

Triodos Bank.  
Key facts about  
our Fixed Rate  
business loans.

## About this document

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

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

**Fixed Rate loans may be subject to Break Costs if you repay your loan early, which can 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 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

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<b>Loan Amount</b>	Typically between £100,000 and £15m (larger loans can be considered)
<b>Loan Term</b>	From 1 to 25 years subject to the purpose of the loan and circumstances.
<b>Fixed Rate Term</b>	Fixed rates are generally available for up to 5 years subject to the purpose of the loan and circumstances.
<b>Loan Purpose</b>	Projects seeking loans must have clear social, cultural or environmental benefits. You can read more about our lending criteria on <b>our website</b> .
<b>Interest only period</b>	We may be able to offer you an interest only period subject to your circumstances, and the risk factors associated with your loan.
<b>Repayment schedule</b>	Monthly or quarterly.
<b>Fixed Rate Loan</b>	<p>A Fixed Rate loan is a loan where the interest rate charged (the 'fixed rate') remains the same for an agreed period (the 'fixed rate period'). The fixed rate period may be equal to or less than the full term of the loan. You will know the costs of your borrowing for the fixed rate period once the fixed rate has been agreed.</p> <p>The fixed rate is the sum of the agreed margin, fixed rate premium and reference rate.</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. Triodos Bank reserves the right to review your agreed margin after an agreed period, which will be outlined in your loan offer. Further margin reviews will be carried out in line with the originally agreed period subsequently until your loan has been repaid in full, e.g. if the first margin review is after 5 years, further margin reviews will be carried out every 5 years thereafter until full repayment of the loan. Your agreed margin will be detailed in the Specific Conditions of your Fixed Rate Loan Agreement.</p>

<p><b>Fixed Rate Loan</b> (Continued)</p>	<p>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.</p> <p>The reference rate for your loan will be fixed at the point when your loan is paid to you or to your solicitor. If you make more than one drawing on your loan, the individual reference rates will be fixed at the points when each drawing is paid to you. Indicative reference rates can be requested from Triodos Bank if required.</p> <p>If the full term of your loan is greater than the fixed rate period, the loan will revert to a Base Rate Linked loan at the end of the fixed rate period, unless otherwise mutually agreed. This means that the interest rate charged on your loan is the sum of your agreed margin, and the Bank of England Base Rate currently in force.</p> <p>A Fixed Rate loan may not be suitable if you wish to make further capital repayments (in addition to those payments already detailed in your Fixed Rate Loan Agreement) during the fixed rate period.</p>
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## Things to consider

<p><b>Benefits</b></p>	<p>A Fixed Rate loan gives you certainty surrounding the cost of your loan during the fixed rate period.</p> <p>If the Bank of England Base Rate increases above the reference rate for your loan, you will not be affected. Interest will continue to be charged on your loan at the fixed rate agreed, and your borrowing costs will not increase for the duration of the fixed rate period.</p>
<p><b>Risks</b></p>	<p>If the Bank of England Base Rate falls during your fixed rate period, you will not benefit from reduced borrowing costs. Interest will continue to be charged on your loan at the fixed rate agreed, and your borrowing costs will therefore remain the same for the duration of the fixed rate period.</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 during your fixed rate period, whether in full or in part, you will be liable for Break Costs and Prepayment Fees which can be substantial.</p> <p>Break Costs may increase in line with the length of a fixed rate period. A partial or full repayment during a longer fixed rate period has the potential to result in greater Break Costs.</p>

<b>Fees and Charges</b>	Administrative fees and charges may also apply. Please read the <b>Business Banking Lending Tariff</b> before proceeding with an application.
<b>Minimum Rate</b>	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 Fixed Rate Loan Agreement. If your fixed rate is less than the Minimum Rate for your loan, the Minimum Rate will apply.

## The Standards of Lending Practice

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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](http://triodos.co.uk/standardsoflending). Also, you can see the full standards of lending practice at [www.lendingstandardsboard.org.uk/business-customers/](http://www.lendingstandardsboard.org.uk/business-customers/)

## Early Repayment Fees

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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 the relevant 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 reflects 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.

These Terms and Conditions were last updated on 21 December 2021.

Large print, braille and audio versions available on request

Telephone: **0330 355 0355**  
**[www.triodos.co.uk](http://www.triodos.co.uk)**

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

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