



**FIRST
HOME
SCHEME**

Supporting Home Ownership



First Home Scheme

ANNUAL REPORT & FINANCIAL STATEMENTS 2022

CONTENTS

About the First Home Scheme	3
Key Events and Business Highlights	6
Chairperson's Statement	8
Chief Executive Officer's Review	9
Business Review	10
Our Market	10
Our Performance	10
Our Scheme	10
Our Customers	11
Our ESG Priority	11
Our Stakeholders	12
Our Policy Considerations	12
Governance and Corporate Information	14
Directors	14
Governance and Board Members Report	18
Board Responsibilities	18
Board Structure	18
Schedule of Attendance	19
Risk Management	20
First Home Scheme Team	21
Financial Statements	22
Directors and Other Information	22
Directors' Report	24
Directors' Responsibilities Statement	27
Independent Auditors' Report	28
Statement of Comprehensive Income	32
Statement of Financial Position	33
Statement of Changes in Equity	34
Statement of Cash Flows	35
Notes to the Financial Statements	36





ABOUT THE FIRST HOME SCHEME

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

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

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

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

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

Service Provider	Role & Responsibility
1. BCM Global	Main service provider responsible for the end-to-end processing of customer applications and all points of contact with the customer to include the provision of a customer service centre.
2. Deloitte	The Deloitte Consulting Practice were engaged to assist with the delivery and implementation of the Scheme. In addition, Deloitte's Corporate Finance department were engaged to advise on the operation of the fund and to assist with the initial tranche recalibration.
3. Gordon MRM	Gordon MRM have been engaged by the FHS to manage all media and press enquiries.
4. Mazars Quantitative Solutions	Mazars Quantitative Solutions have been engaged to advise on the Fund valuation methodology as well as to conduct a full valuation of the equity on an agreed basis.
5. Arthur Cox	Arthur Cox have been engaged as legal advisors for corporate aspects of the Scheme. Arthur Cox have provided advice and assisted when incorporating the FHS Entity as well as drafting the Term Sheet, Joint Venture Agreement and Facility Agreement. The FHS has extended this agreement with Arthur Cox to advise on legal matters as the Scheme continues.
6. Philip Lee	Philip Lee was engaged to provide advice on the Customer Legal Pack relating to the Scheme. This included drafting of the Customer Contract and Priorities Agreement as well as additional supporting documentation. Philip Lee continues to provide advice and address any queries in this area.
7. Apex	<p>Apex have been engaged by the FHS to manage the accounting of the FHS as well as to provide the financial reports on a regular basis as agreed between the FHS and Apex.</p> <p>Apex have also been engaged to provide Company Secretarial services to the FHS.</p>
8. PWC	<p>PWC have been engaged by the FHS to provide tax advisory services to the company post go-live.</p> <p>PWC have been providing Data Protection (DP) services prior to going live. They have assisted with putting in place all of the necessary policies and procedures around DP and ensuring GDPR compliance. They continue to provide this service subject to the appointment of a Head of DP & Compliance by the company.</p>

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

OUR MISSION

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

KEY EVENTS AND BUSINESS HIGHLIGHTS

to 31 December 2022

DECEMBER 2021

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



JULY 2022

Scheme was formally launched and opened to applications



SEPTEMBER 2022

First Drawdown



NUMBER OF REGISTRATIONS

2,433



NUMBER OF APPROVALS IN PRINCIPLE

750



FUNDING APPROVED IN PRINCIPLE

€57,628,632



NUMBER OF DRAWDOWNS

137

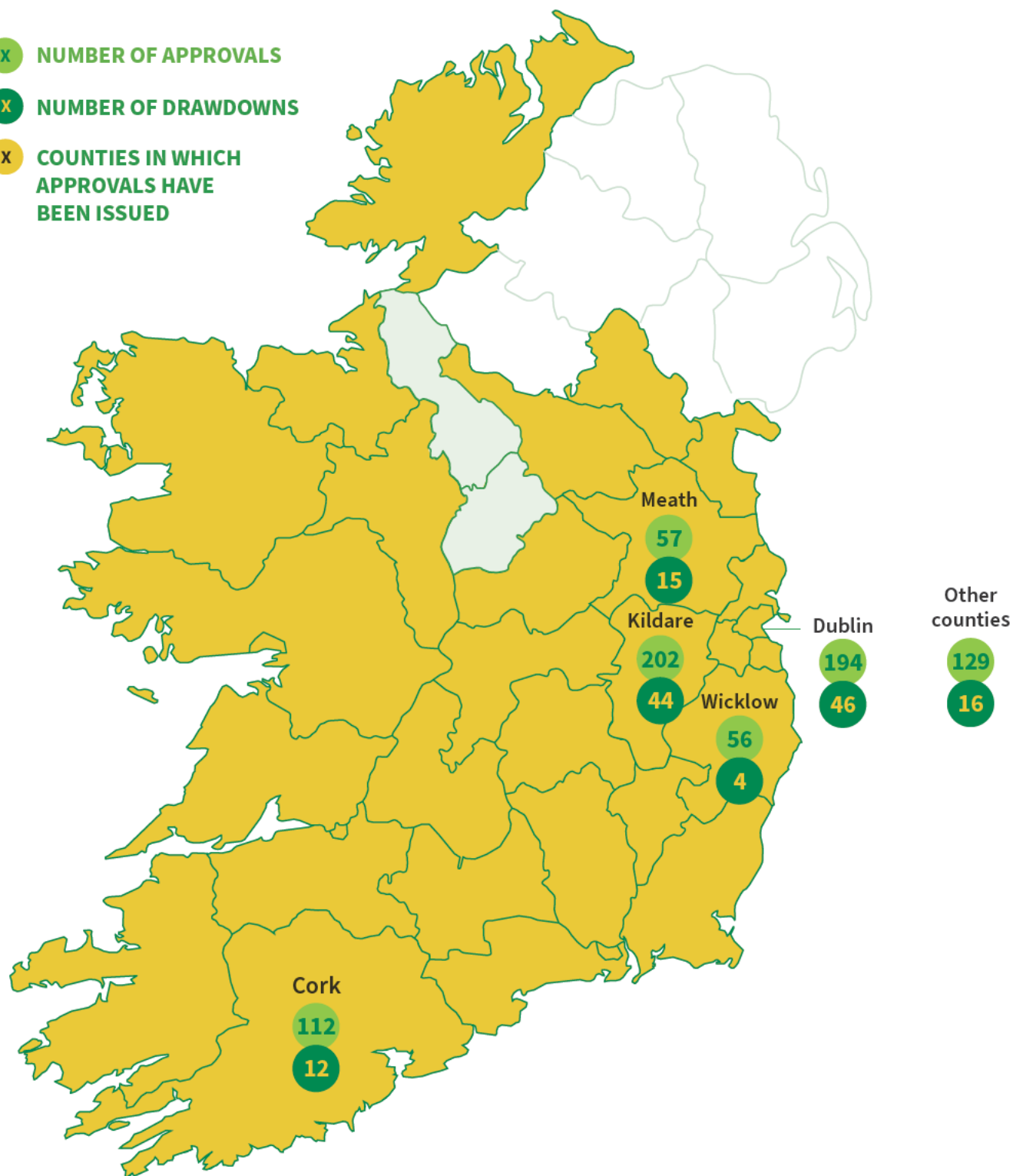


FUNDING DRAWDOWN

€9,768,345



- X NUMBER OF APPROVALS
- X NUMBER OF DRAWDOWNS
- X COUNTIES IN WHICH APPROVALS HAVE BEEN ISSUED



AVERAGE %
EQUITY SHARE

19%

AVERAGE EQUITY
FUNDING

€71,000



AVERAGE PROPERTY PRICE

€370,000



CHAIRPERSON'S STATEMENT

Chairperson's Statement

The First Home Scheme was launched in July 2022 and is a collaborative initiative between the State (Department of Housing, Local Government and Heritage) plus three Participating Lenders (AIB Group, Bank of Ireland and permanent tsb).

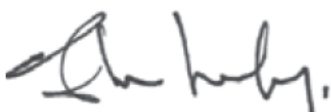
The purpose of this scheme is to make home ownership achievable for thousands of individuals and families by helping them to bridge the gap between their deposit plus mortgage and the price of their first home.

Since its launch on the 7th July 2022 until the end of the year, the scheme has received 1,004 applications of which 750 have been approved. Of these, 137 First Time Buyers have achieved home ownership up to 31 December 2022. As the scheme matures further, the Board looks forward to helping many more First Time Buyers (FTB's) secure their first home.

The Board of Directors was established in July 2022 comprising nine Directors, two from the State, two from each of the Participating Lenders and the FHS CEO. I was appointed as Chairperson in January 2023.

The Board of Directors of the FHS bring a wealth of knowledge and experience from across the housing and finance sectors to assist current and potential FTB's through the stages of the First Home Scheme to make their house purchase possible.

I am delighted to present the first Annual Report of the FHS and I would like to take this opportunity to thank the Board of Directors for their commitment and professionalism in getting this scheme launched.



John Murphy
Chairperson

CHIEF EXECUTIVE OFFICER'S REVIEW

Chief Executive Officer's Review

On the 7th of July 2022, the First Home Scheme launched its website and began accepting applications. In recent years there has been much discussion and commentary about individuals and couples who are caught in the trap of trying to save to purchase a new home while having to pay rent that, in many instances, is costing more each month than mortgage repayments on a starter home. Because they are spending a high proportion of their salary (with many of these people in what would have been traditionally considered good and stable careers) on rent each month, their ability to save is seriously curtailed.

With the assistance of the Help to Buy Scheme, many can afford the ten percent deposit required to purchase a starter home, however they then find that they have a gap between their deposit, mortgage, and the price of their new home. With limited savings, it may not be possible to bridge this financial gap. Some are fortunate enough to avail of funding in the form of a gift or loan from what has become known colloquially as the 'Bank of Mum and Dad'. However, this is only an option for the lucky few and many became stuck in a situation with little prospect of ever being able to own their own home and getting onto the 'property ladder'.

It is with this cohort in mind that the First Home Scheme was devised and launched as part of the government's 'Housing for All' strategy. The purpose of the scheme is to bridge that gap and allow those first-time buyers caught in this scenario to afford a starter home by providing them with additional funding in the form of 'equity'. The rules around the scheme have been devised in such a way as to provide maximum flexibility in terms of redemption and payment of service charges and to ensure that it is not a 'debt like a second mortgage'.

A key challenge from a management perspective has been to raise awareness and ensure that the relevant cohort are aware of the scheme and how it might assist them in purchasing their first home. This has entailed advertising and promoting on

non-traditional platforms with a particular focus on social media. With the use of this and other platforms, we are seeing an increase in awareness of the scheme. This is reflected in the increasing number of applications and approvals month on month since the scheme was launched.

As with any new scheme which involves the introduction of additional funding into a tight market, there is a risk that there could be unintended consequences of contributing to house price inflation. This is something that the shareholders and management team are very aware of. Accordingly, and with a view to mitigating this risk, the concept of 'price ceilings' for each Local Authority area was introduced with the scheme. It is important that these 'price ceilings' strike a balance between ensuring that they are sufficiently high to allow homes to be purchased using the scheme while ensuring that they are not so high that they contribute to house price inflation. This is something that is being constantly monitored and because of this monitoring, the price ceilings were adjusted in December 2022. The price ceilings will be kept under ongoing review during the deployment phase of the scheme.

In addition to customer engagement, we engage extensively with our shareholders at both Board and operational level within the banks and State. We have many stakeholders across the housing delivery sector from builder/developers to auctioneers, mortgage advisors and the Local Authorities, all of which play an important role in the provision and delivery of new homes to our customers. During 2023, we will continue to build on these relationships which will assist in enhancing both the awareness and success of the First Home Scheme.



Michael Broderick
Chief Executive Officer

BUSINESS REVIEW

Our Market

The FHS is a Designated Activity Company (DAC) with the CEO (Chief Executive Officer) accountable to the FHS Board. The FHS was formally launched on 7 July 2022 with an initial pledged funding of €400m. The FHS's mandate is to make home ownership achievable for thousands of individuals and families. The FHS is focused on the first-time buyer segment of the market and other eligible homebuyers who qualify under the 'Fresh Start Principle'.

An unprecedented level of demand is currently being experienced in the Irish residential property market.

The supply of housing is not meeting the level of demand, resulting in house price inflation and house prices in excess of what a majority of lower to middle income earners can afford.

Following the 2008 Financial Crash, and to safeguard financial stability and contribute to the long-term resilience of the Irish financial system, the Central Bank put in place a series of mortgage measures. These measures were first introduced in 2015 and are reviewed on an annual basis. The measures are designed to ensure that home buyers borrow within the limits of what they can afford and to prevent excess credit from building up within the Irish financial system.

Despite being able to borrow up to 4 times their income (as of 01 January 2023), plus their deposit of 10%, FTBs are often left with a shortfall between their available mortgage, deposit and the price of a new home and are therefore unable to get onto the property ladder.

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

Our Performance

Since the launch of the scheme on 7 July to year end 31 December 2022, the scheme approved 750 buyers in 24 counties. These buyers who have received eligibility certificates with a financial commitment of €57.6m, will now be able to proceed with the purchase of their chosen home, many of whom have already done so.

Post year-end, a further 291 applications are being processed, with approvals expected to be issued in the majority of these cases.

A total of 2,433 potential buyers have registered their interest in the Scheme (1,089 individual buyers and 1,344 couples), with close to 600 new expressions of interest received in the period October 2022 to December 2022.

The average purchase price for completed purchases is €370,000; the average support being provided by the First Home Scheme in these cases is €71,000 (19% of the average purchase price).

68% of certs issued have been for buyers in Dublin, Cork, Kildare, Meath and Wicklow, with the remaining 32% spread across 19 counties throughout Ireland.

Our Scheme

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

It is available for newly built houses or apartments in a private development in the Republic of Ireland.

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

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

Our Customers

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

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

- Has a right to live in the Republic of Ireland
- Has not previously purchased or built a home in the Republic of Ireland for their occupation, and
- Does not own or is not beneficially entitled to an estate or has an interest in any home in the Republic of Ireland or elsewhere

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

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

are also eligible to apply for support through the Scheme.

Our ESG Priority

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

The Nearly Zero Energy Buildings (NZEB) regulations introduced a very high energy performance in building standards and require that all new homes are to be NZEB compliant from 31 December 2020.

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

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

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

Our Stakeholders

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

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

FHS attends events across the country to include:

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

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

- Instagram
- Facebook
- LinkedIn

A broad set of secondary stakeholders include:

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

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

Our Policy Considerations

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

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

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

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



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



GOVERNANCE AND CORPORATE INFORMATION

Directors



John Murphy
Chairperson
Independent Non-Executive
Director

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



Michael Broderick
CEO
Executive Director

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



Caroline Timmons
Non-Executive Director

Caroline Timmons is a barrister with experience working in both the public and private sectors. She was in private practice at the Bar of Ireland for a number of years before joining the Attorney General's Office as Advisory Counsel and subsequently was legal advisor to the Department of Children and Youth Affairs. She joined the Department of Housing, Local Government and Heritage in 2016, where she has worked in both planning and housing policy divisions. She is currently the acting Assistant Secretary of the Housing Affordability, Inclusion and Homelessness Division, where she has a broad range of responsibilities for leading and overseeing the delivery of commitments in the Programme for Government and Housing For All.

She was a member of the board of the Land Development Agency from 2018 until 2022. In addition to her legal qualification, she holds a diploma in Public Management and a masters in Leadership and Strategy.

Directors



Robert Nicholson
Non-Executive Director

Robert Nicholson is Principal Officer of the Affordable Purchase and Cost Rental Unit in the Department of Housing. The Unit is responsible for schemes under the Affordable Housing Act 2021 including 'Cost Rental' policy and funding, the local authority led 'Affordable Purchase Scheme' and for the First Home Scheme for private developments.

Robert holds a degree in Urban Estate Management and a MSc. in Regional and Local Development and has a post graduate Diploma in Management.



Pat O'Sullivan
Non-Executive Director

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

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



Rositsa Meehan
Non-Executive Director

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

GOVERNANCE AND CORPORATE INFORMATION

Directors



Aoife Leonard
Non-Executive Director

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



Brian Coffey
Non-Executive Director

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

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

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



Jeff Harbourne
Non-Executive Director

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

Directors



Deirdre Kelly
Non-Executive Director

Deirdre joined the Board of Directors of FHS on 30th March 2023.

Deirdre is a member of the Bank's Group Legal and Senior Leadership teams having joined permanent tsb in 2016. In her role, Deirdre is responsible for leading the legal aspects of strategic and transformational projects. Prior to joining PTSB, Deirdre was a solicitor in private practice including in William Fry Solicitors specialising in commercial real estate law. Her private practice work involved advising on mixed use retail, commercial and residential developments, loan portfolio transactions, landlord and tenant issues for corporate investors and refinancing transactions.

Deirdre is a member of the Law Society of Ireland (2010) and the UK Roll of Solicitors (2014). She is also a Chartered Tax Adviser (Associate of Irish Tax Institute) (2015) and a member of the Society of Trust and Estate Practitioners (2015). She graduated from N.U.I Galway in 2004 with Bachelor of Corporate Law (First Class Hons) and in 2005 a Bachelor of Laws (First Class Hons).



Nicola O'Brien
Non-Executive Director

Nicola joined permanent tsb in 2017 and prior to becoming Chief Financial Officer, held the position of Head of Finance and Investor Relations. Prior to joining the Bank, Nicola held a number of senior roles in Bank of Ireland, including: Head of Finance Group Customer Operations; Head of Group Finance Strategy and Divisional Financial Controller for the Retail Ireland division.

Nicola is a qualified Accountant (ACMA) with over 20 years' experience operating at a senior level within the Retail Banking sector in Ireland. Nicola brings a strong understanding of the commercial, strategic, operational, financial and regulatory requirements of Banking.

GOVERNANCE AND BOARD MEMBERS REPORT

Governance

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

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

Board Responsibilities

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

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

Board Structure

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

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

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

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

Schedule of Attendance

A schedule of attendance at the 2022 Board meetings is set out below for each Board member:

Board	
Number of Meetings	8
Board Members	
John Murphy (appointed in January 2023)	0
Michael Broderick	8
Caroline Timmons	6
Robert Nicholson*	8
Pat O’Sullivan	7
Rositsa Meehan	6
Aoife Leonard	6
Brian Coffey	5
Jeff Harbourne	7
Nicola O’Brien**	1
Deirdre O’Connor (PTSB Representative in advance of replacement PTSB Director being nominated)	1

*Robert Nicholson acted as Interim Chairperson for the FHS in 2022 until John Murphy’s appointment on 5 January 2023.

**Nicola O’Brien stepped down as a Director in March 2023 (due to time constraints associated with her role in permanent tsb). Nicola was replaced on the Board by Deirdre Kelly.

RISK MANAGEMENT

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

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

FHS is implementing a comprehensive enterprise risk management framework. The objectives of the framework are to:

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

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

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





FIRST HOME SCHEME TEAM



Michael Broderick
Chief Executive
Officer



Mark Bingham
Chief Financial and
Risk Officer



Helen Quigley
Head of Operations
and Stakeholder
Management



Cian Coleman
Business Analyst

FINANCIAL STATEMENTS

Financial Statements

Directors and Other Information

Directors

Aoife Leonard	Irish
Brian Coffey	Irish
Rositsa Meehan	Irish
Patrick O’Sullivan	Irish
Jeff Harbourne	Irish
Nicola O’Brien	Irish
Robert Nicholson	Irish
Caroline Timmons	Irish
Michael Broderick	Irish
John Murphy	Irish

Registered Office

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

Independent Auditors

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

Solicitors

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

Accountants

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

Administrators

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

Company Secretary

Apex IFS Limited
per above

Bankers

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



DIRECTORS' REPORT

The Directors submit their annual report together with the audited financial statements of First Home Scheme Ireland Designated Activity Company (the 'Company') for the financial period from the date of incorporation 14 December 2021 to 31 December 2022.

Principal Activities, Business Review and Future Developments

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

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

The Company is a joint venture with the four shareholders ("the Participants") and is funded via drawdowns from the Participants Loan Facility. The funds advanced from the Participants will cover all relevant costs associated with the scheme, with the remaining funds available to deploy to customers to acquire residential properties. The Company commenced trading in July 2022 and the deployment period of the scheme is estimated to be 3-5 years from this date. This period may change based on customer take up of the scheme, with any such extension requiring approval by the Directors. The Company is also entitled to a service charge from each customer which is payable from year six after drawdown. It is at this point that the Company is expected to earn revenue, however the service charge can be deferred in full by the customer.

The scheme is administered by a third-party operator, BCM Global ("the Administrator"), and is governed by a Master Services Agreement which outlines the roles and responsibilities between the Company and the Administrator.

As a result of the Russian invasion of Ukraine, significant sanctions have been put in place by the EU directly targeting the Russian Federation and Belarus, companies and financial institutions in and connected to both countries as well as a number of named individuals. The Company has no exposure to the impacts of the sanctions, however the Directors will continue to monitor their impact.

The easing of Covid-19 restrictions by the Irish and EU Governments during the financial period has also resulted in a more favourable domestic economic outlook which is expected to encourage customer uptake of the scheme.

Key Performance Indicators

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

During the financial period:

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

The net gain on equity investments at fair value through profit or loss ('FVTPL') amounted to €702,822.

As at 31 December 2022:

The fair value of the equity investments in residential properties of the Company amounted to €10,471,167.

The number of equity investments amounted to 137.

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

Principal Risks and Uncertainties

The underlying business of the Company, being equity investments in residential property, is expected to continue in an orderly, consistent manner over the coming financial year. The principal risk exposures for the Company relate to market risk, credit risk, liquidity risk and operational risk exposure in dealings with counterparties. The principal risks and uncertainties are discussed in more detail in note 15 to the financial statements.

Results for the Financial Period

The Statement of Comprehensive Income for the financial period from the date of incorporation 14 December 2021 to 31 December 2022 and the Statement of Financial Position at that date are set out on pages 32 and 33 respectively.

Dividends

No dividends were declared or paid by the Company during the financial period and the Directors do not propose a final dividend.

Directors and Secretary of the Company and their Interests

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

Directors' Interests

The Directors who served during the financial period are set out below.

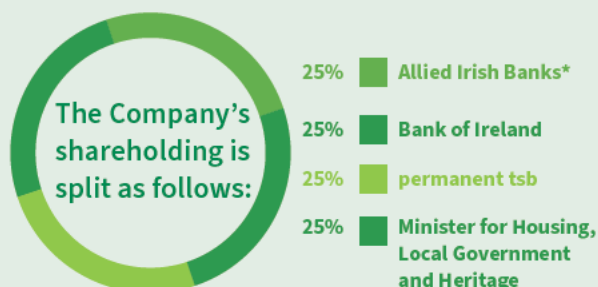
The Directors who held office for the period from the date of incorporation 14 December 2021 to 31 December 2022 do not have any direct or beneficial interest in the shares or debentures of the Company at that date or during the financial period.

Transactions Involving Directors

One Director is seconded to the Company by agreement between the Department of Housing, Local Government and Heritage from Home Building Finance Ireland ("HBFI"). HBFI staff are provided by the National Treasury Management Agency ("NTMA"). This Director currently holds the role of Chief Executive Officer in the Company.

Secondment costs reimbursed by the First Home Scheme total €227,998 in these Financial Statements.

Name	Office	Appointed	Resigned
Aoife Leonard	Director	1 July 2022	
Brian Coffey	Director	1 July 2022	
Rositsa Meehan	Director	1 July 2022	
Patrick O'Sullivan	Director	1 July 2022	
Jeff Harbourne	Director	1 July 2022	
Nicola O'Brien	Director	1 July 2022	
Robert Nicholson	Director	14 December 2021	
Caroline Timmons	Director	14 December 2021	
Michael Broderick	Director	1 July 2022	
John Murphy	Director	5 January 2023	
Apex IFS Limited	Secretary	19 July 2022	
Michael Broderick	Secretary	1 July 2022	19 July 2022
Robert Nicholson	Secretary	14 December 2021	1 July 2022



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

Statement on Relevant Audit Information

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

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

Political Donations

The Company did not make any political donations during the current period.

Accounting Records

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

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

Audit Committee

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

Going Concern

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

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

Subsequent Events

Mr. John Murphy was appointed to the board on 5 January 2023.

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

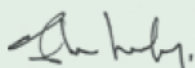
This report was approved by the Board of Directors and authorised for issue on 30 March 2023.

Independent Auditor

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

Directors' Compliance Statement

At this present time the Company does not exceed the balance sheet and turnover threshold limits as set out under Section 225(7) of the Act, which enables the Company to avail of an exemption to the Compliance Policy Statement obligations. Accordingly, the Directors are not required to include a Compliance Statement in their statutory Directors' Report for the current financial period ended 31 December 2022.



Director
30 March 2023



Director
30 March 2023

Directors' Responsibilities Statement

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

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

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

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

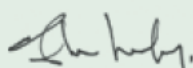
- Select suitable accounting policies and then apply them consistently;
- Make judgments and accounting estimates that are reasonable and prudent;
- State whether the financial statements have been prepared in accordance with IFRS and ensure that they contain the additional information required by the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

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

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

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

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



Director
30 March 2023



Director
30 March 2023

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

Opinion

We have audited the financial statements of First Home Scheme Ireland Designated Activity Company ("the Company"), which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows for the financial period ended 31 December 2022, and the related notes to the financial statements, including the summary of significant accounting policies.

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

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

- give a true and fair view in accordance with IFRS as adopted by the European Union of the assets, liabilities and financial position of the company as at 31 December 2022 and of the company financial performance and its cash flows for the financial period then ended; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law. Our responsibilities under those standards are further described in the 'Responsibilities of the auditor for the audit of the financial statements' section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard for Auditors (Ireland) issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances for the entity. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies in the financial statements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other

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

Other information (continued)

information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

As explained more fully in the Directors' responsibilities statement, management is responsible for the preparation of the financial statements which give a true and fair view in accordance with IFRS as adopted by the European Union, and for such internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Responsibilities of the auditor for the audit of the financial statements

The auditor's objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes their opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

Responsibilities of the auditor for the audit of the financial statements (continued)

up to the date of the auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

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

Where the auditor is reporting on financial statements, the auditor's responsibilities are to obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities within the company to express an opinion on the financial statements. The auditor is responsible for the direction, supervision and performance of the audit, and the auditor remains solely responsible for the audit opinion.

The auditor also provides those charged with governance with a statement that they have complied with relevant ethical requirements regarding independence, including the Ethical Standards for Auditors (Ireland), and communicates with them all relationships and other matters that may reasonably be thought to bear on their independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, the auditor determines those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. These matters are described in the auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, the auditor determines that a matter should not be communicated in the report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

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



Shahnawaz Mirza

For and on behalf of

Grant Thornton

Chartered Accountants & Statutory Audit Firm

Dublin 2

Date: 31 March 2023



Statement of Comprehensive Income

**For the financial period from
14 December 2021 (date of incorporation) to 31 December 2022**

		EUR
Other operating income:		
Fair value gain on equity investments in residential properties here and throughout	7	702,822
Fair value gain on loans and borrowings	11	8,095,563
Expenses:		
Administrative expenses	4	(7,141,473)
Depreciation	8	(1,011)
		1,655,901
Finance Expenses	5	(1,366,208)
Profit/(loss) before taxation		289,693
Income tax	6	(289,693)
Profit/(loss) for the period		-
Other comprehensive income		-
Total comprehensive profit/(loss) for the period		-

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

The accompanying notes on pages 36 to 55 form an integral part of these financial statements.

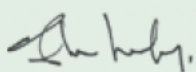
FIRST HOME SCHEME IRELAND DESIGNATED ACTIVITY COMPANY

Statement of Financial Position as at 31 December 2022

		EUR
Non current assets		
Equity investments at fair value in residential properties	7	10,471,167
Property, plant and equipment	8	10,883
		10,482,050
Current assets		
Cash and cash equivalents	9	63,995,575
Prepayments	10	78,148
		64,073,723
Total assets		74,555,773
Equity		
Share capital	13	4
Accumulated profits/(losses)		-
Total equity		4
Non current liabilities		
Loans and borrowings at fair value through profit and loss	11	73,270,645
Current liabilities		
Trade and other payables	12	995,431
Corporation tax	6	289,693
		1,285,124
Total liabilities		74,555,769
Total equity and liabilities		74,555,773

The accompanying notes on pages 36 to 55 form an integral part of these financial statements.

Approved by the Board:



Director
30 March 2023



Director
30 March 2023

FIRST HOME SCHEME IRELAND DESIGNATED ACTIVITY COMPANY

Statement of Changes in Equity for the financial period from 14 December 2021 (date of incorporation) to 31 December 2022

	Share Capital	Accumulated Profit/Losses	Total Equity
	EUR	EUR	EUR
Balance at 14 December 2021	-	-	-
Share capital issued	4	-	4
Balance at 31 December 2022	4	-	4

The accompanying notes on pages 36 to 55 form an integral part of these financial statements.

**Statement of Cash Flows for the financial period from
14 December 2021 (date of incorporation) to 31 December 2022**

			2022 EUR
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit on ordinary activities before taxation			289,693
<i>Adjustments for:</i>			
Depreciation	8		1,011
Finance expenses	5		1,366,208
Fair value gain on equity investments	7		(702,822)
Fair value gain on loans and borrowings	11		(8,095,563)
(Increase) prepayments	10		(78,148)
Increase in trade and other payables	12		995,431
Net cash used in operating activities			(6,224,190)
Cash flows from investing activities			
Acquisition of equity investments in residential properties	7		(9,768,345)
Acquisition of IT Equipment	8		(11,894)
Net cash used in investing activities:			(9,780,239)
Cash flows from financing activities			
Proceeds from issuance of share capital	13		4
Proceeds from loans and borrowings at fair value through profit and loss	11		80,000,000
Net cash from financing activities			80,000,004
Net increase in cash and cash equivalents			63,995,575
Cash and cash equivalents at beginning of financial period			-
Cash and cash equivalents at end of financial period			63,995,575

The accompanying notes on pages 36 to 55 form an integral part of these financial statements.

FIRST HOME SCHEME IRELAND DESIGNATED ACTIVITY COMPANY

Notes to the Financial Statements

For the financial period from 14 December 2021 (date of incorporation) to 31 December 2022

1 CORPORATE INFORMATION

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

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

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

2. STATEMENT OF ACCOUNTING POLICIES

BASIS OF PREPARATION

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

The Company’s functional currency is the Euro.

GOING CONCERN

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

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

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial report in conformity with IFRS as adopted by the EU requires the Directors to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based upon historical experience and various other factors

that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

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

Equity investments in residential properties

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

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

A number of unobservable inputs have been used in this calculation which results in a €702,822 gain on the fair value of the equity investments. This calculation uses a number of judgmental assumptions, notably a forecast for future house price movement and a discount rate based on comparable housing bonds.

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

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

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

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

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

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

NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 14 December 2021, and have not been applied in preparing these financial statements. The Company does not plan to adopt these standards early; instead it will apply them from their effective dates as determined by their dates of EU endorsement. The Company is still reviewing the impact of the upcoming standards to determine their impact.

Description	Effective date (periods beginning)
Reference to the Conceptual Framework – Amendments to IFRS 3	1 January 2022
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	1 January 2022
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	1 January 2022
IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter	1 January 2022
IFRS 9 Financial Instruments – Fees in the ‘10 per cent’ test for derecognition of financial liabilities	1 January 2022

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

Description	Effective date (periods beginning)
Classification of Liabilities as Current or Non-current - Amendments to IAS 1	1 January 2023
Definition of Accounting Estimates - Amendments to IAS 8	1 January 2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12	1 January 2023

INCOME TAX

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

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

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

ADMINISTRATION EXPENSES

Operating expenses are accounted for on an accruals basis.

FINANCE EXPENSES

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

DIVIDENDS

Dividends are recognised in the financial statements when they have been appropriately approved or authorised by the shareholders. No dividend was declared or paid in the financial period ended 31 December 2022.

PROPERTY, PLANT AND EQUIPMENT

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

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

CASH AND CASH EQUIVALENTS

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

PREPAYMENTS

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

TRADE AND OTHER PAYABLES

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

FINANCIAL ASSETS

Initial recognition and measurement

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

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

Subsequent measurement

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

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income (“FVOCI”)
- Financial assets at fair value through profit or loss (“FVTPL”)

Financial assets at amortised cost

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

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

Financial assets at fair value through OCI

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

Financial assets at fair value through profit or loss

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

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

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

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

Derecognition

A financial asset is primarily derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under passthrough' arrangement; and either
 - the Company has transferred substantially all the risks and rewards of the asset, or
 - the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Impairment

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

ECLs are recognised in three stages:

- For credit loss exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are within the next 12-months (a 12-month ECL).
- Those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life exposure, irrespective of the timing of the default (a lifetime ECL).
- For credit exposures that are credit impaired (i.e., have objective evidence of impairment at the reporting date). The Company recognises lifetime expected credit losses for these financial assets.

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

FINANCIAL LIABILITIES

Initial recognition and measurement

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

Subsequent measurement

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

Conditions for FVTPL classification

- It eliminates, or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or liabilities, or recognising the gains and losses on them, on a different basis, or
- A group of financial liabilities, or financial assets and financial liabilities, is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel.

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

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

Derecognition

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

3 DIRECTORS AND EMPLOYEES

The Company did not have any employees during the financial period and Directors received no remuneration.

One Director is seconded to the Company by agreement between the Department of Housing, Local Government and Heritage from Home Building Finance Ireland ("HBFI"). HBFI staff are provided by the National Treasury Management Agency ("NTMA"). This Director currently holds the role of Chief Executive Officer in the Company.

Secondment costs reimbursed by the First Home Scheme total €227,998 in these Financial Statements.

4 ADMINISTRATIVE EXPENSES

Financial period from 14 December 2021 to 31 December 2022

	EUR
Consulting and secondment fees	3,144,651
BCM management fees	2,856,367
Legal fees	611,611
Advertising and marketing fees	188,535
Professional and other expenses	131,970
Accounting and company secretarial fees	80,288
Audit fees	67,779
Fund valuation fees	34,442
Tax advisory fees	25,830
	7,141,473

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

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

5 FINANCE EXPENSES

Financial period from 14 December 2021 to 31 December 2022

	EUR
Interest expense on loans and borrowings	1,366,208
	1,366,208

6 INCOME TAX

Financial period from 14 December 2021 to 31 December 2022

	EUR
(a) Analysis of tax credit in the financial period	
Current Tax	289,693
Deferred Tax	-
Total tax charge on profits for the financial period	289,693
b) Reconciliation of effective tax rate	
Profit before tax	289,693
Tax based on standard rate of 12.5%	36,212
Effects of:	
Non-deductible expenses	253,481
Total tax expense	289,693
(c) Deferred tax position	
Opening deferred tax balance	-
Deferred tax charged to profit and loss account	-
Closing deferred tax balance	-

7 EQUITY INVESTMENTS IN RESIDENTIAL PROPERTIES

	2022 EUR
Movement in financial assets at fair value through profit or loss	
Balance at 14 December 2021	-
Additions during the financial period	9,768,345
Disposals during the financial period	-
Realised gain/ (losses) on financial assets at fair value through profit or loss	-
Fair value gain on financial assets at fair value through profit or loss	702,822
Balance at 31 December 2022	10,471,167

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

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

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

8 PROPERTY, PLANT AND EQUIPMENT

	2022 EUR
Cost:	
Balance at 14 December 2021	-
Additions during the financial period	11,894
Balance at 31 December 2022	11,894
Depreciation and impairment:	
Balance at 14 December 2021	-
Depreciation charge	(1,011)
Balance at 31 December 2022	(1,011)
Net book value at 31 December 2022	10,883

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

9 CASH AND CASH EQUIVIVENTS

	EUR
Cash at bank	63,995,575
	63,995,575

The company's cash balances are held with Bank of Ireland. Given the balances are on demand, the expected credit allowance is considered to be immaterial.

10 PREPAYMENTS

	EUR
Prepayments	78,148
	78,148

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

11 LOANS AND BORROWINGS AT FAIR VALUE THROUGH PROFIT AND LOSS

2022
EUR

Movement in financial liabilities at fair value through profit or loss

Balance at 14 December 2021	-
Drawdown on participants loan facility	80,000,000
Fair value gain on financial liabilities at fair value through profit or loss	(8,095,563)
Closing Balance	71,904,437
Interest accrual	1,366,208
Balance at 31 December 2022	73,270,645

The aggregate repayment amounts of loans and borrowings for each of the fiscal years subsequent to 31 December 2022 is as follows:

• Within 1 year	-
• 1-2 years	-
• 2-5 years	-
• After 5 years	73,270,645
	73,270,645

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

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

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

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

12 TRADE AND OTHER PAYABLES

	2022 EUR
Operating expenses payable	995,431
	995,431

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

13 SHARE CAPITAL

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

The Company's shareholders are outlined in note 17 of these financial statements.

14 RELATED PARTY TRANSACTIONS

The Directors for the Company received no remuneration for the financial period ended 31 December 2022.

One Director is seconded to the Company by agreement between the Department of Housing, Local Government and Heritage from Home Building Finance Ireland ("HBFI"). HBFI staff are provided by the National Treasury Management Agency ("NTMA"). This Director currently holds the role of Chief Executive Officer in the Company.

Secondment costs reimbursed by the First Home Scheme total €227,998 in these Financial Statements.

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

The Company's shareholders are outlined in note 17 of these financial statements.

15 FINANCIAL RISK MANAGEMENT

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

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

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

1. Market risk

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

a. Price Risk

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

A scenario analysis on the HPI has been performed at the reporting date to understand the impact on the fair value of the equity investments in residential properties of increases and decreases in the HPI. However, given that all equity investments in residential properties at the financial reporting date were within 6 months of the original valuation there was no resulting material impact on the fair value of the investments.

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

b. Interest rate risk

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

Valuation of the Company's assets is sensitive to movements in discount rate which in turn is sensitive to prevailing interest rates. Note 16 below details the sensitivity of the valuation to movements in discount rate.

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

2. Liquidity Risk

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

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

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

Financial Liabilities

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

3. Credit risk

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

The Company's maximum exposure to credit risk in the event that counterparties fail to perform their obligations as at 31 December 2022 in relation to each class of recognised financial assets is set out below.

	EUR
Equity investments at fair value	10,471,167
Cash and cash equivalents	63,995,575
	74,466,742

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

The Company's financial assets are cash and cash equivalents, trade and other receivables and the equity investments at FVTPL which represent the Company's maximum exposure to credit risks in relation to financial assets. The Company's maximum exposure to credit risk in the event that counterparties fail to perform their obligations as at 31 December 2022 in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the statement of financial position.

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

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

4. Operational risk

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

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

16 FAIR VALUE MEASUREMENT

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

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

Quoted market prices – Level 1

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

Valuation technique using observable inputs – Level 2

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

Valuation technique using significant unobservable inputs – Level 3

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

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

31 December 2022

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

The reconciliation of the carrying amounts for equity investments in residential properties and loans and borrowings are disclosed in note 7 and 11, respectively. The valuation methodology of the Company's financial instruments including estimates and assumptions used are outlined in Note 2 of these financial statements.

There were no transfers between the levels during the financial period ended 31 December 2022.

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

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

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

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

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

17. OWNERSHIP OF THE COMPANY

The Company's shareholders are the Governor and Company of the Bank of Ireland (1 share), Allied Irish Banks plc (1 share), permanent tsb plc (1 share) and the Department for Housing, Local Government and Heritage (1 share).

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

18. COMMITMENTS AND CONTINGENCIES

There were no commitments and contingencies as at 31 December 2022.

19. SUBSEQUENT EVENTS

Mr. John Murphy was appointed to the board on 5 January 2023.

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

20. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised by the Board of Directors on 30 March 2023.



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