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LLOYDS BANKING GROUP LAUNCHES '2012' SME CHARTER

- *Three year programme of support for small and medium sized businesses (SMEs)*
- *Charter aims to encourage enterprise, boost access to finance and provide clearer and fairer pricing for customers – including a pledge to help 300,000 new start ups by 2012*
- *Measures intended to provide clarity and confidence for UK businesses as they prepare for economic recovery*

Lloyds Banking Group has further underlined its support for UK businesses, with the launch of a new 2012 Charter, setting out a series of commitments to help small and medium sized businesses grow as the recovery gains momentum.

The new Charter covers business customers across both Lloyds TSB and Bank of Scotland and includes measures to help 300,000 new SMEs start up by 2012. It sets out a range of commitments to help stimulate demand and boost access to finance for SMEs; provide guidance to help businesses grow successfully; and clarify the terms on which the Group will lend to its customers.

The initiative is part of a strategy to build relationships with customers through the economic cycle – fulfilling a promise to support businesses during downturns and upturns. They are intended to help provide confidence and clarity to businesses as the economy starts to emerge from recession and they build on the promises made by the Group in this year's Charter for small firms.

The measures in the new 2012 Charter will benefit all of the Group's business customers, with a turnover up to £15 million:

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Encouraging Enterprise - measures which will help position small and medium sized businesses to grow and lead the recovery as it starts to take shape:

- We'll help encourage and support 300,000 new businesses to start up by 2012.
- We will run a programme of 200 nationwide seminars every year for the next three years, to provide expert guidance and support for SMEs on starting up, employment, exporting, bidding for 2012 contracts, sustainability and finance.
- We will provide online advice and support to business customers on issues including starting up, sustainability, procurement opportunities and finance.

Access to Finance - commitments building on the Group's growing lending to SMEs, which aim to boost confidence:

- We will meet every reasonable request for competitive commercially-priced finance (whether short-term or long-term) from viable business customers.
- We will not change the availability of overdrafts during the period of a customer's agreement, as long as their accounts are kept within agreed terms and limits.
- We will do our best to support any viable business through temporary difficulties and into the recovery.

Clearer and Fairer Pricing – pledges to help ensure firms have clear information and certainty about the finance they receive:

- The price of existing loans or renewed overdrafts will reflect our cost of funding. The margin we charge over our cost of funding will only increase where there has been a material increase in risk (subject to a minimum 1.5 per cent over the cost of our funds). We will be transparent about our pricing and help customers understand the price of their facilities. Where margins increase, we will provide a clear explanation of the reasons.
- All our fees will be competitively priced. And arrangement fees on loans and overdrafts will not be greater than 1.5 per cent of the overall value of the facility. As in 2007, to cover our administration costs for smaller facilities, there will be a minimum scale charge of between £100 and £250.

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John Maltby, Managing Director, Commercial, Lloyds Banking Group, said: "Just as businesses needed support during the depths of the downturn, it is critical that we give them the right guidance and help them grow as the momentum of recovery starts to build.

"There is no doubt that business optimism is the foundation of any economic upturn and through the pledges we have set out today, to encourage enterprise, boost access to finance and provide clearer and fairer pricing, we hope to give businesses across the country the confidence they need to grow and lead the UK out of recession."

Professor Russel Griggs, Chairman, SME Council, Confederation of British Industry, said: "Understanding how credit is provided is fundamental to all SMEs. Anything that increases that transparency and understanding is welcome because SMEs can then work more closely with banks to change or further enhance their business and address any concerns. This new customer charter is a welcome step and will also hopefully encourage more dialogue between banks and SMEs as well as understanding of each others challenges and opportunities."

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For more information:

Emile Abu-Shakra

Tel: 020 7356 1878

Email: emile.abu-shakra@lloydstsb.co.uk

Manager, Media Relations, Wholesale

Lloyds Banking Group

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