The business of growth

£100m SME fund for ambitious British businesses in Bristol and Bath

April 2014
SME funds for ambitious British businesses

- At HSBC, we are committed to supporting the local communities in which we operate. That’s why we have allocated £100m to support ambitious British businesses in the Bristol and Bath area.

- If you are looking to enter new markets, purchase new premises, or need additional working capital to enable your business to reach its potential, talk to us.*

- We understand the strategies ambitious businesses need to grow, and have a range of market leading solutions together with the ability to connect you to new and exciting markets.

* All credit is subject to status and terms and conditions apply. Funds are available to UK domiciled businesses with turnover up to £30m between 01/01/14 and 31/12/14.
2014 : Why here, why now?

- With the UK economy moving into recovery, we are seeing a real increase in business confidence and a renewed demand for lending.

- Investment and output levels are growing and many business owners are now capitalising on the recovery and deciding now is the time to invest.

- In recent months we have seen our customers adopt a number of different strategies, including the purchase of new premises and equipment, investment in production capacity, increase in inventories and expansion into overseas markets.

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK</td>
<td>2.9</td>
<td>2.5</td>
</tr>
<tr>
<td>USA</td>
<td>2.5</td>
<td>2.5</td>
</tr>
<tr>
<td>Eurozone</td>
<td>0.9</td>
<td>1.1</td>
</tr>
<tr>
<td>Germany</td>
<td>1.7</td>
<td>1.7</td>
</tr>
<tr>
<td>France</td>
<td>0.6</td>
<td>1.0</td>
</tr>
<tr>
<td>Italy</td>
<td>0.4</td>
<td>0.6</td>
</tr>
<tr>
<td>Spain</td>
<td>0.7</td>
<td>1.0</td>
</tr>
<tr>
<td>Japan</td>
<td>1.0</td>
<td>1.0</td>
</tr>
</tbody>
</table>

Source: HSBC Economics (March 2014)
Different, distinct and unique

- HSBC is one of the largest banking and financial services organisations in the world with around 6,900 offices in over 80 countries and territories.

- Our purpose is to be where the growth is, connecting customers to opportunities, enabling businesses to thrive and economies to prosper.

- Our core tier 1 capital position at 13.6% is one of the strongest in the industry, and our assets to deposit ratio at 72.9% enables us to support our customers when they need us.*

* Source: HSBC Group plc, published accounts, 31 December 2013
The HSBC relationship management model

- Our structure is simple and efficient. Your relationship manager is your single point of contact to our global network of expertise.

- Whether you need to improve the efficiency of your international payments, create additional working capital to finance new orders, or help to purchase new premises, we have the solutions.

- Our relationship managers are supported by a team of highly trained specialists and support staff to ensure your business gets the right information when its needed.

- In most areas of the world, we have people on the ground with exceptional local knowledge and the right connections for trade and international networking.
Funding Solutions
Regional Growth Fund – Assisted Asset Purchase Scheme

• RGF is a grant based scheme used to assist with Asset Purchase where the buyer lacks sufficient deposit

• In order to qualify you need to be creating additional employment, or you will retain jobs that could have otherwise been lost within 12 months

• The level of available support (grant) is based upon the size of your business, the location that the asset will be employed, level of asset investment and the number of Full Time Equivalent (FTE) jobs being created or retained.

• As the borrower, you commit to creating or retaining a number of FTE jobs based upon the amount of RGF grant received. One job must be created or retained for every £25,000 of grant received, up to a maximum of £500,000.
Regional Growth Fund – Assisted Asset Purchase Scheme (Example Scenario)

• A business is granted £50,000, which is equivalent to 10% of the eligible costs (i.e. a fixed asset costs £500,000 exc VAT), then 2 FTE employees must be recruited or retained.

• Confirmation of job creation or retention, by an independent accountant (at your cost), will take place 24 months after drawdown or earlier if the borrowing is repaid prior to this date.

• The asset purchase will be funded using a suitable HSBC Equipment Finance product and the rate of interest can be fixed or variable. A negotiable arrangement fee will be chargeable.

• You choose the supplier of the asset and negotiate as if you were a cash buyer, with all the associated financial advantages without buying the asset outright.
Export Credits Guarantee Department (ECGD) Bond Support Scheme

- The Export Credit Guarantee Department Bond Support Scheme could help you if you require new contract bonds in respect of UK exports of goods or services and are facing constraints on credit facilities due to lack of available security.

- Government guarantee which typically covers incremental bonding facilities, covering up to 50% of the value of contract bonds and up to 80% of the value of Advanced Payment and Progress Payment Bonds.

- Exporters remain fully liable for all facilities agreed.

- Available for sums of greater than £1,000,000.

- The export contract must have a minimum of 20% UK content.

- Standard HSBC issuance fees apply with a proportion paid to ECGD.

- Arrangement fees may also be applicable.
Export Finance – Export Bills

- Export Bills offer a more secure method of receiving payment than dealing directly with the importer (Open Account trading)

- Document and payment collections are handled on your behalf

- Reduces disputes as Documentary Collections are governed by International Chamber of Commerce rules which clearly define the responsibilities of all parties

- Often used where you’ve built trust with your importer, but still wish to retain some control
How Export Bills work

• You, as the exporter, ship the goods and request your bank to send the shipping documents, together with collection instructions, to the importer's bank.

• The importer's bank then requests payment or an undertaking to pay from the importer. The bank will not release the documents until the importer has either made payment or promised to do so at a later date agreed by you.
Export Documentary Credit

• With an Export Documentary Credit (Documentary Credit or DC), payment risk is transferred from your buyer to a bank

• Provided you present documents in strict conformity with the DC you have control over the payment process

• You know exactly when you will be paid for your exported goods

• The terms under which payment will be made are known in advance of shipment. Time scales, despatch dates and other terms are built into the conditions of the Documentary Credit
Export Documentary Credit - How it works

• A Documentary Credit is a commitment given by the buyer's bank to you, as the exporter, that they will make payment to you on presentation of a pre-agreed, specified set of documents to a nominated bank in the UK.

• You can remove the risk of non-payment by the buyer's bank and associated country risks, by asking HSBC to add our confirmation to the document.

• Export documentary credits can help your cashflow too, as you can use the credit to raise finance before or after shipment.
The team – ready to help you achieve your aspirations

James Jordan
Area Commercial Director
Tel: 07717 483803
Email: jamesjordan@hsbc.com

Mark Self
Deputy Area Director
Tel: 07769701409
Email: mark.self@hsbc.com

Chris Attwood
Deputy Area Director
Tel: 07767606869
Email: chrisattwood@hsbc.com
Accolades

- Management Today
  Britain’s most admired Bank 2011, 2012, 2013

- Trade Finance Magazine Awards for Excellence 2013
  Best overall Global Trade Bank
  Best Trade and Supply Chain Finance Bank
  Best Factoring Institution
  Best Export Finance Arranger

- FX Best Bank Awards 2013
  Best Bank for Emerging EMEA currencies
  Best Bank for Emerging Asian currencies