Research and Library Service
Briefing Paper

Paper 97/10 | 16 September 2010 | NIAR 425-10

Meeting with Local Banks

BACKGROUND

Affordable, accessible credit is a necessary precondition for economic recovery; it is vital both in enabling businesses to invest and grow and in enhancing spending and confidence levels amongst consumers. It is essential that (reasonable[1]) lending levels be restored to ensure that local bank finance supports, rather than hinders, economic recovery in Northern Ireland.

However, as discussed in previous meetings with the banks, local businesses and consumers continue to experience constrained and expensive lending conditions. This is despite a historically low Bank of England base rate (0.5%), and various assistance schemes, such as the Enterprise Finance Guarantee scheme, implemented by the UK Government to enhance lending.

This paper considers some of the key issues faced by businesses in Northern Ireland, as identified by the Institute of Directors (IoD) survey on bank lending and/or previous meetings between the Committee and bank officials. The following primary concerns are addressed:

- Difficulties in accessing credit facilities (whether renewed, extended, or new);
- Increases in banking costs (interest rates, fees and charges); and
- Relative lack of uptake of Government assistance schemes (EFG, EIB, etc).

[1] A return to previous lending levels would not be desirable; the freely available, 'cheap' credit of the past was due, in part, to the mispricing of risk

TRENDS IN UK BANKING SECTOR

1.1 ***Net Lending Flow:*** Based upon Bank of England (BoE) data, there has been no significant easing in credit conditions for UK businesses; Figure 1 shows that the flow of net lending remains negative. ***Members may wish to note that small businesses continue to be the most affected; the BoE's regional agents have reported that credit conditions remain tighter for small businesses than for larger corporations***[2].

Figure 1: Lending to UK businesses

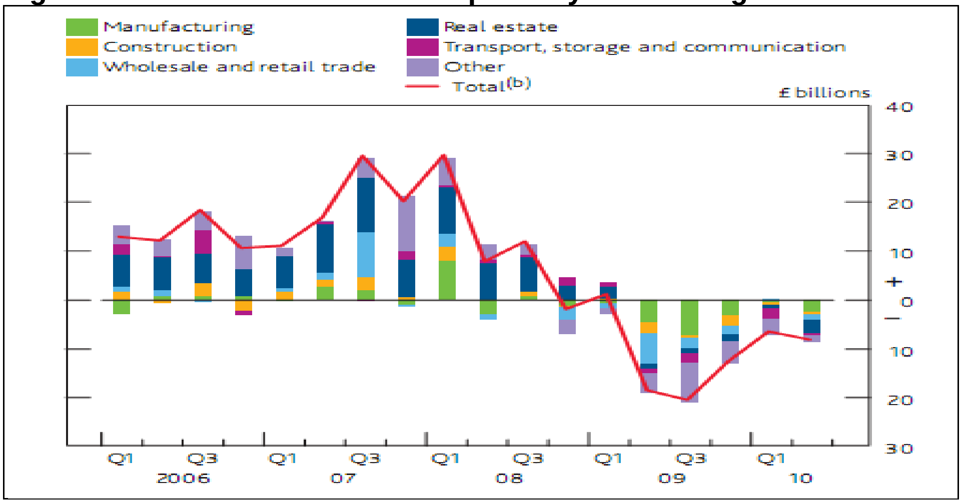
	Averages				2010		
	2007	2008	2009	2010 Q1	Apr.	May	June
Net monthly flow (£ billions)	7.3	3.8	-3.8	-3.4	-1.1	-2.2	-3.5
Three-month annualised growth rate (per cent)	20.4	10.6	-7.5	-7.1	-3.5	-5.4	-5.1
Twelve-month growth rate (per cent)	16.7	17.5	-1.7	-9.3	-8.5	-8.1	-8.1

(a) Lending by UK monetary financial institutions to PNFCs. Data cover lending in both sterling and foreign currency, expressed in sterling terms. Seasonally adjusted.

Source: Bank of England

1.2 ***Net Lending Trends by Sector:*** Figure 2 below illustrates the sectoral impact of the credit crunch; as would be expected, this shows that a large proportion of the growth in lending between Q1 2006 and Q3 2008 related to 'real estate' services. However, there has not, as yet, been an associated reduction in lending to this particular sector. (This relative resilience within the real estate sector has been attributed to the fact that these companies tended to rely on loans of a longer maturity than other sectors. Furthermore, real estate companies might be less able to reduce their working capital – via inventory management – to reduce debt levels.) ***However, these trends might be interpreted as indicating that other businesses are paying the price for the surge in property-related lending that preceded the credit crunch and the property market crash***.

Figure 2: Sectoral breakdown of quarterly net lending flows



Source: Bank of England

[2] Trends in Lending, *Bank of England,* August 2010

KEY ISSUES FACING NI BUSINESSES

1.3 General banking conditions in Northern Ireland remain difficult, according to the most recent (March 2010) Institute of Directors survey. As members are aware, previous IoD surveys have indicated that, despite rate cuts by the BoE and other government interventions, local businesses were finding credit to be less accessible and more expensive. ***The Finance and Personnel Committee might wish to note that the most recent survey (March 2010) reported that 43% of respondents felt that conditions had worsened further since September 2009. However, 10% of survey respondents reported improved conditions; 5 percentage points more than in the previous survey.***

<u>Difficulties in Accessing Credit</u>

1.4 Local businesses continue to experience difficulties in accessing new or extended credit facilities; in some cases, consumers are struggling to renew *existing* facilities. This is due to the fact that banks are seeking to recapitalise their balances sheets, and thus have a reduced appetite for lending. ***It has recently been reported, by the Federation of Small Businesses (FSB), that the problems in accessing credit are such that small firms are in fact using savings or seeking loans from family and friends[3].***

1.5 ***Applications Declined*:** According to the IoD survey, there has been an increase in the rate of 'declines'; 50% of requests for extensions to existing or new facilities were turned down. The main reason given by banks for declining requests was that *'the bank has no appetite for additional funding' (38%);* in fact, only 15% of the applications declined were deemed as having demonstrated *'insufficient repayment capacity'*. Therefore, it might be reasonable to assume that many, if not most, were from financially viable firms. ***The Committee may wish to note that this is inconsistent with the banks' claims that the fall in net funding flows is due to reduced demand from businesses (i.e. a demand issue rather than one of supply).*** In fact, the IoD findings indicate that demand for funding amongst local businesses currently exceeds the supply by banks. ***It is also noteworthy that 69% of the credit applications made were in respect of funding 'working capital' (as opposed to for more speculative or investment purposes) – as such, many financially viable businesses appear to be being denied funding that is essential in enabling their day to day running.***

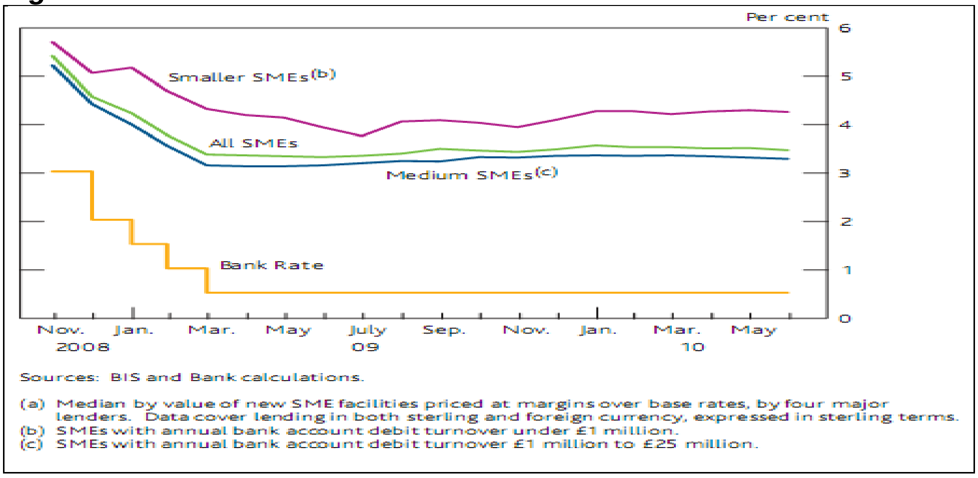
1.6 ***The Application Process:*** A significant number of businesses report difficulties with the application process, including: length of time taken to get a decision; increased bureaucracy; lack of local decision making; and an increase in the amount of information required, which is making the process more expensive for businesses. ***Perhaps a more streamlined, standardised application (and response) process could assist in containing the associated administrative burden upon local businesses.***

[3] Banks 'holding up recovery', *Agenda NI,* September 2010

Increases in Banking Costs – Interest Rates

1.7 ***Interest Rates:*** Over 42% of respondents to the IoD survey reported that they had experienced an increase in interest rates. This is an 8 percentage point increase on the previous survey and is despite the fact that the Bank of England base rate remains at just 0.5%. Figure 3 below shows the indicative interest rates levied on SME variable-rate facilities; this suggests that the banks have passed on some of the base rate reductions to businesses (cutting variable rates between November 2008 and March 2009). ***Members will note that, on average, smaller companies pay more for variable-rate facilities; this is likely to be reflective of higher risk and the fact that larger companies tend to have more access to alternative sources of finance, such as capital markets.***

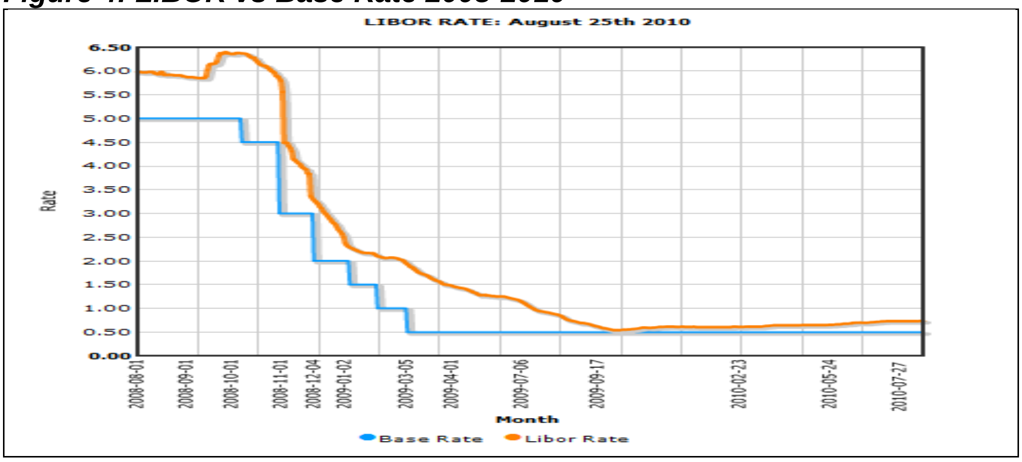
Figure 3: Indicative median interest rates on new SME variable-rate facilities



Source: Bank of England

1.8 ***LIBOR vs. Base Rate:*** Figure 3 could be interpreted as indicating that, based upon the Bank of England Base Rate, the 'margin' which banks are earning is considerably larger now (May 2010) than in it was in November 2008. This has resulted in businesses complaining that banks are not *'passing on Base Rate cuts'.* However, the 'credit crunch' resulted in an increase in the cost of funds to banks; this meant that the Base Rate was no longer a true reflection of the cost of money for banks. ***Accordingly, members may be interested to note the trend in the London InterBank Offered Rate (LIBOR) in Figure 4.*** LIBOR is the rate at which banks lend to one another, so it more accurately represents the cost of funds to banks. ***It is for this reason that many businesses credit facilities are now linked to LIBOR rather than the Base Rate.***

Figure 4: LIBOR vs Base Rate 2008-2010



1.9 The LIBOR rate (or more specifically, the difference between the LIBOR rate and the Base Rate, i.e. the 'LIBOR spread') indicates how willing banks are to lend to one another – as such it approximates the level of 'risk' that banks perceive in lending funds (this explains the peak in LIBOR during the height of the economic crises in late 2008). ***The Finance and Personnel Committee might therefore wish to note that LIBOR has started to rise again since the start of the year.***

2.0 ***The rise in LIBOR is likely, amongst other things,[4] to be due to the banks anxiety around the imminent tightening in bank regulation, which will require lenders to hold larger sums of capital on reserve.*** On 12 September 2010, a number of recommendations were made (known as BASEL III) to enable better bank regulation and prevent future crises. BASEL III requires banks to increase their 'core tier 1 capital ratio' from 2% to 7%. ***Members might clarify with the local banks whether they consider that they have already recapitalised to the extent that they are in a position to conform with this increased requirement,[5] or whether this represents an additional burden - and, if so, what effect they would anticipate upon local lending levels/costs.*** (It is worth highlighting on this point that the Bank of England's Financial Stability Report (FSR) notes that banks should be able to continue to lend, and recapitalize, *if* bonus/dividend pay-outs are limited to pre-crisis/2009 levels respectively[6].) ***This demonstrates how important it is, for the NI economy, that the European legislation achieve the right balance in attempting to stabilize the banking sector (by boosting capital reserves) without cutting off the flow of credit (if reserve requirements are too high). The Finance and Personnel Committee might wish to ensure that DFP is liaising with relevant EU officials to ensure NI's interests are safeguarded in this respect.***

<u>Increases in Banking Costs – Bank Charges/Fees</u>

2.1 ***Bank Fees:*** According to the IoD survey, 41% of local businesses – an increase of 14% since last year – have suffered increased overdraft/loan fees.

2.2 ***Bank Charges:*** 40% of the local firms that responded to the IoD survey indicated that they have experienced an increase in operating charges. This is a 15% increase on the last survey. This evidence is consistent with the claims of Federation of Small Business (FSB) members that they are exposed to "*exorbitant*" charges and "*unfavourable changes to business account terms and conditions*[7]**.**

2.3 ***It is important to note the distinction between charges and fees. Bank Fees are generally part of any initial financing agreement and, as such, an anticipated cost associated with the facility. However, bank charges tend to be levied in the case of certain triggers (for example, in the event that an account is overdrawn in excess of its limit). Whilst it might be considered reasonable that some charge be levied in these cases, the claims that the charges are 'exorbitant' indicate that the bank might be unfairly penalizing customers who are already in a difficult position.***

[4] It is also possible that banks perceive higher risks to economic recovery

[5] Most UK banks already have a core tier 1 capital ratio of 9%, having repaired their balance sheets after the crisis

[6] The bank estimates that the major banks should be able to generate in the region of £10bn of additional capital by doing so, which would facilitate an additional £50bn in lending during 2010.

[7] Banks 'holding up recovery', *Agenda NI,* September 2010

Relative Lack of Take-up of Government Schemes

2.4 Previous IoD surveys have highlighted a relative lack of take-up of Government assistance schemes in NI; it remains somewhat unclear as to whether this is due to a lack of appetite amongst the banks or their customers, or both. Despite the pressure on banks to publicize the availability of the schemes, the most recent IoD survey confirms that there are a number of businesses who remain unaware of the different options.

2.5 ***Enterprise Finance Guarantee (EFG) scheme:*** In April 2009, only 4% of the IoD survey respondents had applied for a loan under the EFG scheme. In March 2010, this figure had increased to 17%; however, only 9% had the loan accepted (as opposed to 2% in 2009). ***Thus, while there has been some improvement in the rate of application, the overall take-up rate remains low.*** Figure 5 shows that this issue is relatively unique to Northern Ireland; indeed, some regions, such as the South East, have actively participated in the scheme, having drawn down some £135m in funds. ***This begs the question as to why the take-up rate in Northern Ireland has not been higher.***

2.6 The committee is aware that some local banks have been more active in promoting and/or participating in the EFG scheme than others. Data on how the individual banks have fared in this respect is not readily available; ***this is something the Committee may wish to seek further clarification on – it would be interesting to get statistics broken down for each bank***. Ulster Bank appears to have particularly proactive in this regard; it claims to have been accountable for 80% of all lending by NI banks through the Enterprise Finance Guarantee Scheme[8]. ***Members might clarify what Ulster Bank attributes this relative success to; indeed, it appears to refute other banks suggestion that there is no appetite for the funding amongst local businesses.***

Figure 5: EFG - All Scheme (Jan 09 - 8th September 2010)

Region	**No. of New Loans Offered to Customers**	**Total Value of Offered Loans (£m)**	**No. of Offered Loans Drawn Down**	**Total Value of Drawn Loans (£m)**
East Midlands	872	94.42	749	81.37
East of England	1,228	114.06	1,049	96.55
London	1,438	156.03	1,177	125.71
North East	437	40.91	367	34.04
North West	1,409	132.59	1,238	114.26
South East	1,668	165.23	1,408	135.57
South West	1,295	116.51	1,147	100.50
West Midlands	1,077	112.05	906	91.17
Yorkshire and The Humber	830	81.09	715	68.63
Wales	556	47.42	462	38.61
Scotland	826	119.20	717	105.44
Northern Ireland	**127**	**21.75**	**111**	**18.68**
Total UK	**11,763**	**1,201.25**	**10,046**	**1,010.52**

Source: DFP

[8] http://group.ulsterbank.com/media/press-releases/northern-ireland/2010/4-20.ashx

2.7 The March 2010 survey raises an additional point about the EFG scheme. It suggests that the banks are demanding increasing security requirements, ***even when funding is being obtained through the Enterprise Finance Guarantee Scheme.*** The IoD claim that members who have obtained funding via EFG have been asked to produce significant levels of additional personal securities. ***Whilst a certain commitment from the businesses themselves might reasonably be expected, the committee might wish to note this claim by the IoD. It is important in that, if this is the case, the banks could be undermining the effectiveness of the EFG scheme by transferring additional risk back to the customer.***

2.8 ***Other Schemes:*** Although the take-up rate of the EFG scheme remains low, it is considerably more popular than any of the other schemes available to businesses, in which the local participation is almost nil. Only 1% of respondents had applied for the Capital for Enterprise Fund, 2% for the Short Term Aid scheme, 5% for the Ulster Bank SME Fund (4% were declined) and 1% for the Business Payment Support Service. ***It might be argued that Northern Ireland is failing to benefit from the availability of many of these schemes. Many of the responses to the IoD survey cited an unawareness of the schemes; the committee might therefore wish to reiterate to the banks the importance of communicating the availability of the various programs to their customers.*** A full list of the assistance programs available to local businesses is attached at Annex 1.

<u>Other Issues/Potential Questions</u>

- ***The provision (or lack of) debt counselling by banks:*** Some banks more proactive than others in this regard?
- ***National Asset Management Agency (NAMA):*** Developments regarding proportion of assets that reside in NI and wider economic impacts?
- ***Banks Financial Performance:*** As shown below (refers to period Jan-June 2010) banks continue to struggle with large losses –might go some way towards explaining relative ‘reluctance’ to lend:

	Operating profit (£m)	**Losses (£m)**
Ulster Bank*	185	314
Northern Bank	16.7	25.5
First Trust Bank	24	52
Bank of Ireland**	168	107

**within Northern Ireland*
*** within UK*

- ***Bank of Ireland’s credit rating has just been downgraded by Standard & Poor’s from ‘stable’ to ‘negative’.*** Possible contagion effect of this /ability of BoI to recover?
- ***NI businesses have historically tended to rely upon overdrafts as opposed to term funding:*** Move towards more sustainable financing options?
- ***A new taskforce has been established, to be headed by top bank bosses in Britain and Northern Ireland, to identify how to boost the flow of credit to small firms***
- ***Lack of Foreign Lenders in NI Market:*** The role of local banks in restoring lending levels should not be viewed in isolation; foreign and/or non-domestic banks withdrew in large numbers in the wake of credit crunch impacting price/availability of credit.

N.B. On 7 September 2010, the Commercial Secretary to Treasury, Lord Sasson, visited India (the second largest source of Foreign Direct Investment, after US) in response to Indian Banks having indicated an interest in setting up business in the UK. ***Perhaps NI should be positioning itself to compete for this type of inward investment, in much the same way as it is pursuing inward investment from the US (via US-NI investment conferences, etc) – the reward from attracting foreign banks would be two-fold in that it might create high value-added (in terms of productivity) jobs in the financial services sector, whilst boosting competition between local banks.***

ANNEX 1 – MATRIX OF SUPPORT AVAILABLE TO NI BUSINESS

Department of Enterprise, Trade and Investment

FINANCIAL SUPPORT AVAILABLE TO BUSINESS (AT 12th MARCH 2010)

Scheme Title	Developed by / date announced	Type of Financing Support provided	What does it cover	How is Support provided?	What does it cost?	Eligible Businesses	Excluded Sectors	Period available	Who to contact / How to apply
Enterprise Finance Guarantee Scheme	BIS 14 January 2009	Guarantees of term loans (one to ten years) from Banks to SMEs	Government will provide 75% guarantee on individual loans made by participating banks to viable SMEs. Can be used to support new loans, refinance existing loans, or convert part or all of an existing overdraft into a loan to fund working capital	Small Firms Loan Guarantee was suspended and incorporated into EFG. Loans from participating banks of between £1000 and £1m available, repayable over a period of up to 10 years. Up to £1.3Bn of "new" bank lending will be guaranteed by the Government	In addition to regular principal and interest payments to the lender, and any arrangement fee which it may charge, a premium is payable to BIS, equivalent to 2% per annum on the outstanding loan balance, collected and assessed quarterly in advance. 25% discount on all premiums due that are successfully collected in 2009.	Available to small businesses with an annual turnover of up to £25m - SMEs and non SMEs who have viable business plans but are considered too high a risk to access commercial lending	Agriculture, Coal, financing of individual export orders.	14 January 2009 to 31 March 2011. Government will bring forward proposals in late 2010 for a new loan guarantee scheme commencing April 2011.	Businesses should contact their local Bank. Participating lenders are: Northern Bank, Ulster Bank, Bank of Ireland First Trust HSBC, Barclays, Clydesdale Yorkshire Bank Lloyds TSB, RBS NatWest, The Royal Bank of Scotland, Co-Operative Bank Alliance & Leicester Commercial Bank.
Capital for Enterprise Fund	BIS 14 January 2009	Conversion of business debt to equity	£75m fund allowing companies to undertake business development by selling debt in exchange for an equity stake in the business. The fund provides equity and/or mezzanine finance of £250,000 - £2m for companies with viable business models & growth potential in need of long term capital.	The fund will invest in businesses through professional commercial fund managers (most likely two). Government is not investing in individual companies. The fund will offer equity or mezzanine investment aimed at releasing and sustaining business growth potential	No details currently available	Open to SMEs only with turnover of up to 50 million euros. Investment will be aimed at fundamentally sound businesses with existing cash flows and genuine growth potential, but which are currently constrained through being over-geared.	Synthetic fibres and yarns; Motor Vehicles; Shipbuilding; Steel; Coal; Transport; Agriculture; Fisheries	Fund Managers to start investing in Businesses from end January 2009. No end date has been specified by BIS	Businesses should contact the capital for Enterprise Helpline directly: 0845 459 9780
Working Capital Scheme	BIS 14 January 2009	Working Capital Guarantees to banks	Government provides Bank Guarantees covering 50% of risk on new and existing working capital portfolios up to £20Bn total scheme There will be no further guarantees offered under this scheme.	50-50 risk shared between Government and Banks on short term working capital loans for businesses	Banks pay a premium to BIS, to be agreed when the portfolio of loans is offered. This premium may be passed on to Businesses that are part of the agreed portfolio.	This is not a business facing scheme - support is for the Bank's portfolio. Businesses within the portfolio must have annual turnover of less than £500m - SMEs & non SMEs	No Sector exceptions have been identified by BIS.	1 March 2009 to 31 March 2011. No guarantees will extend beyond this period	Participating lenders are: HSBC, Barclays, Lloyds TSB, RBS NatWest
Accelerated Support Fund (ASF)	Invest NI 09 December 2008	Grant support for projects against eligible vouched and approved expenditure	Projects supported must seek to address issues arising from current economic conditions and should reflect Invest NI's intervention principles.	Grant support up to £50K at a grant rate of 50% is available. Eligible expenditure: Salary costs of new and existing staff; Consultancy costs; Salary costs of trainers; External training costs; Travel and subsistence.	Supported Client businesses must have match funding available equal to 50% of eligible project cost	Established Invest NI Clients - SMEs and non SMEs.	Agriculture; Fishery and Aquaculture; Coal. Capital expenditure and MIS led projects are not eligible for ASF support, nor can ASF 'top up' support under existing schemes	September 2008 until further notice. ASF offers have a maximum period of 15 months in which a Client may claim support. Assistance should focus on a period of activity of up to 12 months.	Invest NI Clients should complete the ASF application form. Applications reviewed by Client Executives to ensure are complete & suitable for ASF support. Applicants are advised within 5 working days regarding eligibility, rejection or returned for completion.

Department of Enterprise, Trade and Investment
www.detini.gov.uk

Scheme Title	Developed by / date announced	Type of Financing Support provided	What does it cover	How is Support provided?	What does it cost?	Eligible Businesses	Excluded Sectors	Period available	Who to contact / How to apply
Short Term Aid Scheme (STAS)	Invest NI. Announced 26 May 2009, available from 01 June 2009	Grant support for projects against eligible vouched and approved expenditure	Salary costs (gross + employers NIC) related to agreed key posts in eligible NI businesses. Travel and subsistence costs may also be eligible in some instances.	De-minimis type aid of up to 500,000 euro per business (approx £450,000 at current exchange rates). Maximum support allowable is net of existing de-minimis aid that a business has received in the period 1 January 2008 to 31 December 2010	Supported NI businesses must have funding available, based on company size, as follows: Small business 20% of eligible cost; Medium business 30% of eligible cost; Large business 40% of eligible cost.	Business must meet all the following criteria: (i) an SME or large firm in NI in Manufacturing or Tradable Services that was not in difficulty on 1 July 2008 but is in difficulty now; a "firm in difficulty" is as defined in the Buying Time regulation (ii) have, or the potential to have by 31 December 2010, the following: • total sales of over £100,000 per annum; and • sales outside Northern Ireland greater than 25% of turnover or greater than £250,000 per annum.	Export aid or aid favouring domestic goods over imported goods; Fisheries; Agriculture	01 June 2009 to 31 December 2010	Invest NI clients should contact their Client Executive. Non Invest NI clients should contact the Invest NI Business Development Manager at their nearest Invest NI Regional Office. Application forms, guidance notes, FAQS and Scheme brochures can be accesses at www.investni.com/stas

Department of Enterprise, Trade and Investment
www.detini.gov.uk

Scheme Title	Developed by / date announced	Type of Financing Support provided	What does it cover	How is Support provided?	What does it cost?	Eligible Businesses	Excluded Sectors	Period available	Who to contact / How to apply
Trade Credit Insurance Top-up Scheme	BIS 22 April 2009	Eligible businesses will be able to purchase 'top-up' credit insurance cover.	The scheme is a transitional measure to provide real help to businesses whose credit insurance cover has been reduced by their provider. Up to £5 billion of support is available under the Government scheme, which is a short term measure to respond to the needs of businesses. It is targeted to cushion against the impact of a reduction in credit insurance cover, and to provide greater breathing space for businesses to respond effectively to increased risks in their supply chain.	Risk shared between Government and the private sector i.e. supporting businesses but not taking excessive risks with taxpayers' money. Insurance can be bought to the value of the lower of the following amounts: - the amount which restores the level of cover to the amount you had previously - the amount equal to the level of cover now offered under your credit insurance policy - £2 million There is no minimum on the amount of top-up cover that you can buy. For example, if cover provided is reduced from £100k to £80k then you can buy top-up cover of £20k to restore cover to the original level of £100k. If cover is reduced from £100k to £30k then you can buy top-up cover of £30k, matching that of your underlying policy, giving you total cover of £60k.	Top-up insurance is purchased as a six month policy at a price of **one** per cent of the value of the cover.	Open to businesses of all sizes and in all sectors trading in the UK, with a trade credit insurance whole-turnover policy. Eligible businesses who have had their credit limit reduced can purchase top-up cover via their existing credit insurance provider, who will administer the scheme on Government's behalf.	None. However the scheme does not cover businesses where cover has been completely withdrawn by the credit insurance provider.	Open to new applicants until 31 December 2009. Can be purchased in respect to reductions in cover that have occurred since 1 October 2008, with cover under the scheme back-dated to start from when the reduction took place. The duration of each policy written under the scheme is for a maximum of six months. Following a reduction in cover, businesses will have 28 days to apply to their credit insurance provider for the top-up scheme. At the start of the scheme they have until 31 May 2009 to apply in respect of any eligible reductions in cover that have happened since 1 April 2009;	Trade credit insurance providers who are currently operating the government top-up scheme are: Atradius Credit Insurance N.V Coface S.A Euler Hermes UK PLC HCC International It is likely that other credit insurance providers will join the government top-up scheme in due course.

Scheme Title	Developed by / date announced	Type of Financing Support provided	What does it cover	How is Support provided?	What does it cost?	Eligible Businesses	Excluded Sectors	Period available	Who to contact / How to apply
Business Payment Support Service (HMRC)	HMRC Scheme. Announced in 2008 Pre-Budget Report. Further expansion announced on 22 April 2009.	Offers help to businesses facing temporary financial difficulties to spread tax payments over a timetable they can afford. Service has been expanded to allow businesses expecting to make losses to offset those against tax bills due on profits for the previous year which they are unable to pay.	Corporation tax, VAT and payroll taxes including National Insurance Contributions	HMRC staff will review individual business circumstances and discuss temporary options tailored to the needs of the businesses e.g. making payments over a longer period of time.	HMRC will not charge additional late payment surcharges on payments included in the arrangement, although interest will continue to be payable on those taxes where it applies.	All	None	No end date set	HMRC Payment Support Line 0845 302 1435
Ulster Bank Regional Fund for SMEs[1]	Ulster Bank NOTE: 05 February 2009 This is not a Government Scheme	In addition to providing debt finance, the new funds will offer businesses access to other options to help manage their capital and cashflow	£250 M locally administered fund to support SMEs across Northern Ireland in 2009. The fund forms part of a £3 billion SME package from RBS.	Unsecured small business loans up to £25k. Business loans which allow customers to postpone capital repayments. Enhanced invoice and inventory finance to enable customers to better manage their working capital. Releasing cash through financing assets already owned by the business. Short term trade finance.	No details currently available	N Ireland SME customers of Ulster Bank with annual turnover of less than £25M - both existing and new customers. Ulster Bank's normal criteria for business lending applies.	No Sector exceptions have been specified by Ulster bank from information so far provided.	5th February 2009 to end of 2009 - no sight of what is proposed beyond 2009 at this stage.	Interested Businesses should contact Ulster Bank directly through any NI Branch or Business Centre

Scheme Title	Developed by / date announced	Type of Financing Support provided	What does it cover	How is Support provided?	What does it cost?	Eligible Businesses	Excluded Sectors	Period available	Who to contact / How to apply
European Investment Bank (EIB) Loan Fund	EU / EIB 16 December 2008	Term Bank loans to SMEs, funded by EIB	EU wide, project based, lending to SMEs of EUR 15bn in 2009 & EUR 15bn in 2010. Credit lines granted to intermediary banks & financing institutions in the country in which the project is based. These institutions pass on the EIB funds to SME promoters. EIB loans for SMEs can support all types of investment or expenditure necessary to grow a small business: Tangible (e.g. purchase of plant); Intangible (e.g. R&D financing); Working Capital increase for SME expansion.	Through EIB Intermediated loans, designed to permit the financing of projects with a total investment cost of less than EUR 25 million. An EIB credit line may finance a maximum of 50% of the total cost of any project. A new product line will also be developed allowing risk sharing with banks. £4 billion of funds has been made available to the UK out of a €30 billion EU-wide fund. Ulster Bank and Bank of Ireland have each secured €100m loan facilities. Approximately £350m has been disbursed throughout the UK to date	The conditions of financing (interest rate, grace period, loan period etc) are determined by the respective EIB partner bank. Maturities typically range between 5 and 12 years. Lending decisions remain with the financial intermediaries.	SMEs only	Arms; Gambling; Tobacco, Animal Testing; Environmental impact that cannot be mitigated or offset; Morally or ethically controversial activities(e.g. human cloning); Pure Property Development; Purely Financial Transactions (e.g. Company takeovers)	1 January 2009 to 31 December 2010	Businesses should contact participating Banks or leasing companies. Barclays, Close Bros, HBOS and RBS have already accessed EIB funds. NI participants: Ulster Bank and Bank of Ireland