

No of Clients

500

No of Loans

959

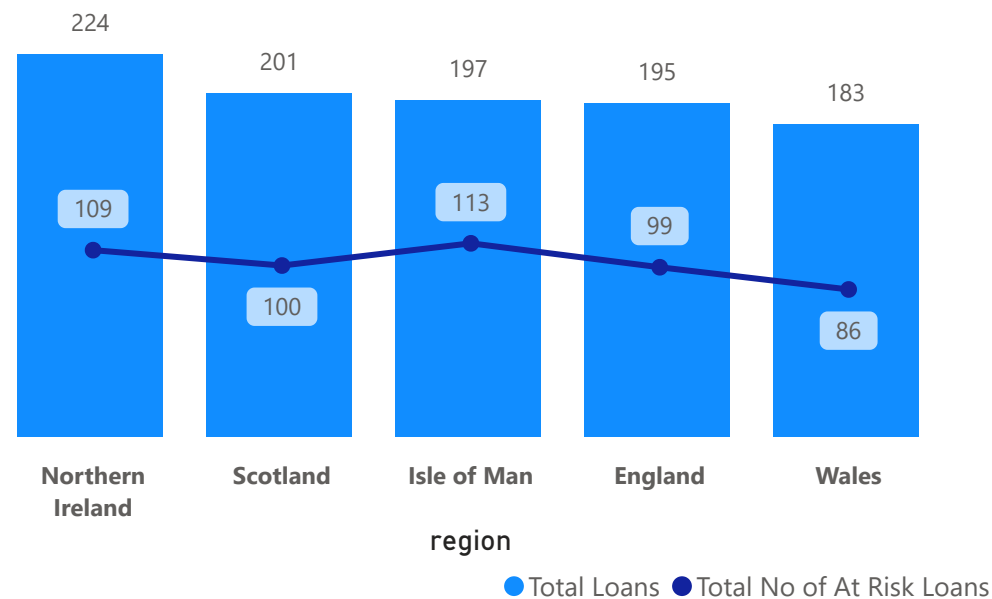
**Q1. What percentage of SME loans are currently at risk due to covenant breaches or weak financials?**

At Risk Loan percentage

**87.70**

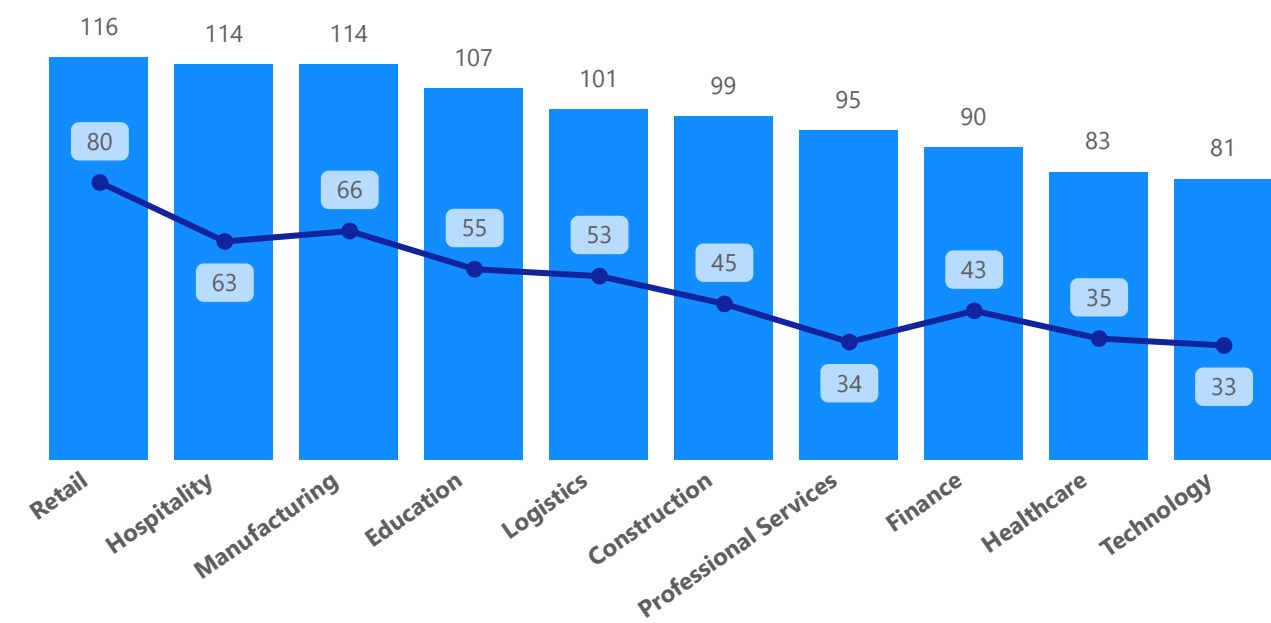
## Q2. Which sectors and regions exhibit the highest credit risk?

Isle of Man with 57% of its total loans as at risk loans has the highest % of at risk loans, followed by England, Scotland, Northern Ireland and Wales.



region	Count of loan_id	Sum of AT_RISK_LOANS	%
Isle of Man	197	113	57.36
England	195	99	50.77
Scotland	201	100	49.75
Northern Ireland	224	109	48.66
Wales	183	86	46.99

Retail sector which has the highest numbers of loans sanctioned also has the % of at risk loans at 69%



sector	Total Loans	Total No of At Risk Loans	%
Retail	116	80	68.97
Manufacturing	114	66	57.89
Hospitality	114	63	55.26
Logistics	101	53	52.48
Education	107	55	51.40
Finance	90	43	47.78
Construction	99	45	45.45
Healthcare	83	35	42.17
Technology	81	33	40.74
Professional Services	95	34	35.79

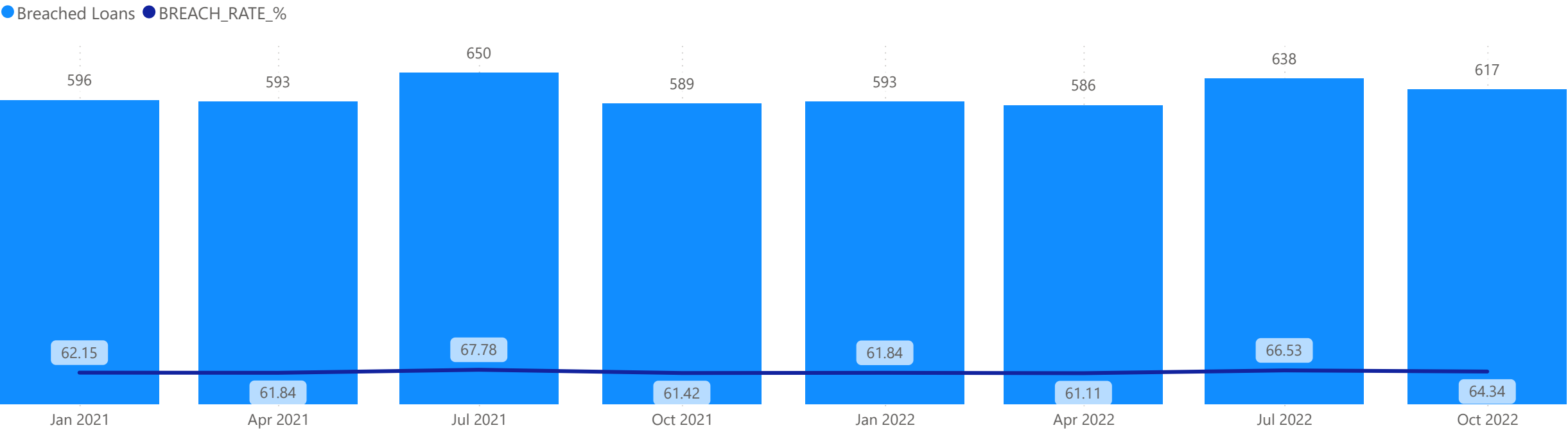
Total Loans    Total No of At Risk Loans

Q3.How effective are current covenant types (LTV, DSCR, Debt/EBITDA) in predicting loan distress?

covenant_type	TOTAL_LOANS	Breached_IOANS	breached_and_defaulted	breach_predictive_power_percent
Current Ratio	559	32	4	12.50
Debt/EBITDA	518	297	27	9.09
DSCR	548	136	12	8.82
LTV	539	152	18	11.84

# Q4.How has the rate of covenant breaches changed over time?

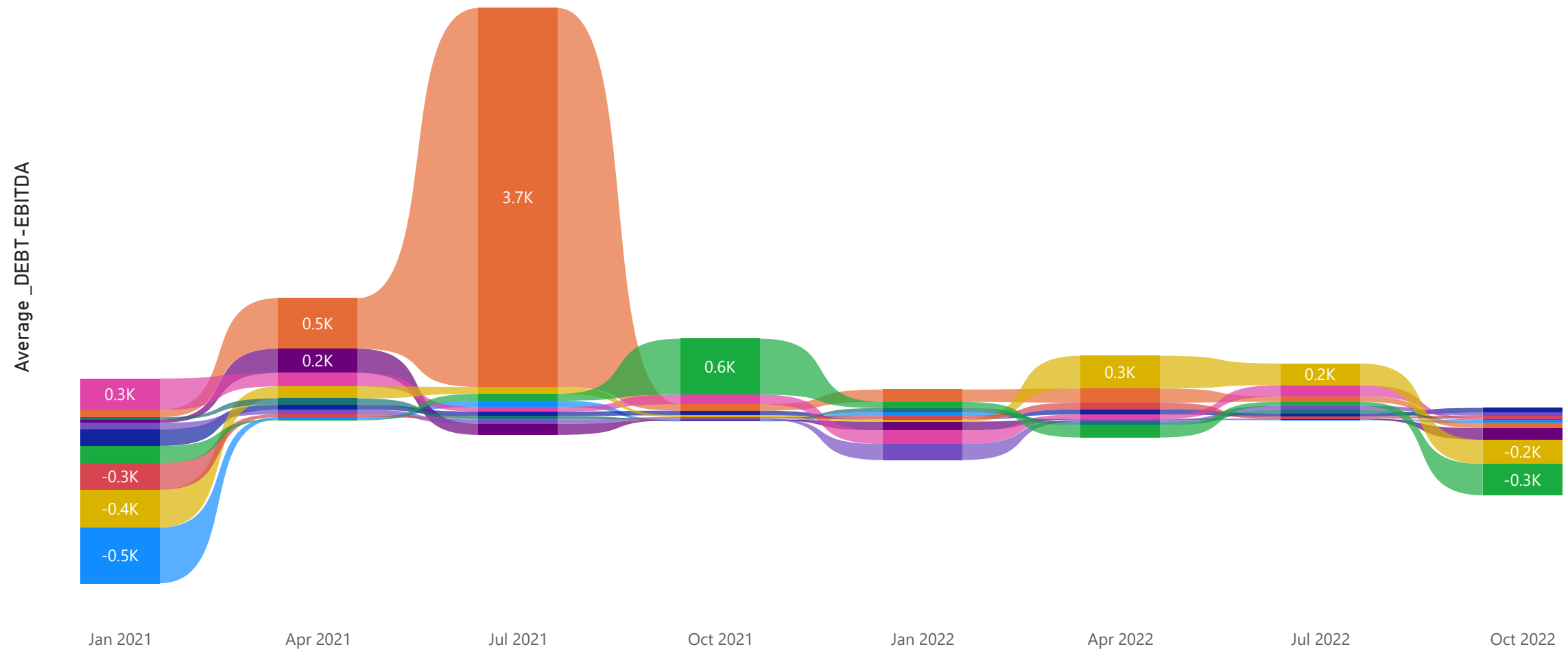
The overall breach rate remained quite high, between 61% and 68%. The highest breach rate occurred in Q3 2021 (July 2021) at 67.78%, followed closely by Q3 2022 (66.53%).



**Q5.Which sectors show the sharpest rise in leverage (Debt/EBITDA) in the past year?**

Finance sector experiences sharpest spike in mid 2021 peaking at 3.7k average\_debt\_ebitda, possibly suggesting heavy borrowing or reduced earnings (EBITDA) during recovery periods post-lockdowns, But it is worth having a thorough drill down. Technology sector experices decline in late 2022.

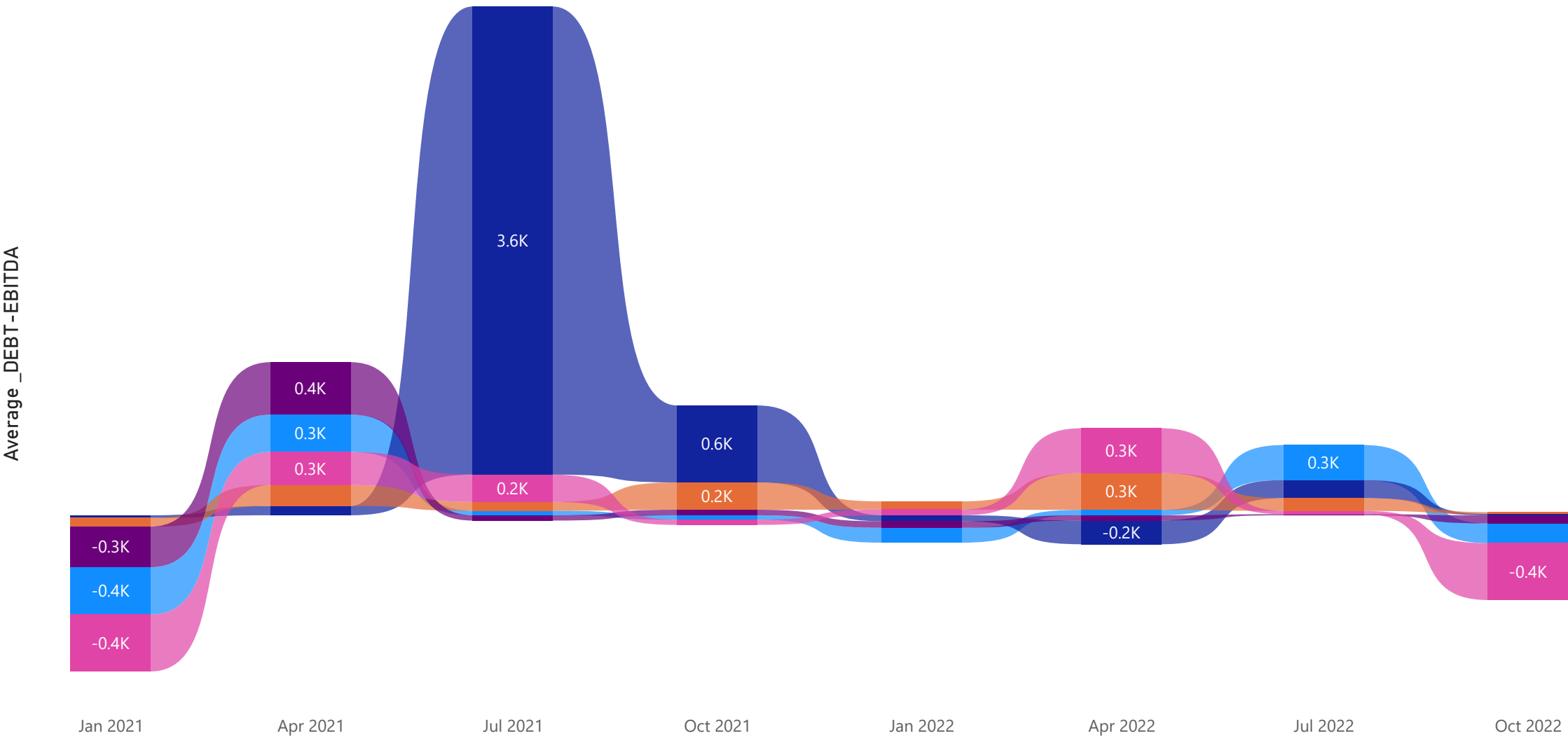
**sector** ● Construction ● Education ● Finance ● Healthcare ● Hospitality ● Logistics ● Manufacturing ● Professional Services ● Retail ● Technology



# Q5.Which regions show the sharpest rise in leverage (Debt/EBITDA) in the past year?

Isle of Man experiences steep surge in average DEBT\_EBITDA in mid 2021, the same period in which the Financial sector experiences huge spike, making a thorough analysis a priority. Wales, Scotland and England also exhibited increases just before the same period, but to a lesser extent.

region ● England ● Isle of Man ● Northern Ireland ● Scotland ● Wales



**Q6.If covenant thresholds are tightened (e.g.,  $LTV \leq 0.65$ ,  $Debt/EBITDA \leq 3$ ), how many loans would be in breach?**

**Before**

Total Loans	Sum of LTV_breach	Sum of DEBT_EBITDA_breach	Sum of CR_breach
959	108	0	21

**After**

Total Loans	Sum of ltv_breaches	Sum of DEBT_EBITDA_breaches	Sum of CR_breaches
959	2786	5530	841



## Q7.What is the Y-O-Y Revenue change of the companies ?

region	sector	company_name	Sum of CURRENT_REVENUE	Sum of revenue_prev_year	Sum of yoy_change_percentage	revenue_trend
England	Healthcare	Blue Consulting	3,81,013.38	6,58,114.06	-42.11	▼ >10% Decline
Isle of Man	Finance	Blue Consulting	2,71,920.78	3,45,889.63	-21.39	▼ >10% Decline
Isle of Man	Healthcare	Blue Consulting	2,22,449.30	3,84,230.59	-42.11	▼ >10% Decline
Wales	Healthcare	Blue Consulting	1,60,170.48	2,76,658.09	-42.11	▼ >10% Decline
England	Hospitality	Blue Enterprises	5,86,393.56	10,12,861.69	-42.11	▼ >10% Decline
England	Technology	Blue Enterprises	7,80,725.56	13,48,526.00	-42.11	▼ >10% Decline
England	Professional Services	Blue Group	7,63,991.13	13,19,621.00	-42.11	▼ >10% Decline
Northern Ireland	Professional Services	Blue Group	8,12,531.63	14,03,463.75	-42.11	▼ >10% Decline
Isle of Man	Hospitality	Blue Holdings	1,07,534.53	1,85,741.45	-42.11	▼ >10% Decline
Isle of Man	Technology	Blue Holdings	1,88,171.63	3,25,023.69	-42.11	▼ >10% Decline
Northern Ireland	Education	Blue Holdings	8,63,529.44	14,91,550.75	-42.11	▼ >10% Decline
Northern Ireland	Finance	Blue Holdings	5,35,472.44	9,24,906.94	-42.11	▼ >10% Decline
Northern Ireland	Logistics	Blue Ltd	7,04,272.88	12,16,471.38	-42.11	▼ >10% Decline
Scotland	Healthcare	Blue Ltd	4,60,660.59	7,95,686.50	-42.11	▼ >10% Decline
Wales	Retail	Blue Ltd	5,78,909.19	9,99,934.00	-42.11	▼ >10% Decline
England	Healthcare	Blue Partners	1,86,663.91	2,80,386.41	-33.43	▼ >10% Decline
Isle of Man	Professional Services	Blue Solutions	2,66,499.56	4,60,317.44	-42.11	▼ >10% Decline
Northern Ireland	Manufacturing	Blue Solutions	6,02,384.88	10,40,482.94	-42.11	▼ >10% Decline
England	Healthcare	Blue Systems	4,89,363.31	6,29,404.31	-22.25	▼ >10% Decline
Isle of Man	Education	Blue Systems	6,25,284.63	10,80,037.00	-42.11	▼ >10% Decline
England	Manufacturing	Blue UK	7,37,189.00	12,73,326.50	-42.11	▼ >10% Decline
Northern Ireland	Finance	Blue UK	42,904.82	63,851.23	-32.81	▼ >10% Decline
Wales	Finance	Blue UK	6,85,002.63	8,32,517.00	-17.72	▼ >10% Decline