

SUPPORTING UK BUSINESSES

LLOYDS
BANKING
GROUP



OUR LENDING TO SMALL AND MEDIUM SIZED BUSINESSES (SMEs)

As part of our latest SME Charter we have pledged to grow our lending to SMEs by at least **£1 billion, net, in 2014**. By the end of the first quarter of the year we were ahead of this target and had grown our lending by **£436 million**.

Our year-on-year net growth in advances to SMEs was **5%** in the 12 months to March 2014, while across the industry there was a net reduction of 3%. We have set a target to lend an additional **£4 billion** to manufacturing businesses over the four years to December 2017.

We have published all our lending data for SMEs, mortgages and personal lending by postcode sectors across the UK. We are the only bank to have made this data easily accessible. It can be found on our website through our [postcode lending calculator](#).

SUPPORT FOR GOVERNMENT SCHEMES

↘ We are continuing to offer **discounts of 1% to all SMEs in all sectors, for the life of their loans**, through the Funding for Lending Scheme.

↘ We are taking part in a range of other Government schemes designed to help businesses get access to finance, including the **Enterprise Finance Guarantee (EFG) Scheme**. We are one of the most active EFG lenders and by the end of March 2014 we had offered more than **6,000 EFG loans**, worth more than **£490 million** – around 25% of all loans granted through the scheme so far. We continue to offer EFG lending with no arrangement fees, helping customers who lack necessary security.

OUR FINANCIAL SUPPORT FOR SMEs

↘ Unlike many other banks, local decision making is an important part of the service we offer our customers. As part of our new SME charter, we have **doubled to £1 million** the amount our most senior managers can lend for renewals. We are still approving eight out of ten loan and overdraft requests – a rate which is independently verified and in line with our long term average.

↘ We offer **18 months** free day-to-day banking for start-ups.

↘ Our charges are transparent. Through our **Monthly PricePlans**, customers can pay a simple, fixed monthly fee to cover their day-to-day banking transactions.

↘ Our private equity division, **Lloyds Development Capital (LDC)**, plays a crucial role in supporting SMEs. In the 12 months ending March 2014, LDC invested over **£374 million in 21 companies**.

IN NUMBERS

5%

YEAR-ON-YEAR NET GROWTH IN ADVANCES TO SMEs.

£436m

INCREASE IN NET LENDING TO SMEs IN Q1 2014.

8 out of 10

LOAN AND OVERDRAFT REQUESTS APPROVED.

LENDING AUTHORITY FOR SENIOR MANAGERS DOUBLED TO

£1m

29,000

START-UPS SUPPORTED IN Q1 2014.

21,000+

JOBS PROTECTED THROUGH OUR BUSINESS SUPPORT UNIT IN Q1 2014.

CONTINUED >>

Lloyds Banking Group has committed £50 million to Big Society Capital, to help create a sustainable social investment market in the UK.

During February 2014 we launched a **£250 million** fund of fee-free lending for SME businesses and farmers to help them with their working capital needs during the floods. We are committed to providing alternative sources of finance for our customers, including asset based lending and trade finance and we have announced a new partnership with Greater London Enterprise, through which we will provide funding of **£5 million**, which will be lent on to micro-businesses across the Capital.

Lloyds Bank works closely with the Angel Investment community. In 2013 we joined forces with the City of London Corporation and London Business Angels for a two year agreement to support the **'Angels in the City'** initiative. We aim to attract up to **300** new Angel investors from the City and support early stage businesses with high growth potential.

THE ECONOMIC ENVIRONMENT

Our latest **Business in Britain report** (January 2014) shows that business confidence has reached a **20 year high** and has increased across all UK regions. Companies are now more optimistic about the economy than at any point since January 2007. Businesses have signalled that they intend to boost staff numbers, suggesting that employment could rise in 2014.

Our SME customers still have substantial headroom on overdrafts. **Less than 55%** of our borrowing facilities are being drawn upon – lower than in 2009.

OUR BROADER SUPPORT FOR SMEs

Through our 2014 **SME Charter** we have made a series of pledges to help support our customers.



These include:

- A pledge to help **100,000** new businesses start up in the year. In the first quarter of the year we supported **29,000** start-ups, bringing our total to **500,000** since the beginning of 2010.
- Our own **Appeals Pledge**, which goes beyond industry agreed guidelines. We have committed to look at **90%** of customer appeals within **15 working days**, and make a goodwill payment wherever a decision is overturned in a customer's favour.
- A commitment to grow our support for exporters, through the provision of trade finance, by **25%**.

Through the **Business Finance Taskforce**, we are delivering **17 measures** to help businesses by improving customer relationships, ensuring better access to finance and promoting a better understanding of the industry. We have been leading the Business Finance Taskforce

mentoring initiative and we now have more than **450 mentors** across the UK, more than any other bank.

Our **Business Support Unit (BSU)** is continuing to help businesses in financial difficulties. In the first 3 months of 2014 it helped more than **60 businesses** on to a sounder financial footing and protected over **21,000 jobs**. Most of the businesses helped were SMEs.

We are helping businesses understand and act upon the risks and opportunities of sustainability. We have a free of charge online tool to help SMEs create their own sustainability action plans and we have a nationwide network of trained Business and Environment Managers to help provide guidance and support. Working with partners including the Eden Project, local government, Energy Saving Trust and NISP we run events and workshops around the UK that focus on the real business benefits of sustainability.

THE COST OF BORROWING

The cost of borrowing for our customers has more than **halved** since 2007.

In March 2014, 80% per cent of Lloyds Banking Group's new variable rate term lending for SMEs was at an interest rate margin of **4% or less over base rate**.

Lloyds Bank's arrangement fee tariff has not increased since 2008.

Lloyds Bank has promised that arrangement fees on loans and overdrafts will not be greater than 1.5% of customer's facilities (subject to minimum fees for small facilities).

Since the beginning of 2012 we have made no significant changes to credit policies. Lloyds Bank only seeks security where appropriate, on a case by case basis, reflecting risk and type of facility.

During 2013 Lloyds Banking Group continued its support of the UK manufacturing sector by launching a **£1 million-a-year** sponsorship of the Lloyds Bank Advanced Manufacturing Training Centre at the Manufacturing Technology Centre, Coventry, to address the sector's skills gap in the UK. Also, in partnership with the University of Warwick, the Engineering Employers' Federation and the Manufacturing Technologies Association, we have trained more than **170 managers** across the UK to help boost the support we offer manufacturing businesses.

We are supporting our business customers through our **2,000 branches**, **500 UK business centres** and a network of over **2,000 customer facing staff**, as well as through our dedicated internet site which received **two million** views a month during the first quarter of 2014.