

Strategic Banking Corporation of Ireland

FundSME
May 28th 2015



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Corporation of Ireland
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What is the SBCI?

- The Strategic Banking Corporation of Ireland (“SBCI”) is a limited company
- Owned by the Minister of Finance
- Governed by an independent Board of Directors
- Managed by its own dedicated team
- Set up to source low cost long term finance from multilateral finance providers and State resources
- Now backed by EIB, KfW and ISIF with €800 million of low cost long term loans and ready to:
 - channel this efficiently to Irish SME borrowers
 - and in time to other strategic areas of the economy

SBCI Purpose & Objectives

Reinforce Ireland's economic recovery by improving funding mechanisms for the economy

Financial

- Greater Volume of Funding – Reduction in interest costs
- New Options for Risk sharing – Improve Access to Finance
- Targeted Measures to address specific market failures
- Flexible Platform to Access support from Europe

Competition

- Greater Diversity of Types of Finance
- Encourage New Market Participants
- Assist with the growth of smaller credit providers
- Create a new arena for competition in the use of SBCI Funds



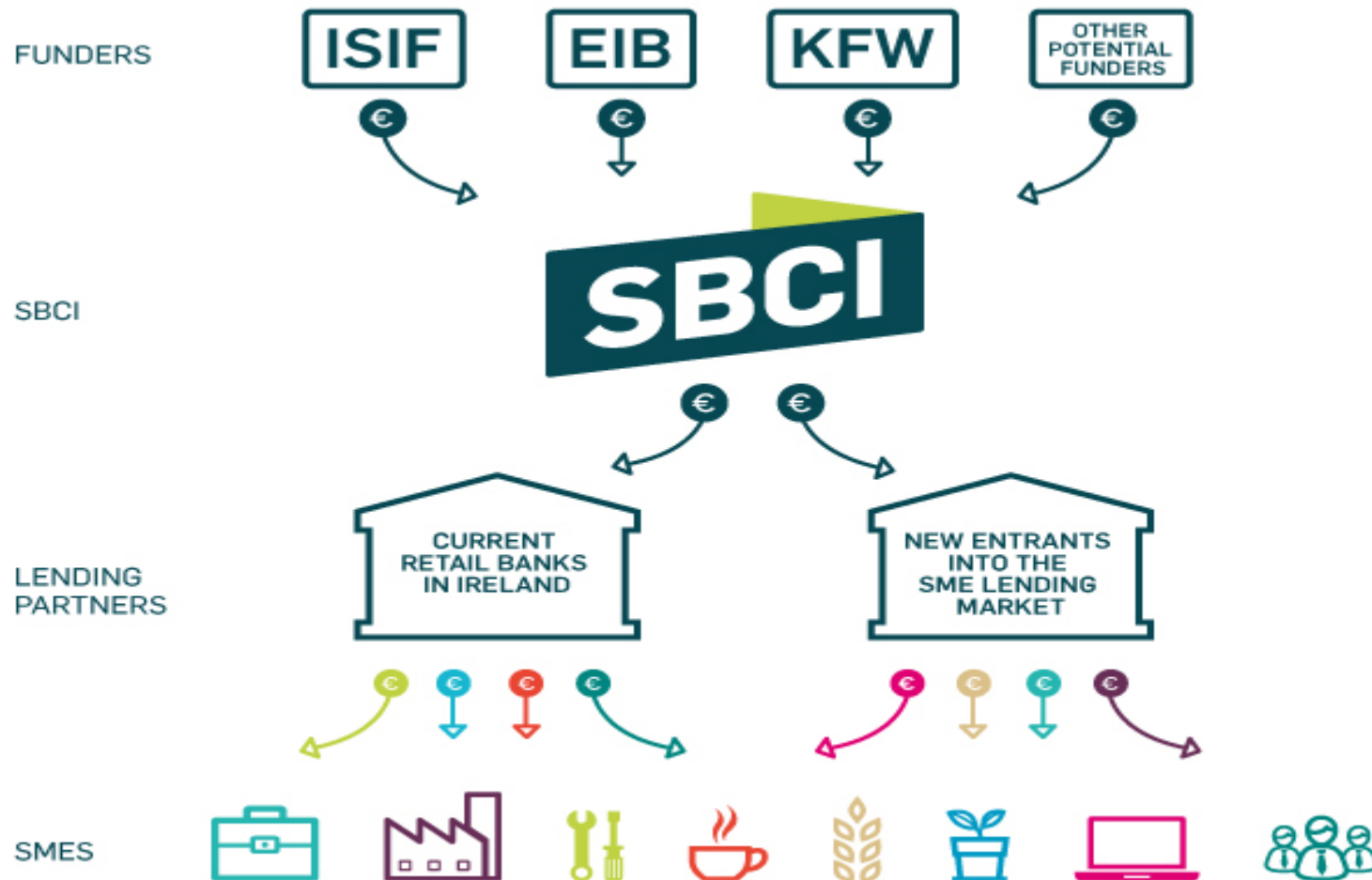
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How will the SBCI support the recovery ?

- The SBCI uses an On-Lending Model
- This means it does not lend directly to SMEs
- It provides the low cost long term liquidity as raw material to credit providers, who then compete to deliver this to the SME market
- The SBCI works with Banks and Non Bank Credit Providers and charges them all the same price for its funding.
- This approach drives competition as opposed to setting out to be the competition.

SBCI On Lending Model



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2015 Initial Product Programme

- Initial product programme is designed to provide loans for working Capital and Investment purposes.
- SME Loans can be for terms of up to 10 years , lowering monthly repayments and positively impacting SME cash flow. Upper loan limit is €5m.
- SME working capital loans will be for a minimum 2 year term.
- Agricultural Investment loans are designed to support investment in the productive capacity of the farm enterprise.
- Tranche of funding available to refinance facilities from Banks exiting the Irish Market.



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Early indications suggest the programme is applicable to a broad range of SMEs.

A sample of applications received to date include,

- Dairy farmer: purchase of additional milk tanks to expand capacity.
- Purchase or replacement of vehicles, both new and second hand.
- Investment in new farm buildings, expanding the productive capacity of the farm.
- Dental surgery, fit out and equipment.

This programme will be delivered by our On-lender partners AIB and Bank of Ireland

AIB

- €200 million Facility
- Single price for all SBCI loans up to €5 million.
- Available in the market now.

Bank of Ireland

- €200 million Facility
- Single discount on pricing across all SBCI loans from €25,000 up to €5 million
- Available in the market now.



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Next steps: SBCI is set to support Non Bank Lenders to deliver

1. Invoice discounting – SBCI to boost capacity of existing providers
2. SME Vehicle Finance – SBCI to boost capacity and enable local small players to compete effectively with banks and international providers with lower costs of capital.
3. SME Asset Based Financing – SBCI to enable the entrance of one or more international platforms to the Irish market with a competitive cost of capital.

SBCI is also ready to support entry of new broad based SME lending platforms to the market.



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