

Coronavirus Business Interruption Loan (CBIL) Scheme Pre-application Information

Is a CBIL right for your business?

What is a CBIL?

- The CBIL Scheme is a UK Government-backed loan or overdraft guarantee scheme. That means the UK Government provides us with a partial guarantee of up to 80 % of the outstanding amount of the CBIL should you default on repaying.
- However, **you remain responsible for repaying the whole of the facility at all times.**
- If you fail to repay the facility and are unable to do so, the Bank will take all possible steps to obtain repayment from you. If all efforts have been exhausted, the Bank can then ask the UK Government to honour its guarantee and pay back a proportion of the debt. If the Bank is able to obtain repayment or partial repayment from the business even after the UK Government payment, the Bank must take that payment from the business and will divide it between the Government and itself in proportion to the amounts paid under the guarantee claim.

[For example: a business borrows £50,000 from the Bank under the CBIL Scheme for a period of five years. The business fails one year later, but still owes the Bank £40,000 under the loan. The Bank will pursue the business for the outstanding £40,000, and manages to claim £20,000 back from the business. The Bank will then make a claim from the UK Government under the CBIL guarantee, which means the Bank is paid £16,000 (80 % of the remaining outstanding debt – which is the maximum guarantee under the CBIL Scheme). The Bank will continue looking for repayment of the outstanding £20,000 from the business. If the business is able to pay anything back, the Bank will refund 80 % of this to the UK Government.]

- The CBIL Scheme aims to counteract the potential impact of Coronavirus on business activity. It enables us to provide you with funding that we might otherwise have been unable to provide, due to the Coronavirus (COVID-19) pandemic.
- Loans from £50,001 to £5,000,000 are available (subject to lending criteria), from a minimum term of three months to six years.
- Overdrafts from £50,001 to £5,000,000 are available (subject to lending criteria), for a maximum term of 12 months.
- Any monies received by us under the CBILS Guarantee does not reduce your liability (nor, if applicable, does it reduce the liability of any Personal Guarantor of the CBILS-Supported Facility) in any way.
- We may ask you to provide security for the CBIL Supported Facility or alternatively we may rely on security you have already provided to us for your existing facilities. We will only ask for a personal guarantee if the facility is for more than £250,000 and the maximum amount we will be able to recover under a personal guarantee will be capped at 20 % of the amount which we are unable to recover from the business.
- Under the CBIL Scheme, the Secretary of State will provide you with a Business Interruption Payment (**BIP**) which will cover all interest, fees and charges that you would otherwise have to pay us under your facility terms and conditions for the first 12 months following the date on which you draw down the facility. You'll need to confirm in writing that payment of a BIP can be made to us directly by the Secretary of State. **You will start paying interest, fees and charges on your loan after these initial 12 months (if the term of your facility is longer than 12 months) and throughout you may be liable to pay fees relating to any default and interest, fees and charges connected to any unarranged overdraft.**
- We will also provide you with a written estimate of the BIP at the time the CBIL Supported Facility is offered to you.
- No fee is payable by you, to us or to the UK Government in relation to the provision of the CBILS Guarantee of your Facility under the CBILS Scheme.
- Tranche drawdowns may be permitted.

Eligibility

Your business may be eligible for a CBIL if it:

- will use the funds for an eligible purpose – including for working capital, investment, or refinancing existing debt;
- is based, and is trading, in the UK;
- has been impacted by the outbreak of Coronavirus (please note – you must confirm this) – for example, it has a reduced cash flow as a result;

- the amount of the facility requested is within at least one of the following thresholds. The business will need to tell us which threshold its proposed borrowing is within and include any documentation it has to evidence this:
 - double the annual wages bill of the business (including social charges as well as the cost of personnel working on the business' site but formally in the payroll of subcontractors) for 2019, or the last year available. If the business was established on or after 1 January 2019, the business will need to provide an estimated annual wage bill for the first year of its operation;
 - 25 % of the turnover of the business in 2019; or
 - the cash flow needs of the business from the moment the facility is granted for the coming 18 months (or for the coming 12 months, if the business has more than 250 employees). The business cash flow plan may include both working capital and investment costs.
- has been running for over 12 months and has a turnover of no more than £45 million in the last 12 months or has not been running for over 12 months and has an expected turnover of no more than £45 million for its first 12 months of business activities. Please note that if your business is part of a group, the group's turnover will be considered when looking at this threshold;
- generates more than 50 % of its income from its trading activity (or in respect of applicants that are registered charities or further education colleges, activities) as at the date of drawdown of the facility in the United Kingdom.
- is able to confirm it was not an 'undertaking in difficulty' as at 31 December 2019. In order to confirm this, we'll need you to confirm all of the following statements later in this application form:
 - you are **not** a public or private company (limited by shares or by guarantee) that has accumulated losses greater than half of our subscribed share capital;
 - you are **not** a partnership, limited partnership or unlimited company that has lost more than half of your capital (as shown in your accounts) as a result of accumulated losses;
 - you are **not** subject to collective insolvency proceedings, and you do not fulfil the criteria for being placed in collective insolvency proceedings;
 - you have **not** received rescue aid where you haven't reimbursed the facility or terminated the guarantee, and you have not received restructuring aid and are still subject to a restructuring plan.
 - If the business has more than 250 employees, you have **not** had the following solvency ratios for the past two years:
 - book to debt equity ratio greater than 7.5; and
 - EBITDA interest coverage ratio below 1.0.
- If your business was an 'undertaking in difficulty' as at 31 December 2019, but is no longer an 'undertaking in difficulty' at the point at which you apply for a CBIL, you may be eligible for a CBIL. Please refer to the BBB website or contact your Relationship Manager if this applies to your business.

Viability

Your business can reasonably be expected to meet its repayment obligations under such Proposed Scheme Facility, determined according to our underwriting policies in place from time to time without regard to any concerns over its short-to-medium term business performance due to the uncertainty and impact of Coronavirus (COVID-19).

Sector restrictions

Please note that certain restrictions apply in the following areas:

- Agriculture
- Aquaculture
- Fisheries

You can find more details on this at the British Business Bank's website: www.british-business-bank.co.uk

Please call 03457 213 213* (8am to 8pm Monday to Friday and 9am to 12 noon on Saturday) if you would like to receive this information in an alternative format such as large print, audio or Braille.

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*Calls to 03 numbers cost the same as calls to numbers starting with 01 and 02. Calls to 0844 and 0843 numbers cost 7p per minute, plus your phone company's access charge. Calls may be monitored or recorded for security and training purposes.

Information correct as at 11/2020