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PRESS RELEASE

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UK SMALL BUSINESS TO BENEFIT FROM £650m LOANS BY THE EUROPEAN INVESTMENT BANK

The European Investment Bank (EIB) has signed three new generation EIB loans for small and medium sized enterprises (SMEs) in the UK for a total of GBP 650 million (EUR 720 million). Three UK banks - Royal Bank of Scotland (RBS), Barclays Bank and Bank of Scotland (HBOS) - will act as financial intermediaries for the EIB funds, passing them onto SMEs with projects which further EU policy objectives. All three loans were signed during December and SMEs should start to benefit from EIB finance early in 2009.

South West Conservative MEP, Giles Chichester, who is Rapporteur for the European Parliament's Industry Committee welcomes the decision of the European Investment Bank to guarantee £650m loans to UK Small and Medium Businesses (SMEs).

MEP Chichester said **"I welcome this announcement as a positive act which will help ease some of the difficulties faced by small business in the South West in accessing finance to help ride out the economic storm"**.

The EIB loans for SMEs carry particular importance in the current financial and economic climate when many smaller businesses face difficulties in accessing finance. In September 2008, the EU Finance Ministers called upon the EIB to extend, modernise and diversify their loans to the SME sector. The new generation loans ensure that the final recipients – the UK small firms – benefit from the financial advantage offered by EIB funds.

Simon Brooks, EIB Vice President responsible for lending activities in the UK, confirmed the Bank's commitment to supporting SMEs. *"On the 16 December, the EIB's Board of Directors approved our role in the European Economic Recovery Package. We will increase lending by over EUR 15 billion – almost 30% – in both 2009 and 2010 to help address the credit crunch; loans for SMEs will form an integral part of our extended offering. We have signed three new loans to RBS, Barclays and HBOS, taking total EIB support for UK SMEs made available under the new scheme to GBP 900 million. We are hopeful that our increasingly rich relationships with British banks will lead to similar success in the future"*.

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Conservatives in the European Parliament

Small businesses play a key role in the UK economy and the almost 4.5 million enterprises in the UK account for over half of the country's employment. The three UK banks who will act as financial intermediaries for the EIB's UK SME activity are well-known to the Bank from previous credit lines.

RBS is borrowing GBP 250 million from the EIB directly to benefit smaller firms. As part of its recent recapitalisation, RBS agreed to maintain the availability of lending at 2007 levels and it will use the EIB funds in support of this commitment. The loan was finalised on 23 December 2008.

Barclays has traditionally been one of the EIB's key financial intermediaries in the UK. In addition to past credit lines to support smaller firms, this GBP 150 million EIB loan for SMEs was signed with Barclays on 16 December 2008. Moreover, in November 2008 Barclays agreed a GBP 200 million credit line to promote investments in the further education sector.

HBOS secured a GBP 250 million EIB loan which will be dedicated to financing SME investments throughout the UK and Ireland. The projects which will be supported by the loan to HBOS will cover a range of industrial and service sectors. The loan was signed on 18 December 2008.

The EIB is discussing more loans for SMEs with a number of UK banks. In addition, the Bank is finalising a GBP 75 million credit line to Finance Wales under the joint EIB-European Commission JEREMIE initiative – Joint European Resources for Micro to Medium Enterprises. The EIB loan finance will help to launch a venture capital and loan fund providing risk capital to small business in Wales. Signature of this loan is expected in the first quarter of 2009.

NOTES FOR THE EDITOR

EIB loans to UK SMEs in 2008

The European Investment Bank (EIB) extensively revised its product offering for SMEs in 2008, developing a new lending formula called **EIB loan for SMEs**, which is designed to be simpler, more flexible and more transparent to benefit a greater number of small businesses. The three new loans mentioned in this press release have been signed under these new conditions. In addition, the EIB has agreed to make available existing loans for SMEs in the UK under the new conditions which significantly improves the way in which the EU's long-term lending institution is able to support small and medium sized firms.

The EIB in the UK

The EIB lent over GBP 13.7 billion to support key investment in the United Kingdom's economy from 2003 to 2007. In 2007 alone, the Bank allocated GBP 3.1 billion for UK projects, ranging from investment helping UK regional development, to protecting the environment, improving national health facilities and supporting the activities of small and medium sized enterprises. Financing in the UK accounted for over 10% of the EIB's overall lending in the EU in 2007.

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