



The Coronavirus Business Interruption Loan Scheme **is now closed** to new applications. Please note, applications received by 23:59 on 31 March 2021 will continue to be processed.

# Coronavirus Business Interruption Loan Scheme (CBILS) Term Loan

The Coronavirus Business Interruption Loan Scheme is designed to support existing HSBC UK customers who have a borrowing need which we would consider viable were it not for the COVID-19 pandemic.

You are liable for 100% of the loan and HSBC will always seek to recover the outstanding balance from you and the proceeds of any security you, or any security provider on your behalf, has given for the loan.<sup>1</sup>

## **This could be the right solution for you**

If you are a business customer:

- looking for financial support through the short-medium term uncertainty due to COVID-19.
- looking to increase your working capital funding.
- looking to expand or diversify your business.

## **Key features and benefits**

- A Government guarantee which secures bank loans to any viable business with a sound borrowing proposal.
- No fee required for Government guarantee.
- No loan arrangement fee.
- No loan prepayment fee, should you wish to repay early.
- Variable interest rate with the option to fix.
- An interest free period of 12 months will apply<sup>2</sup>, after which you will be charged:
  - 3.49% over Bank of England Base Rate<sup>3</sup> for loans up to and including 3 years.
  - 3.99% over Bank of England Base Rate<sup>4</sup> for loans over 3 years.
- No repayment of capital required during the first 12 month period after drawdown.<sup>5</sup>
- Available for sums of £50,001 to £5,000,000.
- The loan can be repaid over any period up to 6 years from the date of drawdown.

A CBILS loan may be available to you if you:

- Are an existing HSBC business customer.
- Operate in the UK.
- Use the funding to support business activity within the UK.
- Generate 50% or more of your business turnover from trading activity.<sup>6</sup>
- Have an annual group turnover of no more than £45m.
- Operate in a sector that is eligible for CBILS.

<sup>1</sup> If HSBC cannot recover all funds, the Government provides a partial guarantee.

<sup>2</sup> You can elect to receive a Business Interruption Payment (BIP) from the UK Government to cover the amount of your loan security fees and your first 12 months of interest payments, this will be paid directly to HSBC by the UK Government

<sup>3</sup> Variable debit interest is payable on your loan at the margin agreed with you, plus the Bank of England Base Rate. If the Bank of England Base Rate falls below zero, we will treat it as zero.

<sup>4</sup> See footnote 3

<sup>5</sup> Subject to status, capital repayment holiday can be extended up to 24 months during the life of the loan.

<sup>6</sup> This eligibility criteria does not apply to applicants which are registered charities or further education colleges.



- Have a sound borrowing proposal and are a viable applicant.<sup>7</sup>
- The loan must be used for an eligible purpose related to COVID-19. For example, due to COVID-19 funds are required for:
  - Short-medium term cash flow concerns.
  - Developing a project.
  - Expanding an existing business.
  - Purchase of equipment.
- You satisfy the requirements to be eligible for the Scheme in relation to the “Undertaking in Difficulty” test (as defined in Article 2 (18) of the Commission Regulation (EU) No 651/2014 of 17 June 2014).<sup>8</sup>
- Under the Business Interruption Payment rules, the maximum assistance that can be provided across all types of government support (including any other CBIL facilities or any other tax or payments advantages under the temporary state aid framework) is €800,000, with restrictions in certain sectors.<sup>9</sup>
- No personal guarantees required in connection with loans of less than or equal to £250,000.
- For loans greater than £250,000, we will review security requirements on an individual basis. If a personal guarantee is deemed appropriate, it will be only in an amount up to a maximum of 10% of the loan amount we agree with you.<sup>10</sup>

### Next steps

- To apply for CBILS visit [cbil.business.hsbc.co.uk](http://cbil.business.hsbc.co.uk), call us on 08000 121 614<sup>11</sup>, or speak to your Relationship Manager.
- Visit the British Business Bank website [british-business-bank.co.uk/CBILS](http://british-business-bank.co.uk/CBILS).

### See our other factsheets

- Bounce Bank Loan Scheme – Government COVID-19 support for sums of £2,000 to £50,000.
- CLBILS – Government COVID-19 support for companies with greater than £45m turnover.
- Flexible Business Loan – individually tailored loans to fit your needs.
- Business Overdraft – to help with cash flow flexibility.

### Important notes

All loans are subject to status. Terms and conditions apply.

The Coronavirus Business Interruption Loan Scheme (CBILS) is managed by the British Business Bank on behalf of, and with the financial backing of the Secretary of State for Business, Energy and Industrial Strategy (BEIS). The Government of the United Kingdom (including the Secretary of State) does not endorse lenders who participate in the Coronavirus Business Interruption Loan Scheme (CBILS) (the ‘Scheme’) and the provision of the Scheme should not be construed as an endorsement or a warranty of HSBC UK Bank plc by the Government.

It is not necessary for you to hold a Business Current Account with us in order to apply for or maintain this loan, unless we are seeking a debenture or fixed charge over book and other debts as security for the loan.

### Standards of Lending Practice for Business Customers (the “Standards”):

We are committed to the Standards of Lending Practice for Business customers (the “Standards”). The Standards are a set of principles of good practice in relation to lending to business customers with a consolidated annual turnover of up to £25m (exclusive of VAT and other turnover related taxes). The Standards apply to products offered for business lending purposes: overdraft, loan, credit card, commercial mortgage and chargecard products across the customer/product lifecycle.

A copy of the Standards of Lending Practice can be obtained at [lendingstandardsboard.org.uk/the-standards-for-business-customers/](http://lendingstandardsboard.org.uk/the-standards-for-business-customers/) and a copy of the Statement of Lenders and Borrowers Responsibilities from our website [business.hsbc.uk/en-gb/campaigns/guide-to-business-borrowing/lending-principles](http://business.hsbc.uk/en-gb/campaigns/guide-to-business-borrowing/lending-principles)

<sup>7</sup> The following trades and organisations are not eligible to apply: Banks, Building Societies, Insurers and Reinsurers (but not insurance brokers), The public sector including state funded primary and secondary schools

<sup>8</sup> As per scheme rules

<sup>9</sup> If you have fewer than 50 employees and less than 9m in annual turnover or annual balance sheet (a Micro or Small enterprise), You are not (i) subject to collective insolvency proceedings or (ii) in receipt of rescue aid (which has not been repaid) or restructuring aid (and are still subject to a restructuring plan); or

<sup>10</sup> If you are not a micro or Small Enterprise, you satisfy the requirements to be eligible for the scheme in relation to the “Undertaking in Difficulty” test (as defined in Article 2 (18) of the Commission Regulation (EU) No 651/2014 of 17 June 2014).

<sup>11</sup> Fishery, aquaculture and agriculture businesses may not qualify for the full interest and fee payment.

<sup>12</sup> If you default on your loan, we will look to realise all other available collateral provided to support your loan before we make a demand on any personal guarantee. The maximum we would then seek to recover under any personal guarantee will be limited to 20% of the amount of your loan that remains outstanding after the proceeds of all other collateral have been applied. Only after this will we look to realise the overment guarantee.

<sup>13</sup> Lines are open 8am to 6pm Monday to Friday (except public holidays). To help us continually improve our service and in the interests of security we may monitor and/or record your communications with us.

# Accessibility

If you need any of this information in a different format, please let us know. **This includes large print, braille, or audio.** You can speak with us using the live chat on our website, by visiting one of our branches or by giving us a call.

There are also lots of other options available to help you communicate with us. Some of these are provided by third parties who are responsible for the service. These include a Text Relay Service and a British Sign Language (BSL) Video Relay Service. To find out more, please get in touch. You can also visit: [business.hsbc.uk/accessibility](https://business.hsbc.uk/accessibility) or [business.hsbc.uk/contact-us](https://business.hsbc.uk/contact-us).

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