Microfinance Ireland

(A private designated activity company limited by shares)

Financial Statements

For the year ended 31 December 2025

Directors' Report and Financial Statements

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DIRECTORS AND OTHER INFORMATION

Board of Directors

Lorraine Corcoran (Chair)

Microfinance Ireland

Ray Alcock
Caroline Ashe Brady
Margaret Brennan
Eadaoin Collins
Ronan Headon — Resigned 22 May 2025
Oisin Geoghegan
Seamus Murphy
Garrett O'Donohoe - Appointed 23 May 2025
Sean O'Hurley
Roisin Scallan

Secretary and Registered Office
Bradwell Ltd
10 Earlsfort Terrace
Dublin 2

Business Operating Address
13 Richview Office Park
Clonskeagh
Dublin 14

Registered Number: 516555

Registered Charity Number: CHY 20447

Charities Regulator Registered Number: 20081 102

Date of Incorporation: 17 August 2012

Auditors
Comptroller and Auditor General
3A Mayor St. Upper Dublin
1

Principal Bankers
Bank of Ireland
2 College Green
Dublin 2

Solicitors
Mason Hayes and Curran
South Bank House
Barrow Street
Dublin 4

Contact Information
Des McCarthy, Chief Executive Officer
Seamus Cope, Head of Finance and Risk
Microfinance Ireland
13 Richview Office Park, Clonskeagh
Dublin 14

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CHAIRS STATEMENT

On behalf of the Directors of Microfinance Ireland ("MFI"), I am pleased to present the audited Financial Statements for the 12 months ending 31 December 2025.

MFI's mission is to provide funding and mentoring support to the owners of commercially viable microenterprises that have difficultly securing loans from the conventional funding sources including the banks. MFI by its nature and mandate underwrites credit risk beyond that of commercial lenders. While we have a higher risk appetite than commercial lenders, we have clear underwriting criteria which seeks to ensure that our borrowers have sufficient repayment capacity and that we are responsible in our lending.

MFI loans support economic and job growth throughout Ireland with c. 78% of our applications and loan advances made to businesses located outside of Dublin. MFI borrowers, through their vision, hard work, commitment and belief, deliver their goods and services in cities, towns and villages throughout the country, thereby supporting their local communities. They provide important job creation and retention, enhancing the vibrancy of the communities in which they operate. In 2025, we were delighted to fund 467 businesses supporting 1,004 jobs.

Our strategy is based on the themes of Community, Customer, Collaboration and innovation & Sustainability. The strategy is anchored around filling funding gaps for microenterprises and a key strategic goal is to grow our lending to microenterprises started or owned by individuals from underrepresented groups including youth, unemployed, females, migrants, seniors and people with disabilities. A key enabler to achieving these goals is building and nurturing collaborations with our partners.

MFI will continue to focus on supporting start up, established and expanding small business with loans aiding job creation across all areas of the country. These supports will be delivered through a range of loan products structured to meet the stage of our customers' businesses as well as through other funds in support of Government policy.

We believe that our mentoring activities are a key factor in growing successful and sustainable businesses and these services are in close alignment with the government financial literacy initiatives under the National Financial Literacy Strategy 2025 - 2029. We will continue to provide free mentoring to borrowers who need assistance with the mentoring sessions delivered by our partners in the Local Enterprise Offices.

In September 2024 MFI received permission from the Minister for Enterprise, Trade & Employment to increase the maximum amount that we can tend from €25,000 to €50,000. This increase in loan amount was an important milestone for MFI and has been very well received with significant demand for the higher loan amounts, highlighting a funding gap that was not being serviced. The success of this increase in loan amount is highlighted in the significant increase in the value of loan applications, approvals and disbursements.

None of this would be possible and MFI, as a charity and not-for-profit lender would not exist, without the support we receive through the Department of Enterprise, Tourism and Employment (DETE) and the European Investment Fund. The Minister for Enterprise, Tourism and Employment and their officials at the DETE provide funding, advice and assistance which are all critical to ensuring the long-term success of MFI. They are an integral part of the success of the Microenterprise Loan Fund Scheme. We were particularly grateful that DETE advanced additional grant funding of €12.5m to MFI in 2025. This additional grant funding will ensure we have the capital to fund the increasing demand for our loans. I would like to extend our appreciation to the Ministers and their Department officials for their ongoing support throughout 2025.

MFI has availed of European Investment Fund support through a number of guarantee products including the European Commission's EU Programme for Employment and Social Innovation (EaSl) the Pan European Guarantee Fund in response to Covid-19 and most recently the Invest EU programme which provides partial loss guarantee cover until December 2028. These guarantees are integral to our business model and our ability to support micro businesses across Ireland.

MFI thanks our primary partner, The Local Enterprise Office (LEO) Network, for their ongoing support in assisting microenterprises with their loan applications, business training and mentoring support. This mentoring support is vital to the viability and sustainability of our customers. We wish the LEOs continued success and look forward to working closer on further joint initiatives.

MFI acknowledges and appreciates the continued support of our other partners; AIB, Bank of Ireland, PTSB, the Local Development Companies and organisations such as Udarås na Gaeltachta and Enterprise Ireland. Throughout 2025, MFI engaged with a range of additional stakeholders in order to broaden its reach. MFI will seek to strengthen and develop these relationships into the future as we look to reach those businesses that are commercially viable but have difficulty in securing financing from conventional sources.

Ronan Headon stepped down from the Board in 2025. I would like to express my appreciation to Ronan for his insights and support to MFI over his term of office. We were delighted that Ronan agreed to remain on the Audit & Risk Committee given his expertise in this area and his knowledge of the organisation having been involved in its establishment in 2012. The time and commitment that Ronan has given the business since inception has been significant and has impacted greatly on the organisation that exists today.

I would like to thank all my fellow board members who, on a pro bono basis, give generously of their time and extensive range of business experience and expertise to ensure the success of MFI. In 2025 we welcomed Garrett O' Donohoe to the Board of MFI. Garrett brings a wealth of experience and we look fotward to working with him as the Board seeks to develop and maximise the potential of MFI over the next few years.

I would also like to extend my gratitude to Mags Brennan and Sean O'Hurley who chair the Credit Committee and the Audit and Risk Committee respectively.

The legislative process around the planned movement of MFI into state ownership progressed in 2025. This is an exciting progression for MFI and one we look forward to. I would like to express our appreciation and gratitude to our current parent, Social Finance Foundation ("SFF"), its Board and management for the ongoing assistance and support of MFI. We are hopeful that the transfer of ownership will be completed before the end of 2026 and we will work with SFF and the Department to enable the ownership journey to progress.

Finally, I would like to extend our gratitude and congratulate the professional dedicated MFI team and the Loan Assessor Panel for their commitment, hard work, customer centric approach and resilience, without whom the continued expanding growth and success of MFI could not have been achieved.

Lorraine Corcoran
Chair 2 June 2026

Microfinance Ireland

REPORT OF THE CHIEF EXECUTIVE

MFI had a strong performance in 2025 with growth achieved across most key metrics.

Business Activity

We received 1,435 applications in 2025 (2024: 1,062) seeking €38.8m (2024: €21.6m) in loans.

MFI approved 51 1 loans with a value of €12.2m in 2025 which compared to 517 loans with a value of €9.1m in 2024. The increase in the value of loans approved reflects the full year impact of the increase in the maximum loan amount to €50k in September 2024. While it was disappointing that the number of loans approved was marginally below 2024 this is due to an increase in applications being withdrawn either because not all required documentation was provided or because the application was outside our lending policy. We saw an increase in withdrawn applications for these reasons following the launch of the online application portal which makes it easier to submit an application.

In 2025 we disbursed €11.2m across 467 loans which compares to €7.5m across 450 loans in 2024.

In addition to the significant support provided by disbursing new loans, MFI also provided critical non-financial support through free mentoring to 365 of the businesses whose loans were approved. These mentoring services are paid for by MFI and delivered through the Local Enterprise Office Network. While a variety of business topics are covered through mentoring, financial management and financial literacy in general are the single biggest skill gaps identified in these businesses.

The rationale for the investment made by the Irish Government has always been that of economic support and job creation. Microfinance Ireland lends to those microenterprises who cannot raise finance from conventional sources, and we measure our success primarily by the employment we have supported in the businesses to whom we approved loans. In this context, our loan approvals supported 1,004 jobs in 2025 compared to 910 jobs in 2024.

MFI continued to support customers who encountered payment difficulties via forbearance measures that are in alignment with our ethos and mandate.

Funding Model

There are three elements to MFI's funding model. As a not-for-profit organisation, these are essential to our ongoing existence and the support we can offer to the microenterprise sector.

1) Government Capital Funding

To date, under the terms of the Microenterprise Loan Fund Act, the fund has received €62.3m in capital funding through the Department of Enterprise, Tourism and Employment. Of this, €37.8m remains on the balance sheet. This funding has been fundamental to our ability to roll out the increase in the maximum loan amount to €50,000 in September 2024,

2) European Investment Fund (EIF)

The business continues to receive significant support from the EIF which allows us to consider risk profiles otherwise outside our capacity to fund. The EIF guarantee support is an important part of our structure and MFI has benefitted from EIF support under a number of instruments since inception in 2012. We currently avail of a guarantee under the Invest EU programme which will expire in December 2028.

3) Bank Loans

Strategic Banking Corporation of Ireland (SBCI) have provided MFI with a €10m line of credit which was undrawn at the end of 2025.

Credit Management

Microfinance Ireland is mandated to take risks that commercial lenders cannot, however the balance between risk orientation and the sustainability of the business model which underpins the long-term sustainability of the borrower's business is critical. As the loan book has matured, we have in-depth knowledge and experience to understand better the outcomes of our underwriting practices in such a unique loan book.

We continue to support as many microenterprises as possible within our risk appetite while at all times taking account of the repayment capacity of the business.

Marketing and Branding

As the Microenterprise Loan Scheme is demand led, optimising awareness of the business is essential to ensure we are reaching as many of our potential customers as possible. We continue to undertake a wide range of marketing activities, across traditional and digital media, promotional and networking events. These activities continue to grow brand awareness and draw a growing amount of traffic to our website and social media platforms, with increased level of enquiries to the business. We are constantly seeking to enhance our marketing activities to create better clarity of our offering, online supports and a greater focus on our customers' needs.

Business Development

Microfinance Ireland continued to maintain strong relationships with a range of referral partners.

The Local Enterprise Office (LEO) Network is our primary partner and a major source of applications. The LEO Network offers significant help to our potential clients through guidance, mentoring and support in submitting their loan application. Their support in 2025 was essential to MFI reaching as many businesses as we did in the year.

Our Bank Channel continues to be a good source of referrals of potential applicants. These businesses are ones which the banks are unable to support but which often fit within the risk appetite of MFI. In 2025, our Bank Channel consisted of Bank of Ireland, AIB and PTSB.

MFI also continued to work with the Local Development Companies Network, Enterprise Ireland and Udarås na Gaeltachta during 2025.

In addition to our referral partners, the business continues to have a very strong direct channel. In 2025 the direct channel accounted for c. 48% of all applications.

Strategy

MFI will continue with its mandate as outlined in the Microenterprise Loan Fund Act and Scheme. This mandate ensures that we continue to support economic development and to increase employment and enterprise by providing loans to microenterprises with commercially viable proposals that do not meet the conventional risk criteria applied by commercial banks. In addition, we will seek to support government policy and initiatives to the extent permitted by our mandate such as the provision of emergency funding as required from time to time such as the Covid-19, Brexit Loan and the extreme weather event loan supports.

A renewed strategy was approved by the Board in Q4 2022. The new strategy does not fundamentally change our mandate to provide loans to microenterprises that have difficultly sourcing loans from the conventional bank market. One of our strategic goals for the period to 2027 is to increase our representation among underrepresented groups including women, migrants, youth, seniors and people with disabilities.

We have made good progress towards our lending targets to female and senior (+55 years of age) entrepreneurs. We have seen less traction among youths, migrants and people with disabilities. We will continue to seek the best means to reach these groups through targeted marketing campaigns, collaborations and other events.

European Code of Good Conduct for Microcredit Provision (the Code)

MFI was one of the first microfinance providers to be certified under the Code in 2017 We have been through 2 recertification processes with the most recent being in 2024. Certification with the code is a requirement for approval of the EIF guarantees. We achieved an improved score in 2024 relative to our previous audit in 2020 and the most recent certification is valid for a 6-year period.

Compliance. Operational Risk and GDPR

A strong culture of risk and compliance exists within the business:

- A range of Audits were completed with no significant findings. • MFI takes data protection very seriously.
- During 2025, no significant data breaches occurred.
- Annual GDPR training was completed.
- All staff are required to undertake regular training in combatting cyber risks.

Our People

Our employees are our most important asset and the key driver of our success. Remote and Hybrid work continues and is working well. Having said that some functions need to have an office presence for the efficient running of the business. The availability of Remote and Hybrid working is therefore at the discretion of the relevant department head. Management continues to work with the team to ensure a high level of engagement and deliver various supports to improve employees' conditions and develop their careers.

Objectives 2026

- To continue to support the economy and job creation through our lending activities with microenterprises.
- Deliver on our 2026 Business Plan.
- Progress the key themes of our strategic plan.
- Achieve an appropriate balance between growth and risk management.
- To actively manage the credit quality of the loan portfolio. • Manage key stakeholder relationships.

Des McCarthy Des M Carthy

Chief Executive 2 June 2026

Microfinance Ireland

DIRECTORS' REPORT

The directors present their report and the audited financial statements of the company for the financial year ended 31 December 2025.

Principal Activities

Microfinance Ireland was incorporated by Social Finance Foundation (SFF) on 17 August 2012 pursuant to the Microenterprise Loan Fund Act 2012 on the initiative of the then Minister for Jobs, Enterprise and Innovation. This dedicated subsidiary of SFF was established to manage the Microenterprise Loan Fund. Following incorporation, the Minister made an initial grant of €10m into the Fund. Further grant funding of €52.3m has been received up to 31 December 2025.

The main object of the company is to lend money to create or sustain the optimum number of jobs in the microenterprise sector. Applicants will be supported from all industry sectors with commercially viable proposals that do not meet the conventional risk criteria applied by commercial banks.

In recognition of the higher risk profile of the activities of Microfinance Ireland, the company secured support for its activities from the European Investment Fund (EIF). Under the European Progress Microfinance Facility (EPMF) for employment and social inclusion signed on 7 December 2012, the Employment and Social Innovation Guarantee Facility (EaSl) signed on 14 October 2015 and successor guarantee signed 1 1 December 2017, the Pan-European Guarantee Fund in Response to Covid-19 signed 6 April 2021 as amended and restated 6 December 2021 and the Guarantee Agreement under the InvestEU Fund signed 29 December 2022, amended 26 September 2024 and amended and restated 14 May 2025, EIF as Guarantor will partially cover the risk of the Microfinance Ireland loan portfolio subject to specific ceiling levels at both portfolio and individual client loan level and subject to specific terms and conditions.

Legal Status

Microfinance Ireland is a single member private designated activity company. In accordance with the Microenterprise Loan Fund Act 2012, Part 3, sections 1 1 and 12 Microfinance Ireland is a subsidiary of SFF. The authorised share capital of Microfinance Ireland is €1 . Microfinance Ireland has issued the one share of €1 to SFF which holds this share in accordance with sub sections 3 and 4 of Section 12 of the Act.

Microfinance Ireland has been granted charitable status (Registered Charity No. CHY 20447) and is registered with the Charities Regulatory Authority (Registration Number 20081102).

Accounting Records

The measures taken by the directors to secure compliance with the requirements of section 281 to 285 of the Companies Act 2014 regarding the keeping of accounting records are the use of appropriate systems and procedures and employment of competent persons. The accounting records are kept at 13 Richview Office Park, Clonskeagh, Dublin 14.

Results for the period

The Company's outturn for the financial year is set out on Pages 21 to 24 and is considered satisfactory. The deficit on ordinary activities was €2,500,000 (2024: €2,386,000 deficit).

Business developments in 2025

Business activity increased during 2025 aided by the introduction of a new online application portal and the increase in our maximum loan amount from €25k to €50k from September 2024. Our application level of 1 ,435 for 2025 was 35% ahead of 2024 while we disbursed 467 loans with a value of €1 1.2m to micro businesses throughout Ireland during 2025, up 4% in number and 50% in value terms on 2024. The loans advanced during 2025 supported 1,004 jobs.

On 14 May 2025, the EIF amended and extended the InvestEU Guarantee to the end of December 2028, granting Microfinance Ireland an increase in guarantee loan capacity while reducing the portfolio Joss limit percentage. The resulting reduction in the estimated EIF Recoverable amount of c.€400k was reflected in the prior year financial statements.

Additional grant funding of €12.5m was received from the Department of Enterprise, Tourism and Employment (DETE) in December 2025.

Future developments

We anticipate that the level of loan applications in 2026 will be on par to 2025, continuing the pattern established in late 2024 and continuing into 2025. We are working towards improving the conversion rates of application to disbursement by reducing application withdrawal numbers which increased following the introduction of online applications and the increase in the maximum loan amount in September 2024.

Governance

Microfinance Ireland was incorporated pursuant to the Microenterprise Loan Fund Act 2012 ('Act 2012). The company operates on an ongoing basis within the Act 2012 and the Microenterprise Loan Fund Schemes (Sl No 393 of 2015, Sl 78 of 2020 and Sl No 423 of 2024) and the Arrangement (pursuant to Section 19 of the Act 2012). These legal requirements, together with the Combined Codet published in June 1998 and updated by the Committee on Corporate Governance and all subsequent guidance on its application and the Code of Practice for the Governance of State Bodies are the foundations on which corporate governance is based. Maintaining high standards of corporate governance is a priority of the directors.

The functions of the Board are set out in the Microenterprise Loan Fund Scheme S.l. No. 393 2015. The Board is accountable, through its parent company Social Finance Foundation, to the Minister for Enterprise, Trade and Employment and 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 regular day-to-day management, control and direction of Microfinance Ireland are the responsibility of the Chief Executive Officer (CEO) and the senior management team. The CEO and the senior management team must follow the broad strategic direction set by the Board and must ensure that all Board members have a clear understanding of the key activities and decisions related to the entity, and of any significant risks likely to arise. The CEO acts as a direct liaison between the Board and management of Microfinance Ireland.

The work and responsibilities of the Board are set out in Matters Reserved for the Board. Standing items considered by the Board include:

- Declaration of interests,
- Key performance indicator reports and management accounts including Budget variance analysis,
- Reports from Audit and Risk Committee and Credit Committee,
- Risk reports,
- Financial reports,
- Reserved matters.

Business Risks and Management

It is the company's policy to develop and implement a risk management process which:

- Enables identification and assessment of risks that could impact the achievement of the business remit and objectives,
- Establishes risk appetite by key risk category,
- Ensures that appropriate mitigating measures and controls are adopted and implemented,

- Ensures ownership, reporting and review of risk at Management, Board subcommittee and Board level on a regular and ongoing basis,
- Ensures periodic review and approval of policies for managing risk.

This Risk Management Process has identified the most significant current risks as being:

- Delivery of key business targets over the coming years,
- Smooth implementation on the Change in Ownership

The Directors are actively engaged in supporting Management to mitigate these risks.

Board Structure

The Board consists of a Chair and up to nine ordinary members, all of whom are appointed by MFI's parent Social Finance Foundation (SFF) following consultation with the Minister for Enterprise, Tourism and Employment and the Minister for Public Expenditure, Infrastructure, Public Service Reform and Digitalisation. The members of the Board are appointed for an initial period of three years which can be extended for a further three-year period and meet not less than four times per year.

The table below details the appointment and departure dates for members and a schedule of attendance at Board and Committee meetings for 2025:

			Board (7 Meetings) Eligible to attend	Attended	ARC (5 Meetings) Eligible to attend	Attended	Credit Committee (4 Meetings) Eligible to attend	Attended
Lorraine Corcoran (Chair)	Appointed	29 August 2021	7	7				
Ray Alcock $	Appointed	29 August 2024	7	7			4	4
Caroline Ashe Brady	Appointed	29 November 2023	7	6				
Margaret Brennan $	Appointed	29 August 2021	7	5			4	4
Eadaoin Collins #	Appointed	3 April 2024	7	5	5	3		
Oisin Geoghegan $	Appointed	8 December 2022	7	7			4	4
Ronan Headon #	Resigned	22 May 2025	4	4	3	3		
Seamus Murphy	Appointed	23 January 2023	7	1				
Garrett O'Donohoe #	Appointed	23 May 2025	3	3	2	1		
Sean O'Hurley #	Appointed	29 November 2023	7	6	5	5		
Roisin Scallan	A pointed	25 November 2021	7	6				

Audit and Risk committee member

$ Credit committee member

During 2025, Ronan Headon resigned from the Board and with the consent of the Minister, Garrett O'Donohoe was appointed to the Board.

Details of Board Committees are as follows:

Audit and Risk Committee (ARC) comprises up to four Board members. The role of ARC is to support the Board in relation to its responsibilities for financial oversight and risk management (other than credit risk) and associated assurance. The ARC is independent from the financial management of the organisation.

In particular, the Committee ensures that the internal control systems, including audit activities, are monitored actively and independently. The ARC reports to the Board after each meeting.
The members of the Audit and Risk Committee during 2025 were Sean O'Hurley (Chair), Eadaoin Collins, Ronan Headon (resigned as a Board member 22 May 2025) and Garrett O'Donohoe (appointed 23 May 25). Ronan Headon was co-opted by the Board to the Committee as a non-Board member on 22 May 2025.

Credit Committee comprises up to three Board members. The role of the Credit Committee is to support the Board in relation to its responsibilities for issues of credit risk, control and governance and associated assurance. The Credit Committee is independent from the credit risk management of the organisation. In particular, the Committee ensures that credit underwriting activities are monitored actively and independently. The Credit Committee reports to the Board after each meeting.

The members of the Credit Committee during 2025 were Mags Brennan (Chair), Ray Alcock and Oisin Geoghegan. During the year, some Independent Observers attended Credit Committee meetings, at the invitation of the Committee.

Fees and Expenses

The directors serve on the Board in a voluntary capacity and receive no fees or remuneration for time spent in carrying out these duties.

Travel and subsistence costs of €Nil were reimbursed or reimbursable to directors in relation to expenses incurred in the financial year ending 31 December 2025 (31 December 2024: €Nil).

Key Personnel Chanaes

Changes to the Board are referenced under the Board Structure paragraph above.

Health and Safety

The wellbeing of the company's employees is safeguarded through the strict adherence to health and safety standards. The Safety, Health and Welfare at Work Act 2005 imposes certain requirements on employers and Microfinance Ireland takes the necessary actions to ensure compliance with that Act.

Protected Disclosures

The Board has approved the Company's policy to ensure that employees can raise concerns about possible irregularities in financial reporting or other matters.

Disclosure of Interests

As set down in Section 16 of the Microenterprise Loan Fund Act 2012, Microfinance Ireland has adopted procedures in relation to the disclosure of interests of directors and those procedures have been adhered to.

Directors' Responsibilities Statement

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable Irish law and regulations. Irish company law requires the directors to prepare financial statements for each financial year. The financial statements have been prepared in compliance with the applicable legislation and with FRS 102 The Financial Reporting standard applicable in the UK and the Republic of Ireland issued by the Financial Reporting Council in the UK. 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 financial year end date and of the income and expenditure of the company for the financial year end and otherwise comply with the Companies Act 2014.

In preparing the financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;

- State whether the financial statements have been prepared in accordance with the relevant financial reporting framework, identify those standards and note the effect and the reasons for any material departure from those standards;

- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for 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 income and expenditure of the company to be determined with reasonable accuracy, enable them to ensure that the financial statements and directors report comply with the Companies Acts 2014 and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

<u>Relevant Audit Information</u>

In the case of each of the persons who are directors at the time this report is approved in accordance with section 332 of Companies Act 2014 the directors believe that they have taken all steps necessary to make themselves aware of any relevant audit information and have established that the statutory auditors are aware of that information. In as far as they are aware there is no relevant information of which the auditors are unaware.

<u>Auditors</u>

In accordance with Section 20 of the Microenterprise Loan Fund Act 2012, the Comptroller and Auditor General is the auditor of the company.

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

The Board is responsible for ensuring that Microfinance Ireland has complied with the requirements of the Code of Practice for the Governance of State Bodies ("the Code"), as published by the Department of Public Expenditure, NDP Delivery 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.

	2025	2024
	€	€
Transformation	-	112,450
Legal	55,240	44,295
Market Research	18,032	-
Marketing	10,793	16,190
Branding	-	16,544
Other	9,133	-
Total consultancy costs	93,198	189,479

Travel and Subsistence Expenditure

Travel and subsistence expenditure is categorised as follows:

		2025	2024
Domestic -	Board		
	Employees	1,672	2,423
International -	Board		
	Employees	1,639	937
Total		3,311	3,360

Hospitality Expenditure

The Income and Expenditure Account includes the following hospitality expenditure:

	2025	2024
Board and Staff hospitality	4 739	3,122

Conciliation/Arbitration Costs

The Income and Expenditure Account includes the following legal costs:

	2025	2024
Legal costs re conciliation/arbitration		

It should be noted that the cost of general legal advice in the normal course of business is disclosed in Legal costs under Administrative Expenses (see Note 5 to the Financial Statements).

Statement of Compliance

The Board has adopted the Code of Practice for the Governance of State Bodies (2016) and has put procedures in place to ensure compliance with the Code. Microfinance Ireland was in compliance with the Code for 2025.

On behalf of the board

Lorraine Corcoran
Chair

Sean O'Hurley
Director

2 June 2026

Microfinance Ireland

STATEMENT ON INTERNAL CONTROL

Scope of Responsibility

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

Purpose Of the System of. internal Control

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

The system of internal control, which accords with guidance issued by the Department of Public Expenditure, Infrastructure, Public Service Reform and Digitalisation has been in place in Microfinance Ireland for the year ended 31 December 2025 and up to the date of approval of the financial statements.

Capacity. to Handle Risk

Microfinance Ireland has two Board Committees overseeing risk management, an Audit and Risk Committee (ARC) and the Credit Committee.

The ARC comprises up to four Board members and non-Board members that may be appointed by the Board. At least one of the Committee members will have recent and relevant financial and audit expertise. The ARC met five times in 2025.

The Credit Committee comprises three Board members, with credit expertise. External independent observers attended Credit Committee on a regular basis. The Credit Committee met four times in 2025.

The Board has developed a risk management policy which sets out its risk appetite, the risk management processes in place and details the roles and responsibilities of the Board Committees and staff in relation to risk. The policy has been issued to all staff who are expected to work within Microfinance Ireland's risk management policies, to alert management on emerging risks and control weaknesses and assume responsibility for risks and controls within their own area of work.

The Board considers the organisational structures, resources and skill sets to ensure adequacy and appropriateness relative to the risks undertaken.

Risk and Control Framework

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

A risk register is in place which identifies the key risks facing Microfinance Ireland and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by the ARC not less than annually. The outcome of assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

The risk register details the controls and actions needed to mitigate risks and responsibility for operation of controls assigned to specific staff. I confirm that a control environment containing the following elements is in place:

- procedures for all key business processes have been documented, • financial responsibilities have been assigned at management level with corresponding accountability, • there is an appropriate budgeting system with an annual budget which is kept under review by senior management,
- there are systems aimed at ensuring the security of the information and communication technology systems, • there are systems in place to safeguard the assets.

Ongoing Monitoring and Review

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management and the Board, where relevant, in a timely way. I 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 key controls and report any identified deficiencies, • reporting arrangements have been established at all levels where responsibility for financial management has been assigned, • there are regular reviews by senior management of periodic and annual performance and financial reports which indicate performance against budgets.

Microfinance Ireland has also established an internal audit function which is outsourced to a professional accountancy firm and conducts a programme of work agreed with the ARC.

Procurement

I confirm that Microfinance Ireland has procedures in place to ensure compliance with current procurement rules and guidelines. There were no instances of non-compliant procurement in 2025.

Review of Effectiveness

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

I confirm that the Board conducted an annual review of the effectiveness of the internal controls for the year ended 31 December 2025 on 26 March 2026.

Internal Control Issues

No weaknesses in internal control were identified in relation to 2025 that require disclosure in the Financial Statements.

On behalf of the board

Lorraine Corcoran

Chair

2 June 2026

Ard Reachtaire Cuntas agus Ciste
Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Microfinance Ireland

Opinion on the financial statements

I have audited the financial statements of Microfinance Ireland for the year ended 31 December 2025 as required under the provisions of section 20 of the Microenterprise Loan Fund Act 2012. The financial statements comprise

- the statement of income and expenditure
- the statement of financial position
- the statements of changes in reserves and capital account
- 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 2025 and of the company's deficit for the year
- have been properly prepared in accordance with Financial Reporting Standard (FRS) 102 — The Financial Reporting Standard applicable in the UK and the Republic of Ireland, and
- have been properly prepared in accordance with the Companies Act 2014.

Basis of opinion

I conducted my audit of the financial statements in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the appendix to this report. I am independent of the company and have fulfilled my other ethical responsibilities in accordance with the standards.
I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions related to going concern

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

- the appropriateness of the use by the directors of the going concern basis of accounting, 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 other matters prescribed by the Companies Act 2014

Based 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 applicable legal requirements.

I have obtained all the information and explanations that, to the best of my knowledge and belief, are necessary for the purposes of my audit.

Report of the C&AG (continued)

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.

Based on the knowledge and understanding of the company and its environment obtained in the course of the audit, I have not identified any material misstatements in the directors' report.

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 complied with by the company. i have nothing to report in that regard.

Reporting on other information

The directors are responsible for the other information they have presented with the financial statements. This comprises the chair's statement, the report of the chief executive and the statement on internal control. My responsibilities to report in relation to such information, and on certain other matters upon which I report by exception, are described in the appendix to this report.
I have nothing to report in that regard.

Mark Brady
For and of behalf of the
Comptroller and Auditor General

5 June 2026

Responsibilities of the Directors

As detailed in the directors' report, the directors are responsible for • the preparation of annual financial statements in the form prescribed under the Companies Act 2014 • ensuring that the financial statements give a true and fair view in accordance with FRS 102

- ensuring the regularity of transactions
- assessing whether the use of the going concem 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 20 of the Microenterprise Loan Fund Act 2012 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. Other Information

Other Information

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 othennise 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 Income and Expenditure

For the year ended 31 December 2025

	Notes	Financial Year Ended 31 December 2025 €'000	Financial Year Ended 31 December 2024 €000
Net Interest Income	3	1,051	1 ,044
Administrative expenses	5	(2,864)	(2,918)
Bad debts			
-Specific charge	9	(873)	(464)
-Collective (charge)/credit	9	(922)	42
-Cash Recoveries		416	368
-Guarantee callable under EIF	10	692	(458)
Total		(687)	(512)
Deficit for the financial year		**(2,500)**	
(2,386)			

The Statement of Income and Expenditure includes all gains and losses recognised in the year. The Statement of Changes in Reserves and Capital Account, the Statement of Cash Flows and Notes 1 to 22 form part of these Financial Statements.

Approved by the board and authorised for issue on 2 June 2026.

Lorraine Corcoran
Director

Sean O'Hur!ey
Director

STATEMENT OF FINANCIAL POSITION
31 December 2025

	Notes	31 December 2025 €000	31 December 2024 €000
Tangible and intangible fixed assets	8	68	129
Current assets			
Loans and advances to customers net of provisions	9	11,954	9,348
Amounts recoverable from EIF	10	2,276	2,043
Other Debtors	11	119	116
Short term deposits		23,625	
Cash at bank and in hand		77	99
		38,051	28,117
Creditors — (amounts falling due within one year)	12	(340)	(467)
Net current assets		37,711	27,650
Net assets		37 779	27 779
Capital and reserves			
Issued share capital	14		
Microenterprise Loan Fund	15	37,779	27 779
		37,779	27 779

The Statement of Changes in Reserves and Capital Account, the Statement of Cash Flows and Notes 1 to 22 form part of these Financial Statements.

On behalf of the board on 2 June 2026.

Lorraine Corcoran
Sean O'Hurley

STATEMENT OF CHANGES IN RESERVES AND CAPITAL ACCOUNT

	Revenue Reserves	Microfinance Loan Fund Account	Total
	€'000	€'000	€'000
At 1 January 2025		27,779	27,779
Deficit for the year	(2,500)		(2,500)
Grant received (see Note 15)		12,500	12,500
Transfer to Microfinance Loan Fund Account	2,500	(2,500)	
At 31 December 2025		37,779	37,779

	Revenue Reserves	Microfinance Loan Fund Account	Total
	€'000	€'000	€'000
At 1 January 2024		30,165	30,165
Deficit for the year	(2,386)		(2,386)
Transfer to Microfinance Loan Fund Account	2,386	(2,386)	
At 31 December 2024	-		
	27,779	27,779	

Microfinance Ireland

STATEMENT OF CASH FLOWS

For the year ended 31 December 2025	Notes	Financial Year Ended December 2025	Financial Year Ended December 2024
	16		
		€'000	€'000
Net cash outflow from operating activities	16	(5,401)	(1 ,712)
Cash flows from investing activities			
Purchase of tangible fixed assets		(7)	(55)
Net cash flows from investing activities		(7)	(55)
Cash flows from financing activities			
Grant Received		12,500	-
Net cash flows from financing activities		12,500	-
Net increase/(decrease) in cash and cash equivalents		7,092	(1 ,767)
Cash and cash equivalents at the beginning of financial year	16	16,610	18,377
Cash and cash equivalents at the end of financial year		23,702	16,610
Cash and cash equivalents consist of:			
Cash at bank and in hand		77	99
Short term deposits		23,625	16,511
Cash and cash equivalents	16	23,702	16,610

1. Accounting policies

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

1.1. General information ownership and operations

Microfinance Ireland was incorporated by Social Finance Foundation on 17 August 2012 pursuant to the Microenterprise Loan Fund Act 2012 on the initiative of the then Minister for Jobs, Enterprise and Innovation. Social Finance Foundation (SFF) is a company, limited by guarantee, without a share capital. The authorised and issued share capital of Microfinance Ireland is €1 which is held by SFF. SFF may not transfer that share without Ministerial consent.

1.2. Format of accounting statements

The company has not traded for the acquisition of gain by the members. In accordance with Section 291 of the Companies Act 2014, the company is required to prepare in respect of each financial year, entity financial statements which comply with the formats as set out in Schedule 3 of the Companies Act 2014. The company has availed of Section 291 (5) of the Companies Act 2014 and prepared an income and expenditure account in place of a profit or loss account. The directors of the company believe that the information provided in the income and expenditure account reflect the nature of the operating activities of the company and provide a true and fair view of its income and expenditure for the financial year. This departure has no effect on the company's results for the financial year.

1.3. Basis of preparation

These financial statements have been prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The financial statements are prepared on the historical cost basis. Microfinance Ireland is a Public Benefit Entity as defined by Section 34 of FRSI 02.

1.4. Functional currency

The financial statements are presented in Euro (€).

1.5. Income and expenses

Interest on loans granted is recognised on a receipts basis which is collected monthly from customers. Bank interest income and interest expense is recognised on an accrual basis. All operating expenses are recognised on an accruals basis and are inclusive of irrecoverable VAT.

1.6. **Loans and advances to customers**

Concessionary loans are non-derivative financial assets with fixed or determinable payments and are not quoted in an active market. They are made at a rate of interest below the risk adjusted market rate. They arise when Microfinance Ireland provides loans to customers which in all instances are financed with a view to holding to maturity.

In accordance with Section 34 of FRS102, Microfinance Ireland operates public benefit entity concessions loans. These concessionary loans are initially recorded at fair value and in subsequent years the concessionary loan is adjusted to reflect any accrued interest payable or receivable. Loans are assessed as to whether there is an indication of impairment and an impairment loss is recorded in the income and expenditure account (see Note 1.7 below).

1.7. **Impairment of concessionary loans**

MFI assesses, at each Statement of Financial Position Reporting date, if there is objective evidence that any of its loans to customers are impaired. The loans are assessed collectively in groups that share similar credit risk characteristics. Individually significant loans are assessed on a loan by loan basis. In addition, if, during the course of the year, there is objective evidence that any individual loan is impaired, a specific provision will be recognised.

Any bad debts/impairment losses are recognised in the Income and Expenditure account, as the difference between the carrying value of the loan and the net present value of the expected cash flows.

The company's policy is to provide for bad and doubtful debts to reflect the impairments inherent in the loan portfolio at the Statement of Financial Position Reporting date.

There are two types of bad debt provisions, specific and collective. Specific provisions are made for loans when the company considers that the credit-worthiness of a borrower has deteriorated such that the recovery of the whole or part of an outstanding loan is in serious doubt. The credit assessment is based on objective evidence that the loan is impaired. Objective evidence includes observable data that comes to the attention of Microfinance Ireland including:

- Delinquency in contractual payments
- Cash flow difficulties
- Granting a concession to a borrower
- Initiation of bankruptcy proceedings

The amount of the specific provision is equivalent to the amount to reduce the carrying value of the loan to its expected ultimate net realisable value.

For the purposes of the collective provision, evaluation is undertaken for loans not specifically impaired by combining with assets with similar characteristics. The impairment is then estimated based on the historical loss experience for assets with those similar characteristics.

The aggregate specific and collective provisions made during the period, less amounts released and net of recoveries of loans previously written off are charged against income for the period. Amounts recoverable from the EIF in respect of the period are recognised in the period, and any balance due at the reporting date is included as a debtor in the Statement of Financial Position.

Loans in the Statement of Financial Position are stated net of the aggregate of specific and collective provisions.

1.8. **Cash and cash equivalents**

Cash and cash equivalents comprises cash at bank and in hand, and bank deposits with maturity of less than or equal to 12 months. Bank term deposits are available on demand subject to terms and conditions.

1.9. **Tangible and intangible fixed assets and depreciation**

Fixed assets are stated at cost less accumulated depreciation. Intangible fixed assets are amortised over their estimated useful lives or legal life, whichever is shorter. Depreciation is provided on a straight-line basis to write off the cost of the assets over their estimated useful lives at the following annual rates:

Computer equipment	3 years
Computer software	3 years
Office furniture & equipment	5 years

1.10 **Microenterprise loan fund**

Section 4 (1) of the Microenterprise Loan Fund Act 2012 (the 'Act') prescribes that all grants made to the subsidiary and all gifts and other income shall be known collectively as the Microenterprise Loan Fund (the 'Fund'). The Fund is disclosed separately in the Statement of Financial Position under Capital and Reserves. Subsequent sections of the Act prescribe how moneys standing to the credit of the Fund can be utilised. The value of the Fund is adjusted in line with the reported Income and Expenditure Account of Microfinance Ireland and this is disclosed in the Microenterprise Loan Fund Account.

1.11 **Financial instruments**

Financial assets and liabilities are recognised when the company becomes party to a contractual provision of the instrument.

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like loans receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including concessionary are initially measured at the amount received or paid and recognised in the Statement of Financial Position, and subsequently the loans are then adjusted to reflect any accrued interest payable and receivable.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Income and Expenditure.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the Statement of Financial Position Reporting date.

2. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements requires the use of estimates and judgements. As Management judgement involves an estimate of the likelihood of future events, actual results could differ from those estimates which could affect future reported amounts. The areas involving a higher degree of judgement in relation to these financial statements which are significant to the financial statements are described below.

Impairment of loans and advances to customers

Microfinance Ireland's policy is to review its portfolio of loans for impairment monthly. In determining whether a provision for impairment is required, MFI makes judgements as to whether any observable data exists indicating that the loan may not be recoverable. MFI's accounting policy in relation to impairment of concessionary loans is set out in Accounting Policy 1.7.

Where there is objective evidence that an individual loan is impaired, a specific provision for that loan is recognised. The remaining loans are assessed collectively in groups that share similar risk characteristics. A collective provision which takes account of historical repayment performance is recognised in relation to these loans.

Management believe that the underlying assumptions used are appropriate and that MFI's financial statements therefore present the financial position fairly.

3. Income

	Financial Year End 31 December 2025 €'000	Financial Year End 31 December 2024 €'000
Interest client loans	874	715
Interest receivable bank deposits	177	329
Net Interest Income	1,051	1,044

4. Operating loss

	Financial Year Ended 31 December 2025 €'000	Financial Year Ended 31 December 2024 €000
Operating loss is stated after charging:		
Wages and salaries (excluding PRSI)	1,078	1 ,097
Employer PRSI costs	107	115
Depreciation	68	63
Auditors' remuneration	18	15

5. Administrative expenses

	Financial Year Ended 31 December 2025 €'000	Financial Year Ended 31 December 2024 €'000
Salaries and wages (excluding PRSI)	1,078	1 ,097
Employer PRSI	107	115
Staff and board related expenditure	93	90
Travel and subsistence	3	3
Credit assessor fees	463	
Marketing/advertising	345	373
Legal fees	58	44
Outsourcing/consultancy fees	320	460
Rent	67	67
Depreciation	68	63
Premises	39	40
Client mentoring	136	121
Other	87	71
	2,864	2,918

Microfinance Ireland incurred staff and board related expenditure of €92,686 in the year ended 31 December 2025 (31 December 2024: €90,206). The expenditure includes employer contributions to personal retirement savings accounts €39,439 (31 December 2024: €43,694), death in service insurance for staff €8,098 (31 December 2024: €7,097), income continuance insurance €21 , 709 (31 December 2024: €10,086), staff vouchers under the small benefits exemption scheme €18,700 (31 December 2024: €21 ,000) and staff entertainment of €3,407 (31 December 2024: €1 ,878). Board expenditure was €1 ,332 in the year ended 31 December 2025 (31 December2024 €6,451)

6. Employee information	12 Months December 2025	12 Months December 2024
The average number of persons employed during the year	18	19

Range of employee salaries

From		To	Number of Employees 2025	Number of Employees 2024
€60,000	-	€69,999	3	3
€70,000	-	€79,999	1	2
€80,000	-	€89,999		
€90,000	-	€99,999	1	1
€100,000	-	€109,999		
€110,000	-	€119,999		1
€120,000	-	€129,999	1	

Retirement benefit obligations

Microfinance Ireland does not operate an occupational scheme and has no retirement benefit obligations to employees.

Key management remuneration

The directors of Microfinance Ireland are all unpaid volunteers. The key management team during 2025 includes the CEO, Head of Credit, Head of Finance and Risk, Head of Operations and the Marketing and Channels Manager who have authority and responsibility for planning, directing and controlling activities.

	2025	2024
Salaries paid to key management	420,578	466,735

Chief executive officer remuneration

	2025	2024
Salary paid to Des McCarthy	120,691	116,858
Voucher under small benefit exemption scheme to Des McCarthy	1,000	1,000
	121,691	117,858

The CEO is not entitled to any retirement benefits.

Travel and subsistence costs of €649 were incurred by the CEO in the year ended 31 December 2025 (31 December 2024: €1 ,873).

7. Taxation

The charitable status of the company has been approved by the Revenue Commissioners — CHY 20447.

NOTES TO THE FINANCIAL STATEMENTS - continued

8. **Tangible and intangible fixed assets**

	Tangible			Intangible	Total
	Office Furniture & Equipment	Computer Equipment	Total	Computer Software	
	€'000	€'000	€'000	€'000	€'000
Cost					
At 1 January 2025	22	71	93	200	293
Additions		7	7		7
Disposals		(6)	(6)		(6)
At 31 December 2025	22	72	94	200	294
Depreciation					
At 1 January 2025					
Charge for the year	21	65	86		164
On disposals		5	5	78	68
At 31 December 2025		(6)	(6)	63	(6)
Net book value	21	64	85	141	226
At 31 December 2024					
At 31 December 2025					
	€'000	€'000	€'000	€'000	€’000
Cost		6	7	122	129
At 1 January 2024	21	71	92	185	277
Additions	1	8	9	59 54	68 55
Disposals				(39)	(39)
	-				

NOTES TO THE FINANCIAL STATEMENTS continued

At 31 December 2024	22	71	93	200	293
Depreciation					
At 1 January 2024				60	140
Charge for the year	20	60	80	57	63
On disposals	I	5	6	(39)	(39)
At 31 December 2024	21	65	86	78	164
Net book value					
At 31 December 2023		11	12	125	137
At 31 December 2024		6	7	122	129

9 (a) Loans and advances to customers	31st December 2025 €'000	31st December 2024 €'000
Loans Outstanding at beginning of financial year	14,255	14,288
New Loans Advanced	11,200	7,482
Amounts written off	(6,799)	(6,697)
Capital Repaid	(835)	(818)
Loans outstanding at financial year end	17,821	14,255
Provision for bad and doubtful debts	(5,876)	(4,907)
	11,954	9,348

(b) Loans and advances by maturity	31st December 2025 €'000	31st December 2024 €'000
3 months or less	1,762	1,460
1 year or less but over 3 months	5,127	4,318
Over 1 year	10,932	8,477
	17,821	14,255

(c) Provisions for bad and doubtful debts	31st December 2025	31st December 2024
Specific provision	€'000	€'000
Opening provision	971	1,325
Allowance for losses made during the year	1,327	794

~~NOTES TO THE FINAN~~CIAL STATEMENTS - continued

Opening Allowance reversed during the year	(454)	(330)
Loans Written off	(835)	(818)
Closing Provisions	1,009	971
Collective Provision		
Opening provisions	3,936	3,978
Allowance made/(released) during the financial year	922	(42)
Closing Provisions	4,858	3,936

(d)Cumulative position at 31 December 2025		€'000
Total loans advanced		93,344
Capital amounts repaid		(64,894)
Loans written off		(10,629)
		17,821
Specific Provisions	(1,009)	
Collective provisions	(4,858)	(5,867)
		11,954

10. Amounts recoverable from EIF

	31 December 2025 €'000	31 December 2024
At beginning of financial year	2,043	2,937
Movement in amounts recoverable under EIF guarantee	692	(458)
Amounts received from EIF	(459)	(436)
Balance at end of the financial year	2,276	2,043

In recognition of the higher risk profile of the activities of the company, it has secured support for its activities from the European Investment Fund (EIF), who as Guarantor partially covers the credit risk of the company's loan portfolio subject to specific ceiling levels at both portfolio and individual client loan level and also subject to specific terms and conditions of a number of guarantee agreements.

The Balance at the end of the financial year represents the claim amounts recoverable based on projected credit losses adjusted for the terms and conditions of the relevant Guarantee Agreement.

11. Other debtors

	31 December 2025 €'000	31 December 2024 €000
Accrued Income	29	43
Prepayments	90	73
	119	116

NOTES TO THE FINANCIAL STATEMENTS -continued

12. Creditors - amounts falling due within one year

	31 December 2025	31 December 2024
	€'000	€'000
-PAYE & PRSI	33	40
-Accruals	307	427
	340	467

13. (a) Financial risk management

Microfinance Ireland manages the Microenterprise Loan Fund so that it earns interest income from loans to customers and surplus cash on deposits with banks. The main financial risks arising from MFI's activities are credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks, which are summarised below.

Credit risk: Credit risk is the risk that a borrower will default on their contractual obligations relating to repayments to Microfinance Ireland, resulting in financial loss to Microfinance Ireland. In order to manage this risk, the Board approves Microfinance Ireland's credit policy, and all changes to it. All loan applications are assessed with reference to the credit policy in force at the time. Subsequently loans are regularly reviewed for any factors that may indicate that the likelihood of repayment has changed.

Liquidity risk: Microfinance Ireland's policy is to ensure it has adequate committed lines of credit in place sufficient to meet its liabilities as they fall due and also invests its surplus funds in liquid form. Microfinance Ireland reviews its cashflows at regular intervals to ensure that it is fully funded into the future for a period of not less than 12 months.

MFI also monitors its banking arrangements closely and approves not less than annually the panel of banks with which it conducts banking business.

Market risk: Market risk is generally comprised of interest rate risk, currency risk and other price risk. Microfinance Ireland conducts all its transactions in Euro and does not deal in derivatives or commodity markets.

At 31 December 2025, Microfinance Ireland had zero borrowings. Thus, the historic interest rate risk that arose from differences between the interest rate charged on loans to customers which is fixed and the interest rate payable on Borrowings which was at variable rates repricing half-yearly, ceased to exist. Therefore, Microfinance Ireland is not exposed to any form of currency risk or other price risk.

13. (b) Interest rate risk disclosures

The following table shows the average interest rates applicable to relevant financial assets and financial liabilities:

	2025		2024	
	Amount €'000	Average Interest Rate	Amount €'000	Average Interest Rate
Financial Assets				
Loans to customers	10,739	5.5%	8,977	5.4%
Short term deposits	14,306	1.2%	17,981	1.8%

NOTES TO THE FINANCIAL STATEMENTS –continued

13. (c) Credit Risk Disclosures

The carrying amount of the loans to customers represents Microfinance Ireland's maximum exposure to credit risk. The following table provides information on the credit quality of loan repayments.

	2025		2024	
	Amount €'OOO	Proportion %	Amount €'000	Proportion %
Performing/Current Loans	16,285	91	12,842	90
Up to 30 days past due	423	2	393	3
Between 31 and 60 days past due	171	1	143	1
Between 61 and 90 days past due	135	1	266	2
90+ days past due	292	2	215	1
Restructured loans	515	3	396	3
Total Loans Past Due	**1,536**	**9%**	**1.413**	**10%**
Total Loans	17,821	100%	14,255	100%
Specific Provision	(1 ,009)		(971)	
Collective Provision	(4,858)		(3,936)	
Total Carrying Value	11,954		9,348	

13. (d) Liquidity risk disclosures

Loans are normally granted for terms from 3 months to 60 months and are repayable monthly. Typically, loans are granted for 3 to 4 years. The average original life of the loan book at 31 December 2025 was 49 months (31 December 2024: 50 months).

Short term deposits have a maximum life of six months and are frequently on demand. The average life of the deposit book at 31 December 2025 was 56 days (31 December 2024: 19 days).

As at 31 December 2025, Microfinance Ireland had loan commitments of €1 (31 December 2024: €1 369,000). Loan commitments refer to loans approved but not drawn down at financial year end.

14. Share Capital

The authorised share capital of Microfinance Ireland is €1.

In accordance with the Microenterprise Loan Fund Act 2012, Part 3, sections 11 and 12 Microfinance Ireland is a subsidiary of Social Finance Foundation.

Microfinance Ireland has issued the one share of €1 to Social Finance Foundation who holds this share in accordance with sub sections 3 and 4 of section 12 of the Act.

NOTES TO THE FINANCIAL STATEMENTS -continued

15. Micro Finance Loan Fund Account

During 2025, Microfinance Ireland received grant funding of €12.5m (2024: €Nil) into the Microfinance Loan Fund Account in accordance with the Microenterprise Loan Fund Act 2012, the Industrial Development (Amendment) Act 2019 and the Microenterprise Loan Fund (Amendment) Act 2020 bringing total grant funding to €62.3m. Under section 5(3) of the Microenterprise Loan Fund Act 2012, Microfinance Ireland is not liable to repay the Minister any moneys paid to it.

16. (a) Reconciliation of operating surplus to net cash flow from operating activities

	Year ended 31 December 2025 €'000	Year ended 31 December 2024 €000
Operating deficit	(2,500)	(2,386)
Depreciation	68	63
Increase in loan advances to customers	(4,401)	785
(Decrease)/increase in creditors	(127)	102
Increase in debtors	(3)	(22)
Bad debt charge (Specific and Collective)	1,795	422
Guarantee called/callable from EIF	(692)	458
Amount recoverable from EIF	459	436
Net cash flow	(1,712)	(5,401)

(b) Reconciliation to net cash at	Year ended 31 December 2025 €’000	Year ended 31 December 2025 €’000
Cash at bank and in hand	77	99
Short Term Deposits	23,625	16,511
Total cash and Cash equivalents	23,702	16,610

NOTES TO THE FINANCIAL STATEMENTS -continued

17. Commitments and contingent liabilities

(a) Loan commitments

As at 31 December 2025, Microfinance Ireland had loans approved but not drawn down of €1,253,000(31 December 2024: €1,369,000

(b) Capital commitments

There were no capital commitments at 31 December 2025 (31 December 2024: €Nil)

(c) Contingent Liabilities

There were no contingent liabilities at 31 December 2025 (31 December 2024: €Nil).

(d) Premises

The company has commitments payable up to 2026 in respect of a 10-year lease entered into on 17 October 2016 for office accommodation at 13 Richview Office Park, Clonskeagh, Dublin 14. The 5year break option was not exercised.

Rent reviews are carried out every five years and the current rent is €66,888 per annum excluding VAT.

	Year ended 31 December 2025 €'000
Payable	
Within one year	53
Between two and five years	-

18. Post Statement of Financial Position Events

There are no post reporting date events to report.

19. Ultimate parent company

The ultimate parent company is Social Finance Foundation, a company limited by guarantee.

20. Directors' remuneration

The directors serve on the Board in a voluntary capacity and receive no fees or remuneration for time spent in carrying out these duties.

Travel and subsistence costs of €Nil were reimbursed or reimbursable to directors in relation to expenses incurred in the financial year ending 31st December 2025 (31 December 2024: €Nil).

There were no loans to or from directors or other transactions involving directors.

21. Related party disclosures

Total compensation to key management personnel referred to in Note 6 amounted to €441 ,072.

The Board adopted procedures in accordance with guidelines issued by the Department of Finance in relation to interests by Board Members and these procedures have been adhered to in the year. There were no transactions in the financial year in relation to Board activities in which Board members knowingly had a material interest.

It should be noted that in the normal course of business the Board has delegated decision making authority for individual loan applications to Management and therefore the directors cannot directly influence application outcomes nor are they privy to the identity of individual applicants or borrowers.

22. Approval

The directors approved the financial statements and authorised their issue on 2 June 2026