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LLOYDS BANKING GROUP ANNOUNCES NEW £12 BILLION LENDING PLEDGE FOR BRITAIN'S SMALL AND MEDIUM SIZED BUSINESSES

- Group makes new unilateral £12 billion lending commitment to support SMEs for 2012
- Funding will target British businesses with a turnover of under £15 million, and will be free of caps and quotas
- Pledge represents an increase on the Group's existing Merlin commitment
- Commitment will keep net lending positive, despite negative industry net lending levels

Lloyds Banking Group has announced a new unilateral commitment to lend at least £12 billion to help Britain's small and medium-sized businesses in 2012, as part of its continuing effort to help rekindle business confidence, stimulate demand for finance, and fuel economic growth. The move represents an increase on the Group's current Merlin target, agreed with the Government in February 2011.

In addition, the Group has pledged that the important measure of net lending – the difference between lending drawn and lending repaid – will remain positive. This comes during a time when the industry's net lending levels are negative because businesses are in general repaying more than they are borrowing.

The new lending pledge is the cornerstone of Lloyds Banking Group's SME Charter, which has been bolstered to help address the main challenges now facing the UK's five million small and medium-sized businesses.

Through the new Charter the Group is redoubling its efforts to help exporters, manufacturers, student enterprises, and businesses in deprived areas. It sets out pledges to invest £20 million in community finance projects, including businesses in the country's poorest neighbourhoods, during the course of next year; and to boost the number of students involved in enterprise associations by 40 percent – from 50,000 to 70,000.

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Since Lloyds Banking Group first published its Charter in 2010, it has supported more than 200,000 start ups, and has held more than 1000 events designed to help businesses talk to their local business managers and get advice on the issues that matter to them. These achievements are in excess of the pledges made in 2010 to help 100,000 start ups and hold 200 customer events each year.

John Maltby, Group Director, Commercial, Lloyds Banking Group said: "Our business is supporting businesses. That is what we do. Times have been tough for Britain's small firms, and demand has continued to weaken. But our commitment is unequivocal and we want them to know that, as and when they need to borrow, we are ready and waiting to lend.

"We are committing to lend at least £12 billion next year, focusing on the small businesses that are the lifeblood of our economy - and we hope that this pledge proves to be the confidence boost that will help to kick start real growth. There are no caps and no quotas - we will simply lend where the money is needed and will go beyond our commitment if the demand is there."

"Our support stretches far beyond lending. Businesses also need to know that our pricing is fair and transparent; that we can offer different types of finance; and that we will work to encourage enterprise. They also need the assurance that we will support them at a local level and that they can appeal with confidence. It is these issues our Charter, spearheaded by our new lending pledge, aims to address."

During the first nine months of 2011, Lloyds Banking Group lent £9.6 billion to small and medium-sized businesses. The Group's year on year net lending growth in its core commercial businesses was over two per cent, as at the end of September 2011, while the industry's net lending levels declined.

Phil Orford, Chief Executive, The Forum of Private Business, said: "This pledge is a timely initiative which should help boost confidence for those businesses seeking finance. Lloyds Banking Group is one of the banks that has been working hard to support small businesses. But with growth still extremely slow and investment frozen, further action and additional competition from banks is vital - so this is a very welcome move."

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For more information:

Emile Abu-Shakra

Head of Media Relations, Commercial

Group Corporate Affairs

Tel: 020 7356 1878

Email: emile.abu-shakra@lloydsbanking.com