



EFSI Operation Scoreboard¹

PROJECT PRESENTATION	
<u>Project name</u>	SBCI BUSINESS SUPPORT INVESTMENT PLATFORM
<u>Promoter or financial intermediary</u>	STRATEGIC BANKING CORPORATION OF IRELAND
<u>Country of implementation</u>	Ireland
<u>Summary project description</u>	<p>The operation is a participation in an 80% uncapped guarantee scheme, implemented together with the Irish national promotional bank “Strategic Banking Corporation of Ireland” (SBCI), which aims at covering a SME & Mid-Cap loan portfolio.</p> <p>The programme shall be implemented through SBCI as Promoter and Irish commercial banks as Intermediaries lending to the eligible companies. Irish budget funds will fully cover the First Loss Piece and the mezzanine tranche shall benefit from the Investment Plan for Europe.</p>

¹ This Scoreboard of indicators reflects the information presented to the EFSI Investment Committee (IC) for its decision on the use of the EU guarantee for this operation. Therefore, the document does not take into account possible developments that could have occurred after this decision. Parts of this document that fall under the exceptions for disclosure defined by the EIB Group Transparency Policy, notably under the articles 5.5 (protection of commercial interests) and 5.6 (protection of the Bank’s internal decision-making process), have been replaced by the symbol [...].

PROJECT PILLAR ASSESSMENT

Pillar 1

Contribution to EU policy	Significant
Cross-cutting objectives	
Climate Action	2.00%
EFSI	
Contribution to EFSI	100.00%
EFSI: Financial support through the EIF and the EIB to entities having up to 3 000 employees	100.00%
Provision of risk financing from seed to expansion stages for SMEs, start ups, small mid cap companies and mid cap companies, to ensure technological leadership in innovative and sustainable sectors	50.00%
Other financial support through the EIF and the EIB to entities having up to 3 000 employees	50.00%

Pillar 2

Quality and soundness of the project	Good
1. Capacity and soundness of the Intermediary and quality of the operating environment	[...]
2. Increasing access to finance and improving financing conditions including for final beneficiaries	[...]
3. Employment	[...]

This pillar evaluates the quality and soundness of the operation. This pillar is composed of four indicators which include:

- (i) "Growth" i.e. for example and where relevant the economic rate of return ('ERR'), which considers the project's socioeconomic costs and benefits, including its spillover effects;*
- (ii) "Promoter capabilities" i.e. the capacity of the promoter/intermediary to implement the project and create the expected impact at the [final] beneficiary level;*
- (iii) "Sustainability" i.e. environmental and social sustainability²;*
- (iv) "Employment" i.e. the project's direct employment effect.*

Pillar 3

EIB Technical and financial contribution to the project	High
1. Financial contribution	[...]
2. Financial facilitation	[...]

This pillar measures the EIB's particular contribution to the project and its financing scheme in the form of financial and non-financial benefits which go beyond what commercial players would normally be able to offer. This dimension of value added is assessed through three indicators:

- (i) "Financial Contribution" i.e. improving the counterpart's funding terms compared to market sources of finance (interest rate reduction and/or longer lending tenor),*
- (ii) "Financial Facilitation" i.e. helping to attract private financiers (for example through positive signaling effects), promoting synergies in co-financing with other public sources of funds including National Promotional Banks or EU financial instruments,*
- (iii) "Technical Contribution and Advice" i.e. providing advice with a view to optimizing the financing package (financial structuring), or technical advisory services in the form of expert input / knowledge transfer – provided in-house by the EIB or in the form of assignments to external consultants – to facilitate the preparation or implementation of a project.*

² For additional information on the EIB's assessment of the project's environmental and social aspects, please refer to the project's Environmental and Social Data Sheet (ESDS) published on the EIB website.

Pillar 4 – Complementary indicators

Additionality

In line with the EFSI objective of supporting entities having up to 3,000 employees, this operation provides risk financing for SMEs and small Mid-Caps across Ireland, to ensure technological leadership in innovative and sustainable sectors, with a particular focus on agri-businesses. Irish SMEs and small Mid-Caps are regionally and economically significant and are important parts of the innovation and skills development of the country. They play a critical role in upgrading the industrial base and are systemically important as processors of local raw material in the food and drink sectors and as key nodes in global supply chains in manufacturing sectors across Europe. Since the UK is the key market for these companies, it is anticipated that this segment of the Irish economy will be particularly exposed to the adverse effects of the UK leaving the EU.

This risk-sharing transaction, structured as a national Investment Platform (IP), is the first operation under EFSI set-up together with the Irish National Promotional Bank, the Strategic Banking Corporation of Ireland. SBCI is an experienced counterpart of the EIB Group, and thanks to EFSI support, under this operation, it is expanding its intermediated lending channels and diversifying its products into more complex structures. SBCI has a very strong position in providing SME financing tools via commercial banks, and it played a pivotal role in the recovery of the financial sector of the country.

The operation is addressing clear market failures and sub-optimal investment situations caused by the limited availability of long-term financing faced by Irish SMEs and small Mid-Caps. This segment of the economy comprises the dominant employers in areas and regions characterised by higher rates of unemployment than the national average and a weaker industrial and skills level. Many of these companies form part of the wider agri-food sector which is highly dependent on exports to the UK market. Moreover, following the financial crisis, SME and Mid-Cap financing has been relatively weak in Ireland due to commercial banks focusing on deleveraging, re-establishing balance sheet ratios and complying with regulatory capital requirement. As smaller companies have limited resources to allow for quick re-adjustments, specifically to the anticipated adverse effects of Brexit, the availability of not mortgaged backed or unsecured financing provided under this IP will enhance the companies' flexibility and resilience to external shocks. Such financing is particularly important for food, manufacturing and engineering businesses investing in intangibles or highly specialised production facilities, which are the focus of this IP.

Financing under EFSI is expected to fall under the Special Activity category taking into account its subordination elements and securitisation characteristics. This operation could not have been carried out to the same extent without EFSI support, with the EIB Group being able to provide both a sizeable guarantee amount as mezzanine and a senior tranche, allowing for the transaction to be structured in the most efficient way. This IP incentivises SMEs and small Mid-Caps to unlock their investments and crowds-in commercial banks to engage pro-actively in this neglected smaller market segment.

Set of indicators related to the macroeconomic environment

Ireland - Economic environment

Economic Performance

	IE	EU	US	IE
	2018	2018	2018	2001-2007
GDP per capita (EUR, PPS)	52,943	29,440	42,615	37,478
GDP growth (%)	5.2	1.9	1.6	5.4
Potential GDP growth (%)	5.0	1.3	2.1	5.2
Output gap (% of potential GDP)	1.8	-0.75	-0.03	2.1
Unemployment Rate (%)	6.9	8.2	4.7	4.6
Unemployment Rate (%) - Y/Y change (% points)	-2.0	-0.8	-0.3	0.19
Bank-interest rates to non-financial corporations (%)	2.4	1.4	1.8	4.9
Bank-interest rates to non-financial corporations (%) - Y/Y change (% points)	-0.12	-0.21	-1.4	0.16
Investment rate (GFCF as % of GDP) - Total	29.3	19.7	19.6	27.0
Investment rate (GFCF as % of GDP) - Public	1.8	2.7	3.4	3.9
Investment rate (GFCF as % of GDP) - Private	27.5	17.0	16.2	23.1

Agriculture/Forestry/Fisheries

	2013	2014	2015	2016	EU (latest available)
Agricultural employment as % of total employment	5.7	5.7	--	--	5.0
Agricultural enterprises (No. of Farms)	78,950	--	--	--	--
Forest area (% of land area)	10.8	10.9	10.9	--	38.0
Agricultural production per capita (Index 2005)	89.2	--	--	--	--
Catches in all fishing regions (Tonnes live weight)	246,240	276,847	234,772	--	5,143,651
Aquaculture production (Tonnes live weight)	32,664	29,327	37,581	--	--
Gross nutrient balance on agricultural land - Phosphorus (Kilogram/ha)	4.0	--	--	--	2.0
Gross nutrient balance on agricultural land - Nitrogen (Kilogram/ha)	44.0	--	--	--	51.0
Gross value added of the agricultural industry (% of total VA)	1.3	1.5	1	1	1.5

SME/midcap

	2013	2014	2015	2016	EU (latest available)
Share of SMEs with Access to Finance Difficulties (%)	27.1	54.7	32.4	14.2	20.9
Availability of Private equity (Thousand euro)	176,645	478,608	636,491	760,850	50,091,574
Availability of Venture Capital (Thousand euro)	113,428	82,271	78,768	207,833	4,035,807

- Country average for "GDP per capita (EUR, PPS)" is calculated in real terms

- EU value for "Bank-Interest rates to non-financial corporations" corresponds to Euro Area average; Country average is the simple average between 2003 and 2007

- The EU value is displayed as the value in the year that corresponds to the latest value of the indicator in a particular country

Other indicators³

Key project characteristics

	Expected at PCR
EIB/EFSI eligible investment mobilised	420.00 MEUR
External EFSI multiplier	28.00
External EIB (non-EFSI) multiplier	0.00
Amount of private financing	177.00 MEUR
Sum of number of employees of all final beneficiaries (no additionality) (Relative to the SME/Mid-Cap share)	800,000
Allocation volume dedicated to SME/ Mid-Caps	89.00 %
Co-financing with national promotional banks	48.00 MEUR
Co-financing with structural funds (ESIF)	0.00 MEUR
Co-financing with other EU instruments (i.e. Horizon 2020, Connecting Europe Facility, etc)	

³ For additional information on the EIB's assessment of the project's environmental and social aspects, please refer to the project's Environmental and Social Data Sheet (ESDS) published on the EIB website. The abbreviation PCR stands for Project Completion Report.