

Our Response to Covid-19

Our purpose is to help the people and businesses of Britain thrive over the long term, and in the face of Covid-19, we have focused on maximising our support for colleagues, customers and partners.

In these unprecedented times our colleagues have continued to perform admirably, and have pulled together to support one another and maintain their focus on helping our customers and clients navigate this challenging period. We recognise the importance of maintaining our high levels of service for our customers and clients and have continued to be there for them, as we have done for many years and during even the most difficult of times.

Supporting our Colleagues

The safety and wellbeing of our colleagues is of the utmost importance to us, and we have supported them through flexible working arrangements, seeking regular feedback and making adjustments so that they can conduct their roles safely. Throughout this period, we have focused on maintaining close contact with our employees, with a series of regular surveys, internal communications and opportunities for staff to engage with management and each other. We take great care to support the mental wellbeing of our colleagues, particularly during the unique circumstances of recent months, and have provided virtual classes and webinars on topics such as emotional agility, mental health, nutrition and remote working.

A number of our colleagues have now returned to work on-site or begun to meet customers in person where it is safe to do so, but the majority remain successfully working from home, where our agile deployment of technology solutions has enabled them to perform their roles with minimal disruption and to serve our customers and clients effectively. At the peak of the UK lockdown over 95% of our staff were set up to work from home. We have not made use of the Coronavirus Job Retention Scheme as none of our employees were furloughed during this period.

Supporting our Customers

Throughout this period, we have maintained regular contact with our customers and increased their choice of channels for engagement with us, while our technology has ensured speed and simplicity in responding to their needs. Investments in technology and sales tools in recent years have enabled our businesses to adopt a remote sales and servicing model, allowing them to continue to reach consumers and small businesses when face-to-face contact has not been possible.

Typical Forbearance

Segment	Typical forbearance offered
Commercial	Capital repayment holidays with fees and charges waived, or flexing of repayments percentages and overpayments on invoice discounting and factoring facilities
Retail	Payment deferrals of varying durations, with fees and charges waived and no interest compounded on the deferred balance, and with no impact on customer credit records
Property	Fee-free, payment term extensions for development loans, and capital repayment holidays for non-development loans

We have a long history of helping individuals and SMEs across the UK, and have introduced a range of forbearance and other measures to assist customers and clients who find themselves in difficulty. The broad range of concessions we offer reflects our diverse range of products, sectors and customers, and we continue to tailor our support to ensure it is most appropriate for them.

Our Commercial and Property businesses account for the vast majority of the value of our forborne loans, and we remain in close contact with customers who have been granted forbearance to discuss their position and identify the most appropriate financing solution for them. While it is still too early to know the full impact of Covid-19, an increasing number of these customers are now beginning to resume payments, or return to normal contractual terms.

Government Support Schemes

In order to maximise our assistance for small businesses we have become accredited to lend under the support schemes introduced by the UK government, including the Coronavirus Business Interruption Loan Scheme ("CBILS"), the Coronavirus Large Business Interruption Loan Scheme ("CLBILS") and the Bounce Back Loan Scheme ("BBLs"). As at 31 July 2020, we had approved over £350 million of lending across 1,430 loans in our Commercial and Property businesses, with a strong pipeline of applications. The vast majority of lending is via CBILS under which we are accredited to lend up to £750 million, with less than £2 million lent under the BBLs scheme.

Our Resilient Response

Our prudent and resilient business model has served us well in challenging times over many years. Whilst Covid-19 has had a significant impact upon consumers, businesses and the economy, as well as on our own financial performance, we have successfully adapted to these unique circumstances and our strong operational resilience has allowed the group to continue to operate effectively. Our loan book is predominantly secured and conservatively underwritten, with a deep expertise and relationship driven approach present throughout our lending, trading and investment management businesses. We have a strong capital, funding and liquidity position and are well placed, both operationally and financially, to navigate this rapidly evolving environment.

Throughout this period, we have continued to monitor and adhere to regulatory guidance in response to Covid-19. Our risk management processes remain robust, and our internal controls ensure that we remain confident in our management of the impact upon our business activities. You can read more about our financial response to Covid-19 in our financial overview on pages 34 to 47 and our approach to managing principal risks on pages 53 to 57.

While it remains too early to know the full impact that Covid-19 will have on the UK economy, we are confident that our tried and tested business model and the deep experience of our people leave us well prepared to respond to the challenges and opportunities ahead, protect our colleagues, and continue supporting our customers and clients.