

# Applying to borrow

## What do we look for when assessing a business borrowing request?

HSBC is keen to provide finance to businesses to support their growth. When assessing a borrowing request, we look at a range of factors to help us make our decision. To help you prepare to discuss your borrowing request with us, the details below set out the method we will use and information that we may ask from you.

In order to assess your application and arrive at a decision, we will use credit scoring, which will take into consideration three broad areas:

- ◆ Information that you provide as part of your application
- ◆ Information we already hold about you, and
- ◆ Information we obtain from external credit reference agencies

We may also need to carry out further assessment and affordability checks, the additional information and level of detail required will be relative to the amount of borrowing being requested. Here's a guide to the type of information and documents you may be asked for whether you bank with us, are a new customer or are starting up your business.

## Request details

Information needed	Why it's needed
You and your business	We will want to gain a full understanding of your business and your skills and experience that will help achieve your plans and aspirations.
Personal/Business Investment	This is to establish your investment in the business compared to what our investment might be.
Purpose	Knowing what the borrowing is for allows us to understand where it fits in with your plans, and discuss your finance options.
Amount	This helps us to determine if the amount being asked for is appropriate, and structure your borrowing in the most suitable way.
Term	Discussing the time period over which the borrowing is required helps us with assessing your finance options and your ability to repay.
Repayment	As a responsible lender we need to understand how you intend to repay the borrowing, and be confident of your ability to do so. For example, from trading profit, cashflow or asset disposal.  For a new business this may be set out in a business plan and cash flow forecasts. For established businesses this is usually the assessment of the historic trading figures, current turnover, as well as plans and projections.

## Other details (and example supporting documents)

These may be required to help us assess affordability and the business' ability to repay the borrowing. The larger the request the more likely some/all of these may be needed, your Business Manager can advise what is required.

Information needed	Why it's needed
Security/assets	We may seek some form of appropriate security, such as guarantees, property or other assets that are straightforward to value and if necessary realise.
Other business interests	To know what other commitments the owner or management team has, so we can assess how much attention and focus the business will have.
Cash flow forecast and business plans	Whatever business you're in or how profitable it is, your business will struggle if it runs out of cash. Writing a business plan will help you to think logically about your business strategy and business model, and be able to demonstrate these to us. For help in creating these, see our cash flow calculator and interactive business plan tool at <a href="http://www.knowledge.hsbc.co.uk">www.knowledge.hsbc.co.uk</a>
Management accounts and Historic accounts	Evidence of past financial performance (not applicable to start-ups).

**Additional information on how we assess applications, our declined lending appeals process and alternative sources of finance can be found at [www.hsbc.co.uk/businessborrowingguide](http://www.hsbc.co.uk/businessborrowingguide).**