Supporting Investment by Irish SMEs

- The SBCI has been supporting investment by Irish SMEs since March 2015 initially through banks and then through non-bank lenders using its long term low cost liquidity.

- To the end of 2016, this has supported investment financing facilities totalling €906 million across all sectors and regions.

- The SBCI is a flexible platform set up to enable the delivery of innovative policy measures that pull together a powerful mix of state and European supports such and are delivered on a whole sale basis through frontline lending partners.

- It is now an established partner to both the EIB and EIF and is actively pursuing new ways to collaborate with them.

- Moving beyond the provision of liquidity to include risk sharing as a major new line of business, the SBCI has recently successfully delivered its first major risk sharing scheme in the agri sector.

- This makes an interesting case study on which to base further products to support Irish SMEs as they invest.
SBCI Developing capability since 2015 as an extension to the initial lending platform

The State Credit Guarantee Scheme’s legislation updated at start of 2016 to enable Counter Guarantees to SBCI and SBCI to take over management.

SBCI Appointed to manage the Credit Guarantee Scheme in October 2016

The SBCI applied for its first COSME facility in early 2016 and closed this in December 2016. Extension to this facility now under consideration by EIF

SBCI’s first InnovFin application is in progress for use as counter-guarantee for its for credit market solutions being considered for delivery later in 2017 - Possible uses: Brexit measures – the impact of the Brexit Vote for Irish SMEs is expected to be dramatic in certain key sectors.

SBCI’s objective is to create a common platform and channels to market that deploy credit risk measures in order to broaden access to finance.

This also enables effective localisation of EU schemes ensuring they are appropriately adapted for the Irish market.
Risk Sharing: Agricultural Cashflow Support Loan Scheme

*First Example of SBCI in role as Principal Risk Share Support*

- Exceptional Aid Measure in the form of a financial instrument.
- For SMEs involved in primary agricultural sector
- Unsecured loan amounts up to €150,000
- Loan duration of up to a maximum of 6 years
- Can be used for Working Capital or as an alternative to merchant credit
Key Lessons – first time use of Central Financial Instruments - COSME, InnovFin etc..

- Engage Early – Discussions with EIF from 2014 on.
- Build out the in house capability in advance if not there already
- Be ready for thorough Due Diligence
- Start with Banks/on-lending partners that are familiar to EIF if possible to shorten underwriting assessment process
- Design an instrument with a clear focus

Ongoing Innovation - Developing capability and EIB & EFSI:

SBCI exploring with EIB the potential for use of Investment Platforms for various forms of lending to support investment across sectors in Irish context