



# **Bank of Ireland Group**

*Bank of Ireland - SME Lending Plan*

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Bank of Ireland recognises the very important role that the SME sector plays in Ireland's economy and that an upturn in the sector will be closely linked to a broader economic recovery in this country. Bank of Ireland has a key role to play in supporting the SME sector both in the provision of lending and day to day banking facilities as well as offering financial information and advice to business owners.

Bank of Ireland will continue to build on the range of supports offered to Irish SMEs, particularly in relation to the provision of credit facilities. A comprehensive strategic plan has been developed by Bank of Ireland for the SME sector which includes projections for strong lending growth over the next 3 years. As part of this strategy, a detailed SME Lending Plan was recently submitted to the Minister for Finance covering the period 2010 to 2012.

The key messages from the plan are as follows:

- Bank of Ireland is committed to providing a *minimum* of €3bn in lending to viable SMEs each year for 2010 and 2011. The Bank is aiming to deliver lending activity and growth levels over and above these annual targets and will strive to maintain approval rates at current high levels.
- The Bank has adequate capacity within its credit policies to fully meet the funding needs of Irish SMEs.
- Bank of Ireland has and continues to offer lending and support to SMEs in every sector and in every county in Ireland. The Bank is fully committed to continuing its support of a broad sector and geographic spread of businesses.
- As Ireland moves out of recession, a return to growth is now emerging in export led sectors, for example medical and pharmaceutical as well as in a number of the core indigenous industries including food and drink, motor and selected retail.
- The Bank is fully confident that it is in a position to successfully meet all of the lending objectives outlined in the overall SME Lending Plan, subject to customer demand. Detailed plans are now in place to address Marketing, Visibility and Advice, Capability and Reporting requirements under the plan and a summary of the key initiatives is included below:

### 1. Marketing

Bank of Ireland is committed to developing its understanding and knowledge of Irish business sectors and their banking requirements. A range of specific supports based on this sectoral understanding is now in place:

- **Understanding business:** The Bank will continue to develop its knowledge of and expertise in dealing with key Irish sectors and will use this understanding to enhance the range of products and services offered to SMEs.
- **Lending funds for SMEs:** A range of specific funds are currently available to the SME sector e.g. Business Loan Fund (€250m), EIB Loan fund (€100m – fully committed) and Environmental Fund (€200m). In addition to the above, the Bank is committed to providing additional funds in respect of Seed Capital (€20m), and Environmental, Clean Energy and Innovation funds (+€100m) which will be launched in 2010.
- **Enterprise Ireland:** The plan includes specific actions under discussion with Enterprise Ireland, including the commitment of resources to develop sector expertise in emerging growth sectors and address how best to support Irish SMEs trading internationally.
- **Day to day banking:** The Bank is making a significant investment in its online banking system, to make it easier for SME customers to conduct their day to day business.

### 2. Visibility and Advice

Bank of Ireland recognises that SMEs should have access to and regular contact with their bank. In addition to the traditional branch and telephone contact points, there are a range of new supports and information sources now in place for Irish business owners.

- **Meeting with SMEs in the locality** – All relationship managers in Bol are currently engaging in a local contact programme designed to increase the numbers of meetings we are holding with SMEs in every area. This contact programme is designed to identify ways the Bank can support growth opportunities for the business or provide an early intervention in relation to credit and cash flow difficulties.

SME owners are actively encouraged to come and meet with the Bank if they wish to avail of new or increased facilities or discuss a restructure of their existing facilities. In addition, customers experiencing financial difficulties are encouraged to talk to us as early as possible.

- **National Enterprise Week** – the Bank plans to continue with its very successful Enterprise week and Enterprise show case programmes over the next three years. This will give SMEs the opportunity to increase their own customer base and build on their business knowledge through a series of seminars presented by expert speakers.
- **Mentoring and Advice** – the Bank plans to enhance its current mentoring programme, Enterprise Builder, whereby SMEs have the opportunity to engage with industry experts and obtain key advice for their own business.
- **Advertising and Awareness** – a specific budget has been created under the plan to create awareness of the lending plan, our willingness to lend and assist in enterprise development activities overall. The Bank of Ireland website has also been enhanced to include a range of advice and support tools for Irish business owners.

### 3. Capability

The plan includes specific actions in relation to the provision of additional resources and capability improvements over the next three years.

- **Additional resources:** The Bank has committed to recruiting additional senior front line resources to support the lending and growth objectives under the plan. These additional resources will be located throughout the country to support SMEs from all areas.
- **Capability and Training:** The Bank has committed to providing specific additional capability and training to our people to ensure they can provide the best possible support to SMEs. Training will be focused on lending to trading enterprises, understanding SME business needs and approaching new businesses. Training continues to be provided in the areas of dealing with stressed accounts, credit processes and interpretation of financial accounts.

### 4. Reporting

The Bank currently provides a detailed quarterly report to the Department of Finance on the level of lending to SMEs. Improvements in the timing and level of information provided are included in the plan.

- **Updated monthly figures:** The Bank is committed to building on the quarterly information by providing monthly summary lending figures as required.
- **Improved quarterly reporting:** A revised quarterly report has also been agreed with the Department, whereby the Bank will provide more comprehensive status reports on progress against the objectives set out in the plan. Status reports will be provided under the following key headings:
  - Lending approvals to SMEs and overall approval rates
  - New and increased SME lending drawdowns and working capital commitments
  - Growth in the volume of SME lending
  - Detailed sector and geographical lending figures
- **Credit Review Office:** The Bank is fully cooperating with the Credit Review Office and as a result continues to strengthen its internal appeals process.

#### **Bank of Ireland and the Government – a shared goal**

Bank of Ireland's SME customer base includes all business types; from entrepreneurs starting their own business, to small and micro enterprises, farming and agri-based enterprises, through to larger established businesses engaged in domestic and international trade. The SME Lending Plan is focused on increasing the level of support and credit facilities we provide to all such enterprises – regardless of business size, sector or location.

Bank of Ireland and the Government share a common goal in respect of the availability of credit and the commitment to supporting the SME sector. We firmly believe that a healthy and vibrant SME sector is vital to the Irish economy and we continue to have a major stake in and dependency on the success of this market.