



PRESS RELEASE

SMEs IN NORTH WEST FORECAST SOLID 2010 PROFITS BUT LACK OF ACCESSIBLE COMMERCIAL CREDIT IS STUNTING BUSINESS DEVELOPMENT, FINDS QBE SURVEY

Manchester, 15 January 2010

Key points

- 89% of SMEs in North West England expect to maintain or increase sales turnover in the first half of 2010 – up from 57% a year ago
- Majority expects 18 month to 2 year wait before UK sees full economic recovery
- 73% say that banks are not making credit available and are holding back business recovery

Despite the challenging economic climate, The third survey of small and medium sized enterprises (SMEs) from QBE, the specialist business insurer, shows that SMEs in the North West of England are anticipating promising 2010 sales, with 89% expecting to maintain or increase turnover in the first half of 2010. This is the most optimistic forecast of any UK region surveyed and 15% higher than the national optimism figure of 74%. This 2010 outlook is particularly encouraging given that, when asked a year ago, only 57% expected increased or maintained sales in 2009.

Confidence grows amongst the region's businesses despite national economic concerns

The findings of the survey suggest that although 70% of North West SMEs did not expect to see full economic recovery in the UK until 2011, 30% claimed their business had already recovered from the recession. Furthermore, the majority, 65%, of SMEs admitted that while it would be difficult for businesses should the current economic conditions continue for another twelve months they would nevertheless survive.



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Survival, rather than development, remains the focus

Despite some optimism, the survey highlighted the importance of sustaining the economic upturn in the North West rather than expansion. This was confirmed when 68% of SMEs revealed that they did not expect to invest in their business within the next six months.

The survey also indicated that one of the factors that may be hindering SME investment is a lack of accessible commercial credit, with 73% of the region's SMEs saying that banks are holding back from lending and subsequently stalling business developments. This lack of bank funding means that of those businesses that would take the step to invest in their business during 2010, most said they would self-fund developments, with a mere 5% saying they would use a bank loan.

Antony Broome, Commercial Manager of QBE's Manchester office, commented:

"Despite continued difficulties in the business environment, the region's SMEs are performing well and their optimistic forecasts for the coming year are encouraging. While conditions are uncertain, it is unsurprising that their focus is on staying afloat rather than expanding. As confidence improves we have to hope that sufficient prudent lending will re-emerge, to assist the North West's businesses make the most of the upturn."

-ENDS-

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Notes to editors

About the QBE Business Sentiment Survey

Data were collected by The Survey Shop in November 2009. A total of 402 interviews were conducted by telephone using quota sampling. Respondents were qualified as owners, managers and decision-makers, and the data are representative of SMEs in UK and Ireland.

About QBE

Founded in Australia over 100 years ago, QBE Insurance Group is a specialist business insurer, now operating out of 45 countries across the globe. We have been active in the UK since 1904, originally within the marine insurance market, but branching out more recently to offer commercial insurance to companies across the UK. At the end of 2008, the Group's turnover was over £6bn, making it one of the largest insurance firms in the UK.

We provide insurance for a broad range of business categories, including property, motor (commercial, bus and fleet), public and product liability insurance, professional indemnity, leisure and sport, marine, energy, aviation, and specialty insurance, including bloodstock.

In the UK QBE is rated a leading insurer for claims service,* among the top three insurance companies for service overall by *Insurance Times*, 2008 and was chosen as 'most competitive insurer' in July 2009**.

* June 2009, source: Gracechurch Survey

** Source: Insurance Times

QBE is proud to be the official insurance partner of the Guinness Premiership. This partnership with the world's most competitive domestic rugby union competition will allow QBE's brand to develop and business to grow in the UK.