

North Devon Manufacturing Association

19th November 2008

How to Prosper During
“The Credit Crunch”

 Clydesdale Bank |  Yorkshire Bank

Members of the National Australia Group

Agenda

- **Clydesdale Bank**
- **“The Credit Crunch”**
- **Libor and why it is important**
- **What might “the Credit Crunch” mean for me and my business?**
- **Looking to the Future**
- **Summary**
- **Questions**

Ten Facts About Clydesdale Bank

- **Trading since 1838**
- **Part of the National Australia Bank Group since 1987**
- **One of only 14 AA rated banks in the world**
- **Double regulated by FSA and APRA**
- **79 Financial Solutions Centres across UK**
- **Profitable, conservative and consistent**
- **Back to the Future Banking**
- **Industry focussed**
- **Second largest agri bank in the world**
- **Very much open for business**

“The Credit Crunch”

- **A disease in financial markets!**
 - CDO's
 - Limited supply of interbank lending
 - Increased need for banks to hold capital
- **Special Liquidity and Re-Capitalisation Schemes**
 - Short term effects
 - Longer term implications

Libor v Base

- **London Interbank Offered Rate**
- **Rate at which banks lend to each other**
- **Market driven rate**
- **Historically a 'good' predictor of future base rate**
- **3 month libor is key**

“The Credit Crunch”.... and me!

- **Depositors**

- Consider up to date credit rating of bank
- Understand the banks Tier 1 capital position
- Recent share price movements = market perception
- Higher return usually = “higher” risk

- **Borrowers**

- Open dialogue with financial partners is key
- Cash is king
- Understand core debt and consider the longer term
- Be proactive
- Be vigilant
- Be confident

Looking to the Future

- **Government support schemes**
- **Base rate v 3 month Libor gap reduced**
- **Two, part nationalised major UK banking groups a distinct possibility**
- **Margins on borrowing will be higher**
- **However Basle II potentially good news for UK manufacturing!**
- **Recession; length and depth increasingly the issue**

Summary

- **Clydesdale Bank has always followed a traditional banking ethos**
- **Traditional banking is back ‘in vogue’**
- **Be proactive with your bank**
- **Be candid**
- **Protect your liquidity**
- **Understand core debt and consider medium term opportunities to reduce borrowing costs**
- **Expect quality advice and support from all your advisors**
- **Manufacturing is the lifeblood of our economy**

Questions?