

Coronavirus (COVID-19) Support

CORONAVIRUS BUSINESS INTERRUPTION LOAN SCHEME (CBILS)

What's being offered?

- Coronavirus Business Interruption Loan Scheme to support **small and medium sized** business to access bank lending & overdrafts.
- Loans of up to £5m available, with Government providing 80% guarantee to assist with business proposals to lenders. A number of lenders are limiting loan amounts to:
 - 2 x annual wage costs, or
 - 25% of Turnover
- First 12 months of loans will be interest free – interest met by Government. No upfront guarantee or arrangement fees
- Bank interest base rate now reduced to **0.1%** as of 19th March 2020.
- Key thing to note, this is a debt facility and will have to be repaid back on agreed terms & conditions. The borrower is 100% liable for the debt.
- Finance terms will be up to 6 years for term loans and asset finance, and up to 3 years from revolving facilities (overdrafts and invoice finance).
- **UPDATED 2nd APRIL 2020** – Insufficient security no longer a barrier for application to loan scheme.
- **UPDATED 2nd APRIL 2020** – No personal guarantees required for loans under £250,000.
- *Additional measures (below), are likely to be available options also with your lender where applicable:*
 - *Capital repayment holidays on term loans*
 - *Payment suspensions on hire purchase agreements*
 - *Increasing debtor funding percentage on Invoice Finance facilities*

Eligibility?

- UK based businesses with annual turnover of no more than £45m.
- Eligibility restrictions – notably agriculture & fishing sectors, state funded establishments and Public sector bodies.
- Have a borrowing proposal which, were it not for the current pandemic, would be considered viable by the lender, and for where the lender believes the business will be able to trade out of any short-to-medium term difficulty.
- Self-certify that business has been adversely impacted by Coronavirus outbreak.
- Not have been classed as a 'business in difficulty' on 31 December 2019, if applying to borrow £30,000 or more.

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How to claim?

- Contact your current bank. All banks have setup varying quick online questionnaires, applications to complete for eligibility checks and setup call backs.
- Accredited lenders included in scheme, list at <https://www.british-business-bank.co.uk/ourpartners/coronavirus-business-interruption-loan-scheme-cbils/accredited-lenders/>

What lenders will need from you?

- Information on loan required:
 - Amount you would like to borrow?
 - What the funds are for?
 - Period over with you will make repayment?
- Supporting documents
 - Accounts for last completed financially year.
 - Management accounts for current year to date.
 - Business plan, including financial projections (Profit & loss, Cashflow and Balance Sheet)
 - Details of assets owned
- The lender has the authority to decide whether or not to offer you finance.
- Accredited lender can offer finance on normal commercial terms without the need to make use of the scheme, if this is preferred option.

Timescale for loans?

- Scheme went live from 23rd March 2020.

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BOUNCE BACK LOANS FOR SMALL BUSINESSES

What's being offered?

- New fast-track loans of up to £50,000, 100% government-backed guarantee.
- Designed to ensure small businesses can get finance in a matter of days
- Loans will be capped at a maximum of:
 - £50,000, or
 - 25% of Turnover
- Loan terms will be up to a maximum of 6 years.
- First 12 months of loans will be interest free – interest met by Government. No upfront guarantee or arrangement fees
- No loan repayments required for first 12 months.

Eligibility?

- UK based small businesses (sole traders/partnerships) and small/micro companies.
- Business has been negatively affected by Coronavirus outbreak, has suffered drop in turnover and loss of trading profits.
- Business was trading and not an 'undertaking in difficulty' at 31 December 2019.
- No future testing on business viability going forward.
- Cannot apply if you have already received a loan under the Coronavirus Business Interruption Loan Scheme (CBILS). Any loans of up to £50,000 already approved under the CBILS can be transferred to Bounce Bank Loan scheme before 4th November 2020

How to claim?

- Completion of short, standardised online application form with bank.
- Accredited lenders included in scheme, list at <https://www.british-business-bank.co.uk/ourpartners/coronavirus-business-interruption-loan-scheme-cbils/accredited-lenders/>

Timescale for loans?

- Scheme will launch on 4th May 2020.
- Receipt of loan funds to be within 1-2 days of loan application approval.