

# Natwest and RBS launch £250m regional fund to support SMEs in East Midlands

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- £3 billion new funding to be made available nationally through package of financial products
- Twelve £250m local Funds launched across the United Kingdom
- Funding managed locally by Regional Managing Directors who will be targeted to fully utilise these Funds in 2009
- This builds on the Banks' recently announced commitment to guarantee overdrafts and pricing for small business customers until at least the end of 2009

NatWest and RBS have today announced that they are to make an additional £250 million funding available to SMEs in the East Midlands in 2009. This further commitment to the SME sector in the East Midlands will be delivered through a comprehensive package of funding choices with effect from 5th February 2009. In addition to providing traditional debt finance, the new funds will offer businesses the opportunity to access other avenues available to help them manage their capital and cashflow through the current economic downturn.

This is part of the commitment made by the Bank last month to increase lending to UK borrowers by an additional £6bn. The new locally administered Fund will offer customers a wide range of financial support including flexible business loans which allow customers to postpone capital repayments, invoice finance products which may guarantee debtor payment, effective ways to release cash through using the assets already owned by the business and short term trade finance essential to keep imports and exports flowing.

Accessed via customers' existing dedicated Business Relationship Managers, the Fund will also offer SME customers lower priced loans from the £250m funding the Bank has recently secured from the European Investment Bank.

Welcoming the move, Dr Bryan Jackson, Chairman of the East Midlands Regional Development Agency (RDA), and current RDA network lead, said: "Small businesses are the lifeblood of our economy and many have been struggling to access financial support from the banks as a result of the credit crunch. The RDAs have continued to raise this as a real issue with both Government and the finance sector.

"This is why we are extremely pleased to hear that Natwest and The Royal Bank of Scotland have today pledged extra funding to support companies during these challenging times. We welcome this announcement, and anticipate that the move will act as an economic stimulus, helping to boost business confidence. We very much hope that other banks will follow suit and take similar steps in the near future."

## ENDS

### Notes to Editors:

- Small Business Loan Rate reduction: lowest ever Small Business Loan rates - 5.9% APR for loans over £15k, with rates from 7.9% APR for loans between £1k- £15k. The reduced rates are available for a limited period.
- EIB Funds via Business Term Loan: EIB funding will be used to offer a reduced (60bps) priced Business Term Loan to SMEs for a limited period (until EIB funding is fully utilised).
- Trading Business Loan: a 5 year fixed or variable rate loan which is interest only for the first two years and balloon repayment to repay outstanding debt at end of term.
- Invoice Finance with optional bad debt protection: Invoice Finance facility with an option to provide more dependable cashflow by building in bad debt protection.
- Lombard Asset Finance Capital Release: Product capability to release cash locked inside businesses through refinancing of working assets.
- Short Term Trade Finance: International trade finance and cash management option for UK exporters and importers to optimise working capital and protect cash.
- On 14th January 2009, the Business Secretary unveiled a package of measures to help the cashflow, credit and investment needs of UK SMEs. NatWest and RBS welcome these Government initiatives. We have already pledged to help bring the Enterprise Finance Guarantee (EFG) scheme to the market with immediate effect and are working closely with the Government on development of the Capital for Enterprise Fund and Working Capital Scheme.

NatWest and RBS are the leading bank for SMEs providing banking services to over one million SME customers. We have an extensive geographical reach through our network of 2,279 branches and 118 business centres. Our 3,800 relationship managers are based locally in branches and business centres across Britain, giving SMEs direct access to expert advice and support. In November 2008, we provided small business customers with the re-assurance that their committed overdraft would remain in place for the agreed term, provided they operate within the terms of the facility. In addition, we pledged not to increase margins on committed overdrafts until at least the end of 2009 where there is no change to the risk profile.