of its impact or probability of occurrence, consider mitigating actions to reduce risk.
- Following the implementation of mitigating actions review the residual impact and probability of occurrence, as well as the criticality status of each risk identified.
- Review and monitor risk and mitigating actions on an on-going basis.

Second line of defence:

The SBCI Risk function and the NTMA Compliance function, in respect of specific areas of responsibility, provide independent challenge and oversight to ensure effective implementation of the SBCI Risk Management Policy and Framework.

Third line of defence:

The third line of defence comprises of an internal audit function which provides independent, reasonable, risk-based assurance to key stakeholders on the robustness of SBCI's risk management system, its governance and the design and operating effectiveness of the internal control environment.

15.1. Credit risk

Credit risk is the most significant risk to SBCI's business. Credit risk is the risk that one party to a financial instrument will cause loss for the other party by failing to pay for its obligation. In other words, credit risk primarily arises from the potential failure of an on-lender to repay in full its loans to SBCI. The Company is also exposed to credit risk in respect of guarantees issued to on-lenders, and counter guarantees obtained from the EIF.

To achieve its key objectives and fulfil its mandate, SBCI must assume a certain level of credit risk.

As a fundamental principle, and in line with its Risk Appetite Statement, SBCI seeks to assume credit risk in a prudent manner that accepts the minimum level of credit risk required to achieve its objectives. SBCI, therefore, carefully manages its exposure to credit risk and this risk is measured, assessed, and controlled for all transactions.

SBCI endeavours to minimise its credit risk exposure by undertaking an extensive due diligence process in advance of any decisions to lend or provide guarantees. The Company's credit risk management process includes:

- thorough assessment of each prospective on-lender, its management, operational capability, credit underwriting experience, financial performance, risk management, systems, product offering and repayment capacity.
- meetings with management.
- assessment of the financial performance of each prospective on-lender utilising available information, including audited accounts, management accounts and financial projections.
- independent commercial due diligence in respect of non-bank finance providers.
- independent legal due diligence.
- analysis of the on-lender's repayment capacity, including clear and reasonable demonstration of the on-lender's ability to meet its obligations and discharge SBCI debt in full.

- review and recommendation by the SBCI Credit Committee of each potential counterparty.
- obtaining adequate collateral in respect of loans (where appropriate), including fixed or floating charge security over assets of the on-lender.
- all credit decisions reserved to the Board, or appropriate committees of the Board.
- on-going monitoring and review of credit facilities.
- regular review of compliance with the respective covenants and undertakings and any terms and conditions imposed by SBCI.
- formal on-lender review process which is carried out, at a minimum, on an annual basis on each approved counterparty.
- assessment of collateral requirements in the context of several factors including the financial strength of the on-lender.
- obtaining counter-guarantees and/or cash for loss reserves to cover, or partially cover, SBCI's guarantee liabilities.

The maximum exposure to credit risk for loans, cash and guarantees at 31 December 2023 is €337.3m (2022: €504.2m). This maximum exposure to credit risk is presented below per class of financial instrument, and includes the loan commitments of the Company at financial year end:

	2023 €000	2022 €000
Loans and receivables	148,285	220,656
Cash and cash equivalents	69,047	63,723
	217,332	**284,379**
Loan commitments	35,000	112,000
Guarantees*	84,933	107,800
	337,265	**504,179**

**Guarantees are calculated on the guarantee schemes SBCI operate and includes the first loss provision cash received from the relevant Government Department(s) which reduces SBCI's net exposure . In Note 24 & Note 25, the net contingent exposure is a liability of €132.2m (2022: €163.5m), this does not include the first loss provision cash received.*

SBCI launched the GSLS to the market in 2023 and issues credit guarantees to participating on-lenders in respect of loans to qualifying businesses. SBCI's guarantees cover 80% of credit losses on a loan-by-loan basis, subject to a maximum loan portfolio of €500m.

The below table sets out the credit quality of SBCI's financial assets, some of which have been rated by Standard & Poor's. Non-rated relates to non-bank entities.

	2023 €000	2022 €000
AAA	60,807	54,609
A+ to A-	8,240	9,114
BBB	38,172	69,151
Non-rated	110,113	151,505
	217,332	**284,379**

An important part of the SBCI's mandate is to support competition in the SME credit market, which is achieved through providing low-cost, long-term funding to a range of SME credit providers, thereby providing more options for SMEs to access funding in the market. There are times when the repayment profile of the funds that we provide to on-lenders may require to be amended to align with changes in the on-lenders business e.g., providing additional funding and/or extending funding terms to facilitate the growth in the on-lenders SME loan portfolio. Such amendments are a typical feature of wholesale funding, and the SBCI completes a thorough and detailed analysis of the on-lender's business before agreeing to amendments.

In September 2023, the SBCI deferred a repayment of €8.5m due from one of its on-lenders on its loan facility to provide additional time for the on-lender to put in place the next phase of its capital structure to fund the continued growth of its SME loan book. The revised capital structure was agreed in December 2023 with the SBCI planning to provide additional funding as part of that structure in 2024.

15.2. Liquidity risk

Liquidity risk is the risk that SBCI cannot meet its short-term debt obligations. It is the risk of loss arising from a situation where there will not be enough cash to fund day-to-day operations and that SBCI will be unable to convert assets into cash in a timely manner. SBCI's liquidity risk management process includes:

- Adherence to SBCI Liquidity and Market Risk Management Policy and associated limits.
- Effective management of day-to-day funding requirements, including the monitoring of future expected cash flows, e.g. future lending commitments, to ensure that requirements can be met as they fall due.
- Asset and liability management by monitoring the maturity profile outlined in SBCI's Statement of Financial Position to ensure that sufficient cash resources are retained and/or funding established where mismatches are likely to occur, thereby minimising the impact of liquidity outflows.
- Managing liquidity risk by aligning, to the greatest extent possible, the maturity profile of SBCI's assets and liabilities thereby eliminating refinancing risk where possible. SBCI sources long-term floating rate funding from its funders, and where possible, it structures the tenor and repayment schedule of its loans to reflect that funding maturity profile.
- Maintaining a cash liquidity buffer to address any short-term liquidity needs that may arise.

The timing of the contractual repayments due by SBCI are summarised in the below table. The amounts presented are undiscounted. Other liabilities of €117.9m (2022: €109.6m) (see Note 19) are also included. Amounts due "within 1 year" consist of accrued interest and other liabilities, amounts due after 1 year consist of principal loan repayments to funders.

	Within 1 year €000	1 to 5 years €000	After 5 years €000	Total €000
2023 repayments due	141,859	13,809	-	**155,668**
2022 repayments due	188,010	33,333	-	**221,343**

15.3. Market risk

Market risk is the risk that changes in market prices will cause the fair value or future cash flows of a financial instrument to fluctuate. SBCI's market risk comprises interest rate risk. Market risks may arise from open positions in interest rate products which are exposed to general and specific market movements, as well as changes in the volatility of interest rates. SBCI manages its market risk in accordance with the SBCI Liquidity and Market Risk Management Policy and associated limits.

15.4. Interest rate risk

SBCI is exposed to interest rate risk on its loans and receivables and cash and cash equivalents. Where possible, SBCI's lending facilities reflect the interest rate risk profile of the underlying funding agreements in order to minimise incidents of material interest rate mismatches. Any residual risk will be identified, monitored and managed by SBCI.

Given that SBCI's current risk profile for both funding and on-lending is on a six-month floating rate basis, its interest rate risk exposure is closely monitored. Any mismatches that arise are largely offset as interest rates are re-fixed. In the event of a large re-fixing mismatch or where the bases of the fixings do not match, SBCI will seek to hedge these positions.

The amounts exposed to interest rate risk at 31 December 2023 are detailed below:

Financial assets	2023 €000	2022 €000
Cash and cash equivalents	69,047	63,723
Loans and receivables	148,285	220,656
Amounts exposed to interest rate risk	**217,332**	**284,379**

Financial liabilities	2023 €000	2022 €000
Funding and borrowings	**37,775**	**111,799**

Currency risk

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

Interest rate risk sensitivity

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

The following table represents the interest rate sensitivity arising from a 50- basis point increase or decrease in the interest rate (6-month Euribor). The risk is measured as the net present value (NPV) impact on the cash flows of the loans receivable and payable because of that change in interest rates. The interest rates are set as at 31 December 2023.

Interest Rate Sensitivity Analysis - a 50bp move

2023	+50bp €000	-50bp €000
Net cashflow impact	(2)	2

2022	+50bp €000	-50bp €000
Net cashflow impact	(38)	38

The interest rate sensitivities are not symmetric due to several factors including the maturity profile of the portfolio and the interest payment dates of the loans. The maturity profile of the portfolio is actively managed and will vary over time.

15.5. Capital management

SBCI is not subject to externally imposed capital requirements. The Company is committed to ensuring it adequately capitalised as there is a risk that inappropriate management of its capital could result in the inability to absorb any potential credit losses. SBCI's paid-up share capital as at 31 December 2023 is €85.0m (2022: €85.0m). In addition, SBCI has available callable capital of €165.0m (2022: €165.0m) which it may call on at its discretion from the Minister for Finance, as provided for in Section 11(6) of the SBCI Act 2014.

SBCI's capital management process includes adhering to the capital adequacy requirements of SBCI risk appetite statement to ensure that it remains adequately capitalised to absorb any potential losses. The Board reviews the capital adequacy as part of its regular review of risk reporting at each scheduled Board meeting.

15.6. Agriculture Cashflow Support Loan Scheme ("Agriculture Scheme")

SBCI entered into an agreement with the Minister for Agriculture, Food and the Marine (AFM) in 2016 under which SBCI initially received cash of €25.0m from the Minister for AFM to support the establishment and operation of the Agriculture Scheme. The Agriculture Scheme closed to new applicants in 2017. Under the Agriculture Scheme, SBCI issued guarantees to participating on-lenders in respect of loans made by those on-lenders to agricultural SMEs. SBCI's guarantees cover 80% of credit losses on a loan-by-loan basis, subject to an overall portfolio cap of 15% and a maximum portfolio of €150.0m.

At financial year end, the Company has a contingent liability of €17k (2022: €2.0m) related to potential credit losses covered under the Agriculture Scheme. Any surplus funding at scheme maturity is available to the Minister for AFM.

This scheme ended in December 2023 with an estimated €11.0m of surplus fundings, which may be repaid to the Minister for AFM or, pending sanction, may be used to fund other loan schemes administered by SBCI.

15.7. Brexit Loan Scheme ("BLS") and COVID-19 Working Capital Loan Scheme ("CWCS") and together referred to as "BLS/CWCS"

SBCI entered into an agreement with the Minister for AFM and the Minister for Enterprise Trade and Employment (ETE) in 2017, under which the Ministers advanced €23.0m to SBCI to be used in the BLS to support enterprises affected by Brexit. In 2020, the scheme was amended to also provide working capital to enterprises affected by COVID-19 under the amalgamated BLS/CWCS. SBCI's guarantees cover 80% of credit losses on a loan-by-loan basis, subject to a maximum portfolio of €337.5m. The BLS/CWCS closed to new applicants in 2021, and was replaced by the Brexit Impact Loan Scheme ("BILS").

At financial year end, the Company has a contingent liability of €1.3m (2022: €20.0m) related to potential credit losses covered under the BLS/CWCS. This contingent liability is partially offset by a counter-guarantee agreement from the EIF to the value of €0.7m, and by cash of €7.9m held as a loss reserve (from the €23.0m received from the Ministers). As a result, SBCI's net exposure to credit losses under the BLS/CWCS is €Nil (2022: €1.7m). The balance of the funding received from the Ministers is used to reimburse SBCI for the costs of operating the scheme including the cost of the EIF counter guarantee.

15.8. Brexit Impact and COVID-19 Loan Scheme ("BILS/CLS")

SBCI entered into an agreement with the Minister for AFM and the Minister for ETE in September 2021, under which the Ministers advanced €13.8m to SBCI to be used in the BILS to support enterprises affected by Brexit. In 2022, the BILS was expanded to also allow for the provision of loans to enterprises affected by COVID-19 and was renamed the Brexit Impact and COVID-19 Loan Scheme ("BILS/CLS"). The Ministers advanced an additional €13.7m. Total advances from Ministers for BILS/CLS were €27.5m.

Under the BILS/CLS, SBCI has issued guarantees to participating on-lenders in respect of loans to businesses affected by Brexit and/or COVID-19. SBCI's guarantees cover 80% of credit losses on a loan-by-loan basis, subject to a maximum portfolio of up to €315.0m.

At financial year end, the Company has a contingent liability of €161.4m (2022: €188.7m) related to potential credit losses covered under BILS/CLS. This contingent liability is partially offset by a counter-guarantee agreement from the EIF to the value of €112.9m, and by cash of €16.9m held as a loss reserve (from the €17.4m received from the Ministers). As a result, SBCI's net exposure to credit losses under the BILS/CLS is €31.5m (2022: €39.3m).

15.9. Credit Guarantee Scheme ("CGS"), COVID-19 Credit Guarantee Scheme ("CCGS") and Ukraine Credit Guarantee Scheme ("UCGS")

SBCI has been appointed as the operator of all Schemes created under the Credit Guarantees Acts 2012 to 2022 on behalf of the Minister for ETE. SBCI has no credit risk exposure to the credit guarantees issued under these schemes.

SBCI's role is solely administrative in nature and SBCI manages the operational risk arising from the processing of payments and claims under its internal processes and procedures (see Note 7).

15.10. Future Growth Loan Scheme ("FGLS")

SBCI entered into an agreement with the Minister for AFM and the Minister for ETE in 2018, which was subsequently amended in 2020, pursuant to which the Ministers advanced funding to SBCI to establish the €800.0m FGLS to support long-term investment loans to enterprises in Ireland.

Under the FGLS, SBCI has issued credit guarantees to participating on-lenders in respect of loans to qualifying businesses. SBCI's guarantees cover 80% of credit losses on a loan-by-loan basis, subject to a maximum portfolio of €800.0m. SBCI entered into a counter-guarantee agreement with the EIF to offset 80% of its guarantee exposure.

At financial year end, the Company has a contingent liability of €393m (2022: €476.5m) related to potential credit losses covered under the FGLS. This contingent liability is offset by a counter-guarantee agreement from the EIF to the value of €314.4m and by a loss reserve of €28.5m (as committed by the Ministers). As a result, SBCI's net exposure to credit losses under the FGLS is €50.1m (2022: €66.4m).

15.11. Growth and Sustainability Loan Scheme ("GSLS")

SBCI entered into an agreement with the Minister for AFM and the Minister for ETE in December 2022, pursuant to which the Ministers have agreed to advance the sum of €31.6m to SBCI in three instalments payable on or before 31 December in each of 2022, 2023 and 2024 to establish the €500.0m GSLS to support long-term loans for the purposes of investment in the growth and sustainability of enterprises in Ireland. To date SBCI has received €19.6m from the Minister for ETE and €8.1m from the Minister for AFM.

Under the GSLS, SBCI has issued credit guarantees to participating on-lenders in respect of loans to qualifying businesses. SBCI's guarantees will cover 80% of credit losses on a loan-by-loan basis, subject to a maximum portfolio of €500.0m.

At financial year end, SBCI has a contingent liability of €2.4m (2022: €Nil). related to potential credit losses covered under GSLS. This contingent liability is partially offset by a counter-guarantee agreement from the EIF to the value of €1.2m, and by cash of €18.3m held as a loss reserve (from the €27.7m received from the Ministers). As a result, SBCI's net exposure to credit losses under the GSLS is €Nil (2022: €Nil).

15.12. Energy Efficiency Loan Scheme ("EELS")

Pursuant to guarantee agreements granted by SBCI to those on-lenders participating in the Energy Efficiency Loan Scheme ("EELS"), SBCI receives payments from those on-lenders in the form of a guarantee fee. The guarantee fee is charged so as to (i) partially cover the credit risk and (ii) partially recover the costs incurred by SBCI in granting the guarantee agreements under the EELS. SBCI did not receive any funding from any Government Minister to support the development, establishment and/or ongoing operation of the EELS. SBCI is utilising its own funds in conjunction with the revenues received from the guarantee fee referred to above. Under the EELS, SBCI has issued credit guarantees to participating on-lenders in respect of loans to qualifying businesses. SBCI's guarantees cover 80% of credit losses on a loan-by-loan basis, subject to an overall portfolio cap of 15% and a maximum portfolio of €150.0m.

SBCI entered into a counter-guarantee agreement with the EIF to offset 50% of its guarantee exposure, subject to an overall portfolio cap of 15% .

At financial year end, the Company has a contingent liability of €6.8m (2022: €1.3m) related to potential credit losses covered under the EELS. This contingent liability is partially offset by a counter-guarantee agreement from the EIF to the value of €3.4m. As a result, SBCI's net exposure to credit losses under the EELS is €3.4m (2022: €0.7m).

15.13. Home Energy Upgrade Loan Scheme ("HEULS")

The Minister for ECC advanced a total of €1.7m (€Nil received in 2022) to SBCI to cover the initial costs of developing the Home Energy Upgrade Loan Scheme (HEULS) which launched in early 2024 to support borrowers in Ireland that require funding to finance energy efficiency upgrades of their properties. An agreement between the Minister for ECC and SBCI to operate this scheme is expected to be signed in early 2024.

15.14. Concentration risk

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

SBCI manages this risk by adhering to the limits set out in the Risk Appetite Statement which has been approved, and is regularly reviewed, by the Board. The Risk Appetite Statement defines the maximum amounts of credit facilities to be committed to certain categories of borrower, both in absolute terms and relative to SBCI's overall committed credit facilities. The Risk Appetite Statement also addresses the concentration risk among SBCI's funders by defining the maximum concentration permitted in terms of exposure to any one funder.

The measures are intended to ensure that the risk profile of the overall portfolio is appropriately diversified and not unduly exposed to excessive concentration of risk.

SBCI's key geographic concentration of risk assets is in Ireland and the key sectorial concentration of risk is to its on-lenders, arising from its statutory mandate to make credit available to enterprises in the State, as set out in the SBCI Act 2014. The Company's geographic concentration risk exposure from its loans and receivables is €148.2m (2022: €220.7m).

The Company's key concentrations of liabilities are to Irish and European funders.

16. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

16.1. Comparison of carrying value to fair value

The table below summarises the carrying amounts and fair values of the financial assets and liabilities on the Company's Statement of Financial Position.

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

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

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

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

	Carrying value	**Level 1**	**Level 2**	**Level 3**	**Fair value**
Financial assets	**€000**	**€000**	**€000**	**€000**	**€000**
2023					
Cash and cash equivalents	**69,047**	69,047	-	-	**69,047**
Other receivables	**9,241**	-	-	9,241	**9,241**
Loans and receivables	**148,285**	-	-	148,285	**148,285**
Shareholding in European Investment Fund ("EIF")	**6,204**	-	-	6,204	**6,204**
2022					
Cash and cash equivalents	**63,723**	63,723	-	-	**63,723**
Other receivables	**6,306**	-	-	6,306	**6,306**
Loans and receivables	**220,656**	-	-	220,656	**220,656**
Shareholding in European Investment Fund ("EIF")	**4,410**	-	-	4,410	**4,410**

Financial assets	Carrying value €000	Level 1 €000	Level 2 €000	Level 3 €000	Fair value €000
2023					
Other liabilities	**117,958**	-	-	117,958	**117,958**
Funding and borrowings	**37,775**	-	-	37,775	**37,775**
2022					
Other liabilities	**109,544**	-	-	109,544	**109,544**
Funding and borrowings	**111,799**	-	-	111,799	**111,799**

16.2. Fair value measurement principles

Loans and receivables and funding and borrowings

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

Shareholding in European Investment Fund (EIF)

The fair value of this investment is determined using the latest available audited share price of the underlying shareholdings

17. OTHER RECEIVABLES

	2023 €000	2022 €000
Scheme administration costs recovery due	2,152	2,192
Guarantee fee income	2,151	1,537
Financial counter guarantee	4,318	2,469
Bank interest receivable	620	108
Other receivables	**9,241**	**6,306**

Bank interest receivable relates to the interest receivable on cash held on deposit during the year.

18. FUNDING AND BORROWINGS

	2023 €000	2022 €000
Funding and borrowings due within one year	23,966	78,466
Funding and borrowings due after one year	13,809	33,333
	37,775	**111,799**

These funding liabilities have been guaranteed by the Minister for Finance, as is permitted under section 18 of the SBCI Act 2014.

At the end of the financial year, SBCI had loans outstanding with two funders (2022: two). One of these funders is the European Investment Bank and one is the NTMA. The remaining terms of these loans range from one to two years and interest is charged to SBCI at 6-month Euribor plus margin.

At the end of the financial year, the Company had €405.0m (2022: €405.0m) in undrawn funding facilities.

18.1 Reconciliation of movement in net debt position

	2023 €000
Cash and cash equivalents	69,047
Fundings and borrowings due within one year	**(23,966)**
Fundings and borrowings due after one year	**(13,809)**
Net debt at 31 December 2023	**31,272**

	2023 €000
Reconciliation of net cash flow to movement in net debt	
Net debt at 1 January 2023	(48,077)
Increase in cash and bank overdrafts	**5,324**
Net repayment of capital	**73,810**
Movement in accrued interest payable	**215**
Net debt at 31 December 2023	**31,272**

19. OTHER LIABILITIES

	2023 €000	2022 €000
Minister for AFM payable		
Agricultural Scheme	11,826	11,780
BLS/CWCS	3,865	4,138
BILS	10,004	10,394
FGLS	12,356	12,617
GSLS	7,800	4,250
Minister for ETE payable		
BLS/CWCS	5,797	6,207
BILS	15,005	15,591
FGLS	24,630	25,151
GSLS	18,865	14,000
Amounts due to the NTMA	1,403	1,332
Counter guarantee fee payable	2,865	1,794
Other liabilities	3,542	2,290
Other liabilities	**117,958**	**109,544**

As set out in Note 15.6, the Minister for AFM initially advanced a total of €25.0m to SBCI to be used in the Agriculture Scheme to support SMEs in the agricultural sector in Ireland. An amount of €0.1m (2022: €0.4m) was recognised in other income in the financial year leaving a balance of €11.8m (2022: €11.8m). Funds that remain unutilised during the life of the Agriculture Scheme are repayable to the Minister for AFM. Funds advanced under the Agriculture Scheme have been classified as a grant liability under FRS 102 Section 24.

Similarly, as set out in Note 15.7, the Minister for AFM and the Minister for ETE advanced €23.0m in 2017 to SBCI to be used in the BLS to support enterprises affected by Brexit. During 2020, the BLS was amended to also provide working capital to enterprises affected by COVID-19 under the amalgamated BLS/CWCS. A further €6.8m was provided to allow for the expansion of the BLS/CWCS from €300.0m to €337.5m in 2020. An amount of €0.4m (2022: €1.5m) was recognised in other income in the year leaving a balance of €10.0m (2022: €10.4m). Funds that remain unutilised during the life of the BLS/CWCS are repayable to the Minister for AFM and the Minister for ETE.

Similarly, as set out in Note 15.8, the Minister for AFM and the Minister for ETE advanced €13.8m in 2021 to SBCI to be used in the BILS to support SMEs and Small Mid-Caps affected by Brexit. In 2022, the BILS was expanded to also allow for the provision of loans to enterprises affected by COVID-19 and was renamed the Brexit Impact and COVID-19 Loan Scheme ("BILS/CLS"). An amount of €1.0m (2022: €1.5m) was recognised in other income in the year leaving a balance of €25.0m (2022: €26.0m). Funds that remain unutilised during the life of the BILS/CLS are repayable to the Minister for AFM and the Minister for ETE.

Furthermore, as set out in Note 15.10, the Minister for AFM and the Minister for ETE have advanced a total of €42.4m to be used in the FGLS to support long-term investment loans to enterprises. €0.8m (2022: €1.4m) was recognised in other income in the year leaving a balance of €37.0m (2022: €37.8m). Funds that remain unutilised during the life of the FGLS are repayable to the Minister for AFM and the Minister for ETE.

Furthermore, as set out in Note 15.11, the Minister for AFM and the Minister for ETE have advanced a total of €27.7m (€9.4m received in 2023) to SBCI to be used in the GSLS to support long-term loans for the purposes of investment in the growth and sustainability of enterprises. €1.0m (2022: €Nil) was recognised in other income in the year leaving a balance of €26.7m (2022: €18.2m). Funds that remain unutilised during the life of the GSLS are repayable to the Minister for AFM and the Minister for ETE.

The Minister for DECC has advanced a total of €1.7m (€Nil received in 2022) to SBCI to be used to cover the initial costs of developing the Home Energy Upgrade Loan Scheme (HEULS) which it is expected will be launched in early 2024 to support borrowers in Ireland that require funding to finance energy efficiency upgrades of their properties. €1.7m (2022: €Nil) was recognised in other income in the year leaving a balance of €Nil (2022: €Nil).

20. PROVISIONS FOR LIABILITIES

	2023 €000	2022 €000
Balance at 1 January	-	-
Charges to comprehensive income	-	-
Balance at 31 December	**-**	**-**

As at 31 December 2023, SBCI considered whether payments under its financial guarantees are probable. In accordance with FRS 102.21, SBCI has recognised €Nil (2022: €Nil) in respect of probable claims. The claims paid in 2023 were partially offset by a reimbursement from the EIF under the relevant counter-guarantee, and the amount of the percentage offset varied amongst the claims given the differences in the terms of the relevant underlying counter-guarantees. The timing and final amount of the claims are dependent on actual receipt of the claims from the relevant on-lender.

21. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The below table presents the breakdown of those assets and liabilities which contain a non-current element which has a contractual right to be recovered or settled more than 12 months after the reporting date. Current amounts represent those to be settled within 12 months for each asset and liability.

2023	Current €000	Non-current €000	Total €000
Financial assets			
Loans and receivables	58,235	90,050	**148,285**
Financial liabilities			
Funding and borrowings	23,966	13,809	**37,775**

2022	Current €000	Non-current €000	Total €000
Financial assets			
Loans and receivables	32,662	187,994	**220,656**
Financial liabilities			
Funding and borrowings	78,466	33,333	**111,799**

Note 15.2 provides further detail on the expected timescale of the settlement of those funding and borrowings which are due for repayment more than 12 months after the reporting date.

22. AUDITOR'S REMUNERATION

	2023 €000	2022 €000
Audit of financial statements	40	**35**

The C&AG (as external auditor) does not provide any other assurance, tax advisory or other non-audit services to SBCI.

23. EQUITY

The authorised share capital of the Company is €250,000,000 divided into 250,000,000 shares of €1.00 each. In accordance with section 11 of the SBCI Act 2014, the Company's authorised share capital may be increased to such other amount, up to a maximum of €1,000,000,000, as may be determined by the Minister for Finance by order from time to time.

As at 31 December 2023, the Minister for Finance had subscribed for, and was issued with, 85,000,000 (2022: 85,000,000) of the Company's authorised shares.

24. CONTINGENT LIABILITIES

At the financial year end, the Company has total contingent liability of €564.8m (2022: €688.4m) related to financial guarantee credit losses covered under its schemes.

The table below provides a breakdown of the contingent liability under each scheme.

	2023 €000	2022 €000
Agricultural Scheme	17	2,027
BLS/CWCS	1,302	19,954
BILS/CLS	161,397	188,727
FGLS	392,959	476,455
GSLS	2,375	-
EELS	6,755	1,257
Breakdown of contingent liabilities	**564,805**	**688,420**

Under the terms of the Agriculture Scheme, the Company has issued capped partial guarantees to the participating on-lenders to cover 80% of credit losses on a loan-by-loan basis, subject to an overall portfolio cap of 15%, and a maximum portfolio of €150.0m.

Under the terms of the BLS/CWCS, the Company has issued partial guarantees to the participating on-lenders to cover 80% of credit losses on a loan-by-loan basis, subject to a maximum portfolio of €337.5m.

Under the terms of the BILS/CLS, the Company has issued partial guarantees to the participating on-lenders to cover 80% of credit losses on a loan-by-loan basis, subject to a maximum portfolio of €315.0m.

Under the terms of the FGLS, the Company has issued partial guarantees to the participating on-lenders to cover 80% of credit losses on a loan-by-loan basis, subject to a maximum portfolio of €800.0m.

Under the terms of the GSLS, the Company has issued partial guarantees to the participating on-lenders to cover 80% of credit losses on a loan-by-loan basis, subject to a maximum portfolio of €500.0m.

Under the terms of the EELS, the Company has issued capped partial guarantees to the participating on-lenders to cover 80% of credit losses on a loan-by-loan basis, subject to an overall portfolio cap of 15%, and a maximum portfolio of €150.0m.

Under the terms of the HEULS, once launched to market in 2024, the Company will issue partial guarantees to the participating on-lenders to cover 80% of credit losses on a loan-by-loan basis, subject to a maximum portfolio of €500.0m.

25. CONTINGENT ASSETS

SBCI has entered into counter-guarantee agreements with the EIF to partially offset guarantees granted by SBCI in respect of each of its Schemes. At the financial year end, the Company has a total contingent asset of €432.6m (2022: €525.0m).

The table below provides a breakdown of the contingent asset under each scheme.

	2023 €000	2022 €000
Agricultural Scheme	8	1,010
BLS/CWCS	651	9,977
BILS/CLS	112,978	132,109
FGLS	314,367	381,164
GSLS	1,188	-
EELS	3,377	629
Contingent assets	**432,569**	**524,889**

26. RELATED PARTIES' DISCLOSURES

26.1. Related parties

Minister for Finance

The issued share capital of SBCI is owned solely by the Minister for Finance. The authorised share capital of the Company may be increased from its current level of €250,000,000 to such other amount, up to a maximum of €1,000,000,000, as may be determined by the Minister for Finance by order from time to time pursuant to of section 11(1) of the SBCI Act 2014.

NTMA

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

Other Government controlled entities

The Ireland Strategic Investment Fund (ISIF) and Allied Irish Banks p.l.c. are related parties of SBCI as they are either under the control of the Minister for Finance or the Minister for Finance has significant control over them respectively.

Government Ministers and Departments

The Department of AFM and the Department of ETE, and their respective Ministers, are related parties of SBCI as the Irish State has control of both Departments and is the ultimate owner of the Company.

Key management personnel

Key management personnel in SBCI are disclosed in Note 8.

Minister for Finance and ISIF Loan Facility

On incorporation of the Company, the Minister for Finance was issued with 10 million ordinary shares of €1.00 each in the capital of the Company for cash. Subsequently, the Minister for Finance was issued with the following additional ordinary shares of €1.00 each in the capital of the Company on the dates set out beside each:

- in February 2017 – 25 million; and
- in October 2020 – 50 million.

Both above share issuances were funded through the conversion to equity of €75.0m of loans advanced by the NTMA (as controller and manager of the ISIF) to SBCI (the "ISIF Loan Facility"). There is currently a €Nil balance on the ISIF Loan Facility (2022: €Nil), and the committed funding available under the ISIF Loan Facility is €165.0m.

26.2. Transactions and balances with related parties

NTMA recharge

The NTMA incurs costs for the running of SBCI, which it recharges to the Company. The total of these costs for the financial year was €8.6m (2022: €7.8m). Further details in respect of these costs are disclosed in Note 8. Operating lease commitments are disclosed in Note 27. There is an amount of €1.1m payable (2022: €1.3m) to the NTMA at the end of the financial year.

NTMA developed software

SBCI did not purchase any software developed internally by the NTMA during the financial year. (2022: €Nil).

SBCI debt instrument

€10.0m of loan notes issued in 2021 by the Company to the NTMA were still outstanding at financial year end (2022: €10.0m). The Company has accrued interest expense of €321k during the financial year in relation to the issuance of the loan notes.

Future Growth Loan Scheme

The Company received a total of €Nil (2022: €0.7m) during the financial year from the Minister for AFM and from the Minister for ETE to be used in the FGLS. See Note 19 for further details on the FGLS and the funding received during the financial year.

Brexit Loan Scheme and COVID-19 Working Capital Scheme ("BLS/CWCS") / Brexit Impact and COVID-19 Loan Scheme ("BILS/CLS")

No funding was received during the financial year from the minister for AFM and from the Minister for ETE in relation to these schemes.

Growth and Sustainability Loan Scheme

The Company received a total of €9.4m (2022: €18.2m) during the financial year from the Minister for AFM and from the Minister for ETE to be used in the GSLS. See Note 19 for further details on the GSLS and the funding received during the financial year.

Credit Guarantee Schemes

During the financial year, the Company recognised €1.1m (2022: €1.3m) of income for the recovery of its administration costs in its role as operator of Schemes created under the Credit Guarantee Acts 2012 to 2022 on behalf of the Minister for ETE. €0.3m (2022: €0.3m) of this income was receivable by the Company at financial year end. See Note 7 for further information on SBCI's role in these Schemes.

Home Energy Upgrade Loan Scheme

During the financial year, the Company received a total of €1.7m from the Minister for Environment, Climate & Communications (2022: €Nil) to cover the initial costs of developing the Home Energy Upgrade Loan Scheme which will be launched in early 2024 to support borrowers in Ireland that require funding to finance energy efficiency upgrades of their properties.

Microfinance Ireland

The Company has issued loans of €Nil (2022: €6.5m) to Microfinance Ireland for the purpose of on-lending to Irish SMEs. Microfinance Ireland is a not-for-profit lender, established to deliver the Government's Microenterprise Loan Fund, reporting to The Department of Enterprise Trade and Employment.

Key management personnel

Transactions with key management personnel are disclosed in Note 8.

27. COMMITMENTS

In February 2019, SBCI entered into a lease for office accommodation located at 1 Treasury Dock, North Wall Quay, Dublin 1 until May 2033. Rental charges incurred in the period were €292k (2022: €292k). The nominal future minimum rentals payable under non-cancellable operating lease are as follow:

	2023 €000	2022 €000
Within one year	292	292
In two to five years	1,168	1,168
Over five years	1,284	1,576
Lease commitments	**2,744**	**3,036**

28. DISCLOSURES OF INTEREST

SBCI is a prescribed public body for the purposes of the Ethics in Public Office Acts 1995 and 2001. There are also disclosures of interest requirements on Directors under the Companies Act 2014, the Company's Constitution and the Code of Practice for the Governance of State Bodies (2016). SBCI has put in place procedures to assist Directors and members of staff in meeting their disclosure of interest obligations during the period under review.

29. EVENTS AFTER THE END OF THE REPORTING PERIOD

The disclosures in the financial statements and notes reflect events occurring subsequent to the balance sheet date. No events requiring adjusting occurred after the end of the reporting period.

30. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the Directors on 7th June 2024.

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SBCI
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