



STRATEGIC BANKING CORPORATION OF IRELAND
SBCI ENERGY EFFICIENCY LOAN SCHEME
OPEN CALL FOR EXPRESSION OF INTEREST
(Published on 4th February 2022 / Updated on 28 February 2022)

1. Introduction

The Strategic Banking Corporation of Ireland (“SBCI”) is launching an Open Call for Expression of Interest (the “Call”) to identify and select On-Lenders (the “On-Lenders”), to deliver the SBCI SME Energy Efficiency Loan Scheme (“EELS” or “Scheme”) as described in this document. EELS is to support eligible SMEs to invest in energy efficient assets that will improve their energy efficiency and support the national objective of reducing carbon emissions. Proposals submitted to the SBCI must conform to the requirements of the Call.

If you are interested in becoming an On-Lender for the Scheme, please read this Guidance Document first.

Interested Applicants should express their interest by completing and submitting an Expression of Interest as per the relevant template included at **Annex 1** to this Call and emailing it to EELSopecall@sbc.gov.ie

Closing date for receipt of Expressions of Interest for this Call is 14th March 2022 (the “Deadline Date”)

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1.1 The Energy Efficiency Loan Scheme

The issue of under investment by SMEs in energy efficiency across Europe is well documented and is particularly stark in Ireland. According to a European Investment Bank (“EIB”) study published in August 2021, Irish SMEs, along with their Greek counterparts, invest the least in energy efficiency across Europe.

Following engagement with finance providers, feedback indicates that due to the nature of energy efficiency assets (often installed assets, lack of clear secondary markets, etc.) these assets tend to be difficult to finance on a traditional secured basis which in turn largely deters asset based lenders from financing these assets. The provision of a portfolio loan guarantee can help to address this security challenge and thereby increase the availability of finance for those businesses wishing to invest in this area.

SBCI has proactively engaged with the market to understand this market gap and how it might deliver an appropriate solution. In recent months, discussions with lenders have indicated they have an increased appetite to enter the energy efficiency financing market and support the government climate targets.

The proposed €150m Scheme is being created as a pilot to act as a catalyst and gauge the level of demand for such a product from SMEs. This capped loan portfolio guarantee will be funded in part by the SBCI and will be backed by a Counter Guarantee which has already been granted to the SBCI by the European Investment Fund (“EIF”) under its COSME¹ program (the “EIF Counter-Guarantee”). Whilst the EIF Counter-Guarantee is currently available until 31st December 2022, the EIF has provided written confirmation to the SBCI that it will:

- extend the cover under the EIF Counter-Guarantee to 31st December 2023; and
- enter into an amendment agreement with the SBCI to formally record this agreement.

The expected launch of the Scheme will be Q2 2022 and (subject only to the exchange of an amendment agreement between the EIF and the SBCI in respect of the EIF Counter-Guarantee Agreement as referred to above), the Scheme will be available until 31st December 2023. Applicants are advised to assume that the Scheme shall be available until 31st December 2023 when submitting any response to this Call.

1.2 The Strategic Banking Corporation of Ireland

The SBCI was established in September 2014 to ensure that businesses in Ireland have access to stable, lower cost and longer term funding options and is wholly owned by the Minister for

¹ Programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises), an initiative launched by the European Commission.

Finance. One of the primary functions of the SBCI is to promote the provision of additional credit to businesses in Ireland, in particular to SMEs, and to encourage competition in the lending market. In designing any of its schemes, the SBCI strives to ensure the efficient use of available EU funding and guarantees.

The SBCI provides wholesale funding and risk sharing supports through its on-lending partners to deliver a range of loan products to SMEs and other enterprises, ensuring that the benefit of its support is delivered to the ultimate borrowers.

1.3 Opportunity for On-Lenders

The Call for the Scheme is open to On-Lenders active (or who intend to become active) in SME business lending, as detailed in **Section 3**.

For the purposes of this Call, an “**On-Lender**” is a financial or credit institution that is incorporated or established in a European Union Member State and duly authorised to carry out lending activities according to any applicable legislation operating in a Member State.

The On-Lender must comply with relevant standards and applicable legislation on illegal activities, activity carried out for illegal purposes, tax evasion, tax avoidance, sanctions, anti-corruption, money laundering, terrorism and fraud to which it may be subject.

The On-Lender must comply with specified eligibility criteria including a requirement that the On-Lender must not be incorporated in a **Non-Cooperative Jurisdiction**².

2. The Scheme Details

The Scheme is being established by the SBCI and will be supported with the financial backing of the EIF. The Scheme will involve the SBCI providing a guarantee to each On-Lender to cover the credit risk of newly originated loans included in its portfolio (up to a maximum of 80 % of each loan) subject to a maximum portfolio loss cap of 15%, supported by the EIF’s COSME Loan Guarantee Facility.

To partially off-set the risk of granting a guarantee to each of the On-Lenders, SBCI has entered into the EIF Counter-Guarantee. While SBCI will provide the guarantee direct to each On-Lender for 80%, half (or 40%), of total risk will be offset by the EIF Counter-Guarantee. The On Lender will retain the remaining 20% of the risk.

The Scheme will cover a total portfolio of loans of up to €150m (the “**Maximum Portfolio**

² Any jurisdiction that does not cooperate with the European Union in relation to the application of the internationally agreed tax standards (i.e. any jurisdiction classified as “non-compliant” by the Organisation for Economic Cooperation and Development (OECD) and its Global Forum on Transparency and Exchange of Information for Tax Purposes, from time to time, unless otherwise notified by EIF).

Volume”). Applicants (who are selected and are approved by the SBCI) will be invited to act as an On-Lender for the Scheme and will be allocated a portion of the Maximum Portfolio Volume.

2.1 Summary of Loan Details

Loan Features

The criteria which are required to apply to each loan are detailed in **Annex 2** and include, without limitation, the following:

- Loans from €10,000 to a maximum of €150,000 per borrower.
- A Minimum Discount from the On-Lender’s standard comparable product to be applied of at least 1% on all loans.
- A 2% Guarantee Fee is applicable for each Loan. The Guarantee Fee is payable on a quarterly basis on the drawn balance of each Loan provided under the Scheme.
- Loan terms of between 1 to 10 years, depending on the purpose of the loan.
- Loans may be secured by the asset being funded only. Personal guarantees are not permitted security.
- Loans may only be used for the purposes of upgrading the energy efficiency of the enterprise. To be eligible for inclusion, the asset to be financed must be listed on the SEAI’s Triple E Product Register³ (register of energy efficient equipment).
- The On-Lender’s standard credit criteria and policies shall apply to the origination, risk, credit, collections, loan servicing and accounting policies and procedures on a consistent basis without regard to the SBCI Guarantee across the On-Lenders’ loan book to exposures of a substantially similar type to the loans.
- Allowable Loan types include Term Loans, Hire Purchase and Asset Finance products.

Loan Purposes

EELS is to support eligible SMEs to invest in the energy efficiency of its enterprise. Except for Electric Vehicles (“**EV’s**”), assets listed on the SEAI Triple E Product Register are deemed eligible assets for the purpose of the Scheme:

- The Triple E Products register is a list of energy efficiency products that all meet a minimum set of stringent energy efficiency criteria and typically will be of a best-in-class efficiency standard.

³ <https://www.seai.ie/business-and-public-sector/triple-e-register-for-products/>

- The register is maintained by SEAI and is utilised by the Revenue Commissioners in determining which assets can avail of tax relief by way of accelerated capital allowances.
- The register includes a broad range of assets across a wide spectrum of areas including Heating and Electricity Provision, Lighting and Refrigeration and Cooling. A supplier may apply to SEAI to have their equipment included on the register subject to demonstrating that it meets the technical requirements to be considered energy efficient for that equipment type.
- While included on the Triple E Product register, EV's are not eligible assets to be funded under the Scheme. Please note, however, that EV charging points will be eligible under the Scheme.
- Where appropriate, loan proceeds of no more than 20% of the Loan may be used towards ancillary costs related to the investment in the asset(s), for example installation costs.

Loans cannot be used for certain specified purposes detailed in Annex 2 which include the following: -

- Finance of Electric Vehicles
- Finance of specific export operations, or finance contingent upon the use of domestic over imported products, the purpose should not apply to financing the establishment and operation of a distribution network in other States, or current expenditure linked to the export activity.
- Finance of activities forbidden by national or EU law
- Refinance of existing term loan debt
- Financing in 'Restricted Sectors' (see Annex 2)
- Financing of activities constituting pure financial transactions (e.g. Purchase of shares)
- For loans covered by Article 14 of the Agriculture Block Exemption Regulation ("**ABER**")⁴, loans cannot be used to finance activities or assets which are excluded by virtue of Article 14 (4), (5) and (9) ABER.

Who can apply for a loan?

Subject to compliance at all times with the criteria set out in **Annex 2**, SMEs including Primary Producers are eligible to apply under the Scheme.

SMEs

- Micro, small or medium-sized enterprises which employ fewer than 250 persons; and
- Have an annual turnover not exceeding EUR 50 million, and/or an annual balance sheet

⁴ Commission Regulation (EU) No 702/2014 of 25 June 2014 declaring certain categories of aid in the agricultural and forestry sectors and in rural areas compatible with the internal market in application of Articles 107 and 108 of the Treaty on the Functioning of the European Union (OJ L 193, 1.7.2014, p. 1).

total not exceeding EUR 43 million.

Eligible SMEs must be based in Ireland and/or have their principal activities in Ireland and must be unlisted.

A Primary Producer means

- a person engaged in the production, rearing or growing of primary products including harvesting, milking and farmed animal production prior to slaughter.
- It also includes fishing and the harvesting of wild products.

Who cannot apply for a loan?

SMEs that do not satisfy the criteria for borrowers set out in Annex 2, including without limitation, SMEs that:

- are subject to or fulfil the criteria under domestic law for being placed in, collective insolvency proceedings.
- Are bankrupt or being wound up or having their affairs administered by the courts.
- Have a substantial focus in any Restricted Sectors, which include without limitation those specified in **Annex 2**;
- in case the loan is covered by Article 14 ABER:
 - are subject to an outstanding recovery order following a previous Commission decision declaring an aid granted by the same Member State illegal and incompatible with the internal market;
 - a limited liability company⁵ (other than an SME that has been in existence for less than three years), where more than half of its subscribed share capital has disappeared as a result of accumulated losses;⁶
 - a company where at least some members have unlimited liability for the debt of the company⁷ (other than an SME that has been in existence for less than three years), where more than half of its capital as shown in the company accounts has disappeared as a result of accumulated losses.

⁵ 'limited liability company' refers in particular to the types of company mentioned in Annex I of Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC (OJ L 182, 29.6.2013, p. 19).

⁶ This will be the case when deduction of accumulated losses from reserves (and all other elements generally considered as part of the own funds of the company) leads to a negative cumulative amount that exceeds half of the subscribed share capital.

⁷ 'a company where at least some members have unlimited liability for the debt of the company' refers in particular to the types of company mentioned in Annex II to Directive 2013/34/EU.

Borrower Eligibility

The borrower must satisfy the conditions detailed in **Annex 2** to be eligible to apply for a loan. The borrower satisfies elements of these conditions by completing an application form which contains self-declarations which is sent to the SBCI. The SBCI will check the application form and send a confirmation to the borrower of eligibility/ineligibility to apply to a participating On-Lender for a loan. The borrower will need to provide that confirmation to the On-Lender as part of its credit application process.

To be eligible for the Scheme, SMEs and Primary Producers must self-declare a category and asset from the Triple E Register they are purchasing (declaration will be managed at eligibility stage through SBCI's third party service provider):

1. Building Energy Management Systems
2. Lighting
3. Motors and Drives
4. Information and Communications Technology (ICT)
5. Heating and Electricity Provision
6. Process and Heating, Ventilation and Air-conditioning (HVAC) Control Systems
7. Catering and Hospitality
8. Electromechanical Systems
9. Refrigeration and Cooling

Confirmation of eligibility from the SBCI is simply a confirmation that the borrower meets the eligibility criteria for the Scheme. This does not impose any obligation on the On-Lender to provide a loan.

2.2 Key Terms between the On-Lender and SBCI

The key terms and conditions relevant to On-Lenders include the following:

- The SBCI guarantee is to the On-Lender, not the borrower.
- SBCI will allocate a portfolio lending limit to each On-Lender under the Scheme. On-Lenders cannot exceed this limit without agreement in writing from SBCI.
- Decision-making on a borrower's credit viability is fully devolved to the On-Lender.
- The On-Lender records all eligible transactions on the SBCI web portal. The SBCI web portal records Loan and borrower details e.g. the loan amount, term, and interest rate. On-Lenders must use the SBCI web portal to enter and update the loan details in a timely and accurate manner. Details of the loan data to be recorded on the SBCI web portal are in **Annex 5**.
- In the event of a borrower defaulting, the On-Lender may claim up to 80% of the outstanding principal from the SBCI as guarantor while bearing the remaining 20% of the loss. Loan losses are capped at 15% of the portfolio.
- Any recoveries made by the On-Lender after making a claim under the guarantee must be applied on an 80%/20% basis (80% must be paid to SBCI).
- On-Lenders must ensure that the relevant customer-facing and back office staff in their organisation (e.g. Relationship Managers, Credit Sanctioners etc.) and any intermediaries, are trained to appropriately apply and administer the Scheme, and that they manage their internal communication so that all relevant staff receive and understand the information relevant to them.
- On-Lenders must; actively market the Scheme through its normal distribution channels (as appropriate), work with SBCI on joint promotions, accurately convey the terms and conditions of the Scheme on all marketing materials and assemble case studies for SBCI use, in order to market the Scheme appropriately.
- On-Lenders undergo periodic audits. Samples of transactions will be analysed during the audit to check that the Scheme eligibility rules and processes have been followed.
- SBCI provides training, communications and guidance materials for On-Lenders, both initially following accreditation and intermittently as refresher training where needed.
- Selected On-Lenders are required to enter into a standard form SBCI legal agreement and an outline of the key indicative terms is set out in **Annex 4**.
- SBCI holds periodic meetings with On-Lenders, both bilaterally and collectively as appropriate, to discuss Scheme performance, best practices, and any issues.

3. The Selection Process For On-Lenders

SBCI welcomes proposals from any Applicant able to meet the requirements set out in this Call. Applicants must have the necessary capability to lend to eligible businesses and operate within the rules of the Scheme.

Applicants are expected to meet the requirements of a 4-stage selection process, as detailed below.

- **Stage 1 - Expression of Interest:** submission (**Annex 1**) outlining in brief how the Applicant meets the requirements for On-Lenders participating in the Scheme. If the Applicant is an existing On-Lender with the SBCI (an “**Existing On-Lender**”), Application Form No. 1 is to be completed. If the Applicant is not an Existing On-Lender, Application Form No. 2 is to be completed.
- **Stage 2 - Eligibility Requirements** – Applicants need to meet minimum requirements to progress to Stage 3, and those minimum requirements are set out in **Annex 3**. Applicants that meet the minimum requirements are then further assessed on the basis of the criteria set out in **Annex 3**.
- **Stage 3 - Initial Allocation** – Provided the Applicant achieves 200 marks under Phase 1 of **Annex 3**, it will be awarded an Allocation based on an evaluation of two award criteria, being price and ability to deploy, as set out in Phase 2 of **Annex 3**.
- **Stage 4 - Due Diligence and Completion (subject to satisfaction of conditions precedent):** Those applicants that have successfully completed Stage 3 will be allowed to immediately deploy to the market subject to:
 - confirmation of SBCI Board approval; and
 - where required – the Applicant has satisfied SBCI’s due diligence process within 3 months of the updated date of publication of this Call; and
 - completion of the legal documentation within 4 months of the updated date of publication of this Call.

In the event that any Applicant fails Stage 4 by not obtaining the approval of the SBCI Board and/or failing the due diligence and/or legal agreement requirements within the required timelines, the SBCI may re-allocate the amount of the Maximum Portfolio Volume which was initially allocated to that Applicant under Stage 3 to those applicants that have successfully completed Stage 4 on a pro-rata basis.

The Expression of Interest submission and due diligence process will vary to take account of (i) whether an Applicant is an Existing On-Lender or not and (ii) the size and structure of Applicants.

SBCI may request clarification or additional information at any point in the process. SBCI will assess applications using a risk and judgement-based approach based on the requirements set out in **Section 3** of this Call.

The SBCI shall select one or more Applicants to implement the Scheme in accordance with the procedures described in this Call, up to a maximum of 6 Applicants.

3.1 Application Process

Stage 1 - Expression of Interest

Applicants should complete and submit the relevant Expression of Interest form appended to this Call **at Annex 1** via email to:

EELSopencall@sbc.gov.ie *Subject: EELS Scheme 2022*

The security of the information provided, the method of transfer and the timely delivery of the application are the sole responsibility of the Applicant.

Requests for Additional Information

Applicants can make requests for additional information in advance of submitting an Expression of Interest. Any requests for additional information should be submitted to:

EELSopencall@sbc.gov.ie *Subject: EELS Scheme 2022 – Query*

The SBCI will endeavour to respond to all requests for additional information as soon as possible.

The Expression of Interest form should be used to outline the key elements of the Applicant's proposal and how the Applicant meets the minimum requirements detailed in this Call.

Applicants are encouraged to have a preliminary discussion with SBCI (contact via EELSopencall@sbc.gov.ie) in order to help them ascertain whether participation in the Scheme would be potentially viable, before committing effort to preparing an Expression of Interest.

3.2 Assessment and Selection Process

Stage 2 - Eligibility Requirements

Following receipt of an Expression of Interest, SBCI may contact Applicants to discuss the information set out in their Expression of Interest and to seek any clarifications deemed necessary. Applicants may be requested to submit supplementary information.

An Applicant must meet the Minimum Eligibility Criteria (**Annex 3**) to progress to Stage 3, on the basis of both the written information submitted and any discussions held. SBCI will inform Applicants of the outcome of Stage 2 by email.

Stage 3 – Initial Allocation

Assessment

Those Applicants that meet the Minimum Eligibility Criteria are then further assessed based on the criteria set out in **Annex 3**. The score of an Applicant will determine its ranking among the other Applicants in this phase of the process.

A maximum of 6 Applicants will be allocated a share of the Maximum Portfolio Volume in accordance with the following methodology:

Allocation is the lower of A and B, where:

$A = (AS / TAS) * \text{the Maximum Portfolio Volume (€150m)}$

$B = \text{the amount of the Scheme requested by the Applicant}$

$AS = \text{a successful Applicant's Total Score}$

$TAS = \text{the aggregate of all successful Applicants' Total Scores}$

If the amount allocated to a successful Applicant is greater than the amount requested by that Applicant, the surplus (i.e. A-B) will be allocated to the other Applicants using the same methodology, adjusted for the exclusion of that successful Applicant.

Note: SBCI will apply rounding to the nearest €1m for each allocation.

Stage 4 - Due Diligence and Completion

At this point in the process, the SBCI will communicate to the successful Applicants an ‘in principle’ intention to enter into an agreement subject to satisfaction of any conditions precedent and completion of legal documentation. The SBCI has no obligation to enter into an agreement with a selected Applicant.

Applicants are advised that selection as an On-Lender may be subject to a satisfactory risk assessment being undertaken by representatives from the SBCI which may include an on-site review. If requested, Applicants must facilitate a risk assessment to be undertaken promptly following submission of their applications.

Those applicants that have successfully completed Stage 3 will be allowed to deploy to the market subject to:

- confirmation of SBCI Board approval;
- where required – the Applicant has satisfied SBCI’s due diligence process within 3 months of the updated date of publication of this Call;
- completion of the legal documentation within 4 months of the updated date of publication of this Call. SBCI can extend this at its absolute discretion.

Before being able to commence lending via the Scheme, the Applicant will be required to complete a number of preparatory steps:

- a legal agreement (being the guarantee) must be signed by the Applicant within 4 months of the updated date of publication of this Call. This is a standard form agreement to be entered into between the SBCI and a successful Applicant, with limited scope to negotiate changes. Further details are set out in **Section 4.7** and indicative key terms of the guarantee are summarised in **Annex 4**.
- SBCI will provide the Applicant with training on the use of the SBCI web portal, as well as general training and communications materials on how the Scheme works, which the Applicant may choose to use to train its staff on the terms of each of the Scheme. The Applicant is, however, responsible for ensuring that all relevant staff within its organisation are fully trained on how the Scheme works, and that all internal processes reflect the necessary Scheme process requirements.
- The Applicant will be required to agree an Operations Manual before lending can commence, which will detail the Applicant’s processes and procedures for delivering the Scheme loans.

- Applicants which are not Existing On-Lenders may be subject to a confirmatory due diligence process which would be undertaken by or on behalf of SBCI and which must be completed within 3 months of the updated date of publication of this Call.

Note

- SBCI will use all reasonable endeavours to (i) respond promptly to Applicants at each stage of the application process; and (ii) progress all due diligence and legal negotiations which are within its control as quickly as possible.
- SBCI may request additional information to clarify issues or to supplement information at any stage of the application process.
- SBCI reserves the right to reject Expressions of Interest and proposals at any stage of the application process.

3.3 Delivery of Expressions of Interest and Additional Information

- Expressions of Interest and follow-on additional information should be submitted by email to EELsopencall@sbc.gov.ie .
- A response will be issued to all Applicants via email.
- Any accompanying spread sheets should be in Microsoft Excel, ensuring that no formulas have been hidden or removed. If the document is password protected, the password should be provided separately.
- By submitting an Expression of Interest, each Applicant confirms it has read this Call, including the Legal Notice at **Section 5**.

3.4 Publishing of Information

From time to time the SBCI may publish the names and associated details of those Applicants who have been selected as an On-Lender in respect of the Scheme on its website. The associated details which may be published by the SBCI may include the registered address of the successful Applicant and the amount allocated to such successful Applicant under the Scheme.

4. Requirements from On-Lenders

This section details the requirements for selection as an On-Lender for the Scheme. Applicants must be able to address all points to the full and absolute satisfaction of SBCI in order to progress through the selection process described in **Section 3**, and Applicants are requested to explain how they will meet these requirements in the Expression of Interest application form. If a requirement is unclear to the Applicant, or the Applicant does not have or is unable to disclose the information, this should be raised with the SBCI at the earliest opportunity.

For the avoidance of doubt, satisfying all requirements does not guarantee that an application will be successful, and SBCI reserves the right to consider, assess and seek additional relevant information at its discretion.

4.1 Lending to SMEs and Primary Producers

Applicants should be able to either (i) demonstrate their track record in the provision of term loans to SMEs & Primary Producers or (ii) if they are a recent entrant to the SME lending market, demonstrate a clear intention and strategy to lend to SMEs.

4.2 Critical Mass

The structure of the guarantee means that for participation to be worthwhile for both the On-Lender and SBCI, Applicants must be able to demonstrate through evidence-based forecasts the extent to which they intend to use the guarantee. SBCI would generally expect Applicants seeking an Allocation to i) have a minimum established lending portfolio of SME or equivalent lending of €10m or more and ii) support a minimum deployment of €5m during the availability of the Scheme.

4.3 Loan Interest Rate

Loan Interest Rate must reflect a Minimum Discount of 1% from the On-Lenders standard comparable product with same to be evidenced in the submission. The 1% Minimum Discount is the discount including the Guarantee Fee.

4.4 Availability of Capital

The Applicant must be able to demonstrate that it has or will have sufficient capital available to meet its lending forecasts for the duration of the Scheme, covering lending both with and without the support of the Scheme. SBCI's liquidity product is not available to support EELS loans.

Where the availability of or freedom to deploy capital is subject to conditions which may affect the Applicant's ability to deploy capital for lending under the Scheme, this must be declared. In such cases the Applicant should verify the position with the relevant provider(s) of the capital. SBCI must be satisfied that the Applicant will be able to meet the capital requirements to successfully deliver its allocation under the Scheme.

4.5 Operations, Management Team and Track Record

Applicants must demonstrate a viable business model and robust operations and systems. For example, where an Applicant's business is loss-making, SBCI will need to see the strategy as to how the Applicant plans to reach profitable status over time. Applicants must demonstrate that robust and tested systems and processes are in place for making and managing the proposed loan facilities. This requirement includes, but is not limited to, origination processes, risk management and underwriting capabilities and processes, lending documentation, back-office systems, monitoring and compliance, governance arrangements and management information reporting. Applicants must also be able to demonstrate that they have a competent team, with sufficient expertise to execute the proposed strategy for lending under the Scheme.

Applicants must have appropriate standards of reputation and integrity, including appropriate ethical standards in all areas of its proposed operations, together with appropriate processes in place to maintain these. The Applicant must be able to demonstrate this as part of its proposal.

Where a proposal relates to a start-up operation or a move into the SME lending market, an Applicant is expected to clearly demonstrate how it will access sufficient resources, and further how it will generate or acquire those skills and competencies which will be required to execute the Applicant's proposed lending strategy.

4.6 Regulation

Applicants are expected to be appropriately regulated, licensed and have the necessary authorisations and permissions to conduct activities consistent with their lending strategy. Applicants who are in the process of applying for the necessary regulatory approvals can still apply to become an On-Lender for the Scheme, but obtaining those relevant approvals will be a condition precedent for progression through the process. All Applicants must also be able to demonstrate transparent and appropriate tax structures.

4.7 Legal Structure

All Applicants, if successful, will be required to enter into a “standard form” guarantee agreement with the SBCI. The guarantee agreement has been drafted on the basis that the origination and servicing of the loans under the Scheme is undertaken by the same legal entity as the named On-Lender (the “lender of record”), who contracts with the underlying borrower. SBCI can also accommodate a structure whereby two corporate entities from the same corporate group contract to separately originate and service loans under the Scheme, provided such corporate entities meet SBCI’s diligence requirements.

The key terms of the guarantee agreement include (amongst other matters) the following:

- the guarantee agreement is given to the relevant On-Lender in relation to the Scheme loans originated under the loan agreements between the On-Lender and the underlying borrowers
- the On-Lender originates the Scheme loan and is the primary entity responsible for servicing the lending
- the On-Lender acts in accordance with its standard policies when originating and administering the Scheme loans, having regard to the standard of care set out in the guarantee agreement
- the On-Lender is responsible for the administration of the SBCI web portal and making sure it is kept up-to-date
- the On-Lender maintains adequate and up-to-date records in relation to the loans granted by it under the Scheme.

In general, SBCI does not undertake individual negotiations with On-Lenders on the standard form guarantee agreement.

If an Applicant has a business model that does not fit the standard form guarantee agreement (i.e. not the lender of record), then its application will be considered using a risk and judgement-based approach which will appraise (among other matters) the risk sharing and alignment of interests between the SBCI and the On-Lender, which requires the On-Lender to have a financial interest in the performance of its loan portfolio.

The SBCI will inform Applicants at the Expression of Interest stage if their lending model does not fall within the structure of the standard form guarantee agreement.

If an Applicant is invited to progress to Stage 4 – Due Diligence and Completion, any additional costs incurred by the SBCI in modifying its standard form guarantee agreement to accommodate business models other than those contemplated above may be for the account of the Applicant. These costs will be notified to the Applicant in advance.

Where the Applicant utilises a platform which pairs borrowers and individual lenders but does not itself provide credit to underlying borrowers or assume the rights of the person who provided the credit, (i.e. it's not the lender of record), it will not be considered a suitable On-Lender for the Scheme. This means that an institutional investor lending through a platform, rather than the platform itself, should be accredited as an On-Lender, with the platform entering into suitable arrangements to be able to originate loans under the Scheme, but not act as lender. Applicants must be able to demonstrate that the platform that they originate loan facilities through is capable of ring-fencing institutional funds and complying with the other requirements of the Scheme.

5. Legal Notice

Applicants who submit an Expression of Interest are deemed to acknowledge and accept the terms and conditions set out in this Call, including this Section.

SBCI reserves the right at any time not to continue with the current process and/or cancel or withdraw from the process at any stage and any costs or expenses incurred by Applicants will not be reimbursed. SBCI hereby excludes any liability it may have whatsoever for any costs, expenses or losses incurred by any Applicant who decides to take part in this Call.

SBCI reserves the right to reject any and all submissions and/or proposals at any time. SBCI reserves the right to amend any timetable and/or other aspects of the current process at its discretion. SBCI may request clarification of information and additional information regarding a response and/or may also request video conference or face to face meetings. Refusal to provide such clarification or information or to attend such meetings may cause a submitted response to be rejected and the entire submission subsequently treated as if it had been withdrawn. Where no reply to a request for information or for clarification or a meeting is received within ten business days of such request SBCI may assume that the submission has been withdrawn in its entirety.

Applicants should note that information received by the SBCI as part of the application process, including personal data (if any), may be published or disclosed in accordance with access to information legislation.

These are primarily the Freedom of Information Act 2014, the European Communities (Access to Information on the Environment) Regulations 2007 to 2018 and data protection regulations and legislation, including but not limited to the Data Protection Acts 1988 to 2018 (as amended) and the European Union's General Data Protection Regulation ((EU) 2016/679). In view of this, should Applicants consider that any information should be treated as confidential and/or commercially sensitive, it would be helpful if Applicants could set out why they consider this to be the case in each instance. Automatic confidentiality disclaimers generated by IT systems will not, in themselves, be regarded as binding.

If the SBCI receives a request for disclosure of information provided pursuant to this Call, full account will be taken of any explanation, but no assurance can be given that confidentiality will be maintained in all circumstances.

Decisions on disclosure of information remain the responsibility of the SBCI, the Information Commissioner and the courts.

Personal data will be processed in accordance with the privacy notice on SBCI's website <https://sbci.gov.ie/data-protection-notice>

ANNEX 1

Application Form No. 1 Expression of Interest for an Existing SBCI On-Lender

Information required	
Name of the Entity	
Name of Applicant	
Principal Contact(s)	
Contact Details	Address (registered office): Telephone: E-mail:

Certification and Authority to Submit

Dear Sirs,

We are submitting our Expression of Interest on behalf of [*Insert name of Applicant*] (the "**Applicant**") in response to the Open Call for Expression of Interest in the Scheme to be implemented by the SBCI (the "**Call**").

The Scheme is designed to support eligible SMEs to invest in the energy efficiency of their enterprise.

The undersigned is/are duly authorised to submit this application form on behalf of the Applicant and by signing this form certifies/certify and declare(s) that:

- a) the information contained in this application and any supporting documentation is complete and accurate in all respects;
- b) if selected, the Applicant commits to complying with all requirements set by the SBCI for the successful delivery of the Scheme;
- c) the Applicant is authorised to carry out lending activities to businesses in the State; and
- d) the Applicant is an On-Lender, as defined in **Section 1.3** of the Call.

I understand that selection as an On-Lender for the Scheme is subject to the terms of the Call and that submission of this information does not confer any particular status or entitlement upon the Applicant.

The undersigned further declares that the Applicant is **not** in one of the following situations of exclusion, (the “**Exclusion Situation**”), as at the date of this application form:

- a) the Applicant is bankrupt, is subject to insolvency or is being wound up, is having its affairs administered by a liquidator or by the courts, in this context, is in an arrangement with creditors, is having its business activities suspended or a standstill (or equivalent) agreement has been signed with creditors and validated by the competent court when required by the applicable law, or is in any analogous situation arising from a similar procedure provided for in national legislation or regulations;
- b) in the past five (5) years, the Applicant has been the subject of a final judgment or final administrative decision for being in breach of its obligations relating to the payment of taxes or social security contributions in accordance with the applicable law and where such obligations remain unpaid unless a binding arrangement has been established for payment thereof;
- c) in the past five (5) years, the Applicant or any of the persons having powers of representation, decision-making or control over it has been convicted by a final judgment or a final administrative decision for grave professional misconduct, where such conduct denotes wrongful intent or gross negligence, which would affect its ability to meet its obligations under the guarantee and which is for one of the following reasons:
 - i) fraudulently or negligently misrepresenting information required for the verification of the absence of grounds for exclusion or the fulfilment of selection criteria or in the performance of a contract or an agreement;
 - ii) entering into agreements with other persons aimed at distorting competition;
 - iii) attempting to unduly influence the decision-making process of the contracting authority during the relevant “award procedure” as such term is defined in Article 2 of the Financial Regulation⁸;
 - iv) attempting to obtain confidential information that may confer upon it undue advantages in the relevant “award procedure” as such term is defined in Article 2 of the Financial Regulation⁹;
- d) in the past five (5) years, the Application or persons having powers of representation, decision-making or control over it has been the subject of a final judgment for:
 - i) fraud;
 - ii) corruption;
 - iii) participation in a criminal organisation;
 - iv) money laundering or terrorist financing;

⁸ means Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, as it may be amended, supplemented or modified from time to time.

⁹ See above

- v) terrorist offences or offences linked to terrorist activities, or inciting, aiding, abetting or attempting to commit such offences;
 - vi) child labour and other forms of trafficking in human beings;
- e) the Applicant is listed under the published list of economic operators excluded or subject to financial penalty, in each case contained in the early detection and exclusion system database (the EDES database available at the official website of the EU) set up and operated by the Commission.

Name(s)
Title / Role(s)
Signature(s)
Date

Information to be supplied by the Applicants:

Applicants should seek to address each of the sections as closely as possible. Where any requested information is unavailable, or cannot be disclosed, Applicants should make this clear in their proposal. Applicants are requested to submit a response (not more than 5 pages) following the format set out below.

Organisation Structure

- Brief background of the organisation including its principal lending activity.
- Brief outline of the key terms and price for its main business lending products.
- What is the strategy for SME business lending?
- Confirm regulatory approvals required and if in place.

Funding Structure

- The amount of the Scheme being requested by the Applicant
- Applicants must be capable of lending a minimum of €5m during the duration of the Scheme.

Availability of Capital

- Applicant must have or will have sufficient capital available to meet its lending forecasts both with and without the support of the Scheme. Applicant should highlight at this stage if some of its sources of capital comes with conditions that may restrict its ability to deploy capital for lending under the Scheme.
- If the Applicant currently has SBCI liquidity, this funding cannot be used to fund EELS loans.

Loan Pricing

- Applicant must offer a minimum discount of 1% from its standard comparable product, supporting evidence of same must be provided. Note the discount of 1% is gross of the 2% Guarantee Fee applicable.

Lending Experience

- Applicants should provide high level evidence of their track records of lending to the SME market including portfolio details e.g. distribution per credit grade, defaults, arrears, and region for at least a 5-year period.
- Projected details of the proposed portfolio risk e.g. diversified by sector, geography, size of loans, credit grade. Applicants should provide some background on how they have come up with this forecast.

Financial Details

- Details of Financial Standing. Please complete the table below.
- Copies of annual reports (including full set of financial statements with independent auditor's report) for the last three years.

EUR: - '000	Year (N-3)	Year (N-2)	Year (N-1)
Net profit			
Return on equity (%)			
Total assets			
Total Loan Book			
Total SME Loan Book (in % of Total Loan Book)			
Cost/income (%)			
Shareholders' equity			
Tier 1 capital ratio (%) (or applicable equivalent, if relevant)			
Solvency ratio (%) (or applicable equivalent, if relevant)			

Application Form No. 2

Expression of Interest for potential New On-Lender

Information required	
Name of the Entity	
Name of Applicant	
Principal Contact(s)	
Contact Details	Address (registered office): Telephone: E-mail:

Certification and Authority to Submit

Dear Sirs,

We are submitting our Expression of Interest on behalf of [*Insert name of Applicant*] (the “**Applicant**”) in response to the Open Call for Expression of Interest in the Scheme to be implemented by the SBCI, (the “**Call**”).

The Scheme is designed to support eligible SMEs to invest in the energy efficiency of their enterprise.

The undersigned is/are duly authorised to submit this application form on behalf of the Applicant and by signing this form certifies/certify and declare(s) that:

- a) the information contained in this application and any supporting documentation is complete and accurate in all respects;
- b) if selected, the Applicant commits to complying with all requirements set by the SBCI for the successful delivery of the Scheme;
- c) the Applicant is authorised to carry out lending activities to businesses in the State, or is in the process of applying for such authorisation; and
- d) the Applicant is an On-Lender, as defined in **Section 1.3** of the Call.

I understand that selection as an On-Lender for the Scheme is subject to the terms of the Call and that submission of this information does not confer any particular status or entitlement upon the Applicant.

The undersigned further declares that the Applicant is **not** in one of the following situations of exclusion, (the “**Exclusion Situation**”), as at the date of this application form:

- a) the Applicant is bankrupt, is subject to insolvency or is being wound up, is having its affairs administered by a liquidator or by the courts, in this context, is in an arrangement with creditors, is having its business activities suspended or a standstill (or equivalent) agreement has been signed with creditors and validated by the competent court when required by the applicable law, or is in any analogous situation arising from a similar procedure provided for in national legislation or regulations;
- b) in the past five (5) years, the Applicant has been the subject of a final judgment or final administrative decision for being in breach of its obligations relating to the payment of taxes or social security contributions in accordance with the applicable law and where such obligations remain unpaid unless a binding arrangement has been established for payment thereof;
- c) in the past five (5) years, the Applicant or any of the persons having powers of representation, decision-making or control over it has been convicted by a final judgment or a final administrative decision for grave professional misconduct, where such conduct denotes wrongful intent or gross negligence, which would affect its ability to meet its obligations under the guarantee and which is for one of the following reasons:
 - i) fraudulently or negligently misrepresenting information required for the verification of the absence of grounds for exclusion or the fulfilment of selection criteria or in the performance of a contract or an agreement;
 - ii) entering into agreements with other persons aimed at distorting competition;
 - iii) attempting to unduly influence the decision-making process of the contracting authority during the relevant “award procedure” as such term is defined in Article 2 of the Financial Regulation¹⁰;
 - iv) attempting to obtain confidential information that may confer upon it undue advantages in the relevant “award procedure” as such term is defined in Article 2 of the Financial Regulation¹¹;
- d) in the past five (5) years, the Application or persons having powers of representation, decision-making or control over it has been the subject of a final judgment for:
 - i) fraud;
 - ii) corruption;
 - iii) participation in a criminal organisation;
 - iv) money laundering or terrorist financing;

¹⁰ See above

¹¹ See above

- v) terrorist offences or offences linked to terrorist activities, or inciting, aiding, abetting or attempting to commit such offences;
 - vi) child labour and other forms of trafficking in human beings;
- e) the Applicant is listed under the published list of economic operators excluded or subject to financial penalty, in each case contained in the early detection and exclusion system database (the EDES database available at the official website of the EU) set up and operated by the Commission.

Name(s)
Title / Role(s)
Signature(s)
Date

Information to be supplied by the Applicants:

This template is designed for use by all sizes of financial providers that wish to apply to become an On-Lender under the Scheme. Some of the guidance points listed under each section below may not be relevant to all Applicants and can therefore be excluded on the basis of non-relevance in the relevant Applicant's submission, as applicable.

Subject to the foregoing paragraph, Applicants should seek to address each of the sections as closely as possible. Where any requested information is unavailable, or cannot be disclosed, Applicants should make this clear in their proposal.

Proposals should be focused on lending to viable SMEs that are eligible for loans under the Scheme.

Organisation Structure

- Brief background of the organisation (date of establishment, number of employees, capital structure and shareholders, organisational structure, distribution network, number of branches, etc.) including its principal lending activity.
- Brief outline of the key terms and price for its main business lending products.
- Description of internal organisation set-up (and roles) for the implementation of the Scheme, including the team (or unit) and/or internal mechanisms.
- Outline of legal structure and tax structure, to include a group structure diagram where there is more than one company.
- Name of the lender of record, the servicer of the loans (if different from the lender of record) and the originating entity (again, if different from the lender of record).
- Confirm regulatory approvals required and if in place.

Funding Structure

- The amount of the Scheme being requested by the Applicant and what amount the Applicant will deploy.
- Applicants must be capable of lending a minimum of €5m during the duration of the Scheme.

Availability of Capital

- Please demonstrate that you have or will have sufficient capital available to meet your lending forecasts both with and without the support of the Scheme. Please highlight at this stage if some of your sources of capital come with conditions that may restrict your ability to deploy capital for lending under the Scheme.

Loan Pricing

- An Applicant must offer a minimum discount of 1% from its standard comparable product, supporting evidence of same must be provided. Note the discount of 1% is gross of the 2% Guarantee Fee applicable.

Lending Strategy

- Demonstrate an ability to access eligible SMEs by describing the distribution channels already in place or which will be put in place (including number of branches, number of employees, business segments, etc.).
- Information detailing plans as well as capacity to generate lending to SMEs to the portfolio level proposed.
- Plans for launching the Scheme to the market including necessary pre-implementation actions (adoption of IT systems, loan documents, marketing etc.) to facilitate compliance with the indicative rules of the Scheme.

Lending Experience

- Applicant's share of the SME lending market, main competitors, trends and outlooks.
- SME lending volumes - current and budgeted. Track record of ability to originate loans.
- Details of Applicant's business lending portfolio e.g. distribution per credit grade, region, subset of SME sector, if available, historic performance of existing portfolio by reference to default/loss rates and credit rating profile for at least the last 5 years.
- Applicant's strategy in relation to the SME sector (positioning, strengths and weaknesses, core products).
- Projected details of the proposed portfolio risk e.g. diversified by sector, geography, size of loans, credit grade.
- Details of team, describing expertise appropriate for meeting the requirements of the Scheme.
- Details of prior/proven experience (inclusive of compliance with relevant operational and reporting requirements) with the deployment of other similar products.

Team, Systems and Processes

- Applicants to set out at a high level (and with supporting documentation) of robust and tested systems and processes are in place for making and managing Scheme-supported lending facilities. This requirement includes, but is not limited to, origination processes, risk management and underwriting capabilities and processes, loan documentation, back-office

systems, monitoring and compliance, governance arrangements and management information reporting.

- Each Applicant to demonstrate at a high level that it has a competent team, with sufficient expertise to execute the proposed strategy for lending under the Scheme.
- Information regarding internal credit risk assessment criteria and management procedures for financing the SME sector.
- Other information relevant to the Applicant’s SME sector financing activity.
- Ability to report the data required to be provided to the SBCI under the Scheme as set out in **Annex 5a and 5b**.

Financial Details

- Details of Financial Standing. Applicant to complete the table below.
- Copies of annual reports (including full set of financial statements with independent auditor’s report) for the last three years.
- Confirmation that taxes are up-to-date.

EUR: - '000	Year (N-3)	Year (N-2)	Year (N-1)
Net profit			
Return on equity (%)			
Total assets			
Total Loan Book			
Total SME Loan Book (in % of Total Loan Book)			
Cost/income (%)			
Shareholders’ equity			
Tier 1 capital ratio (%) (or applicable equivalent, if relevant)			
Solvency ratio (%) (or applicable equivalent, if relevant)			

ANNEX 2

Indicative Rules of the Scheme

Loan and Borrower Features

Each loan and each borrower must satisfy all of the eligibility criteria in the Guarantee Agreement including, without limitation, the following:

- Loan amounts from €10,000 to a maximum of €150,000
- Loan terms between 1 year and a maximum of 10 years.
- A Minimum Discount from the On-Lenders standard comparable product to be applied of at least 1% on all loans.
- A 2% Guarantee Fee, payable on a quarterly basis on the drawn balance of each Loan provided under the Scheme, is applicable.
- Loans may be secured by the asset being funded only. Personal guarantees are not permitted security.
- Loans may only be used for the purposes of upgrading the energy efficiency of the enterprise to be evidenced by inclusion of the asset to be financed on the SEAI's Triple E Product Register¹² (register of energy efficient equipment).
- Where appropriate, loan proceeds of no more than 20% of the Loan may be used towards ancillary costs related to the investment in the asset(s), for example installation costs.
- The On-Lender's standard credit criteria and policies shall apply to the origination, risk, credit, collections, loan servicing and accounting policies and procedures on a consistent basis without regard to the SBCI Guarantee across the On-Lenders loan book to exposures of a substantially similar type to the loans.
- Allowable Loan types include Term Loans, Hire Purchase and Asset Finance
- Availability of moratorium and repayment options based on existing On Lender Credit Policy.
- Loans to be available up to 31 December 2023.
- Loans must be structured in euro currency only.
- The On-Lender's standard credit criteria must apply to all loan applications.
- Loan amounts are dependent on aid intensity and State aid thresholds.
- Refinancing of existing debt is not permitted
- The final maturity date of a Loan must be on or before 30 December 2033.

¹² <https://www.seai.ie/business-and-public-sector/triple-e-register-for-products/>

- The Loan must not finance transactions with a sanctioned person.
- The documents governing the loans must be legal, valid, binding and enforceable.
- Loans must be provided in compliance with state aid.
- Loans must comply with the terms of the Guarantee Agreement relating to the transfer of benefit.
- Loans must not finance illegal activities or artificial arrangements aimed at tax avoidance.
- Loans must be provided for the permitted purposes set out in the Guarantee Agreement and detailed above.
- Loans must be made in a participating Member State.
- Borrowers must be established and operating in a participating Member State.
- Borrowers must not have a substantial focus in any Restricted Sectors, which are set out below.
- Borrowers must not be established and operating in a Non-Cooperative Jurisdiction, unless in the case of NCJ Implementation (which terms are defined above).
- Borrowers must not be engaged in illegal activities.
- Borrowers must not be sanctioned persons or in breach of restrictive measures.
- Borrowers must not be in an Exclusion Situation (which term is defined in the application form).
- Borrowers must not be subject to any preferential tax measure regarded as harmful under the EU list of non-cooperative jurisdictions for tax purposes.
- Borrowers must not be delinquent or in default in respect of any other loan or lease either granted by the On-Lender or by another financial institution provided that a borrower is eligible if (i) it has been delinquent for less than 20 days and (ii) such delinquency does not dissuade the On-Lender from lending to that borrower in accordance with its credit policy.

NB – Other rules may apply and will be set out in detail in the draft Guarantee Agreement provided by the SBCI to successful Applicants.

Restricted Sectors

1. Illegal Economic Activities

- Any production, trade or other activity, which is illegal under the laws or regulations of the home jurisdiction for such production, trade or activity (“Illegal Economic Activity”).
- Human cloning for reproduction purposes is considered an Illegal Economic Activity.

2. Tobacco and Distilled Alcoholic Beverages

- The production of and trade in tobacco and distilled alcoholic beverages and related products.

3. Production of and Trade in Weapons and Ammunition

- The financing of the production of and trade in weapons and ammunition of any kind. This restriction does not apply to the extent such activities are part of or accessory to explicit European Union policies.

4. Casinos

- Casinos and equivalent enterprises.

5. IT Sector Restrictions

- Research, development or technical applications relating to electronic data programs or solutions, which:
 - (i) aim specifically at:
 - (a) supporting any activity included in the Restricted Sectors referred to under 1. to 4. (inclusive) above;
 - (b) internet gambling and online casinos; or
 - (c) pornography,

or which:

- (ii) are intended to enable to illegally:
 - (a) enter into electronic data networks; or
 - (b) download electronic data.

6. Life Science Sector Restrictions

- When providing support to the financing of the research, development or technical applications relating to
 - (i) human cloning for research or therapeutic purposes; and
 - (ii) Genetically Modified Organisms (“GMOs”),
- the EIF will require from the Intermediary appropriate specific assurance on the control of legal, regulatory and ethical issues linked to such human cloning for research or therapeutic purposes and/or GMOs.

State aid treatment

The Scheme will operate under a De Minimis Regulations and Article 14 ABER.

Where:

“**De Minimis Regulations**” means a group of Commission Regulations providing that undertakings may receive a limited amount of aid that is exempted from notification through the European Commission deeming that it is compatible with the operation of the internal market.¹³

While subject to change, the following table provides a current **summary** of the State aid rules and restrictions applicable to EELS:

Loan	Loan Purpose	Category of borrowers	Excluded undertakings/loan purposes	State aid thresholds
De minimis 1407 of 2013	Working capital and investment.	<ul style="list-style-type: none"> SMEs 	<ul style="list-style-type: none"> Undertakings active in the primary agricultural production sector Undertakings active in the fishery and aquaculture sector 	EUR 200,000 in a 3-year fiscal period.
De Minimis 1408 of 2013	Working capital and investment	<ul style="list-style-type: none"> SMEs 	<ul style="list-style-type: none"> Undertakings not active in the primary agricultural sector Undertakings active in the fishery and aquaculture sector 	EUR 15,000 in a 3-year fiscal period
De Minimis 717 of 2014	Working capital and investment	<ul style="list-style-type: none"> SMEs 	<ul style="list-style-type: none"> Undertakings not active in the fishery and aquaculture sector (some exceptions if also active in primary agriculture though aid thresholds to be kept separate – see regulation for details) 	EUR 30,000 in a 3-year fiscal period
Art 14 ABER	Long term investment linked to primary agricultural production.	<ul style="list-style-type: none"> SMEs active in in the primary agricultural production sector 	<ul style="list-style-type: none"> Land purchase Livestock Working capital Drainage Annual plants Biofuels the production of thermal energy and electricity from 	<ul style="list-style-type: none"> EUR 500,000 per undertaking per project for primary agriculture Maximum aid intensity is 40% of eligible costs

¹³ • Commission Regulation (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid (OJ L 352, 24.12.2013, p.1),

• Commission Regulation (EU) No 1408/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid in the agriculture sector (OJ L 352, 24.12.2013 p. 9),

• Commission Regulation (EU) No 717/2014 of 27 June 2014 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid in the fishery and aquaculture sector (OJ L 190, 28.6.2014, p. 45).

			renewable sources not consumed by the aid beneficiary; • biomass not meeting applicable heat energy utilisation rate;	
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N.B. The above table is a summary only and may be subject to further changes. For the complete text on State aid rules, please refer to the relevant regulation

N.B. The loan amount is not the aid amount. Borrowers will be sent a State aid letter by the SBCI if any State aid is generated by a loan.

Who cannot apply for a loan?

SMEs that do not satisfy the borrower eligibility criteria set out under the heading Loan and Borrower Features above and including without limitation SMEs that:

- are subject to, or fulfil the criteria under domestic law for being placed in, collective insolvency proceedings;
- Are bankrupt or being wound up or having its affairs administered by the courts.
- In the last 5 years have entered an arrangement with creditors, in the context of being bankrupt or wound-up or having its affairs administered by the courts.
- Have been convicted of an offence concerning professional conduct by judgment, fraud, corruption, involvement in a criminal organisation, money laundering or any other illegal activity where such illegal activity is detrimental to the European Union's financial interests.
- Are performing research and innovation activities that are related to illegal activities or Excluded Activities¹⁴.
- Have a substantial focus in any of the Restricted Sectors¹⁵.
- in case the loan is covered by Article 14:
 - are subject to an outstanding recovery order following a previous Commission decision declaring an aid granted by the same Member State illegal and incompatible with the internal market;
 - a limited liability company (other than an SME that has been in existence for less than three years), where more than half of its subscribed share capital has disappeared as a result of accumulated losses;
 - a company where at least some members have unlimited liability for the debt of the company (other than an SME that has been in existence for less than three), where more than half of its capital as shown in the company accounts has disappeared as a result of accumulated losses.

Borrower Self-Declaration and Eligibility

The SME must satisfy certain conditions to be eligible to apply for a loan. The SME satisfies those conditions by completing an application form which contains a self-declaration and sending it to the SBCI. The SBCI checks the application form and sends a confirmation to the SME of its eligibility/ineligibility. The SME will need to provide that confirmation to the On-Lender as part of its credit application process.

¹⁴ Research activities aiming at human cloning for reproductive purposes or research activity intended to modify the genetic heritage of human beings or research activity intended to create human embryos or research activity that is prohibited in Ireland.

¹⁵ Illegal economic activities, tobacco and distilled alcoholic beverages, weapons and ammunition, casinos, human cloning or genetically modified organisms or IT sectors relating to internet gambling, online casinos or pornography or which are intended to enable illegal entry of electronic data networks or illegal download of electronic data.

Confirmation of eligibility from the SBCI is simply a confirmation that the SME meets the eligibility criteria for the Scheme. This does not impose any obligation on the On-Lender to provide a loan. For the avoidance of doubt, confirmation of eligibility from the SBCI does not (i) give any assurance as to the credit risk or credit suitability of the SME and/or (ii) prevent any loan to that SME being subsequently excluded from the On-Lender's portfolio if it subsequently transpires that that loan and/or that SME did not meet the eligibility criteria.

Data Requirements

The information that must be collated and provided by the On-Lender to the SBCI under the Scheme is set out in **Annex 5**. In addition, information undertakings will be included in the guarantee agreement in relation to verification of compliance with the guarantee agreement, requirements of laws and regulations governing the guarantee agreement and the counter guarantee from the EIF, the lack of fraud, due diligence matters, including KYC or other similar identification procedures, information on the beneficial ownership of the On-Lender and the borrowers and such other information as SBCI may require.

Use of Information

The information provided by the SME will be shared with, amongst others, the SBCI, the SBCI's authorised agents, the EIF, the Commission and its agents (including OLAF¹⁶), the European Court of Auditors, the European Investment Bank, and any other entity the EIF is subject to, and to their respective affiliates, officers, directors, employees and professional advisers to the extent necessary for the EIF Counter-Guarantee and to their respective auditors.

Publication and Information Requirements

The SBCI is required to publish details of the borrower and aid amount on its website where the individual aid award for an SME exceeds the thresholds: -

- a) €60,000 for aid granted to borrowers active in the primary agricultural production under ABER

N.B. The loan amount is not the aid amount. The borrower will be sent a State aid letter by the SBCI if any State aid is generated by a loan under EELS. Only if the amount of State aid exceeds the above thresholds will the details require publication.

¹⁶ European Anti Fraud Office.

Period of the Scheme

Subject to completion of the exchange of the amendment agreement to the EIF Counter-Guarantee Agreement between the EIF and the SBCI as referred to in paragraph 1.1 of this Call, the Scheme will be available until 31 December 2023.

ANNEX 3

	MINIMUM ELIGIBILITY CRITERIA	System of appraisal (for SBCI use only)
		Yes/No
1.1	The Applicant currently lends or intends to lend to Irish SMEs.	
1.2	The Applicant is either (i) authorised to carry out lending activities within the State; or (ii) is in the process of obtaining such authorisation.	
1.3	The Applicant and its senior management do not meet any of the Exclusion Criteria (see Annex 1).	
1.4	The Applicant is an On-Lender (see Section 1.3).	
1.5	The Expression of Interest is complete including relevant supporting information.	
1.6	The Expression of Interest has been submitted on or before the Deadline Date.	

Applicant Assessment

Below are the maximum scores for each category of the assessment. The weightings that each section has been assigned is based on the importance of that section to the selection of an On-Lender for the Scheme.

All applications will be assessed using these guidelines. If the SBCI is of the view that it does not have sufficient information to score the Applicant, it will revert back to the Applicant to request additional or better information. On receipt of such additional or better information, SBCI will complete the assessment.

Applicant Scoring – Phase 1		
1	Does the Applicant currently lend or intend to lend to SMEs outside of the Scheme?	20
2	Is the Applicant authorised to carry out lending activities within the State?	30
3	Does the SBCI have sufficient information to assess the Applicant?	30
4	Quality and plausibility of the proposal for implementation of the Scheme, with particular focus on: operational readiness, rollout strategy and marketing/publicity of the Scheme and the plan for building a portfolio.	40
5	Ability of the Applicant to deploy the size of portfolio indicated in the application.	30
6	Experience and ability of the Applicant to provide finance to SMEs including Applicant's track record in loan origination and credit management.	50
7	Financial standing of the Applicant as evidenced by external credit rating and/or the SBCI's financial analysis of the Applicant.	40
8	Capital availability of the Applicant to fund the level of portfolio proposed.	40
9	Applicant's existing/proposed market share of SME sector.	40
Maximum Score <ul style="list-style-type: none"> • Minimum score of 200 marks required to progress to Allocation – Phase 2 • Maximum of 6 Applicants may progress to Allocation – Phase 2 		320

Applicant Scoring for Allocation - Phase 2		Marks
Applicant to determine the interest rate it will apply to the Scheme loans – marks to be awarded as follows:		350
Current Interest Rate	<p>The current variable interest rate an Applicant is charging for the equivalent loan to be covered under EELS, to be supported by satisfactory evidence spanning a period of 12 months or more.</p> <p>Note: If the Applicant’s pricing structure includes Arrangement Fees, then the proposal should detail each element of the pricing</p>	
Minimum Discount	1%	
Proposed Interest Rate	The proposed variable interest rate to be charged to borrowers under EELS, inclusive of proposed Arrangement Fees, if applicable.	
Discount	<p>The difference between the Current and Proposed Interest Rate, expressed in comparative terms.</p> <p>E.g. The Current Interest Rate is 10%, the Proposed Interest Rate is 6%, therefore 40% discount is applied.</p>	
Guarantee Fee	2% Fee being the cost charged per annum by the SBCI to the On-Lender for the provision of an 80% guarantee on the outstanding balance of Loans	

Scoring:

Each Applicant to determine the Proposed Interest Rate it will apply to EELS loans, as a minimum this must be at least 1% after the Guarantee Fee is included. Marks will then be awarded based on the Discount each Applicant applies.

Discount on Current Interest Rate	Marks
<=10%	0
15%	35
20%	70
25%	105
30%	140
35%	175
40%	210
45%	245
50%	280
55%	315
60%	350

Please note that where an Applicant submits 1) a pricing matrix (i.e. a range of pricing across different loan sizes) or 2) both fixed and variable rates, the score will be applied against the highest interest rate on that matrix.

For example:

If Applicant A submits a Proposed Interest Rate equalling a Discount of 40%, they are awarded 210 marks.

EELS Interest Rate Proposal & Breakdown Table – to be completed by Applicants

Interest Rate Proposal	Loan Price
<i>A: Current Interest Rate</i>	<i>E.g. 7%</i>
<i>B: Proposed Interest Rate</i>	<i>E.g. 4%</i>
<i>Price Discount (A-B)</i>	<i>E.g. 3%*</i>

***equates to 210 marks**

Interest Rate Proposal breakdown	Loan Price
<i>B: Proposed Interest Rate</i>	<i>E.g. 6%</i>
<i>Consists of</i>	
<i>C: Guarantee Fee</i>	<i>E.g. 2%</i>
<i>D: Funding Costs</i>	<i>E.g. 1%</i>
<i>E: An Other [Free text]</i>	<i>E.g. 3%</i>

	The scale/ability of the Applicant to achieve the level of deployment to the SME sector that is being proposed and in the time frame required.	30
	<ul style="list-style-type: none"> • Applicant's Total Score is Phase 1 score + Phase 2 score (i.e. a maximum of 700) • Successful Applicants will be allocated a share of the Maximum Portfolio Volume in accordance with the following methodology: <p>Allocation is the lower of A and B, where:</p> <p>A = (AS / TAS) * the Maximum Portfolio Volume (€150m for the purpose of this calculation)</p> <p>B = the amount of the Scheme requested by the Applicant</p> <p>AS = a successful Applicant's Total Score</p> <p>TAS = the aggregate of all successful Applicants' Total Scores</p> <p>For example If Applicant A's total score is 500 marks and Applicant B's score is 550 and Applicant C's score is 600, then Applicant A is allocated $500/1650 * €150m = €45m$.</p> <p>If the amount allocated to a successful Applicant is greater than the amount requested by that Applicant, the surplus (i.e. A-B) will be allocated to the other successful Applicants using the same methodology, adjusted for the exclusion of that successful Applicant.</p>	

ANNEX 4

Indicative Terms of the Guarantee Agreement

SUBJECT TO CONTRACT, FURTHER DUE DILIGENCE, CREDIT APPROVAL AND SATISFACTORY DOCUMENTATION

Below is an outline of the terms and conditions proposed for the agreement which may be entered into between the SBCI and a successful Applicant. It should be noted these are indicative only and not legally binding.

Claims under the guarantee	<p>80% of the principal and permitted interest due in respect of a loan included in the Portfolio, following acceleration or a default which is continuing for 90 days and incurred no later than the termination date (the “Defaulted Amounts”).</p> <p>The amounts guaranteed shall exclude late payment or default interest, capitalised interest, fees and other costs and expenses and any interest that accrues after a period of 90 days.</p>
Agreed Portfolio Volume	<p>Prior to the SBCI serving a notice (the “Extension Notice”) on the On-Lender, the maximum amount of loans subject to the SBCI guarantee shall be approximately EUR 150,000,000.</p>
Maximum Portfolio Volume	<p>A maximum amount of EUR 150,000,000 of the principal and permitted interest due in respect of all eligible loans included in the Portfolio by the On-Lenders.</p>
Portfolio Inclusion Process	<p>Loans may be included in the Portfolio during the Inclusion Period which meet the eligibility criteria being:</p> <ul style="list-style-type: none"> • the criteria in respect of the loan and borrower summarised in Annex 2 and any other such criteria as may be determined by the SBCI; and • other scheme eligibility criteria as may be set out in the guarantee agreement between SBCI and On-Lenders. <p>The SBCI reserves the right to terminate the Inclusion Period on notifying the On-Lenders if certain portfolio triggers are met in respect of cumulative defaults, uptake of the Scheme and illegal activities summarised as follows:</p>

	<p>(a) Ireland becomes a jurisdiction that does not co-operate with the EU on the application of internationally agreed tax standards</p> <p>(b) [other triggers SBCI may wish to include]</p> <p>No further transactions may be included once a trigger notices has been served which provides for the end of the availability period to be brought forward. No further transaction may be included in the portfolio after the amended availability period end date as specified below.</p>
Portfolio Exclusion Process	<p>If a loan included in the portfolio is or becomes ineligible (other than by reason of the On-Lender's ineligibility) as a result of circumstances beyond the On-Lender's control and of which the On-Lender was not aware (and could not, acting diligently, have become so aware at an earlier date), the On-Lender may either procure that the relevant loan is accelerated and make a demand in respect of that loan (which demand may be included in the covered portfolio, subject to the terms of the agreement) or exclude that loan from the covered portfolio.</p>
Guarantee Term	<p>The agreement shall terminate on the earlier of:</p> <ul style="list-style-type: none"> • the date on which the agreement terminates following an event of default; • the date on which SBCI is no longer liable to make any payments to the On-Lender and the SBCI has no further claims against the On-Lender under the guarantee agreement; and • 30 December 2033.
Right of clawback	<p>The SBCI shall be entitled to claw back (with interest): (1) any amounts paid by it in excess of the Defaulted Amounts; and (2) any amount in excess of SBCI's liability under the guarantee agreement (including a payment in excess of the cap); (3) any amounts paid in respect of a loan excluded from the portfolio;</p>
Loss Recoveries	<p>All recoveries in respect of Defaulted Amounts shall be shared between the SBCI and the On-Lender on an 80/20 basis.</p> <p>The On-Lender shall use all reasonable efforts to maximize recoveries in accordance with its internal credit and collections procedures.</p>
Repeating Representations	<p>The Guarantee Agreement shall contain repeating representations from the On-Lender, including the following:</p> <ul style="list-style-type: none"> • status, power and authority, authorisations and regulatory standards; • that it is not in an Exclusion Situation; • that it is not incorporated or established in a non-co-operative jurisdiction;

	<ul style="list-style-type: none"> • that it is a financial institution or credit institution duly authorized, as applicable, to carry out lending or leasing activities according to applicable legislation; • that it is not engaged in illegal activities; • binding obligations, no conflict, governing law and enforcement and proceedings; • no default, no misleading information; • excluded or illegal activities and restricted sectors; • that the documents governing the eligible loans are legal, valid, binding and enforceable; • that each eligible loan and each borrower included in the portfolio complies with the applicable eligibility criteria; • established in a country authorized to participate in COSME and operating in Ireland
<p>Ongoing Covenants</p>	<p>The Guarantee Agreement shall contain ongoing covenants, including in relation to the following:</p> <ul style="list-style-type: none"> • information undertakings including in relation to information to verify compliance with the various requirements of the scheme; • co-operation undertaking to enable evaluation of EU Guarantee for Debt Financing¹⁷; • Co-operation with 3rd party requirements for AML; • visibility and promotion; • reporting; • monitoring and audit (including consenting to the carrying out of audits in respect of the scheme and permitting site visits – applicable to both on lender and borrower); • maintenance of records; • compliance with all laws to which it may be subject, where the breach may adversely impact performance of the agreement or prejudice the interests of among others the SBCI, the EIF, the Commission and/or the European Investment Bank in respect of the Scheme; • compliance with the eligibility criteria; • compliance with its policies in relation to origination, risk, credit, collections, loan servicing and accounting policies and procedures • data protection; • transfer of benefit; • compliance with sanctions provisions; • restriction on the financing of any illegal activities; • maintenance of title to the eligible loans; and • ensure it is not in a “Prohibited Situation”¹⁸.

¹⁷ This is referred to in the COSME guarantee as “LGF guarantee” for debt financing, for which see https://www.eif.org/what_we_do/guarantees/single_eu_debt_instrument/cosme-loan-facility-growth/index.htm

¹⁸ An on lender is in a “Prohibited Situation” if (1) (i) it is bankrupt or being wound up or otherwise insolvent among other things, (ii) guilty of misrepresenting information required for its eligibility, (iii) not listed in the central exclusion database established under Commission Regulation 1302/2008 of 17.12.2008 and (2) in the previous five years it (i) has entered into an arrangement with its creditors in the context of being wound up or having its affairs administered by the courts, (ii) it or persons having power of representation, decision making power or control over

Events of Default	<p>Events of default shall include the following:</p> <ul style="list-style-type: none"> • Non-payment (except where caused by an administrative or technical error and remedied within 5 business days of its due date); • Breach of other obligations, except where remedied within grace period if capable of remedy; • Insolvency and insolvency proceedings; • Repudiation and rescission; • Unlawfulness; • Illegal Activities; • Misrepresentation.
Term and Termination	<p>On the occurrence of an Event of Default, the non-affected party may terminate the Guarantee Agreement and promptly thereafter the On-Lender may send a report and a final payment demand in respect of any Defaulted Amounts to the SBCI (except where an event of default arises under the covenants in respect of unlawfulness, sanctions or illegal activities). No further loans can be included in the portfolio and no further demands may be served on SBCI. The Guarantee Agreement shall then terminate.</p>
Changes to the Parties	<p>No party may assign any of its rights or transfer any of its rights or obligations under the agreement, without the prior written consent of the other party.</p> <p>If the SBCI notifies the On-Lender that it wishes to transfer all its rights and/or obligations under the agreement to an affiliate, the On-Lender shall act reasonably in considering such request provided it is satisfied that such transfer does not adversely affect the interests of the On-Lender thereunder.</p>
Borrower Eligibility Criteria	<ul style="list-style-type: none"> • Is an SME; • Is not in collective insolvency proceedings and does not fulfil the criteria for being placed in collective insolvency proceedings; • Is not delinquent or in default in respect of any other loan; • Is not established in a non-cooperative jurisdiction; • Is established in a country authorized to participate in COSME and operating in Ireland • Is not performing illegal activities • in case the loan is covered by Article 14: <ul style="list-style-type: none"> ○ is not subject to an outstanding recovery order following a previous Commission decision declaring an aid granted by the same Member State illegal and incompatible with the internal market;

it has/have been convicted of an offence concerning professional misconduct impacting its abilities to meet its obligations or (iii) any of the persons in (ii) have been convicted of fraud, corruption, involvement in a criminal organisation money laundering or other illegal activity in a manner detrimental to the EU's financial interests.

	<ul style="list-style-type: none"> ○ is not a limited liability company (other than an SME that has been in existence for less than three years), of which more than half of its subscribed share capital has disappeared as a result of accumulated losses; ○ is not a company where at least some members have unlimited liability for the debt of the company (other than an SME that has been in existence for less than three), of which more than half of its capital as shown in the company accounts has disappeared as a result of accumulated losses
<p>Borrower Transaction Eligibility Criteria</p>	<ul style="list-style-type: none"> ● Loan is not a refinancing; ● Provides funding for investment in tangible or intangible assets or for working capital, except for loans covered by Art. 14 ABER which cannot be used for working capital; ● Is a debt financing transaction with a fixed repayment schedule; ● Is for a maximum of EUR 150,000; ● Is for a duration no longer than 10 years and for at least one year; ● Is a term loan and not a revolver or overdraft
	<ul style="list-style-type: none"> ● Is not affected by an “Irregularity” as defined in the agreement or by fraud; ● Complies with the Loan and Borrower features set out in Annex 2.

Annex 5a – Information Requirements under the Scheme

DRAFT Initial Loan Details

SME Fields	Value (where applicable)
Principal Amount	Max €150,000/Min €10,000
Credit Grade	On Lender Grade
Maturity (months)	Max 120 months /Min 12 months
Interest Rate	
Loan Type	· Term Loan
	· Hire Purchase
	· Leasing
Payment frequency	· Annually
	· Monthly
	· One-off
	· Quarterly
	· Semi-annually
Grace Period (months)	
LGD	
Date Loan Agreement Signed	Date
Account Number	
Date of Disbursement	Date
First Instalment Date	Date

Declarations

Confirm State Aid is not breached	Y/N
Borrower Details breached	Y/N
Confirm asset is on Triple E Register	Y/N

Annex 5b – Information Requirements under the Scheme

DRAFT Quarterly Reporting

List of included SME Transactions

SME Fields	Definition
SME ID	Unique SME Identifier
SME Transaction ID	Unique Loan Identifier
Cumulative Disbursement	Total amount disbursed to SME on the loan
Outstanding Principal Amount	Calculation = Cumulative Disbursement – Total Repayment
End of Disbursement	Y/N

Repaid SME Transactions (Full repayment of outstanding principal amount)

SME Fields	Definition
SME ID Unique	SME Identifier
SME Transaction ID	Unique Loan Identifier
Repayment Date	dd/mm/yyyy