



7th September 2020

AIB backs businesses for economic recovery with low-cost flexible Covid-19 Credit Guarantee Scheme

AIB has been allocated an initial €270m in low-cost Covid-19 Credit Guarantee Scheme funding for small and medium enterprises, primary producers and small mid-cap companies with employment of up to 499 that have been impacted by Covid-19. The scheme, made available by the Department of Business, Enterprise, and Innovation and operated by the Strategic Banking Corporation of Ireland, is a financial solution that will see AIB backing businesses to fuel the economic recovery. AIB has applied for a further allocation under the SBCI's open call.

Among the key elements of the funding tailored to benefit businesses which have been impacted by Covid-19 are:

- A maximum variable interest rate of 2.75% per annum
- Loan amounts of €10,000-€1,000,000
- Terms from one year and up to 5.5 years
- Under State aid rules a fee is charged by government for participation

AIB has created an SBCI hub for small and medium businesses to find out more about the Credit Guarantee Scheme, and to apply for financial solutions (www.aib.ie/SBCI). The scheme will be available until December 2020 on a first come, first served basis for companies who have experienced an adverse impact of a minimum of 15% in actual or projected turnover or profit due to Covid-19. No security will be required for loans of up to €250,000.

AIB Chief Executive Officer Colin Hunt said “Covid-19 has had an enormously damaging impact on the Irish economy, particularly to indigenous enterprises. We are working closely with the Government and the SBCI to ensure our small and medium businesses are adequately funded to allow them recover, preserve jobs and create future employment. As the largest Credit Guarantee Scheme in the history of the State, this enables us to offer rates that are significantly lower than those currently on offer in the market. They will allow businesses breathing space and the opportunity to adapt and grow their businesses, all at low cost”.

Tánaiste and Minister for Enterprise, Trade and Employment Leo Varadkar said “The past few months have been extremely difficult for Irish businesses. We have seen our small and medium enterprises work hard to adapt and to continue trading in the face of this profound disruption. The Government is determined to help businesses as they operate in a fundamentally changed trading environment.

“This Scheme will provide low cost loans from €10,000 to €1 million to businesses, in addition to the grants that are already available. Businesses can apply directly to a participating bank. Under the scheme the Government will provide an 80% guarantee for the loan. This unprecedented measure will ensure businesses have access to the finance they need at this unprecedented time.”

Nick Ashmore, Chief Executive of the SBCI said “The €2bn Covid-19 Credit Guarantee Scheme represents a significant increase in Government support for SMEs and Primary Producers in Ireland. The SBCI is delighted to work with AIB in delivering the scheme. This together with recent enhancements to the Covid-19 Working Capital Scheme and Future Growth Loan Scheme will help SMEs address the challenges they face now and in the future as a result of the pandemic”

AIB also continues to accept applications under the enhanced Future Growth Loan Scheme at www.aib.ie/sbcj.

AIB’s commitment to a sustainable recovery in the Irish economy

- This funding follows a €500 million top up of the SBCI FGLS scheme which was made available in June 2020, bringing the total available to Irish businesses to €800 million. To date AIB has sanctioned over €620m in SBCI funding, including €97m in Future Growth Loan Scheme funding.
- Introduced a wide range of customer initiatives in response to Covid-19, including c. 64,000 payment breaks implemented for our retail banking customers, giving our customers much needed respite. We have dedicated supports tailored for our customers as they come off their payment breaks, with the widest range of customer solutions of any Irish bank.
- AIB has recently committed €300 million to a nationwide social housing fund. This will give people the keys to 2,000 homes across the country.
- Collaboration with Trinity College Dublin (TCD) to establish a research hub that will accelerate TCD’s immunology project in tackling the Covid-19 pandemic. Our investment of €2.4m has enabled the launch of the AIB Covid-19 research hub.

Fee charged to customers in addition to the loan interest rate

SME		Small Mid-cap	
Term of Facility (Years)	Premium (per year)	Term of Facility (Years)	Premium (per year)
Longer than 5 years	0.68%	Longer than 5 years	1.55%
Equal to or shorter than 5 years but longer than 4 years	0.61%	Equal to or shorter than 5 years but longer than 4 years	1.40%
Equal to or shorter than 4 years but longer than 3 years	0.50%	Equal to or shorter than 4 years but longer than 3 years	1.19%
Equal to or shorter than 3 years but longer than 2 years	0.29%	Equal to or shorter than 3 years but longer than 2 years	0.73%
Equal to or shorter than 2 years but longer than 1 year	0.26%	Equal to or shorter than 2 years but longer than 1 year	0.63%
Up to and including 1 year	0.15%	Up to and including 1 year	0.30%

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