



**We're
changing
people's
futures**

**Microfinance Ireland
acts as a catalyst
for “changing lives”,
helping people to set
up in business, fulfilling
dreams and creating
jobs for themselves
and others.**

Contents

About Microfinance Ireland	02
Chairman & CEO Statement	04
Financial Information	06
Customer Success Stories	08



John O'Donohue
Owner & Manager
Dublin Indoor Football

About Microfinance Ireland (MFI)

Microfinance Ireland (MFI) is a not-for-profit lender established under the Microenterprise Loan Fund Act 2012 to administer the Microenterprise Loan Fund Scheme and was incorporated in August 2012, as a subsidiary of the Social Finance Foundation (SFF).

The purpose of this Scheme is to promote economic development and to increase employment and enterprise. It does this by providing loans to newly established and growing microenterprises for commercially viable proposals that do not meet the conventional risk criteria applied by commercial lending providers.

It provides unsecured business loans up to €25,000 for up to 5 years to microenterprises that have difficulty in accessing finance.

Since its launch in October 2012, MFI has approved €22.6m in loans to 1,567 businesses, supporting 3,952 jobs.

In addition to its lending, MFI provides mentoring services to its borrowers. This is an important support for applicants in helping them develop their business acumen and supports the sustainability of their business. The cost of mentoring services is borne by MFI and delivered through the Local Enterprise Office Network.

MFI's loan offering is unique in the marketplace in that, it provides loans at a level of risk beyond that of commercial lenders with affordable interest rates and on an unsecured basis. All applicants are given a full and fair credit assessment, while ensuring that no business takes on unsustainable levels of debt.

MFI as a not-for-profit lender is very dependent on a range of financial supports and partners. To date, the business has received €20m of State funding, without which the microenterprise job creation initiative would not exist.

The Ministers and their officials at the Department of Business, Enterprise and Innovation (DBEI) provide not only funding but ongoing support and assistance to MFI. They are an integral part of the success of the Microenterprise Loan Fund Scheme.

MFI's borrowers, through their vision, hard work, commitment and belief, create and retain jobs by delivering their goods and services in every city, town and village in Ireland thereby supporting communities, and enhancing the fabric of Irish society.

APPROVED LOANS BY REGIONS

MIDLANDS	9%
MID-EAST	11%
SOUTH-EAST	17%
SOUTH-WEST	10%
MID-WEST	8%
WEST	10%
BORDER	14%
DUBLIN	21%

MFI continues to fulfil its mandate of lending to all industry types in every county with a particular emphasis on more vulnerable groups such as migrants, females, youth, unemployed and mature entrepreneurs. This is in line with the Government's objective that all loans granted by MFI should ensure sustainable job creation across the whole country and all industry sectors.

APPROVED LOANS BY SECTOR

AGRICULTURE, FORESTRY & FISHING	4%
MANUFACTURING	11%
CONSTRUCTION	9%
WHOLESALE & RETAIL TRADE; REPAIR OF MOTORVEHICLES & MOTORCYCLES	22%
TRANSPORTATION & STORAGE	6%
ACCOMMODATION & FOOD SERVICE ACTIVITIES	8%
INFORMATION & COMMUNICATION	5%
ADMINISTRATIVE & SUPPORT SERVICE ACTIVITIES	6%
PROFESSIONAL, SCIENTIFIC & TECHNICAL ACTIVITIES	6%
EDUCATION	3%
HUMAN, HEALTH & SOCIAL WORK	4%
ARTS, ENTERTAINMENT & RECREATION	7%
OTHER SERVICE ACTIVITIES	7%
OTHER	2%

MFI also enjoys a risk sharing guarantee through the European Investment Fund. It has also obtained, via its parent company Social Finance Foundation, commercial bank borrowings to help fund its loan growth.

The Local Enterprise Office (LEO) Network, which is MFI's primary partner and a major source of lending applications, supports the organisation by assisting microenterprises with their loan application, business training and mentoring support. This mentoring support is vital to the viability and sustainability of MFI's customers in the longer term.

MFI's other delivery channel partners, AIB, Bank of Ireland, PTSB, Ulster Bank and the 49 Local Development Companies continue to be important sources of referrals and applications.

3,441

APPLICATIONS RECEIVED

€22.6m

VALUE OF LOANS APPROVED

3,952

NET JOBS SUPPORTED IN 1,567 MICROENTERPRISES

€19.1m

VALUE OF LOANS DRAWN

1,353

LOANS DRAWN

€14k

AVERAGE LOAN SIZE



Chairman & CEO Statement

CYRIL FORBES
CHAIRMAN



GARRETT STOKES
CEO



“Microfinance Ireland lends to those who cannot raise finance from conventional sources. We measure our success primarily by the new jobs we have helped create through the businesses we have supported and by our belief in people.”

CYRIL FORBES

2017 was a record year for MFI with lending activity and the number of jobs supported increasing again, confirming the continuing need for micro finance initiatives in Ireland.

MFI approved €5.5 million in loans to 400 small businesses in 2017, in which many of the promoters are from vulnerable sectors such as youth, unemployed, females, migrants and seniors. This has supported an additional 1,141 jobs costing under €2,000 per job and represents the lowest cost per job of any government initiative.

Notable Achievements

In addition to the strong business performance, there were a number of important objectives achieved in 2017:

1. Government Capital Funding / Government Support

MFI received the second injection of €10m in capital funding in January 2017, bringing the total to €20m since inception. This followed Government application and approval, in December 2016, by the then Minister for Business, Enterprise and Innovation.

We really appreciate the ongoing support of the Ministers and their Department. This essential funding ensures the continued operation of Microfinance Ireland, without which the microenterprise job creation initiative could and would not exist.

2. European Code of Good Conduct for Microcredit Provision

In March, MFI was one of the first four organisations in Europe to achieve certification of compliance with the European Commission's European Code of Good Conduct for Microcredit Provision.

3. European Investment Fund (EIF)

MFI acknowledges the continued strong support from the European Investment Fund (EIF).

In December 2017 EIF signed a second agreement with MFI, under the European Commission's **EU Programme for Employment and Social Innovation (EaSI)**. This very significant support from the EU allows us to consider risk profiles otherwise outside our capacity to fund and will enable MFI to support an additional €30 million in loans to micro-borrowers over the next five years.

Credit Management

MFI is mandated to take risks that commercial lenders cannot. However the balance between risk orientation and the sustainability of the business model which underpins the long term sustainability of the borrowers' business is critical. Through enhanced credit management introduced to improve the underlying quality of the loan book, the loan approval rate reduced marginally to 43%.

Marketing and Promotion

Optimising awareness of the fund is essential to ensure we are reaching as many of our potential customers as possible. Ongoing marketing and promotion has contributed to strong growth in brand awareness, with increased level of enquiries to the business.

Board and Board Committees

The business has a strong pro bono Board of Directors who give generously of their time and extensive business experience and expertise to ensure the success of MFI. We would like to thank all board members through the Board and its Committees for their contribution during 2017.

During the year, the Board revisited the five year strategic plan and endorsed the future direction and growth ambitions. The focus will be on delivering loans, supporting jobs and continue to be the lowest cost per job support agency in the state, whilst aiming to avoid people and businesses taking on unsustainable debt.

In 2017, two Board members resigned. It was with great regret that we saw the departure of Páraig Hennessy due to his transfer to the UK. His commitment and support of MFI since inception has been pivotal. We would also like to thank Ger Cleary for his contribution whilst on the MFI board from which he resigned due to work commitments.

It is with pleasure we welcome both Jean Carberry and Sue O'Neill as Board members who bring new, fresh and invigorating voices to the table.

Social Finance Foundation (SFF)

We again express our appreciation of our parent body the Social Finance Foundation, its Board and management for the ongoing assistance and support of MFI. Through SFF, MFI has syndicated bank finance of €15m. This funding provides the working capital required to fund our lending activities and is provided by Bank of Ireland, AIB and Ulster Bank.

MFI Team

Our employees are our most important asset and the key driver of our success. We would like to thank all our employees and our External Loan Assessor Panel. Without their input, dedication and commitment, MFI would not have achieved its goals of changing lives and communities by the significant impact its lending has on the Irish economy.

Partners

Microfinance Ireland continues to maintain strong relationships with key referral partners and in 2017, received excellent support from our channel partners; The Local Enterprise Office (LEO) Network, Bank of Ireland, AIB, Ulster Bank and the Local Development Companies in relation to the sourcing of loan applications. In addition, the LEO Network also supports MFI by assisting microenterprises with their loan application, business training and mentoring support for which we are most grateful. We thank all our partners for their support and wish them all continued success.

In addition to our referral partners, the business has developed a very strong direct channel. In 2017, it became the single largest source of applications for the business and accounted for 47% of all applications which is achieved through ongoing marketing and promotion.

We look forward with confidence and optimism for the future success of the business.

Financial Information

Statement of Financial Position

	Financial Year 31 December 2017 €'000	Financial Year 31 December 2016 €'000
Tangible Fixed Assets	10	15
Current Assets		
Loans and Advances to Customers Net of Provisions	5,762	4,870
Amounts Recoverable from EIF	1,363	959
Accrued Income	8	8
Short Term Deposits	12,724	6,908
Cash at Bank and in Hand	50	45
	19,907	12,790
Creditors - (amounts falling due within one year)	(1,591)	(1,528)
Net Current Assets	18,316	11,262
Creditors - (amounts falling due after one year)	(5,658)	(7,094)
Net Assets	12,668	4,183
Capital and Reserves		
Issued Share Capital	-	-
Microenterprise Loan Fund	12,668	4,183
	12,668	4,183

The financial information shown does not constitute full accounts within the meaning of the Companies Acts. This information has been extracted from the audited financial statements of Microfinance Ireland for the year ending 31 December 2017.

Statement of Income and Expenditure

	Financial Year 31 December 2017 €'000	Financial Year 31 December 2016 €'000
Interest Income	539	518
Interest Expense	(193)	(177)
Income	346	341
Administrative Expenses	(1,560)	(1,477)
Bad Debts		
Specific Charge	(1,135)	(944)
Collective Charge	(65)	(196)
Cash Recoveries	169	73
Guarantee Callable Under EIF	730	636
Total	(301)	(431)
Deficit for the Financial Year	(1,515)	(1,567)

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Customer Success Stories

Originally from Romania, Roxana Boldizar worked in a clothing alterations business in Dublin for a number of years. Her dream, however, was to run her own tailoring business. In 2016, with the help of Microfinance Ireland, this dream finally became a reality when she opened the doors to her very own 'Roxxy Studio'.

Roxana has a passion for making and altering clothes, working 6 days a week and often long hours, to manage all the aspects of the business. She attributes her success to a very supportive family who have helped her hugely to date.

What makes working so hard worthwhile is the response Roxana gets from her customers:

"Customers often have their own set ideas and always want the best. My clients are thrilled when they see how I am able to restyle or remodel an old piece of clothing and give it a new lease of life. As a tailor, that gives me great satisfaction."

Roxana Boldizar
Owner & Tailor
Roxxy Studio



Many of MFI's customers are the most hardworking, talented and inspiring people out there, so we love to hear stories of their success and how Microfinance Ireland played a part in helping them get to where they are today. These two success stories will give you an idea of the types of small businesses that we deal with on a daily basis.

Structural engineer, Simon Evans, developed his business 'LittleBig Bikes' in 2010 after the recession left him without a job in his chosen field. Having returned from an 18 month adventure, which included circumnavigating the globe by bicycle, Simon found a job in a local cycling shop where the idea for 'Twist Bikes' was born.

"I was walking into the bike shop and looking at bikes lined up by size; for 2 year olds, 3 year olds, 4 year olds. I said to myself; why do we have to buy all of these separate bikes for a child - why can't we just have one that grows with the child?"

The LittleBig Bike uses innovative design and quality manufacturing to produce a product which balances value, function, aesthetics and sustainability.

"A lot of my customers are people who see the bike in the park or the playground and find out where it's from. If you have a good quality product, if the parent loves it and the kid loves it - they're going to recommend you. The best advice I could give is look after your customers and they will look after you!"

Simon Evans
Owner & Inventor
LittleBig Bikes





An Roinn Gnó, Fiontar agus Nuálaíochta
Department of Business, Enterprise and Innovation



Microfinance Ireland (MFI) benefits from a guarantee funded by the European Union under the Programme for Employment and Social Innovation. Microfinance Ireland is registered in Ireland as Designated Activity Company limited by share, the members of which have limited liability company number 516555. Registered as a Charity CHY20447.

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