



LLOYDS TSB LAUNCHES CHARTER FOR SMALL BUSINESSES

Bank underlines support for small businesses with a six-point pledge to help customers through the current economic downturn

In line with its strategy to build relationships with customers through the economic cycle, Lloyds TSB today promises to pass on, in full, any further reductions in base rates in 2008 and 2009 to small businesses. The move is part of a six-point charter for SME customers to help them weather the current economic downturn.

Underlining its commitment to small businesses, the Bank also said it would maintain overdraft limits and overdraft margins at existing levels for these customers. Lloyds TSB Commercial has over 600,000 small business customers and has increased its lending to them during the past year. Today's commitments are aimed at easing pressure by providing more certainty on overdrafts and loans.

The key points of the new Charter, which will benefit Lloyds TSB Commercial customers with turnover up to £1million, are:

- 1. Future reductions in base rate in 2008 and 2009 will be passed on in full to Lloyds TSB Commercial's customers*
- 2. Lloyds TSB will not change the price or availability of overdrafts during the period of a customer's agreement (typically 12 months) as long as their accounts are maintained within agreed terms and limits*
- 3. Lloyds TSB will agree to any reasonable request for short term finance and do what we can to support any viable business through temporary difficulties.*
- 4. On renewal of an overdraft facility, Lloyds TSB will only change the limit or the price if the risks associated with that customer have changed materially*
- 5. Small business borrowing will not be switched from base rate to LIBOR*
- 6. Lloyds TSB will host a series of 120 business advice seminars across the UK to provide expert guidance and support for small firms and to strengthen local networks of business professionals.*

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Looking ahead to 2009, Lloyds TSB Commercial's strategy is to continue supporting and lending to small and medium sized enterprises (SMEs) and to seek opportunities to grow further in this important market.

The pledge to pass on base rate cuts to customers ensures that all small businesses with variable rate loans and overdrafts will benefit from future rate cuts in full. Lloyds TSB will agree all customer facilities in advance and in writing. Where we see signs that a business customer may be struggling in these more challenging times, we will contact them to discuss our concerns and suggest solutions to help them manage through the current economic downturn.

The series of business advice seminars will give small businesses, across the UK, access to specialist advice from Lloyds TSB and independent business experts, at 120 local events over the coming year. The events will provide practical advice and support for businesses trading through a downturn and will help build relationships between small firms, accountants, business support agencies and experienced, Lloyds TSB business managers.

In addition to these measures, Lloyds TSB Commercial is continuing to support firms by extending its use of the Small Firms Loans Guarantee scheme. Since March this year, the Bank has increased its lending under the scheme by 45 per cent. Lloyds TSB has also expressed its firm interest in the additional funding for small business lending from the European Investment Bank, as well as the various measures announced in the Pre Budget Report.

John Maltby, Managing Director, Lloyds TSB Commercial, said: "This is a Charter to inject much needed business confidence. Lloyds TSB is one of the few banks that has been able to continue lending to small businesses through these more difficult times and our lending to SMEs has grown 18 per cent over the past year.

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“As the economic environment becomes even more challenging, we’re committed to continuing to support our customers by doing everything possible to ease the pressure small firms are now under. The measures in our new Charter announced today take our existing approach a step further and mean that businesses that bank with Lloyds TSB have the best possible support for the challenges to come.”

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