



An Roinn Talmhaíochta,
Bia agus Mara
Department of Agriculture,
Food and the Marine



Anseo chun gnó a fhorbairt
Corparáid Baincéireachta
Straitéiseach na hÉireann
Here to build business
Strategic Banking
Corporation of Ireland

STRATEGIC BANKING CORPORATION OF IRELAND
UKRAINE CREDIT GUARANTEE SCHEME
OPEN CALL FOR EXPRESSION OF INTEREST
(Published on 15 December 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”) on behalf of the Department of Enterprise, Trade and Employment (“DETE”), to deliver the Ukraine Credit Guarantee Scheme as described in this document. Proposals submitted to 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 OpencallUCGS@sbc.gov.ie

Closing date for receipt of Expressions of Interest for this Call is 27 January 2023 (the “Deadline Date”)

Contents

| | | |
|----------|--|--|
| 1 | Introduction | |
| | 1.1 The Ukraine Credit Guarantee Scheme 1.2 The Strategic Banking Corporation of Ireland 1.3 Opportunity for On-Lenders | |
| 2 | The Ukraine Credit Guarantee Scheme Details | |
| | 2.1 Summary of Loan Details 2.2 Key Terms between the On-Lender and DETE | |
| 3 | The Selection Process for On-Lenders | |
| | 3.1 Application Process 3.2 Assessment and Selection Process 3.3 Delivery of Expressions of Interest and Additional Information 3.4 Publishing of Information | |
| 4 | Requirements from On-Lenders | |
| | 4.1 Lending to SMEs/Small Mid-Caps, including primary producers trading in Ireland 4.2 Critical Mass 4.3 Eligible Financial Product Cost/Interest Rate 4.4 Availability of Funding 4.5 Operations, Management Team and Track Record 4.6 Regulation 4.7 Legal Structure | |
| 5 | Legal Notice | |
| | Annex 1 to 6 | |

1. Introduction

1.1 The Ukraine Credit Guarantee Scheme

Many businesses have been negatively impacted, either directly or indirectly, by the war in Ukraine. The war will continue to cause businesses to be impacted by additional costs due to supply chain issues and increased input costs, including severe increases in energy costs. The Ukraine Credit Guarantee Scheme (“**UCGS**” or the “**Scheme**”) is designed to incentivise finance providers to continue to support economic activity by ensuring that the flow of credit is maintained.

Following engagement with the Department of Enterprise, Trade and Employment (“**DETE**”) and the Department of Agriculture, Food and the Marine (“**DAFM**”) the Scheme of up to €1.2bn in value was recently established to enable impacted SMEs and Small Mid-Caps to access finance.

In order to ensure that the required liquidity continues to be made available to businesses, it is proposed that a portion (€200m) of the Scheme will be allocated to certain existing participants in the previous Credit Guarantee Schemes, namely Allied Irish Banks, p.l.c. (“**AIB**”) and Bank of Ireland. The remainder of the Scheme amount available will then be allocated following the Call to successful applicants. All finance providers will be eligible to apply to participate as On-Lenders in the Scheme, with the aim of promoting competition in the credit market.

The Scheme will be available until 31 December 2024 (the “**Scheme End Date**”), or until the Scheme amount has been fully utilised, whichever is the earlier. The Scheme will operate under the Temporary Crisis Framework (“**TCF**”) for State aid measures to support the economy following the war against Ukraine by Russia¹. The TCF is due to expire on 31 December 2023 but may be extended by the European Commission. In the event that the TCF expires before the Scheme End Date and is not extended, the Scheme will operate under the De Minimis Regulations² (see Annex 6).

¹ Communication from the Commission Temporary Crisis Framework for State Aid measures to support the economy following the aggression against Ukraine by Russia, OJ C 426, 9.11.2022, p. 1–34 (the “TCF”), and any Commission Communication which amends or replaces the TCF.

² 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. 1–8 (“**General De Minimis Regulation**”), 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. 9–17 (“**Agriculture De Minimis Regulation**”), and 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. 45–54 (“**Fishery De Minimis Regulation**”) (together the “**De Minimis Regulations**”). The De Minimis Regulations are currently subject to review and it is expected that the amended De Minimis Regulations will enter into force before 1 January 2024. Those amended rules will govern the operation of the Scheme in case the TCF expires before the Scheme End Date.

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 Finance. One of the primary functions of 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, 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 eligible financial products to SMEs and other enterprises, ensuring that the benefit of its support is delivered to the ultimate borrowers. The SBCI will act as an administrator for the Scheme and, in relation to the Call, will assess and make recommendations to the Minister for Enterprise, Trade and Employment (the “**Minister**”) regarding potential participants in the Scheme³.

1.3 Opportunity for On-Lenders

On-Lenders active (or who intend to become active) in SME and Small Mid-Cap business lending are invited to apply, as detailed in **Section 3**.

For the purposes of the 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:

- a) must not be established in a Non-Cooperating Jurisdiction⁴;
- b) must not meet any of the Exclusion Criteria listed in **Annex 1**;
- c) must not perform R&I activities which are related to:
 - (i) illegal activities according to the applicable legislation in the country of the On-Lender; or
 - (ii) Excluded Activities⁵; and

³ See section 4 of SI No. 641 of 2022 (Ukraine Credit Guarantee Scheme 2022) in respect of the powers of the Minister under the Scheme.

⁴ A jurisdiction which does not co-operate with the European Union in relation to the application of the internationally agreed tax standards, or their tax practices do not follow the Commission Recommendation of 6.12.2012 regarding measures intended to encourage third countries to apply minimum standards of good governance in tax matters (C (2012)8805). This includes jurisdictions that have been placed on the EU list of non-cooperative jurisdictions for tax purposes, as adopted by the Council of the European Union and updated from time to time, the latest version of which is available at <https://data.consilium.europa.eu/doc/document/ST-13092-2022-INIT/en/pdf>.

d) must not have a substantial focus on any Restricted Sector (see **Annex 5** for details).

2. The Ukraine Credit Guarantee Scheme Details

The Scheme is being established by DETE, with input from DAFM, and will be administrated by SBCI. The Scheme will have a capacity of €1.2bn to facilitate the provision of eligible financial products to SMEs and Small Mid-Caps impacted by the Ukraine war. The Scheme is targeted towards businesses which have experienced an increase in costs of a minimum of 10% on 2020 cost figures due to the impact of the war in Ukraine.

The Scheme will entail the grant by the Minister of 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 the principle of each loan). **Applicants will be required to provide details of the loan type and loan prices they would include in its portfolio as part of the Call application process.**

The Scheme will cover a maximum portfolio of loans of up to €1.2bn. Applicants (who are selected and assessed by SBCI and subsequently are approved by the Minister) may be invited to act as an On-Lender for the Scheme and will be allocated a portion of the remaining available amount under the Scheme following the pre-allocation.

Loans will be subject to certain eligibility criteria and rules which are summarised in **Section 2.1**.

2.1 Summary of Loan Details

Eligible Loan Purposes

Participating enterprises must self-declare that the loan is being sought specifically as a result of difficulties being experienced due to the Ukraine war and meet the specific criteria as set out in this section.

The finance must be used for one or both of the following purposes:

- Working capital (including liquidity needs);
- Investment.

As part of the finance agreement application, the SME/ Small Mid-Cap must sign a declaration (which is subject to audit) that they meet the eligibility criteria and the State aid rules applying.

Loan Features

⁵ 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.

- Loans from €10,000 to a maximum of up to €1,000,000 per borrower, subject to loan amount restrictions and dependent on State aid criteria, see 'Loan Amount Criteria' section below for further details. The On-Lender must provide products within this range.
- Eligible financial products (loans) cover a wide range of products, including but not limited to:
 1. Overdrafts;
 2. Working capital;
 3. Term loan facilities; and
 4. Asset finance
- The minimum credit grade allowable is B- (S&P) or equivalent at the time of granting the loan. SBCI will work with successful On-Lender applicants to provide guidance and support in mapping their loan assessment processes to this requirement.
- The interest rate charged to the participating enterprise must reflect the value and quality of the 80% State guarantee. A discount table for each finance product must be provided up-front. Each finance agreement should specify the discount applied under the UCGS.
- Terms of between 3 months and 6 years (provided that the terms of any loan require it to be repaid in full by no later than 31 December 2030).
- Amounts ≤€250,000 must be on an unsecured basis (unless it is a requirement of the product feature e.g., asset finance, invoice discounting facilities).
- Amounts >€250,000 may be secured:
 - Security will depend upon the type of finance agreement included in the Scheme, e.g., asset finance has the security of the asset.
 - No personal guarantees may be required for finance agreements under €250,000.
 - Finance agreements >€250,000 may be secured. However, a personal guarantee may only be sought in circumstances where it is required to capture supporting security, or where it is an uncollateralised personal guarantee and is limited to a maximum of 20% of the initial finance agreement amount.
- Loans to be available up to 31st December 2024 (the terms of any loan must require it to be repaid in full by no later than 31st December 2030).
- One or more moratoria, not exceeding 3 months in total, on payments of interest and/or principal, may be provided at the discretion of the finance provider.
- The On-Lender's standard credit criteria apply to all borrowers. The Scheme will not permit participating finance providers to refinance existing loans, only new loans are eligible.
- On-Lenders are not permitted to end existing finance agreements (including overdrafts) early or prematurely in order to artificially engineer access to the Scheme.

Risk Premium

A risk premium will be charged to the borrower by the On-Lender and will be paid quarterly by the On-Lender to SBCI. Details in regard to the risk premium must be provided to the borrower as part of the finance agreement with the On-Lender. Blended premia have been set in accordance with the TCF for State aid:

| Guarantee coverage | Type of recipient | 1-3 years | 4-6 years |
|--------------------|-------------------|-----------|-----------|
| 80% | SMEs | 29 bps | 68 bps |
| | Large enterprises | 73 bps | 155 bps |

Important: If the risk premium is not paid within six months of the due date, the guarantee will lapse on a loan.

Loans cannot be used for: -

- Refinance of existing borrowing.
- Finance of pure real estate development activity.
- Finance of activities constituting pure financial transactions (e.g., purchase of shares).
- Finance of activities forbidden by national or EU law.
- Finance of the acquisition of road freight transport vehicles by undertakings performing road freight transport for hire or reward.
- Financing of a borrower which was in financial difficulty at the time of the application.
- Finance of export-specific activities, namely aid directly linked to the quantities exported, to the establishment and operation of a distribution network or to other current expenditure linked to the export activity, or finance contingent upon the use of domestic over imported products. In particular, it should not apply to financing the establishment and operation of a distribution network in other States, or current expenditure linked to the export activity.
- Purposes that would undermine or breach EU sanctions against Russia (including without limitation direct or indirect benefit by natural persons or entities subject to the sanctions – see footnote 11 below for further information).

Borrower Eligibility

- The Scheme is open to viable SMEs and Small Mid-Caps (including primary producers) that must be established in Ireland, definitions of each are outlined below.

| | |
|----------------------|---|
| SME | The category of micro*, small and medium-sized enterprises (SMEs) is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding €50 million, and/or an annual balance sheet total not exceeding €43 million. ⁶ |
| Small Mid-Cap | not an SME and has up to 499 employees ⁷ |

| | |
|-------------------------|---|
| Microenterprise* | A Microenterprise is defined as an enterprise which employs fewer than 10 persons and whose annual turnover and/or annual balance sheet total does not exceed €2 million. |
|-------------------------|---|

- The borrower must satisfy the conditions detailed in Section 2.1 to be eligible to apply for a loan. The borrower satisfies elements of these conditions by completing an application form on the SBCI Hub which contains self-declarations. The SBCI Hub will send the borrower confirmation of their eligibility/ineligibility to apply to a participating On-Lender for a loan under the Scheme. The borrower will need to provide the confirmation of that eligibility to the On-Lender as part of its credit application process.
- General borrower eligibility checks will be conducted by SBCI prior to the business applying for credit facilities to the On-lender. To be eligible to apply for a loan, the borrower must declare to the SBCI that: -
 - Their costs have increased by a minimum of 10% on their 2020 figures as a result of difficulties being experienced due to the Ukraine war;
 - The proposed new facility does not represent refinancing of an existing facility;
 - The amount to be borrowed does not exceed the highest limitation in the loan amount criteria below.
 - Their future liquidity needs have not been previously covered by State aid under any aid measure approved under the Covid-19 Temporary Framework⁸ or the TCF in the case of a Microenterprise seeking to use loan amount criterion iii. below (future liquidity needs) to establish the maximum loan amount in exceptional circumstances.

As part of the finance agreement application, the SME /Small Mid-Cap must sign a declaration (which is subject to audit) that they meet the eligibility criteria, loan amount criteria and the State aid rules applying.

Who cannot apply for a loan?

⁶ Article 2 of the annex to Recommendation 2003/361/EC

⁷ European Investment Fund Agreement Act 2018

⁸ Communication from the Commission Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak, OJ C 91I , 20.3.2020, p. 1–9, as amended from time to time.

- SME/Small Mid-Caps, including primary producers that: -
 - are subject to, or fulfil the criteria under domestic law for being placed in, collective insolvency proceedings;
 - Are undertakings in financial difficulty.
 - Are bankrupt or being wound up or having its affairs administered by the courts.
 - Operate in an Excluded Sector⁹ or have a substantial focus in any of the Restricted Sectors¹⁰;
 - Are entities that are subject to sanctions¹¹.

Loan Amount Criteria

The overall amount of guaranteed Loans granted under UCGS per borrower shall not exceed:

- i. 15% of the beneficiary's average total annual turnover over the last three closed accounting periods¹²; or
- ii. 50% of energy costs over the 12 months preceding the month when the application for aid is submitted¹³; or
- iii. (1) in relation to a participating enterprise that is a Microenterprise and (2) where such Microenterprise does not have the requisite financial information available or does not have the requisite financial information available in the form required, an amount equal to the amount required to cover the liquidity needs of the participating enterprise from the date on which the terms of a loan agreement becomes binding on an On-Lender for the following 12 months, and provided always that such liquidity needs have not been financed by any other measure taken in reliance on the applicable State aid framework or on any of the following measures:
 - (A) The Credit Guarantee Scheme;
 - (B) The Covid-19 Credit Guarantee Scheme;
 - (C) The Temporary Framework for State Aid Measures to Support the Economy in the Current Covid-19 outbreak;
 - (D) The Brexit Impact Loan Scheme;
 - (E) The European Guarantee Fund (the "EGF"); or

⁹ See Annex 4

¹⁰ see Annex 5

¹¹ Entities under sanctions refers to those undertakings under sanctions adopted by the EU, including but not limited to: (a) persons, entities or bodies specifically named in the legal acts imposing those sanctions; (b) undertakings owned or controlled by persons, entities or bodies targeted by sanctions adopted by the EU; or (c) undertakings active in industries targeted by sanctions adopted by the EU, insofar as the aid would undermine the objectives of the relevant sanctions.

¹² When the borrower is a newly established enterprise that does not hold three closed annual accounts, the applicable point provided by criterion (i) will be calculated based on the enterprise's duration of existence at the moment of the loan application.

¹³ When the borrower has not been in existence long enough to have 12 months' trading history, its energy costs for this purpose will be calculated based on the duration of its existence at the moment of the loan application.

- (F) Any national guarantee scheme or loan scheme operated under:
- (i) the Temporary Framework;
 - (ii) the Covid-19 Temporary Framework; or
 - (iii) the EGF.

or

up to €1,000,000

Criterion (iii) is to be used only on an exceptional basis and only in relation to Microenterprises. It is expected that On-Lenders should be able to determine loan amounts based on criteria (i) and (ii).

2.2 Key Terms between the On-Lender and DETE

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

- The DETE guarantee is to the On-Lender, not the borrower.
- DETE will allocate a portfolio lending limit to each On-Lender under UCGS. On-Lenders cannot exceed this limit without agreement in writing from DETE.
- 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 Hub. The SBCI Hub records loan and borrower details e.g., the loan amount, term and interest rate. On-Lenders must use the SBCI Hub to enter and update the loan details in a timely and accurate manner. Details of the loan data to be recorded on the SBCI Hub are in **Annex 3**.
- In the event of a borrower defaulting, the On-Lender may claim up to 80% of the outstanding principal while bearing the remaining 20% of the loss.
- Any recoveries made by the On-Lender after making a claim under the guarantee must be repaid on an 80%/20% basis (80% must be repaid to DETE).
- Accrued/unpaid interest cannot be claimed on defaulted Loans.
- The On-Lender must display the risk premium and the before and after price/cost on the Finance Agreement.
- On-Lenders may be required to publish their standard loan rates.
- On-Lenders must ensure that the relevant customer-facing and back-office staff in their organisation (e.g., relationship managers, staff who sanction credit etc.) and any intermediaries, are trained to appropriately apply and administer the Scheme, and that they manage internal communications so that all relevant staff receive and understand the information relevant to them.

- On-Lenders must work with SBCI and DETE on promotions, accurately convey the terms and conditions of the Scheme on all marketing materials and assemble case studies for SBCI/DETE 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 declarations have been processed and recorded appropriately.
- Selected On-Lenders are required to enter into a standard form DETE legal agreement. Upon review of applications, the successful applicants will be provided with a draft of the legal agreement.
- 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

DETE 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 UCGS. 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 2**. Applicants that meet the minimum requirements are then further assessed on the basis of the criteria set out in **Annex 2**.
- **Stage 3 - Initial Allocation** – An initial allocation of the available amount under the Scheme will be determined for applicants that (i) achieve a minimum score of 125 marks as set out in Phase 1 of **Annex 2** and (ii) an evaluation of two award criteria, being price and ability to deploy within the period of the Scheme, as set out in Phase 2 of **Annex 2**.
- **Stage 4 - Due Diligence and Completion (subject to satisfaction of conditions precedent):** Those applicants that have successfully completed Stage 3 will be allowed to deploy to the market subject to:
 - confirmation of DETE approval; and

- where required – the applicant has satisfied SBCI’s independent due diligence process within 3 months of the date of publication of the Call; and
- completion of the legal documentation within 4 months of the date of publication of this Call.

In the event that any applicant fails Stage 4 by not obtaining the approval from DETE and/or failing the due diligence and/or legal agreement requirements within the required timelines, the SBCI may re-allocate the amount 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 of SBCI or not and (ii) the size and structure of applicants.

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

DETE may select one or more applicants to implement the Scheme in accordance with the procedures described in the Call.

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:

OpencallUCGS@sbc.gov.ie *Subject: Ukraine Credit Guarantee Scheme*

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:

OpencallCCGS@sbc.gov.ie *Subject: Ukraine Credit Guarantee Scheme – 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 the Call.

Applicants are encouraged to have a preliminary discussion with SBCI (contact via Colin.Moran@sbc.gov.ie or Paul.Christie@sbc.gov.ie) in order to help them ascertain whether participation in the Ukraine Credit Guarantee 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 2**) 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 2**. The score of an applicant will determine its ranking among the other applicants in this phase of the process.

Allocation is the lower of A and B, where:

A = $(AS / TAS) * \text{the available amount under the Scheme following the pre-allocation}$

B = the amount of the Scheme requested by the applicant

AS = a successful applicant's total score

TAS = 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) may be allocated to the other applicants using the same methodology, adjusted for the exclusion of that successful applicant.

Note: If applicable, SBCI may apply rounding to the nearest €1m for each allocation.

Stage 4 - Due Diligence and Completion

At this point in the process, SBCI will communicate to the successful applicants an ‘in principle’ intention to offer an allocation subject to satisfaction of any conditions precedent and completion of legal documentation. Neither the Minister nor SBCI has an 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 independent due diligence 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:

- where required - DETE has completed its due diligence and the relevant applicant has been confirmed as being satisfactory;
- where required – the applicant has satisfied SBCI’s due diligence process within 3 months of the date of publication of the Call; and
- completion of the legal documentation within 4 months of the date of publication of the Call.

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

- a legal agreement must be signed by the applicant within 4 months of the date of publication of the Call. This is a standard form agreement to be entered into between DETE and a successful applicant, with very limited scope to negotiate changes.
- SBCI will provide the applicant with training on the use of the SBCI Hub, 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 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 operating manual before lending can commence, which will detail the applicant’s processes and procedures for delivering the Scheme to ensure they are robust and fit for purpose.

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 OpencallUCGS@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, applicants confirm they have read the Call, including the Legal Notice at **Section 5**.

3.4 Publishing of Information

From time to time SBCI or DETE may publish the names and associated details of those applicants who have been selected as an On-Lender in respect of UCGS on its website. The associated details which may be published by SBCI or DETE 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 UCGS. Applicants must be able to address all points to the full and absolute satisfaction of SBCI and DETE 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 SBCI at the earliest opportunity.

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

4.1 Lending to SMEs/Small Mid-Caps, including primary producers trading in Ireland

Applicants should be able to either (i) demonstrate their track record in the provision of loans to SMEs/Small Mid-Caps, including primary producers; or (ii) if they are a recent entrant to the

SME and Small Mid-Cap lending market, demonstrate a clear intention and strategy to lend to SMEs and Small Mid-Caps.

4.2 Critical Mass

The structure of the guarantee means that for participation to be worthwhile for both the On-Lender and DETE, 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 to support a minimum of €1m of new lending during the duration of the Scheme.

In certain circumstances, where a successful applicant does not utilise the amount allocated to it under the Scheme, there is a risk of unfulfilled demand in the Scheme. If, on 31 December 2023, less than 30% of the amount allocated to an On-Lender has been drawn by borrowers, or if, on 30 June 2024, less than 60% of the amount allocated to an On-Lender has been drawn by borrowers, the original allocation to that On-Lender may be reduced by the Minister. The Minister has the power pursuant to the standard form guarantee agreement to be entered into with successful On-Lender applicants (see Section 4.7 below) pursuant to the relevant legislation to adjust the amount allocated to On-Lenders under the Scheme.

4.3 Eligible Financial Product Cost/Interest Rate

To reflect the significant coverage under the guarantee, applicants are requested to provide a discount to its standard pricing or fee charged for the product that it proposes to deploy under UCGS. The pricing and/or fee details should be provided relating to each product it proposes to distribute under the Scheme. The details provided should include the ‘before and after’ interest/fee i.e., the price of the loan with and without the benefit of the Scheme. The applicant should include data on historic pricing for the same product on a historic basis (ideally greater than 12 months) to support / evidence the discount being proposed.

Illustrative interest breakdown proposal for SMEs for Loan terms of less than 3 years and 4 – 6 years.

| Interest Rate Proposal | Loan Price (less than 3 Years) | Loan Price (4 – 6 Years) |
|--|---|-------------------------------------|
| <i>A: Current Interest Rate</i> | <i>E.g. 5%</i> | <i>E.g. 5%</i> |
| <i>B: Proposed Interest Rate before application of Premium</i> | <i>E.g. 3%</i> | <i>E.g. 3%</i> |
| | | |
| <i>Discount (A-B)</i> | <i>E.g. 2%*</i> | <i>E.g. 2%*</i> |

***equates to 120 marks as a 40% reduction**

| Interest Rate Proposal breakdown | Loan Price (less than 3 Years) | Loan Price (4 – 6 Years) |
|--|---|-------------------------------------|
| <i>B: Proposed Interest Rate Inc Premium</i> | <i>E.g. 3.29%</i> | <i>E.g. 3.68%</i> |
| | | |
| <i>Consists of</i> | | |

| | | |
|--------------------------------|----------------|----------------|
| <i>C: Indicative Premium</i> | <i>0.29%**</i> | <i>0.68%**</i> |
| <i>D: Funding Costs</i> | <i>E.g. 1%</i> | <i>E.g. 1%</i> |
| <i>E: An Other [Free text]</i> | <i>E.g. 2%</i> | <i>E.g. 2%</i> |
| | | |

** A higher Premium applies to Small Mid-Cap companies than to SMEs

4.4 Availability of Funding

The applicant must be able to demonstrate that it has or will have sufficient funding available to meet its lending forecasts for the duration of the Scheme, covering SME and Small Mid-Cap business lending both with and without the support of the UCGS.

Where the availability of or freedom to deploy funding is subject to conditions which may affect the applicant's ability to deploy capital for lending under UCGS, this must be declared. In such cases the applicant should verify the position with the relevant provider(s) of the capital.

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 and Small Mid-Cap 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 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 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 Minister. 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.

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 UCGS Loans originated under the loan agreements between the On-Lender and the underlying borrowers;
- the On-Lender originates the UCGS 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 UCGS 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 Hub and making sure it is kept up to date; and
- the On-Lender maintains adequate and up-to-date records in relation to the eligible financial products granted by it under the UCGS.

In general, DETE will 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, 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 DETE and the On-Lender, which requires the On-Lender to have a financial interest in the performance of its portfolio.

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 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. Similarly, to the extent that an On-Lender requests subsequent amendment(s) to the executed guarantee agreement, such costs shall be borne by the On-Lender. These costs will be notified to the applicant in advance, where possible.

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., is 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. 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 the 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 the 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 SBCI and DETE 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, applicants must 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 SBCI or DETE 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 remain the responsibility of the SBCI and ultimately the Information Commissioner and the courts.

Personal data will be processed in accordance with the privacy notice on SBCI's website and DETE website

<https://sbci.gov.ie/data-protection-notice>

<https://enterprise.gov.ie/en/data-protection/>

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: Fax: 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 Ukraine Credit Guarantee Scheme (the "**Scheme**" or "**UCGS**") to be implemented by the SBCI (the "**Call**").

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/Department of Enterprise, Trade and Employment ("**DETE**") 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 Criteria**”), as at the date of this application form: -

- a) the Applicant is bankrupt or being wound up, is having its affairs administered by the courts, in this context, has during the last five (5) years, entered an arrangement with creditors, suspended business activities, been the subject of proceedings concerning those matters, or is in any analogous situation arising from a similar procedure provided for in national legislation or regulations;
- b) during the last five (5) years, the Applicant or persons having powers of representation, decision-making or control over it, has been convicted of an offence concerning its professional conduct by a judgment which has the force of res judicata, which would affect its ability to implement the Scheme. Alternatively, where such judgments exist the undersigned declares that the Applicant can demonstrate that adequate measures have been adopted against the persons having powers of representation, decision making or control over it, who are subject to this judgment;
- c) during the last five (5) years, the Applicant or persons having powers of representation, decision-making or control over it has been the subject of a judgment which has force of res judicata for fraud, corruption, involvement in a criminal organisation, money laundering or any other illegal activity. Alternatively, where such judgments exist the undersigned declares that the Applicant can demonstrate that adequate measures have been adopted against the persons having powers of representation, decision making or control over it, who are subject to this judgment;
- d) guilty of misrepresentation in supplying information to the SBCI required for selection as an On-Lender, or fails to supply this information;
- e) listed in the central exclusion database set up and operated by the Commission of the European Union under Commission Regulation (EC, Euratom) No 1302/2008 of 17 December 2008 on the central exclusion database.

| |
|------------------------|
| 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/Small Mid-Cap business lending going forward?
- Confirm regulatory approvals required and if in place.

Funding Structure

- The amount of the Scheme being requested by the Applicant – i.e., the portion of the available amount under the Scheme which the Applicant will deploy.
- Applicants must be capable of lending a minimum of €1m during the duration of the UCGS.

Availability of Capital

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

Loan Pricing

- Applicants must provide pricing and/or fee details relating to each product that they propose to distribute under the UCGS. Minimum details should reflect interest/fee cost with and without the benefit of the UCGS as well as evidence of historic pricing for the same product on a historic basis, ideally >12 months.

Lending Experience

- Applicants should provide high level evidence of their track records of lending to the SME/Small Mid-Cap market including portfolio details e.g., distribution per credit grade, defaults, arrears and region.
- Projected details of the proposed portfolio risk e.g., diversified by sector, geography, size of loans and credit grade. Applicants should provide some background on how they have produced this forecast.
- Applicants should also provide projected default rates for the full SME portfolio for the coming two years and arrears rates for the full SME portfolio across 30 day, 60 day, and 90 day+ buckets for the last four quarters

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/Small Midcap 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: Fax: 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 Ukraine Credit Guarantee Scheme (the "**Scheme**" or "**UCGS**") to be implemented by the SBCI, (the "**Call**").

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/Department of Enterprise, Trade and Employment 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 Criteria**”), as at the date of this application form: -

- a) the Applicant is bankrupt or being wound up, is having its affairs administered by the courts, in this context, has during the last five (5) years, entered an arrangement with creditors, suspended business activities, been the subject of proceedings concerning those matters, or is in any analogous situation arising from a similar procedure provided for in national legislation or regulations;
- b) during the last five (5) years, the Applicant or persons having powers of representation, decision-making or control over it, has been convicted of an offence concerning its professional conduct by a judgment which has the force of res judicata, which would affect its ability to implement the Scheme. Alternatively, where such judgments exist the undersigned declares that the Applicant can demonstrate that adequate measures have been adopted against the persons having powers of representation, decision making or control over it, who are subject to this judgment;
- c) during the last five (5) years, the Applicant or persons having powers of representation, decision-making or control over it has been the subject of a judgment which has force of res judicata for fraud, corruption, involvement in a criminal organisation, money laundering or any other illegal activity. Alternatively, where such judgments exist the undersigned declares that the Applicant can demonstrate that adequate measures have been adopted against the persons having powers of representation, decision making or control over it, who are subject to this judgment;
- d) guilty of misrepresentation in supplying information to the SBCI required for selection as an On-Lender, or fails to supply this information;
- e) listed in the central exclusion database set up and operated by the Commission of the European Union under Commission Regulation (EC, Euratom) No 1302/2008 of 17 December 2008 on the central exclusion database.

| |
|------------------------|
| 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 UCGS. 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/Small Mid-Caps, including primary producers that are eligible for loans under the UCGS.

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 UCGS, 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 UCGS being requested by the Applicant – i.e., the portion of the available amount under the Scheme which the Applicant will deploy.
- Applicants must be capable of lending a minimum of €1m during the duration of the UCGS.

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 UCGS. 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 UCGS.

Loan Pricing

- Applicants must provide pricing and/or fee details relating to each product that they propose to distribute under the UCGS. Minimum details should reflect interest/fee cost with and without the benefit of the UCGS as well as evidence of historic pricing for the same product on a historic basis, ideally >12 months.

Lending Strategy

- Demonstrate an ability to access eligible SMEs/Small Mid-Caps, including primary producers 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/Small Mid-Caps, including primary producers to the portfolio level proposed.
- Plans for launching the UCGS 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 and Small Mid-Cap lending market, main competitors, trends and outlooks.
- SME/Small Mid-Cap 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/Small Mid-Cap sector, if available, historic performance of existing portfolio by reference to default/loss rates and credit rating profile for the last 5 years.
- Applicant's strategy in relation to the SME/Small Mid-Cap 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. Applicants should also provide projected default rates for the full SME portfolio for the coming two years and arrears rates for the full SME portfolio across 30 day, 60 day, and 90 day+ buckets for the last four quarters.
- Details of team, describing expertise appropriate for meeting the requirements of the UCGS.
- 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 UCGS-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 UCGS.
- Information regarding internal credit risk assessment criteria and management procedures for financing the SME/Small Mid-Cap sector.
- Other information relevant to the Applicant’s SME/Small Mid-Cap sector financing activity.
- Ability to report the data required to be provided to SBCI under UCGS as set out in **Annex 3**.

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/Small Midcap 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

Stage 2 - Eligibility Requirements

| | 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/Small Mid-Caps including primary producers. | |
| 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 has capital availability to fund the level of portfolio proposed. | |
| 1.4 | The applicant and its senior management do not meet any of the Exclusion Criteria (see Annex 1). | |
| 1.5 | The applicant is an On-Lender (see Section 1.3). | |
| 1.6 | The Expression of Interest is complete including relevant supporting information. | |
| 1.7 | The Expression of Interest has been submitted on or before the deadline date. | |

Stage 3 - Initial Allocation

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 UCGS

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 may 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/Small Mid-Caps? | 30 |
| 2 | Is the applicant authorised to carry out lending activities within the State? | 20 |
| 3 | Has the applicant provided sufficient information to assess the quality and plausibility of the proposal for implementation of UCGS? Particular focus on the applicant’s proposal with regards to its operational readiness, rollout strategy and marketing/publicity of the UCGS and the plan for building a portfolio. | 50 |
| 4 | Ability of the applicant to deploy the size of portfolio indicated in the application within the Scheme period. | 50 |
| 5 | Experience and ability of the applicant to provide finance to SMEs/Small Mid-Caps including applicant’s track record in loan origination and credit management. | 50 |
| 6 | Financial standing of the applicant as evidenced by external credit rating and/or the SBCI’s financial analysis of the applicant. | 30 |
| 7 | Applicant’s existing/proposed market share of SME/Small Mid-Cap sector. | 30 |
| Maximum Score • Minimum score of 125 marks required to progress to Allocation – Phase 2 | | 260 |

| Applicant Scoring for Allocation - Phase 2 | | Marks | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|-----------------------------------|-----------------------------------|-----------------|--|-------------------------|---|-----------------------|---|------------------------|---|----------|--|-----|-----|-----|-----|-----|-----|-----|-----|----|-----|-----|-----|----|-----|-----|-----|----|-----|-----|-----|----|
| <p>Applicant to determine the maximum interest rate it will apply to the loans along two categories, marks to be awarded as follows:</p> <table border="1"> <tr> <td>Loan Category 1</td> <td>Loans up to €249,999.</td> </tr> <tr> <td>Loan Category 2</td> <td>Loans greater than or equal to €250,000.</td> </tr> <tr> <td>Loan Category Weighting</td> <td>This is a 70:30 weighting that will be applied when scoring the Maximum Interest Rate proposed by the applicant for Loan Category 1 and Loan Category 2 respectively.</td> </tr> <tr> <td>Current Interest Rate</td> <td> <p>The current interest rate an applicant has charged for the equivalent loan to be covered under UCGS, to be supported by satisfactory evidence spanning a period of 12 months or more.</p> <p>Note: If the applicants pricing structure includes fees, then the proposal should reflect the makeup of the entire cost to the borrower.</p> </td> </tr> <tr> <td>Proposed Interest Rate</td> <td>The proposed interest rate to be charged to borrowers under the Scheme, inclusive of fees if applicable</td> </tr> <tr> <td>Discount</td> <td> <p>The difference between the current and proposed interest rate, expressed in comparative terms.</p> <p>E.g., The current interest rate is 6%, the proposed interest rate is 3%, therefore 50% discount is applied.</p> </td> </tr> </table> | | Loan Category 1 | Loans up to €249,999. | Loan Category 2 | Loans greater than or equal to €250,000. | Loan Category Weighting | This is a 70:30 weighting that will be applied when scoring the Maximum Interest Rate proposed by the applicant for Loan Category 1 and Loan Category 2 respectively. | Current Interest Rate | <p>The current interest rate an applicant has charged for the equivalent loan to be covered under UCGS, to be supported by satisfactory evidence spanning a period of 12 months or more.</p> <p>Note: If the applicants pricing structure includes fees, then the proposal should reflect the makeup of the entire cost to the borrower.</p> | Proposed Interest Rate | The proposed interest rate to be charged to borrowers under the Scheme, inclusive of 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 6%, the proposed interest rate is 3%, therefore 50% discount is applied.</p> | 280 | | | | | | | | | | | | | | | | | | | | |
| Loan Category 1 | Loans up to €249,999. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Loan Category 2 | Loans greater than or equal to €250,000. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Loan Category Weighting | This is a 70:30 weighting that will be applied when scoring the Maximum Interest Rate proposed by the applicant for Loan Category 1 and Loan Category 2 respectively. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Current Interest Rate | <p>The current interest rate an applicant has charged for the equivalent loan to be covered under UCGS, to be supported by satisfactory evidence spanning a period of 12 months or more.</p> <p>Note: If the applicants pricing structure includes fees, then the proposal should reflect the makeup of the entire cost to the borrower.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Proposed Interest Rate | The proposed interest rate to be charged to borrowers under the Scheme, inclusive of 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 6%, the proposed interest rate is 3%, therefore 50% discount is applied.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>Scoring: Each applicant to outline the current and proposed interest rate it will apply to Loans under Loan Category 1 and Loan Category 2 – marks will be awarded based on the discount, as follows:</p> <table border="1"> <thead> <tr> <th>Discount to Current Interest Rate</th> <th>Marks</th> <th>Discount to Current Interest Rate</th> <th>Marks</th> </tr> </thead> <tbody> <tr> <td>80%</td> <td>280</td> <td>45%</td> <td>140</td> </tr> <tr> <td>75%</td> <td>260</td> <td>40%</td> <td>120</td> </tr> <tr> <td>70%</td> <td>240</td> <td>35%</td> <td>100</td> </tr> <tr> <td>65%</td> <td>220</td> <td>30%</td> <td>80</td> </tr> <tr> <td>60%</td> <td>200</td> <td>25%</td> <td>60</td> </tr> <tr> <td>55%</td> <td>180</td> <td>20%</td> <td>40</td> </tr> <tr> <td>50%</td> <td>160</td> <td>15%</td> <td>20</td> </tr> </tbody> </table> | | | Discount to Current Interest Rate | Marks | Discount to Current Interest Rate | Marks | 80% | 280 | 45% | 140 | 75% | 260 | 40% | 120 | 70% | 240 | 35% | 100 | 65% | 220 | 30% | 80 | 60% | 200 | 25% | 60 | 55% | 180 | 20% | 40 | 50% | 160 | 15% | 20 |
| Discount to Current Interest Rate | Marks | Discount to Current Interest Rate | Marks | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 80% | 280 | 45% | 140 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 75% | 260 | 40% | 120 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 70% | 240 | 35% | 100 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 65% | 220 | 30% | 80 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 60% | 200 | 25% | 60 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 55% | 180 | 20% | 40 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 50% | 160 | 15% | 20 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| | | |
|--|---|--|
| | <p>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.</p> <p>The Loan Category Weighting will then be applied to each of the marks awarded for Loan Category 1 and Loan Category 2, therefore creating a Total Score for Phase 2.</p> <p><u>For example:</u></p> <p>If Applicant A submits a Proposed Interest Rate for Loan Category 1 equating to a 50% Discount and Loan Category 2 equating to a 20% Discount, the Applicant will score 124 marks out of a possible 280 marks available. Calculated as follows: 160 marks at a 70% weighting plus 40 marks at a 30% weighting.</p> | |
| | <ul style="list-style-type: none"> • Applicant’s Total Score is Phase 1 score + Phase 2 score (i.e., a maximum of 540) • Successful Applicants will be allocated a share of the available amount under the Scheme in accordance with the following methodology: <p>Allocation is the lower of A and B, where:</p> <p>A = (AS / TAS) * the available amount under the Scheme following the pre-allocation</p> <p>B = the amount of the Ukraine Credit Guarantee 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</p> <p>If Applicant A’s total score is 270 marks and Applicant B’s score is 380 and Applicant C’s score is 450, then Applicant A is allocated $270/1100 * \text{€}1.0\text{bn}$ (assuming that is the amount available following the pre-allocation) = €245m.</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 3

Information Requirements under the Ukraine Credit Guarantee Scheme

Eligibility Data Fields – Input by the Borrower

| Ukraine Scheme data list | Field Value / Format | Options |
|--------------------------------------|-------------------------------------|--|
| Before you get started | | |
| T&CS / Scheme Notices | Check boxes | |
| Sector & NACE Code | | |
| Sector | Dropdown | |
| NACE Code | Dropdown | List to be defined: See List of Primary Agriculture NACE Codes |
| Business Eligibility | | |
| Established and Operating in Ireland | Y/N | |
| Business Independent and autonomous | Y/N | |
| Number of employees | Numeric | <10 is Micro SME |
| | | <250 is SME |
| | | >250 & <500 is Small MidCap |
| Annual turnover | Numeric | if Micro SME: maximum value > 0 & < 2m |
| | | if SME: maximum value > 0 & < 50m |
| | | if Small MidCap: maximum value > 0 & < 1bn |
| Balance Sheet | Numeric | if Micro SME: > 0 & < 2m |
| | | If SME: >0, < 43m |
| | | if Small MidCap: >0, < 1bn |
| Business Definition | Defined based on the above 3 fields | Micro SME |
| | | SME |
| | | Small MidCap |
| Scheme Declarations | Check boxes | |
| Borrowing Limits | | |
| Proposed loan amount | Numeric | |
| Eligibility criteria | | (i) 15 % of the borrower's average total annual turnover over the last three closed accounting periods |
| | | (ii) 50 % of the borrower's energy costs over the 12 months preceding the month when the application for aid is submitted |
| | | (i) If you are a micro enterprise and in exceptional circumstances, an amount sufficient to cover the liquidity needs from the moment of granting of the loan for the coming 12 months |
| | Check boxes & Y/N | |

| | | |
|---|--|--|
| Declarations | Check boxes | |
| Business Details | | |
| Borrower Name | Text (255) | |
| Contact Name | text (255) | |
| Contact Number | Numeric (11) | |
| Contact Email address | Alphanumeric (valid address) | |
| Declaration | Check box | |
| Borrower Address Line 1 | Alphanumeric (255) | |
| Borrower Address Line 2 | Alphanumeric (255) | |
| Borrower Address Line 3 | Alphanumeric (255) | |
| Borrower Eircode | Alphanumeric (255), valid format | |
| Borrower County | Dropdown (CTY01 list) | |
| Borrower Country | Alphanumeric, Read-only: "Ireland" | |
| Borrower NUTS Code (region) | Hidden, auto populated | |
| Borrower Legal Form | Dropdown | 1. Sole trader |
| | | 2. Partnership |
| | | 3. Limited Liability Partnership (LLP) |
| | | 4. Private Limited Company (LTD) |
| | | 5. Public Limited Company (PLC) |
| | | 6. Charity |
| | | 7. Trust |
| | | 8. Not for Profit |
| | | 9. Other |
| Registration or Identification Number | Company Registration Number, VAT Registration Number, Herd Number (or other DAFM identifier for Primary Agri borrowers if available) or Other Identification | Numeric, field |
| Year of Establishment | Dropdown | 1901 to current year |
| Forecast number of employees after loan | Numeric | |
| Is part of a group of companies | Y/N | |
| Family business | Y/N | |
| Enterprise Ireland client | Y/N | |
| Bord Bia client | Y/N | |
| Local enterprise client | Y/N | |
| Review & Submit | | |
| Review all fields entered and edit where required | | |
| Contact Preferences | | |
| New schemes contact | Y/N | |
| Survey contact | Y/N | |

Initial Loan Recording on the SBCI Hub

| Ukraine Scheme data list | Field Value / Format | Options |
|---|--|--|
| Loan Application Details | | |
| Scheme facility amount | Numeric | Min 10k max 1m |
| Loan maturity in months | Integer (validated in save) | > = 3 months, <=72 month |
| Credit grade rating scale | On-lender | |
| Credit grading | Dropdown | B3 equivalent or above |
| Loan Type | Dropdown | 1. Working Capital 2. Investment |
| Loan purpose (if Investment is selected above) | Dropdown | 1. Investment in Machinery or Equipment |
| | | 2. Investment in Research and Development |
| | | 3. Investment in Business Expansion |
| | | 4. Investment in Premises Improvement |
| | | 5. Investment in Process Innovation |
| | | 6. Investment in People and/or Systems |
| Debt product provided | Drop down | 1. Overdraft |
| | | 2. Working Capital |
| | | 3. Term Loan |
| | | 4. Asset Finance |
| Premium % | Numeric | SME / Micro SME; 1-3 years; 0.29% |
| | | SME / Micro SME; 4-6 years; 0.68% |
| | | Small Mid-Cap; 1-3 years; 0.73 |
| | | Small Mid-Cap; 4-6 years; 1.55 |
| All in lender % | Numeric | % |
| Discount to product price % | Numeric | % |
| Grace period (months) | Integer (validated in save) | >=0 and <=3 months |
| Loan repayment type | Dropdown | 1. Interest & principle |
| | | 2. Interest and bullet |
| | | 3. Seasonal repayments |
| Account Number | | |
| Date of Scheme Facility Offer letter signed by Customer | Date of Scheme? Facility Offer letter signed by Customer | Date Word "Scheme" not in the Op Model field name – "Date Facility Offer letter signed by Borrower" |
| Date of Drawdown | Date of Drawdown | Date (today or past date within 6 months) |

| | | |
|---|----------|--|
| Type of Security Taken | Dropdown | 1. Commercial property |
| | | 2. Personal Guarantee |
| | | 3. Unsecured Personal Guarantee |
| | | 4. Shares and other securities |
| | | 5. Solicitors Undertaking |
| | | 6. Lien on Deposit |
| | | 7. 1st Legal Charge over Residential Investment Property |
| | | 8. Raw Materials or Stock |
| | | 9. Personal Vehicle or Other Asset |
| | | 10. Personal Life Insurance or Other Policy |
| | | 11. Debenture or Floating Charge |
| | | 12. Chattel Mortgage |
| Value of Security Taken | Numeric | > 0 Appears when "type of security taken" is populated |
| Is Collateral Linked | Yes/No | Appears when "Type of Security Taken" populated with a value |
| Is Security Perfected | Yes/No | Appears when "Type of Security Taken" populated with a value |
| Declarations | | |
| Consent to share information with DETE and relevant parties | Y/N | |
| Borrower declared eligible for loan amount | Y/N | |
| Loan Status Details | | |
| Current status | Dropdown | 1. Pending |
| | | 2. Approved not drawn down |
| | | 3. Fully drawn down |
| | | 4. Partially drawn down |
| | | 5. Closed |
| | | 6. Delinquent |
| | | 7. Default |

Quarterly Reporting

| Fields | Definition |
|-------------------------------|---|
| Account Number | Loan Account No. |
| Cumulative Disbursement | Total disbursed amount |
| End of Disbursement | Y or N (Y=Fully drawn, N=Not fully drawn) |
| Outstanding Principal Amount | Current Balance |
| Interest Rate | % |
| Credit Grade | Internal Credit Grade |
| Rating Scale Used | Internal Rating Scale |
| Premium Amount Collected | Premium (in euro) collected during the relevant quarter |
| Premium Period | Period (calendar days) to which premium relates |
| Delinquent Transaction | Y or N (Y=In arrears at quarter end, N=No arrears) |
| Delinquent Period | If 'Y' above then No. of days in arrears |
| Defaulted Transaction | Y or N (Y=defaulted (arrears 90days+), N=No arrears/arrears<90days) |
| Date of Defaulted Transaction | Date of Default/restructure/acceleration |
| Repayment Date | Date of full repayment of the outstanding principal (dd/mm/yyyy) |
| File Creation Date | Quarter end date (dd/mm/yyyy) |
| File Quarter Date | Quarter and Year that the file relates to (e.g. 2018Q2) |

ANNEX 4

Excluded Sectors under the Ukraine Credit Guarantee Scheme

The following sectors (as identified by NACE Code) are excluded from the Scheme:

| NACE Code | Sectors Excluded from the Credit Guarantee Scheme |
|--|---|
| AGRICULTURE, FORESTRY AND FISHING | |
| 11500 | Growing of tobacco |
| MINING & QUARRYING | |
| 61000 | Extraction of crude petroleum |
| 62000 | Extraction of natural gas |
| 62010 | Natural gas liquefaction |
| 62030 | Regasification of natural gas |
| 89200 | Extraction of peat |
| 91000 | Support activities for petroleum and natural gas extraction |
| MANUFACTURING | |
| 120000 | Manufacture of tobacco products |
| 142000 | Manufacture of articles of fur |
| 190000 | Manufacture of coke and refined petroleum products |
| 191000 | Manufacture of coke oven products |
| 192000 | Manufacture of refined petroleum products |
| 205100 | Manufacture of explosives |
| 244600 | Processing of nuclear fuel |
| 244610 | Uranium enrichment |
| 244620 | Irradiated fuel reprocessing |
| 254000 | Manufacture of weapons and ammunition |
| 304000 | Manufacture of military fighting vehicles |
| ELECTRICITY, GAS, STEAM AND AIR CONDITIONING SUPPLY | |
| 351140 | nuclear energy |
| 351141 | pilot plants |
| 351142 | demonstration plants |
| 351143 | commercially rated power stations |
| CONSTRUCTION | |
| 410000 | Construction of buildings |
| 411000 | Development of building projects |
| 412000 | Construction of residential and non-residential buildings |
| 412010 | urban infrastructure |
| 412011 | urban renewal |
| 412012 | public buildings |
| 412013 | exhibitions, trade fairs and conferences |
| 412014 | Housing |
| 412020 | urban development schemes |
| 412021 | sundry infrastructure |
| 412022 | development of industrial estates |
| 412023 | composite infrastructure |

| | |
|---|--|
| 429010 | industrial estates and buildings (turnkey factories) |
| 431200 | Site preparation |
| WHOLESALE AND RETAIL TRADE; REPAIR OF MOTOR VEHICLES AND MOTORCYCLES | |
| 463000 | Wholesale of food, beverages and tobacco |
| 463500 | Wholesale of tobacco products |
| 472600 | Retail sale of tobacco products in specialised stores |
| TRANSPORTATION AND STORAGE | |
| 522210 | sea port installations/river development works |
| 522220 | acquisition of vessels |
| 522240 | Acquisition of fishing boats |
| FINANCIAL AND INSURANCE ACTIVITIES | |
| 641000 | Monetary intermediation |
| 641100 | Central banking |
| 641900 | Other monetary intermediation |
| 641910 | Banks |
| 641920 | Mutual banks or credit cooperatives |
| 641930 | Savings banks |
| 641941 | Development Banks and Financing Institutions Multilateral - International |
| 641941 | Development Banks and Financing Institutions Multilateral - Regional |
| REAL ESTATE ACTIVITIES | |
| 680000 | Real estate activities |
| 681000 | Buying and selling of own real estate |
| PUBLIC ADMINISTRATION AND DEFENCE; COMPULSORY SOCIAL SECURITY | |
| 840000 | Public administration and defence; compulsory social security |
| 841000 | Administration of the State and the economic and social policy of the community |
| 841100 | General public administration activities |
| 841200 | Regulation of the activities of providing health care, education, cultural services and other social services, excluding social security |
| 841300 | Regulation of and contribution to more efficient operation of businesses |
| 842000 | Provision of services to the community as a whole |
| 842100 | Foreign affairs |
| 842200 | Defence activities |
| 842300 | Justice and judicial activities |
| 842400 | Public order and safety activities |
| 842500 | Fire service activities |
| 843000 | Compulsory social security activities |
| ARTS, ENTERTAINMENT AND RECREATION | |
| 920000 | Gambling and betting activities |
| ACTIVITIES OF HOUSEHOLDS AS EMPLOYERS | |
| 970000 | Activities of households as employers of domestic personnel |
| 980000 | Undifferentiated goods- and services-producing activities of private households for own use |
| 981000 | Undifferentiated goods-producing activities of private households for own use |
| 982000 | Undifferentiated service-producing activities of private households for own |

| | |
|--|---|
| | use |
| ACTIVITIES OF EXTRATERRITORIAL ORGANISATIONS AND BODIES | |
| 990000 | Activities of extraterritorial organisations and bodies |

NB: - The Excluded Sectors are indicative only and subject to change, and further exclusions and/or Excluded Sectors may be added in time.

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”).

NB: - The Restricted Sectors are indicative only and subject to change, and further exclusions and/or Restricted Sectors may be added in time.

ANNEX 6

State Aid Rules applicable to the UCGS

The UCGS will be available until 31 December 2024 (the “**Scheme End Date**”), or until the Scheme amount has been fully utilised, whichever is the earlier. The Scheme will operate under TCF for State aid measures to support the economy following the war against Ukraine by Russia. The TCF may be extended by the Commission but is currently due to expire on 31 December 2023. In the event that the TCF expires before the Scheme End Date, the SBCI will operate the Scheme under the De Minimis Regulation which will be the applicable State aid rules.

The key changes in State aid treatment for borrowers under the UCGS, in the event that the TCF expires are summarised below.

- A borrower will be required to declare previous State aid received when applying to SBCI for an eligibility check.
- The De Minimis Regulation provides for a total State aid threshold of €200k in a 3-year fiscal period. The thresholds are different for Agriculture (€20k over a 3-year period) and Aquaculture and Fisheries (€30k over a 3-year fiscal period)¹⁴.
- Depending on the nature and amount of previous State aid received, the amount of borrowing under the Scheme that a business is eligible to receive once the Scheme operates under the De Minimis Regulations may be lower than the maximum amount of borrowing possible under the TCF.

¹⁴ The *De Minimis* Regulations are currently subject to review and it is expected that the amended *De Minimis* Regulations will enter into force before 1 January 2024 and will increase the maximum allowable *de minimis* aid. Those amended rules and maximum allowable *de minimis* aid will govern the operation of the Scheme in case the TCF expires before the Scheme End Date.

- **Relevant De Minimis Regulations Summary**

While subject to change, the following table provides a current **summary** of the de minimis State aid rules and restrictions, which would become applicable to UCGS in the event of the expiry of the TCF during the term of the Scheme.

| Loan | Loan Purpose | Category of Borrowers | State Aid Thresholds |
|--------------------------------|--------------------------------|------------------------------|--|
| De minimis 1407 of 2013 | Working capital and investment | SMEs Small Mid-Caps | €200k in a 3-year fiscal period <i>(€100k if related to Road Freight Transport)</i> |
| De minimis 1408 of 2013 | Working capital and investment | SMEs Small Mid-Caps | €20k in a 3-year fiscal period |
| De minimis 717 of 2014 | Working capital and investment | SMEs Small Mid-Caps | €30k in a 3-year fiscal period |

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.

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.