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**Chairman’s Report**

**During the past year Ulster Community Investment Trust (UCIT) has continued to grow its operation and influence in the social economy in Northern Ireland and the border region of the Republic of Ireland. Awareness of the social economy has increased during this time and its importance recognised in the Northern Ireland Assembly’s Programme for Government.**

UCIT has built on the work of previous years to position the company at the forefront of social finance, not only in Ireland, but as one of the leading social finance organisations in the UK. The prominence and credibility of the organisation has been instrumental in a number of notable successes that it has enjoyed during the year.

Our core business of lending to the social and voluntary sectors remained strong. In total, UCIT approved loans of over £5million to 44 charities, community organisations and social enterprises in Northern Ireland and the Republic of Ireland in the past year. We were delighted to publish a celebratory booklet which details over 180 of the projects that UCIT has financed over its first 10 years of operations. This document is a testimony to the social, sporting, cultural and economic impact our organisation has had on a wide spectrum of activities across the island of Ireland.

In addition to new lending, UCIT has continued to manage its existing portfolio of loans. UCIT clients receive annual visits which involve reviewing loan performance. This has ensured that UCIT provisions remain under 3.5% by value of the total loan book. The portfolio management aspect of UCIT’s work is critically important, as it brings added value to the client relationship and offers guidance and assistance to loan holders facing difficult trading conditions. UCIT’s approach is to assist in bringing about genuine positive impact in the most disadvantaged and marginalised communities where need is greatest.

During 2012, UCIT continued to work with strategic partners across a range of initiatives. This partnership approach enables the company to maximise the use of limited resources, bringing added value to its third sector clients.

UCIT has also been pro-active in seeking other sources of capital to support its clients. The UCIT Board has examined further opportunities in this regard and has engaged with a number of potential funding sources and potential joint venture partners.

In the Republic of Ireland, UCIT’s partnership with the Social Finance Foundation has brought new investment opportunities into this market. UCIT has greatly increased its penetration of the market. In total, 43 applications for investment were received, amounting to loan requests for more than €3million in social investment within the border region alone.

At the beginning of the year, we were delighted to pick up a prestigious national award at a ceremony organised by the body which represents providers of social finance – the Community Development Finance Association. UCIT won the award for Innovation in Marketing for the

organisation’s expansion into the Republic of Ireland.

During 2012, UCIT also worked with the School for Social Entrepreneurs, Social Economy Network, Charity Bank and Enterprise Northern Ireland to deliver a series of Social Economy Masterclasses. The events were very well attended and addressed an influential audience. We were very pleased that three Government Ministers, three Permanent Secretaries and the Lord Mayor of Belfast all made contributions at events during the series.

In the second half of the year, we put the necessary preparations in place to apply for Financial Conduct Authority approval for our new Fund Management subsidiary, Ulster Community Investment (UCI). We were delighted that our application was successful. Regulation will enable UCI to establish and operate new funds, as a FCA regulated ‘Fund Manager’. Since achieving authorisation, UCI has been successful in securing the contract from Invest Northern Ireland to manage a £5m loan fund for start-up and existing small businesses. The NI Small Business Loan Fund will enable UCI to open new markets in the private sector, complementing its work in the social economy sector.

Again, our thanks must go to those in Government, and throughout the social economy sector, who

have assisted us to address the needs of the groups we seek to support. We continue to work closely in partnership with the Department of Enterprise, Trade and Investment, Department of Agriculture and Rural Development, Department for Social Development, Invest Northern Ireland, the International Fund for Ireland and the Social Finance Foundation in the Republic of Ireland.

In summary, 2012 has continued to be a challenging year, with the global economic pressures bringing difficult trading conditions for the third sector in Ireland. UCIT continues to be operationally efficient and has returned operating surpluses month on month during this period. This is due to the hard work of a small team, with close attention on management of costs and working with partners to maximise impact.

It was with regret that we said farewell to UCIT’s Director of Operations, Jonathan McAlpin after over 10 years of service. The UCIT Board of Directors and staff would like to wish him every success with his future endeavours. A new Chief Executive is now in place and a Director of Finance has also been recruited.

I would finally like to acknowledge the dedication of my fellow Board members, for their support and enthusiasm and their willingness to give so freely of their time for the benefit of UCIT. UCIT continues to be the main social finance organisation in Ireland and, as such, continues to lead the sector in bringing the social economy into the mainstream, ensuring it is recognised as an important and vital part of a growing, stable Northern Ireland economy.

**Mr Seamus O’Prey**

Chairman

Ulster Community Investment Trust Ltd. (UCIT)