



AIB announces EUR100 million lending programme to allow SMEs invest in energy-saving projects from early 2014

9th December 2013

New AIB Outlook Report on Energy Efficiency reveals huge potential for savings and growth in the economy

AIB is to make €100 million available for lending to enable Irish SMEs to radically lower their energy bills – and the bank will take into account the projected savings from energy efficiency projects when calculating the borrower’s repayment capacity. Qualifying customers can avail of discounted funding supported by the European Investment Bank (EIB).

The announcement today (Mon, Dec 9th) was made alongside publication of an AIB sponsored Amarach Research Report on the level of energy efficiency in businesses. The research, conducted among 451 small and medium enterprises (SMEs) in partnership with the Sustainable Energy Authority of Ireland (SEAI) and the Irish Green Building Council, found that achieving energy efficiencies is high on the agenda of manufacturers, retailers and other business sectors.

The research shows that energy accounts for approximately 9% of operating costs in most of the businesses surveyed, with SMEs in the manufacturing area spending, on average, €114,000 on energy bills per annum; retailers spend €50,000 and other businesses spend €70,000. More than 54% of respondents expect those energy costs to rise over the next three years but there is little clarity on how they will respond. Over half the buildings SMEs operate in are 10-50 years old which generally are not energy efficient.

The report highlights a deep desire on the part of all businesses surveyed to find means of cutting energy bills in order to avoid reducing margins, passing price increases to customers or impacting staff numbers. Asked what would encourage them to adopt more energy efficient solutions, over 80% of businesses said grants and incentives, along with a greater understanding of the potential savings would prompt action in this area.

SMEs are open to seek finance for a range of energy-saving actions including lighting and heating and cooling systems. Of those businesses surveyed, 62% own their premises, with 86% recognising that there is a potential to reduce their energy costs. The cost involved in installing energy efficiency projects varies, depending on the scale of the businesses, but one in seven SMEs expect to look for bank finance to fund an energy project in the next 12 months. The majority expect to need less than €25,000 and the typical savings payback period is less than three years.

AIB’s Director of Personal, Business and Corporate Banking, Bernard Byrne, said

energy is one of the key lending areas on which AIB will now focus. The Bank has also confirmed it is making €1 billion available to the energy sector over the next three years. “Our policy is informed by substantial market research which identifies clients’ needs, leading us to design a method of costing projected savings from energy efficiency projects into the borrower’s repayment capacity”, he said.

“It is also clear that the economic downturn has prompted businesses to focus on energy savings as a way of cutting costs when revenue growth is slow. On the broader canvas, that in turn should help Ireland achieve its 2020 targets of reducing energy consumption by 20 per cent by 2020”, he added.

CEO of Sustainable Energy Authority of Ireland (SEAI), Dr Brian Motherway said: “Energy efficiency is a great opportunity for businesses to reduce costs and improve competitiveness. Irish firms that have acted have already saved millions of euros. The rewards are substantial and SEAI is there to assist every step of the way. New finance offerings, like those being launched today, make it even easier to act and are a welcome addition to the market.”

Chairman of the Irish Green Buildings Council, Prof Owen Lewis said: “AIB’s announcement of a €100 million energy efficiency fund will be a huge boost to the industry, a great help for businesses that wish to drive down their costs and will help stimulate job creation in this sector. The Irish Green Building Council aims to help promote energy efficiency uptake within Ireland and ensure that we have the skills in place to safely deliver the potential savings.”

AIB has invested in upskilling its staff in lending to the energy sector. AIB’s Energy Sector Team established earlier this year serves as a resource to which branches can refer when dealing with more complex lending proposals. Already, the bank has also rolled out detailed sector guides for branch staff to familiarise them with the issues on lending to the energy sector.

-ENDS-

For further information, please contact:

Niamh Hennessy
Media Relations Manager
AIB
Bankcentre
Ballsbridge
Dublin 4
Tel: +353-1-77 21382

Helen Leonard
Press Officer
AIB
Bankcentre
Ballsbridge
Dublin 4
Tel: +353-1-64 14141