

# 10. Rates and fees – Type 1 events



## **This chapter covers**

the security, interest rates and fees pertaining to overdrafts and loans granted after a Type 1 borrowing event (that is an application or a renewal) that occurred in the 18 months Q1 2015 to Q2 2016.



## Key findings

80% of new or renewed overdrafts granted in the 18 months to Q2 2016 were for £25,000 or less and 12% were in a personal name. For loans, 78% were for £100,000 or less and 18% were in a personal name. In both instances, the larger the applicant, the larger the facility and the less likely it was to be in a personal name.

40% of overdrafts were secured. 58% of loans were secured, including 21% that were commercial mortgages. In both cases security was more likely to be required for larger facilities and larger applicants.

- Over time, there has been an increase in the proportion of smaller overdrafts that are secured (currently 31% of overdrafts of £10,000 or less are secured) and this has led to an increase in the overall proportion secured. 28% of applications made in H1 2012 were secured compared to 36% made in H2 2015.
- There has also been an increase in the proportion of loans that are secured (excluding commercial mortgages). In H1 2012, 33% of loans were secured, increasing to 49% in the latter half of 2015.

Of those who knew, 41% said that their overdraft was on a variable rate. Loans were less likely to be on a variable rate (24%).

- Variable rate overdrafts were more likely to be the case for larger facilities (67% of overdrafts of £100,000 or more were on a variable rate).
- This was also the case for loans, with 35% of loans granted for more than £100,000 being on a variable rate.



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16% of successful overdraft applicants and 44% of successful loan applicants did not pay a fee for this facility.

- The median overdraft fee paid was £118 and 7 in 10 paid a fee that was the equivalent of 2% or less of the facility granted.
- The median loan fee paid was £75 and 8 in 10 paid a fee that was the equivalent of 2% or less of the facility granted.



This chapter covers the security and fees pertaining to overdrafts and loans granted after a Type 1 borrowing event (that is an application or a renewal) which occurred between Q1 2015 and Q2 2016.

The main reporting in this chapter does **not** include any overdrafts granted as the result of an automatic renewal process. These automatically renewed overdrafts are reported on separately towards the end of this chapter.

From Q1 2016, this element of the questionnaire was revised, simplifying the question on security and removing the questions on the margin or fixed rate charged for a facility.

## Overdrafts: context

The price of a facility will be a function, at least in part, of the size of the facility and the business it is granted to, whether it is secured or not, and whether it is a personal or business facility:

### Successful overdraft applications Further analysis Q1 2015 to Q2 2016

Size of applicant	Of all new overdrafts successfully applied for Q1 2015 to Q2 2016: <ul style="list-style-type: none"><li>• 59% were granted to 0 employee SMEs</li><li>• 33% to 1-9 employee SMEs</li><li>• 7% to 10-49 employee SMEs</li><li>• 1% to 50-249 employee SMEs</li></ul>
Size of facility	80% of new/renewed overdrafts granted between Q1 2015 and Q2 2016 were for £25,000 or less. This varied by size of applicant from 91% of overdrafts granted to SMEs with 0 employees to 36% of those granted to SMEs with 50-249 employees.
Personal facilities	12% of successful new/renewed overdrafts in this period were in a personal name rather than that of the business. This varied from 18% of overdrafts granted to 0 employee businesses to 1% of those with 50-249 employees.



Analysis of the size of the overdraft facility granted by recent application date is reported below. Between 2011 and 2013, an increasing proportion of overdrafts were agreed for more than £5,000 (from 52% to 60%). Since then, around 6 in 10 applications have been for £5,000 or more:

<b>Overdraft facility granted</b>											
By date of application	Q3 13	Q4 13	Q1 14	Q2 14	Q3 14	Q4 14	Q1 15	Q2 15	Q3* 15	Q4* 15	Q1* 16
<b>Unweighted base:</b>	<b>309</b>	<b>337</b>	<b>318</b>	<b>338</b>	<b>261</b>	<b>314</b>	<b>301</b>	<b>256</b>	<b>218</b>	<b>187</b>	<b>130</b>
Less than £5,000	46%	34%	49%	42%	37%	37%	37%	48%	42%	40%	32%
£5-25,000	37%	40%	32%	30%	35%	43%	40%	34%	45%	39%	35%
£25,000+	17%	26%	20%	28%	28%	20%	22%	19%	12%	21%	32%

Overdraft facility granted – all successful applicants that recall amount granted

## Overdrafts: Security

From Q1 2016, those who had successfully applied for an overdraft were asked a simplified question about the security pertaining to that facility, as shown in the table below. The headline categories remained the same as in previous waves allowing this 2016 data to be combined with previous data. 4 in 10 Type 1 overdrafts (i.e. a new or renewed facility not including automatic renewals, successfully applied for between Q1 2015 and Q2 2016) were secured:

<b>Security required (Overdraft)</b>					
<u>Successfully sought</u> new/renewed overdraft		0	1-9	10-49	50-249
Q1 15 – Q2 16		emp	emps	emps	emps
		Total			
<b>Unweighted base:</b>	<b>1049</b>	<b>110</b>	<b>361</b>	<b>413</b>	<b>165</b>
<b>Any security</b>	<b>40%</b>	<b>34%</b>	<b>48%</b>	<b>57%</b>	<b>63%</b>
<i>Property (business/personal)</i>	32%	28%	37%	42%	46%
<i>Other security (any)</i>	10%	7%	14%	19%	21%
<b>No security required</b>	<b>60%</b>	<b>66%</b>	<b>52%</b>	<b>43%</b>	<b>37%</b>

Q 105a All SMEs with new/renewed overdraft excluding DK



The larger the facility, the more likely it was to be secured. For overdrafts successfully applied for between Q1 2015 and Q2 2016:

- 31% of overdrafts granted for less than £10,000 were secured
- 40% of overdrafts granted for £10-24,999 were secured
- 66% of overdrafts granted for £25-99,999 were secured
- 77% of overdrafts granted for £100,000 or more were secured.

Over the longer term, more overdrafts have been secured, primarily due to an increase in the proportion of overdraft facilities of £10,000 or less that were secured. Larger facilities remained more likely to be secured:

**% of overdraft facilities that were secured**

By application date	H1	H2	H1	H2	H1	H2	H1	H2
Row percentages	2012	2012	2013	2013	2014	2014	2015	2015*
All overdrafts	28%	34%	35%	34%	36%	33%	42%	36%
Overdrafts of <£10,000	18%	16%	18%	22%	24%	24%	32%	29%
Overdrafts of £10-24,999	33%	52%	49%	40%	50%	38%	45%	32%
Overdrafts of £25-100,000	54%	63%	62%	62%	53%	40%	64%	66%
Overdrafts of more than £100,000	77%	63%	72%	78%	66%	68%	74%	92%

Q 106 All SMEs with new/renewed overdraft, excluding DK

Initial indications for applications made in H1 2016 are that around half were secured.



## Overdrafts: Rates

Amongst those who gave an answer, 4 in 10 (41%) said that their new/renewed overdraft was on a variable rate and this was more likely to be the case for larger facilities granted:

### Type of rate (overdraft) by facility granted

#### Successfully sought new/renewed overdraft

Q1 15-Q2 16 excl. DK

	Total	<£10k	£10-25k	£25-100k	£100k+
<b>Unweighted base:</b>	<b>919</b>	<b>309</b>	<b>196</b>	<b>227</b>	<b>187</b>
Variable rate lending	41%	37%	32%	59%	67%
Fixed rate lending	59%	63%	68%	41%	33%

Q 107 All SMEs with new/renewed overdraft, excluding DK

As the table below shows, when analysed by recent date of application the proportion of lending on a variable rate has been fairly stable at around 4 in 10:

### New/renewed overdraft rate

	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3*	Q4*
By date of application	13	13	13	14	14	14	14	15	15	15	15
<b>Unweighted base:</b>	<b>273</b>	<b>255</b>	<b>278</b>	<b>280</b>	<b>281</b>	<b>220</b>	<b>250</b>	<b>262</b>	<b>207</b>	<b>183</b>	<b>143</b>
Variable rate lending	42%	43%	43%	43%	40%	38%	38%	46%	46%	37%	37%
Fixed rate lending	58%	57%	57%	57%	60%	62%	62%	54%	54%	63%	63%

Q 107 All SMEs with new/renewed overdraft, excluding DK

Questions around the margin charged for the overdraft facility are no longer asked.



## Overdrafts: Fees

Most respondents (81%) were able to recall the arrangement fee that they had paid for their new/renewed overdraft facility (if any). The average fee paid was £262, and this has been fairly consistent over time.

As would be expected, fees vary by size of facility granted:

### Fee paid (overdraft) by facility granted

#### Successfully sought new/renewed overdraft

Q1 15-Q2 16 excl. DK

	Total	Under £25k	£25-100k	£100k+
<b>Unweighted base:</b>	<b>868</b>	<b>466</b>	<b>232</b>	<b>170</b>
No fee paid	16%	17%	4%	29%
Less than £100	17%	21%	5%	*
£100-199	32%	38%	9%	4%
£200-399	23%	21%	41%	6%
£400-999	8%	2%	35%	15%
£1000+	4%	1%	5%	46%
<b>Average fee paid:</b>	<b>£262</b>	<b>£130</b>	<b>£407</b>	<b>£1524</b>
<b>Median fee paid</b>	<b>£118</b>	<b>£95</b>	<b>£293</b>	<b>£494</b>

Q 113/114 All SMEs with new/renewed overdraft, excluding DK

Over time, the proportion paying no fee for their overdraft has remained fairly consistent, at around 1 in 5 (it has typically been 21-22% since H2 2014).

Amongst those with a new/renewed overdraft who knew both what fee they had paid and the size of the facility granted, 28% paid a fee that was equivalent to less than 1% of the facility granted and a further 42% paid the equivalent of 1-2%.



Almost all of those borrowing £25,000 or more paid a fee which was the equivalent of 2% or less of the facility granted. This compares to around half of those with a facility of £10,000 or less:

- 57% of those granted a new/renewed overdraft facility of less than £10,000 paid the equivalent of 2% or less
- 77% of those granted a new/renewed overdraft facility of £10-25,000 paid the equivalent of 2% or less
- 98% of those granted a new/renewed overdraft facility of £25-100,000 paid the equivalent of 2% or less
- 98% of those granted a new/renewed overdraft facility of more than £100,000 paid the equivalent of 2% or less

An analysis of secured and unsecured overdrafts is shown below:

<b>Unsecured and secured overdrafts</b>	<b>Further analysis Q1 2015 to Q2 2016</b>
Amount borrowed	Most unsecured overdrafts were for less than £25,000 (90%) compared to 65% of secured overdrafts.
Variable rates	Secured overdrafts were somewhat more likely to be on a variable rate (50%) than unsecured overdrafts (35%).
Fees	Secured overdrafts were somewhat more likely to attract a fee (93%) than unsecured overdrafts (78%), and the average fee charged was higher (£445 secured compared to £148 unsecured).  Whilst secured overdrafts typically attracted a higher fee in absolute terms, these are typically larger facilities and the fee was more likely to be the equivalent of 2% or less of the agreed facility (81%) than was the case for unsecured overdrafts (65%).



## Overdraft terms: Analysis by risk rating

Sample sizes also permit some analysis of size of facility and fees by the external risk rating of the SME granted the facility. Businesses with a minimal/low risk rating typically had a larger facility and paid somewhat less for it, relative to the size of the facility:

### Further analysis by risk rating Q1 2015 to Q2 2016

Amount borrowed	Most overdrafts granted to those with an average or worse than average risk rating were for less than £25,000 (83%) compared to 69% of those granted to SMEs with a minimal or low risk rating.
Security	<p>Those with a minimal or low risk rating were more likely to have a secured overdraft (52%) than those with an average or worse than average rating (35%).</p> <p>For both groups, those borrowing more than £25,000 were more likely to have a secured facility (74% for minimal/low and 64% for average/worse than average).</p>
Variable rates	There was no difference in the type of interest rate by risk rating (41% on a variable rate for both those with a minimal/low or average/worse than average risk ratings).
Fees	<p>There was relatively little difference in the proportion who paid a fee for their overdraft (87% for minimal/low and 83% for average/worse than average).</p> <p>Those with a minimal/low risk rating paid a higher fee in absolute terms (£430 v £203 for those with an average or worse than average risk rating) but this remained more likely to be the equivalent of 2% or less of the agreed facility (76%) than was the case for those with an average or worse than average risk rating (67%).</p>



## Overdraft terms: Analysis by sector

Overall in the 18 months Q1 2015 to Q2 2016, 80% of overdrafts successfully applied for were facilities of £25,000 or less. By sector this varied relatively little (between 77% and 91%), with the exception of Agriculture where 53% of overdrafts granted were for less than £25,000.

As the table below shows, secured overdrafts were:

- More common for overdrafts in Agriculture (59%) – these are typically larger facilities as reported above
- Somewhat less common for overdrafts in the Transport sector (25%)

### Type 1 overdraft

#### Successfully sought

new/ renewed overdraft Q1 15-Q2 16 excl. DK	Agric	Mfg	Constr	Whle Retail	Hotel Rest	Trans	Prop/ Bus	Hlth SWrk	Other Comm
<b>Unweighted base:</b>	<b>135</b>	<b>110</b>	<b>167</b>	<b>123</b>	<b>76*</b>	<b>100</b>	<b>150</b>	<b>68*</b>	<b>120</b>
Any security	59%	44%	33%	47%	36%	25%	37%	54%	36%
- property	52%	29%	21%	44%	30%	22%	27%	51%	24%
No security	41%	56%	67%	53%	64%	75%	63%	46%	64%

Q 106 All SMEs with new/renewed overdraft excluding DK



Overall, 4 in 10 successful Type 1 overdrafts were on a variable rate (41%). On limited base sizes, overdrafts granted to SMEs in Wholesale/Retail and Manufacturing were less likely to be on a variable rate:

**Type 1 overdraft rate**

<u>Successfully sought new/ renewed overdraft</u> Q1 15-Q2 16 excl. DK	Agric	Mfg	Constr	Whle Retail	Hotel Rest	Trans	Prop/ Bus	Hlth SWrk	Other Com m
<b>Unweighted base:</b>	<b>125</b>	<b>94*</b>	<b>143</b>	<b>104</b>	<b>68*</b>	<b>95*</b>	<b>133</b>	<b>57*</b>	<b>100</b>
Variable rate lending	52%	29%	48%	28%	44%	36%	57%	41%	36%
Fixed rate lending	48%	71%	52%	72%	56%	64%	43%	59%	64%

Q 107 All SMEs with new/renewed overdraft excluding DK

Whilst those in Agriculture paid on average a higher fee, this is a reflection of the larger overdraft facilities successfully applied for in this sector, given that they were more likely than many other sectors to pay a fee equivalent to 2% or less of the sum borrowed:

**Type 1 overdraft fees**

<u>Successfully sought new/ renewed overdraft</u> Q1 15- Q2 16 excl. DK	Agric	Mfg	Constr	Whle Retail	Hotel Rest	Trans	Prop/ Bus	Hlth SWrk	Other Comm
<b>Unweighted base (varies):</b>	<b>106</b>	<b>92*</b>	<b>132</b>	<b>98*</b>	<b>72*</b>	<b>83*</b>	<b>128</b>	<b>58*</b>	<b>99*</b>
No fee paid	18%	16%	15%	21%	20%	19%	14%	24%	2%
Average fee paid	£537	£332	£237	£233	£213	£161	£294	£245	£194
Equivalent of 2% or less paid*	81%	50%	78%	81%	68%	47%	59%	65%	90%

Q 113/114 All SMEs with new/renewed overdraft excluding DK \* where both fee and facility known – SMALL BASE



## Overdrafts: Automatic renewals

As mentioned earlier in this chapter, data is available on the fees and security pertaining to overdraft facilities that were automatically renewed. The table below shows this data for all automatic renewals that occurred between Q1 2015 and Q2 2016.

14% of these automatic renewals were in a personal name (v 12% of Type 1 overdrafts granted). They were in many ways quite similar to Type 1 overdraft events in the same period:

<b>Overdraft rates and fees summary</b> Q1 15-Q2 16	<b>Automatically renewed</b>	<b>Type 1 overdraft event</b>
<i>Unweighted base (varies by question):</i>	<b>1314</b>	<b>1115</b>
Any security required	30%	40%
Facility on a variable rate (excluding DK)	35%	41%
No fee	25%	16%
Average fee paid	£254	£262

All SMEs with new/renewed overdraft, excluding DK



## Loans: Context

As with the overdraft section above, this section is based on SMEs that had made an application for a new or renewed loan facility during the latest 18 month period which for this report is between Q1 2015 and Q2 2016.

The price of a facility will be a function, at least in part, of the size of the facility and of the business granted that facility, whether it is secured or not, and whether it is a personal or business facility:

<b>Successful loan applications</b>	<b>Further analysis Q1 2015 to Q2 2016</b>
Size of applicant	<p>Of all new loans successfully applied for between Q1 2015 and Q2 2016:</p> <ul style="list-style-type: none"><li>• 48% were granted to 0 employee SMEs</li><li>• 39% to 1-9 employee SMEs</li><li>• 11% to 10-49 employee SMEs</li><li>• 2% to 50-249 employee SMEs</li></ul>
Size of facility	<p>78% of new/renewed loans granted in the period Q1 2015 to Q2 2016 were for £100,000 or less. By size of applicant this varied from 89% of loans granted to SMEs with 0 employees to 37% of loans granted to those with 50-249 employees.</p>
Personal facilities	<p>18% of successful new/renewed loans in this period were applied for in a personal name rather than that of the business. 86% of these loans were for £100,000 or less (albeit this is based on a small number of loans).</p> <p>29% of 0 employee SMEs with a new/renewed loan said the facility was in a personal name, decreasing by size of SME to 4% of successful applicants with 50-249 employees.</p> <p>Personal facilities will typically be priced differently to business facilities, so as an indication 19% of all loans agreed for less than £100,000 were applied for in a personal name, compared to 11% of loans £100k+.</p>



Analysis of loans granted by recent application quarter is shown below. Base sizes are limited and trends over time are not clear with some variation across individual quarters:

<b>Loan facility granted</b>	<b>Q3</b>	<b>Q4</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3*</b>	<b>Q4*</b>
<b>By date of application</b>	<b>13</b>	<b>13</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>
<b>Unweighted base:</b>	<b>141</b>	<b>164</b>	<b>152</b>	<b>177</b>	<b>133</b>	<b>163</b>	<b>166</b>	<b>122</b>	<b>107</b>	<b>112</b>
Less than £25k	45%	63%	59%	64%	72%	52%	63%	41%	63%	56%
£25-99k	41%	27%	23%	21%	12%	14%	13%	16%	20%	31%
More than £100k	14%	10%	19%	15%	16%	33%	24%	43%	16%	13%

All successful loan applicants that recall amount granted

## Loans: Security

21% of all loans were commercial mortgages. These were much more likely to have been granted for £100,000+ and in this most recent period varied relatively little by size of applicant:

- 20% of successful applicants with 0-9 employees said their loan was a commercial mortgage
- 30% of successful applicants with 10-49 employees
- 22% of successful applicants with 50-249 employees

All other successful loan applicants were asked whether any security was required for their loan. In line with the changes made to the questions about the security required for overdraft facilities, these questions have also been simplified and are reported in the new format below.



As the table below shows, smaller SMEs remained more likely to have an unsecured loan:

<b>Security required (Loan)</b>		<b>0-9 emp</b>	<b>10-49 emps</b>	<b>50-249 emps</b>
<b>Successfully sought new/renewed loan Q1 15-Q2 16</b>	<b>Total</b>			
<b>Unweighted base:</b>	<b>558</b>	<b>212</b>	<b>229</b>	<b>117</b>
Commercial mortgage	21%	20%	30%	22%
Secured business loan	37%	36%	43%	48%
<i>Property (business/personal)</i>	29%	28%	32%	36%
<i>Other security (any)</i>	11%	10%	16%	16%
Unsecured business loan	42%	44%	27%	30%

Q 198a All SMEs with new/renewed loan excl. DK

Including commercial mortgages, of new/renewed loans successfully applied for in Q1 2015 to Q2 2016:

- 41% of loans granted for less than £25,000 were secured
- 72% of loans granted for £25,000 to £100,000 were secured
- 89% of those granted for more than £100,000 were secured



Analysis by date of application at the half year level, shows that most loans granted for more than £100,000 (excluding commercial mortgages) were secured. Loans for under £100,000 were less likely to be secured, but such security has become more likely over time. Currently then, around half of all loans that were not commercial mortgages were secured:

#### % of loan facilities that were secured

Application date	H1	H2	H1	H2	H1	H2	H1	H2
Row percentages	2012	2012	2013	2013	2014	2014	2015	2015*
All loans (excluding commercial mtges)	33%	33%	26%	35%	31%	34%	45%	49%
Loans of <£100,000 (excl commercial mtges)	28%	18%	17%	31%	24%	20%	38%	43%
Loans of £100,000 or more (excl commercial mtges)	69%	78%	82%	76%	72%	83%	73%	91%

Q 200 All SMEs with new/renewed loan, excluding DK and those with commercial mortgage

## Loans: Rates

Amongst those who knew, 76% said that their loan was on a fixed rate (including those with commercial mortgages). Fixed rate lending remained somewhat more common for loans than overdrafts (where 59% of facilities were on a fixed rate) and also more common for smaller loan facilities:

#### Type of rate (loan) by amount granted

<u>Successfully sought</u> new/renewed loan Q1 15-Q2 16	Total	<£100k	£100k+
<b>Unweighted base:</b>	<b>484</b>	<b>282</b>	<b>202</b>
Variable rate lending	24%	22%	35%
Fixed rate lending	76%	78%	65%

Q 201 All SMEs with new/renewed loan, excluding DK

Analysis by when the application took place showed that typically around 7 in 10 loans have been on a fixed rate, with no clear trend over time.



Analysis by size of loan over time is more qualitative in nature due to limited sample sizes. It suggests that between 7 and 8 in 10 loans under £100,000 were on a fixed rate. Recent loans above £100,000 were somewhat less likely to be on a fixed rate, with currently around two thirds being on a fixed rate.

## Loans: Fees

76% of respondents were able to recall the arrangement fee that they paid for their loan (if any). As with overdrafts, those borrowing a smaller amount typically paid a lower fee in absolute terms:

<b>Fee paid (loan)</b>			
<u>Successfully sought new/renewed loan Q1 15-Q2 16</u>	<b>Total</b>	<b>&lt;£100k</b>	<b>£100k+</b>
<b>Unweighted base:</b>	<b>403</b>	<b>231</b>	<b>172</b>
No fee paid	44%	46%	38%
Less than £100	6%	8%	2%
£100-199	14%	17%	4%
£200-399	9%	10%	6%
£400-999	14%	15%	12%
£1000+	14%	6%	38%
<b>Average fee paid:</b>	<b>£1436</b>	<b>£367</b>	<b>£4734</b>
<b>Median fee paid</b>	<b>£75</b>	<b>£46</b>	<b>£299</b>

Q 207/208 All SMEs with new/renewed fixed rate loan, excluding DK

Amongst those with a new/renewed loan who knew both what fee they had paid and the original loan size, 56% paid a fee that was the equivalent of less than 1% of the amount borrowed and a further 27% paid between 1-2%:

- 80% of those granted a new/renewed loan of less than £100,000 paid the equivalent of 2% or less.
- 93% of those granted a new/renewed loan of more than £100,000 paid the equivalent of 2% or less.

The proportion paying the equivalent of 2% or less has been around 8 in 10 each year with the exception of 2012 when around 7 out of 10 paid a fee of this proportion.



An analysis of unsecured and secured loans (including commercial mortgages) is shown below:

### Unsecured and secured loans Further analysis Q1 2015 to Q2 2016

Amount borrowed	Almost all unsecured loans were for less than £100,000 (94%) compared to 66% of secured loans.
Fixed rates	Unsecured loans were as likely to be on a fixed rate (78%) as secured loans (74%).
Fees	Secured loans were somewhat more likely to attract a fee (63%) than unsecured loans (47%), and the average fee charged was higher (£2135 secured compared to £459 unsecured). Whilst secured loans typically attracted a higher fee in absolute terms, this remained more likely to be the equivalent of 2% or less of the agreed facility (90%) than was the case for unsecured loans (75%).

## Loan terms: Analysis by risk rating

Sample sizes also permit analysis of size of facility and fees by external risk rating. Those with a minimal/low external risk rating remained more likely to be typically borrowing more and paying a lower variable rate:

### Risk rating Further analysis Q1 2015 to Q2 2016

Amount borrowed	Most successful applicants with an average or worse than average risk rating were borrowing less than £100,000 (87%) compared to 67% of those with a minimal or low risk rating.
Security	61% of loans to minimal/low risk SMEs were secured, compared to 54% of those made to those with an average/worse than average risk rating.
Fixed rates	73% of loans to minimal/low risk SMEs were on a fixed rate v 75% of those made to SMEs with an average/worse than average risk rating.
Fees	Those with a minimal/low risk rating were somewhat more likely to pay a fee at all (64% v 47% with an average/worse than average risk rating). Those with a minimal or low risk rating paid a higher average fee (£2489 v £839 for those with an average or worse than average risk rating). This reflects the larger facilities granted as they were more likely to have paid the equivalent of 2% or less as a fee (73% v 88% for those with an average or worse than average risk rating).



## Loan terms: Analysis by sector (indicative)

Note that the small proportion of SMEs reporting a successful loan event means that base sizes for all sectors are now below 100, even across an 18 month time period. This section continues to be included, but can provide only *indicative* loan data, and no figures are shown where a sector has fewer than 50 respondents answering.

78% of new/renewed loans agreed between Q1 2015 and Q2 2016 were for £100,000 or less

with relatively little variation across those sectors where comparisons are possible.

As the table below shows, across those sectors where sufficient data is available, new/renewed loans in the Property/Business Services sector were more likely to have been commercial mortgages, while those in Manufacturing were more likely to be unsecured:

### Type 1 loan

<u>Successfully sought new/renewed loan Q1 15-Q2 16</u>	Agric	Mfg	Constr	Whle Retail	Hotel Rest	Trans	Prop/ Bus	Hlth SWrk	Other Comm
<b>Unweighted base:</b>	83*	57*	73*	69*	56*	-	82*	-	-
Commercial mtge	20%	12%	7%	26%	24%		37%		
Secured loan	40%	24%	38%	34%	46%		42%		
Unsecured loan	40%	64%	55%	40%	30%		21%		

Q 198/199 All SMEs with new/renewed loan excluding DK

There are too few respondents by sector to report on fixed v variable lending or on fees.