




**Lloyds bank**

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# PIE

- Perma-crisis
- Inflation / Interest
- Employment

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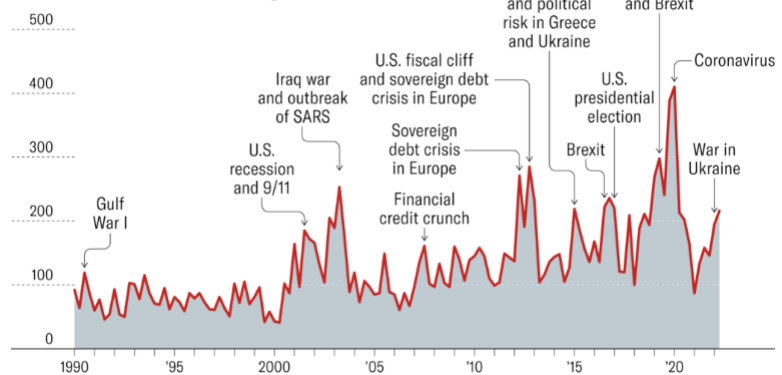
## Global uncertainty since 2007 is significant

- Difficult to predict
- Difficult to plan
- GP income is limited
- Interest rate scenario planning
- Drawings requirements
- Cost sensitivity analysis



### World Uncertainty Index

Normalized, 1990-2010 is 100 on average



Source: Hites Ahir, Nicholas Bloom, and Davide Furceri, "World Uncertainty Index," Stanford mimeo, 2018

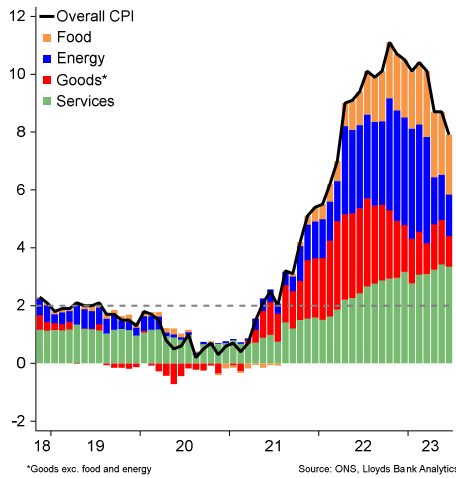


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Classification: Limited

### Inflation continues to fall

UK CPI Inflation, contributions to y/y change, %

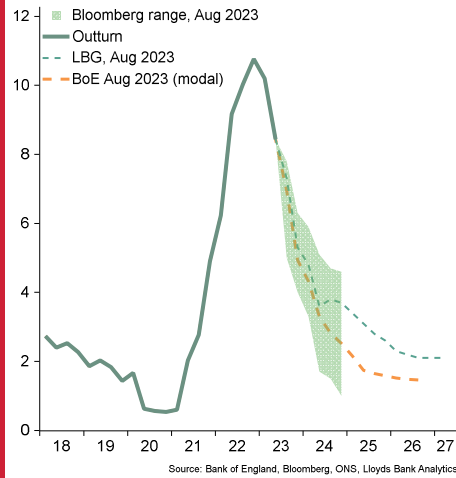


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### It remains difficult to predict

UK CPI Inflation, quarterly average, %

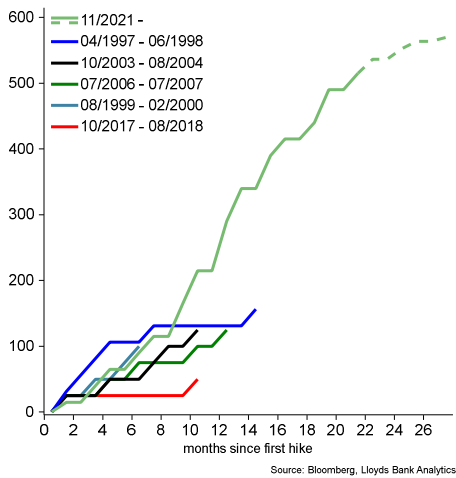


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### Interest rates are at/ near peak

UK Bank Rate hiking cycles, bps

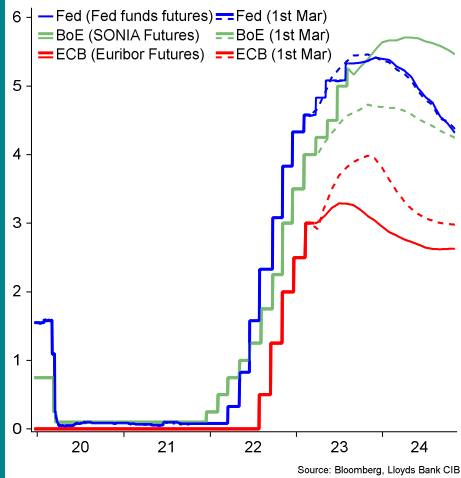


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### Global rates have also risen

Global Market Interest Rate Expectations, %

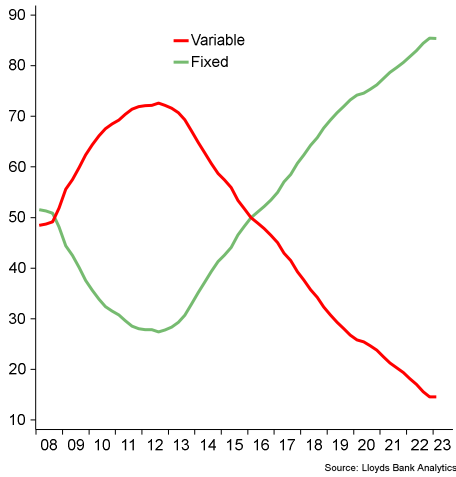


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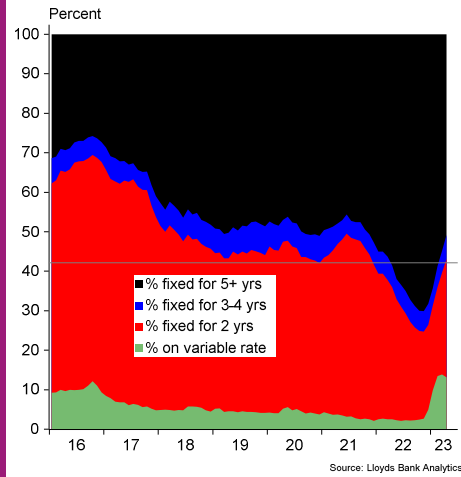
### The UK Mortgage market has changed

Stock of existing mortgage lending, % variable vs fixed



### Full impact is yet to be felt

United Kingdom

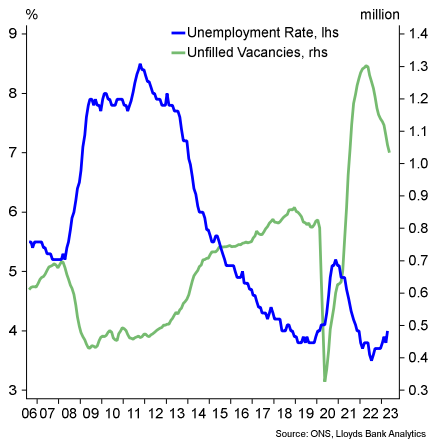


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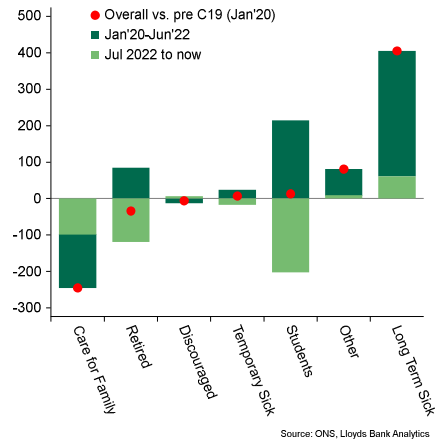
## LABOUR MARKET REMAINS CHALLENGED



Unemployment Rate & Unfilled Vacancies



Change in Inactivity by reason, 000's



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## How does this all affect practices?

The wider economic challenges have a direct impact on GP practices today



**Labour pressures**



**Sustainability demands**



**Increased patient numbers**



**The need to digitize**



**Increased regulation**



**Partner succession**

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Classification: Limited

## Practice funding for today and tomorrow



### Whole practice loans

- Partnership loans allow for partners to leave and join without refinancing
- One legal charge for the practice, no charge over personal property

### Up to 100% loan to value

- Specialist bank valuation
- GP surgery use
- Subject to asset quality and satisfactory partners

### Fully committed or partially committed terms

- 5-year loan commitment for flexible financing options and reduced interest rates
- Fully committed term loan for greater certainty

### Option for 50% interest only

- 50 % interest only option on fully committed loans
- Aligns more closely to notional rent
- Improves practice affordability

### Sustainable finance options

- £0 fee for Clean Growth Finance Initiative loans
- Green buildings tools to identify improvements, costs and payback in premises
- Downloadable online audit tool

### Key practice considerations

- Planning ahead
- Speaking to your bankers and advisers early
- Speaking to partners early
- Exploring the options regarding certainty and flexibility
- Having difficult conversations regarding sensitivity analysis and "what if" scenarios
- SPECIALISTS

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Classification: Limited

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