

# British Business Bank

## Coronavirus Business Interruption Loan Scheme Stakeholder Briefing

**Patrick Magee – Chief Commercial Officer**

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# Agenda

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1) What is the Coronavirus Business Interruption Loans Scheme (CBILS)

2) Key benefits of CBILS for SMEs

3) CBILS eligibility criteria

# The Coronavirus Business Interruption Loan Scheme (CBILS) - what is it?

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CBILS has been introduced as a temporary measure with the aim of supporting the continued provision of finance to UK SMEs during the COVID-19 outbreak. Timing: the scheme is live for SMEs as of **today**.

- It is a generous scheme designed to provide lenders with a government-backed guarantee, potentially enabling a 'no' credit decision from a lender to become a 'yes'.
- CBILS is available to existing EFG accredited lenders and in due course to newly accredited lenders.
- We intend to offer an expedited accreditation process for the CBILS overdraft variant to allow for rapid alleviation of working capital issues.
- The government has announced that CBILS will be demand-led and will be resourced accordingly.

# Key benefits of CBILS for SMEs (1/2)

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- ✓ **Up to £5m facility:** The maximum value of a facility provided under the scheme will be £5m, available on repayment terms of up to six years.
- ✓ **80% guarantee:** The scheme provides the lender with a government-backed, partial guarantee (80%) against the outstanding facility balance, subject to an overall cap per lender.
- ✓ **No guarantee fee for SMEs to access the scheme:** No fee for smaller businesses. Lenders will pay a small fee to access the scheme.
- ✓ **Interest and fees paid by Government for 12 months:** The Government will make a Business Interruption Payment to cover the first 12 months of interest payments and any lender-levied fees, so smaller businesses will benefit from no upfront costs and lower initial repayments.

## Key benefits of CBILS for SMEs (2/2)

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- ✓ **Finance terms:** Finance terms are up to six years for term loans and asset finance facilities. For overdrafts and invoice finance facilities, terms will be up to three years.
- ✓ **Security:** At the discretion of the lender, the scheme may be used for unsecured lending for facilities of £250,000 and under. For facilities above £250,000, the lender must establish a lack or absence of security prior to businesses using CBILS. If the lender can offer finance on normal commercial terms without the need to make use of the scheme, they will do so.
- ✓ **The borrower always remains 100% liable for the debt.**

# Fees and Interest for the SME

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- ✓ The Government will make a **Business Interruption Payment** to cover the first 12 months of interest payments and any lender-levied fees.
- ✓ Smaller businesses will benefit from no upfront costs and lower initial repayments.
- ✓ Following earlier discussions with the banking industry, some lenders indicated that they would not charge arrangement fees or early repayment charges to SMEs borrowing under the scheme. HM Government greatly appreciates this approach by lenders.

# Eligibility for SMEs

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**Viability:** You must still establish that the SME borrower, or the SME borrower's Group has a viable business proposition assessed according to your normal commercial lending criteria. However, where there are some concerns over the short-to-medium term business performance due to the uncertainty and impact of Coronavirus (COVID-19), provided you reasonably believe that (a) the finance will help the SME trade-out of any short-to-medium term cashflow difficulty, and (b) if the facility is granted, the SME should not go out of business in the short-to-medium term, then the proposition may be considered eligible under the CBIL Scheme.

**Lack of Security:** For facilities over **£250k**, the CBIL Scheme still requires you to establish a lack or absence of collateral prior to you using the CBIL Scheme. For facilities of **£250k** and under, the CBIL Scheme may be used for unsecured lending at the discretion of the lender. This is a departure from the EFG Scheme. To use the CBIL Scheme in this way, you must confirm that the use of the CBIL Scheme has enabled you to provide a facility to the applicant that you otherwise would not have been able to provide.

**Additional flexibility around industry sectors:** such as haulage, agriculture, fisheries and aqua-culture.

**Additional** lending which meets State aid requirements.

# Eligibility for SMEs

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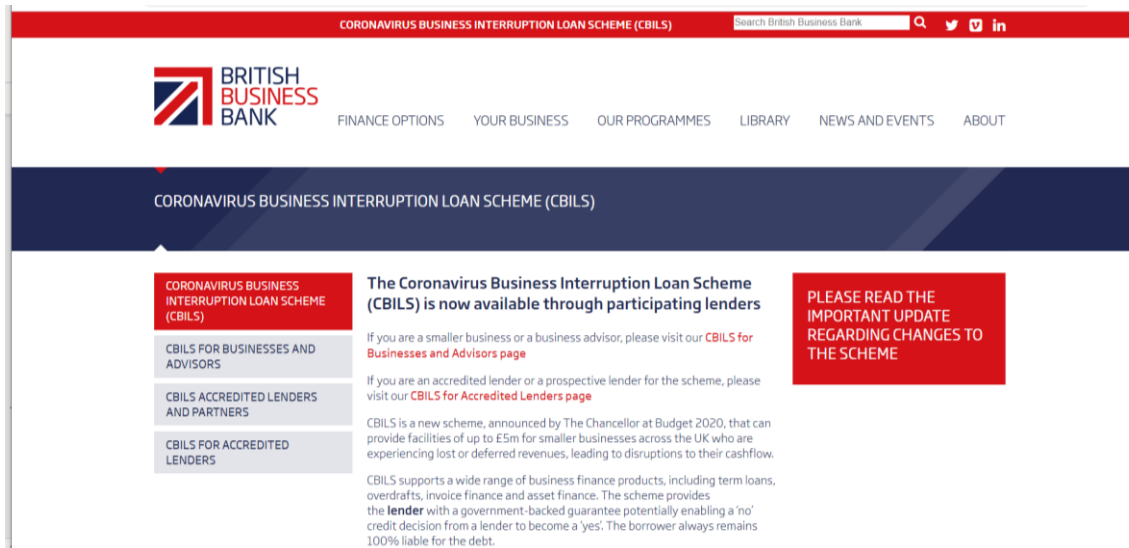
## The scheme offers considerable flexibility for SMEs

- **Viability:** You must still establish that the SME borrower, or the SME borrower's Group has a viable business proposition assessed according to your normal commercial lending criteria.
- **Lack of Security:** For facilities over **£250k**, the CBIL Scheme still requires you to establish a lack or absence of collateral. For facilities of **£250k** and under, the CBIL Scheme may be used for unsecured lending at the discretion of the lender.
- **Additional flexibility around industry sectors:** such as haulage, agriculture, fisheries and aqua-culture.
- **Additional** lending which meets State aid requirements.



# Information and further support for SMEs

- A British Business Bank paid media campaign promote CBILS ([www.british-business-bank.co.uk/cbils](http://www.british-business-bank.co.uk/cbils))
- An 'Economic Uncertainty Response' update to the Business Finance Guide
- Start Up Loans offering support to customers affected by COVID-19
- UK Finance offering further support ([www.ukfinance.org.uk/covid-19](http://www.ukfinance.org.uk/covid-19))
- Government Website offers information and support [www.gov.uk/coronavirus](http://www.gov.uk/coronavirus)



The screenshot shows the British Business Bank website with a red header. The main navigation bar includes 'FINANCE OPTIONS', 'YOUR BUSINESS', 'OUR PROGRAMMES', 'LIBRARY', 'NEWS AND EVENTS', and 'ABOUT'. The page title is 'CORONAVIRUS BUSINESS INTERRUPTION LOAN SCHEME (CBILS)'. The main content area features a red box with the text 'PLEASE READ THE IMPORTANT UPDATE REGARDING CHANGES TO THE SCHEME'. Below this, there is a section titled 'The Coronavirus Business Interruption Loan Scheme (CBILS) is now available through participating lenders'. This section includes links for 'CBILS FOR BUSINESSES AND ADVISORS', 'CBILS ACCREDITED LENDERS AND PARTNERS', and 'CBILS FOR ACCREDITED LENDERS'. The text explains that CBILS is a new scheme announced by the Chancellor at Budget 2020, providing facilities of up to £5m for smaller businesses. It also states that CBILS supports a wide range of business finance products, including term loans, overdrafts, invoice finance, and asset finance.

# Q&A

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- Please type your questions in the instant message function (bottom left of screen).

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