

NatWest and RBS announce £3 billion extra funding for SMEs through new regional funds

- . £3 billion new funding to be made available through package of financial products
- . Twelve £250 million local Funds launched across England, Wales and Scotland. Including Ulster Bank to provide £250 million Fund in Northern Ireland
- . 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 today announce that they are to make an additional £3 billion funding available to SMEs in 2009. This further commitment to the SME sector will be delivered through twelve Regional SME Funds in England, Wales and Scotland. Ulster Bank will provide the Fund for Northern Ireland's businesses. The Funds will provide a comprehensive package of funding choices for SME's in each region right across the UK.

This is part of the commitment made by the Bank last month to increase lending to UK borrowers by an additional £6 billion. 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.

With effect from February 5 2009, NatWest and RBS have committed to make an additional £250 million funding available to SMEs in each RDA region in England, Wales, Scotland and Northern Ireland. The new locally administered funds 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, these funds will also offer SME customers lower priced loans from the £250 million funding the Bank has recently secured from the European Investment Bank.

Announcing the new package, Alan Dickinson, chief executive of RBS UK, said:

"The launch of the new SME Funds reinforces our commitment to support our 1.2 million SME businesses locally across all areas of the United Kingdom. Our lending to business and commercial customers rose by 10 per cent in 2008 and these Funds are part of the commitment made by the Bank last month to increase lending to UK borrowers by an additional £6 billion. The Funds have been designed to give business customers the further confidence to focus on running their business rather than having to worry about their finances. In addition to providing new support initiatives, we will be working even closer with Regional Development Agencies as part of our ongoing commitment to help SMEs trade through the current economic downturn."

Welcoming the announcement, business secretary, Lord Mandelson, said:

"This new fund is good news for smaller businesses across the country. More funding must be made available at branch level to enable viable companies to access the finance they need to weather these difficult financial conditions.

"I would like to see other lenders taking similar steps to ensure their frontline managers have access to funds dedicated to helping UK SMEs."

Notes:

. 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 will be 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.

. Northern Ireland: funding for SMEs in Northern Ireland will be provided through Ulster Bank.