

Triodos Bank.
Key facts about
our Base Rate
Linked business
loans.

About this document

This document explains the key features of the Base Rate Linked loans we typically offer. These features are explained in detail in the General and Specific Conditions that make up an individual Base Rate Linked Loan Agreement.

Triodos Bank reserves the right to decline any application. All lending is subject to meeting our lending criteria, availability and status.

Base Rate Linked loans may be subject to early repayment fees if you repay your loan early.

Triodos Bank does not provide financial advice to customers on the management of future interest rate risks and you are not entitled to rely upon us for advice or recommendations. Before entering into a Fixed Rate Loan Agreement or making an early repayment to your loan, we recommend that you seek professional advice from your Accountant or Financial Advisor in order to fully understand the potential liabilities associated with either of these actions.

Key Facts

Loan Amount	Typically between £100,000 and £15m (larger loans can be considered)
Loan Term	From 1 to 25 years subject to the purpose of the loan and circumstances.
Loan Purpose	Projects seeking loans must have clear social, cultural or environmental benefits. You can read more about our lending criteria on our website .
Interest only period	We may be able to offer you an interest only period subject to your circumstances, and the risk factors associated with your loan.
Repayment schedule	Monthly or quarterly
Base Rate Linked Loan	<p>A Base Rate Linked loan is a loan where the interest rate charged varies in line with changes in the Bank of England Base Rate. If the Bank of England Base Rate increases, your payments will also increase. Conversely, if the Bank of England Base Rate decreases, your payments may decrease, subject to your Minimum Rate.</p> <p>The interest rate is the sum of the agreed margin and the Bank of England Base Rate in force at any time during the term of your loan.</p> <p>The agreed margin is the interest rate charged by Triodos Bank, and depends on several factors, including the size of the loan you request and the risk factors associated with your loan.</p> <p>Triodos Bank reserves the right to review your agreed margin ten years after the commencement of your loan. Your agreed margin will be detailed in the Specific Conditions of your Base Rate Loan Agreement.</p> <p>If you arrange a Base Rate Linked loan, it may be possible to transfer to a Fixed Rate loan at a later date.</p>

Things to consider

Benefits	A Base Rate Linked loan may allow you to benefit from any reduction in the Bank of England Base Rate. Subject to your Minimum Rate, if the Bank of England Base Rate decreases, the interest rate on your loan will also decrease. This will lead to lower borrowing costs, and your repayments will also reduce.
Risks	<p>The interest rate on a Base Rate Linked loan will increase in line with the Bank of England Base Rate. This could result in higher borrowing costs, and your repayments will also increase.</p> <p>Please read below for information on our Early Repayment Fees before proceeding with an application, and contact your Relationship Manager if you need any further information.</p> <p>If you repay your loan early, whether in full or in part, you will be liable for Prepayment Fees which can be substantial.</p>
Fees and Charges	Administrative fees and charges may also apply. Please read the Business Banking Lending Tariff before proceeding with an application.
Minimum Rate	The Minimum Rate is the minimum interest rate that will be charged for the loan. Your Minimum Rate will be defined in the Specific Conditions of your Base Rate Linked loan Agreement. If your interest rate is less than the Minimum Rate for your loan, the Minimum Rate will apply.

The Standards of Lending Practice

Triodos Bank voluntarily adheres to The Standards of Lending, which sets the benchmark for good lending practice in the UK. You can read more about our commitments to our business customers by visiting triodos.co.uk/standardsoflending. Also, you can see the full standards of lending practice at www.lendingstandardsboard.org.uk/the-slp

Early Repayment Fees

Triodos Bank offers Base Rate Linked and Fixed Rate loans to its customers. Both of these loan types will attract Early Repayment Fees if the loan is repaid in full or in part before it is due.

Early Repayment Fees are detailed in the Specific Conditions of your loan. They may include:

1. Prepayment Fees (also known as early repayment fees) – applicable to Base Rate Linked loans and Fixed Rate loans.
2. Break Costs (also known as redemption charges) – applicable to Fixed Rate loans only.

This leaflet explains each of these fees, and the circumstances under which they are payable.

The Early Repayment Fees as described below **could be substantial**. Triodos Bank does not provide financial advice to customers on the management of future interest rate risks and you are not entitled to rely upon us for advice or recommendations. Before entering into a Fixed Rate Loan Agreement or making an early repayment to your loan, we recommend that you seek professional advice from your Accountant or Financial Advisor in order to fully understand the potential liabilities associated with either of these actions.

Prepayment Fee

Applicable to Base Rate Linked loans and Fixed Rate loans.

A Prepayment Fee is payable for both Base Rate Linked and Fixed Rate loans in the event they are prepaid (in full or in part) before they are due. It is equal to the interest payable on the sum prepaid for a period of either 3 or 6 months prior to the date of repayment. You can find the details of the Prepayment Fee applicable to your loan in clause 7.7.2 of your Specific Conditions.

Break Costs

Applicable to Fixed Rate loans only.

If you repay your Fixed Rate loan in full or in part during your fixed rate period, a Break Cost will be payable. Break Costs are defined in the General Conditions of your loan, and you can find the details of when they are applied in clause 7.3 of the General Conditions.

What is a Break Cost?

The Break Cost is not a penalty charge. It is calculated to ensure that if you do not repay your loan in accordance with your Fixed Rate Loan Agreement (for example, if you repay all or part of your loan early, within the fixed rate period), Triodos Bank will still receive an amount equivalent to that which it would have received had your Fixed Rate Loan Agreement continued as originally planned.

The amount of the Break Cost will depend on a number of factors, which include:

- the length of time remaining to the end of your fixed rate period
- the amount of your prepayment
- the interest rate environment at the time your loan is prepaid. If the reference rate prevailing at the time your loan is prepaid is lower than the reference rate applicable to your loan, **the Break Cost due could be substantial**. If the reference rate prevailing at the time your loan is prepaid is higher than the reference rate applicable to your loan, you should note that a refund will not be provided to you.

The reference rate is obtained from the interest rate index used by Triodos Bank to calculate a cost of funds for your fixed rate period. You should note that this interest rate index changes on a daily basis, and may go up as well as down before the fixed rate is set for your loan.

How is my Break Cost Calculated?

Triodos Bank will calculate

- the income Triodos Bank would have received had you not repaid your loan during the fixed rate period; and
- the income Triodos Bank will now receive if the money you repay is re-lent by it at a fixed rate based on the current reference rate.

Both of these incomes are then discounted at the current reference rate to reflect their net present values.

Discounting an income means that the income is expressed as a value that reflect its 'time value' – it takes into account the fact that £100 received in the future is worth less than £100 received now. The discounted figure is known as the net present value of the original income.

Finally, Triodos Bank will subtract the net present value of the income it will now receive, from the net present value of the income it would have received – the difference is the Break Cost.

This document has been prepared by Triodos Bank UK Ltd ('Triodos Bank'). This document describes the product and summarises the risks and benefits associated with entering into a transaction of this nature, including Early Repayment Fees associated with Triodos Bank Base Rate Linked and Fixed Rate lending products. Whilst Triodos Bank has exercised reasonable care in preparing this document and any views or information expressed or presented are based on sources it believes to be accurate and reliable, no representation or warranty, express or implied, is made as to the accuracy, reliability or completeness of the information contained herein. If you receive information from us which is inconsistent with other information which you have received from us, you should refer this to your Triodos Relationship Manager for clarification.

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Calls to and from Triodos Bank may be recorded for training and monitoring purposes.

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