

With over one million Small and Medium Sized Enterprises (SMEs) as our customers, NatWest and RBS support more SMEs up and down the country than any other bank, and have done so for many years. We have maintained this position through listening to our customers, understanding their needs and responding to them. Confidence and trust are at the heart of our relationships and we recognise that the events of the past 12 months have tested this. As we rebuild our bank our SME customers are as important as ever to us, and now is a good time for us to set out the core business principles that we commit to in order to ensure that we are supportive, fair and transparent as we help businesses grow. This Charter sets out the basis for relationships with our SME customers.

1. **We will help businesses to start up and grow by:**

- **helping with cashflow:** for the first two years of trading, offering free transactional banking when you start up a new business<sup>1</sup>. We help more than 100,000 businesses to start up each year. It is our intention to continue doing so and to remain the market leader for start ups.
- **providing advice and support:** through our Relationship Managers and dedicated Business Hotline (telephone number 0800 092 3087 or visit our website).
- **providing free guides, on-line cashflow tools and regular local training seminars:** we will adapt these facilities based on feedback from customers.

2. **We will provide access to finance for SMEs by:**

- **providing loans and overdrafts to viable businesses:** over the last two years we have provided over £60bn of gross new lending to SMEs. It is our intention to continue to make this level of support available to viable business propositions. We will support all reasonable applications from viable businesses<sup>2</sup> and we will continue to provide access to Government lending schemes such as the Enterprise Finance Guarantee (EFG).
- **providing overdrafts on a committed basis:** recognising that businesses need to know their access to working capital is secure, overdrafts will remain in place for the entire term of the agreement unless there is a breach of the terms and conditions of the overdraft.
- **providing support to businesses facing short term financial difficulties:** through our specialist teams whose focus will be returning businesses to good health.

3. **We will be fair and transparent on pricing by:**

- **extending our overdraft Price Promise:** this commits us not to increase the margin on overdrafts on renewal unless there has been a material change in the risks associated with the business.
- **committing not to charge arrangement fees on loans or overdraft facilities of more than 1.5% per annum<sup>3</sup>:** this means that even if we need to review your overdraft more than once per year (e.g. where you ask for additional facilities), we will still charge no more than 1.5% per annum.
- **providing guidance on the factors that determine loan pricing:** our simple guide clearly explains the factors which influence loan pricing.

4. **We will be transparent when making lending decisions by:**

- **always explaining the reasons for our lending decision:** we will clearly explain the basis for our lending decision including how we assess whether a business is viable.
- **helping you to structure your borrowing and present your business proposition:** we will work with you to determine the optimal lending facility and provide guidance on how best to present your requests for lending to us.
- **offering you the right to challenge our lending decision:** Business Hotline (telephone number 0800 092 3087 or visit our website) gives you an additional route to challenge us if you disagree with our original lending decision.

These commitments will remain in place until at least the end of 2010 following which we may alter some of the detail of these principles. However, the overarching themes are intended to be a long term commitment to our customers, typically customers with turnover of up to £25m. We will continue to offer competitive pricing on all new loans.

<sup>1</sup> Free banking means no account charges for payments into and out of and running your account (provided your account is run in credit and you do not pay out more than £1 million during a 12 month period). Free banking and opening an account is subject to status. Applies to new businesses that started trading within the past twelve months.

<sup>2</sup> Subject to the prudent management of the Bank's balance sheet.

<sup>3</sup> Effective from 1<sup>st</sup> January 2010. Our commitment on maximum arrangement fees is subject to: (i) a minimum fee of £150 and (ii) customers remaining within Terms and Conditions of their facility. It does not apply to (i) fees other than arrangement fees, for example, monitoring or security fees, (ii) the property finance sector, or (iii) where we provide intensive support for businesses facing financial difficulties. Where we provide intensive support, fees will reflect additional work, but we will offer the ability to add any fees to the overall facility to help manage cashflow.