

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.



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Risk Sharing Financial Instruments (RSFIs)

- 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.**



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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



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