

British Business Bank

Coronavirus Business Interruption Loan Scheme

1 April 2020

Agenda

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?

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 has been live for SMEs since 23rd March 2020.

- 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)

- ✓ **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)

- ✓ **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

- ✓ 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.

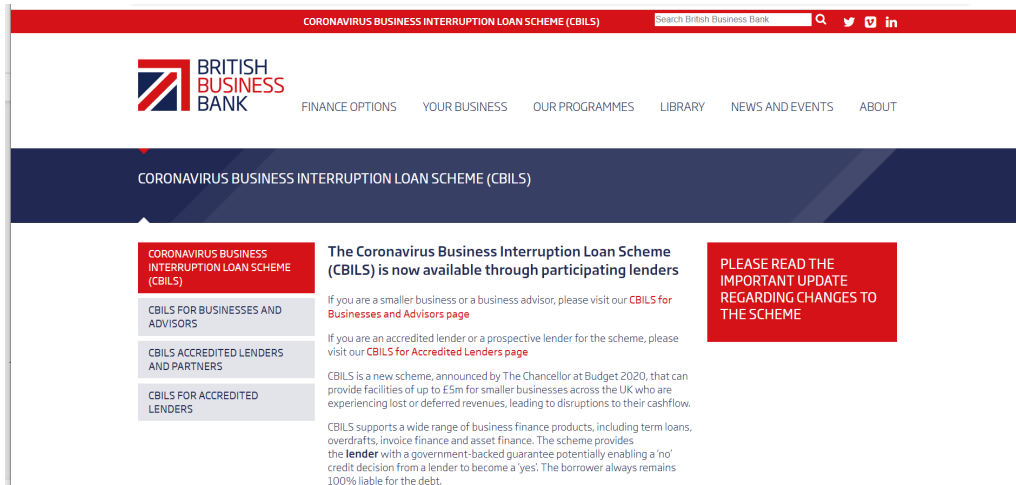
Eligibility and additional flexibility for SMEs

The scheme offers considerable flexibility for SMEs

- **Viability:** An SME must have a borrowing proposal which, were it not for the current pandemic, would be considered viable by the lender, and for which the lender believes the provision of finance will enable the business to trade out of any short-to-medium term difficulty.
- **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)
- 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)
- Government Website offers information and support www.gov.uk/coronavirus



The screenshot displays the British Business Bank website's page for the Coronavirus Business Interruption Loan Scheme (CBILS). The page features a red header with the bank's logo and navigation links. The main content area is dark blue with white text. A prominent red box highlights the scheme's availability through participating lenders. A sidebar on the left lists related topics such as 'CBILS FOR BUSINESSES AND ADVISORS' and 'CBILS ACCREDITED LENDERS AND PARTNERS'. The main text explains that CBILS is a new scheme announced by the Chancellor at Budget 2020, designed to provide up to £5m in facilities for smaller businesses affected by COVID-19. It also mentions that the scheme provides a government-backed guarantee to lenders, making them 100% liable for the debt.

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