

Recovery Loan Scheme (RLS) Phase 3 Term Loan

The RLS Phase 3 is designed to support eligible UK businesses to survive, recover and grow.

You're 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.¹

This could be the right solution for you

If you're a business:

- looking to increase your working capital funding, expand or diversify your business
- operating as a business with an annual group turnover of £45,000,000 or less

Key features and benefits

- A Government guarantee which secures bank loans to viable businesses with a sound borrowing proposal.
- Any UK business not subject to the Northern Ireland Protocol can apply for an RLS Phase 3 loan between £25,001 and £2,000,000.²
- Any UK business that is subject to the Northern Ireland Protocol can apply for an RLS Phase 3 loan between £25,001 and £1,000,000.³
- Term of loan is a minimum of 1 year and maximum of 6 years.

1. If HSBC cannot recover all funds, the Government provides a partial guarantee to HSBC.

2. Subject to (i) eligibility and viability assessments and (ii) previous subsidy amounts received by you or any member of your group over the previous three-year rolling period.

3. Subject to (i) eligibility and viability assessments, (ii) previous subsidy amounts received by you or any member of your group over the previous three-year rolling period and (iii) specific sector sub-limits (£110,000 for agriculture, £170,000 for fishery and aquaculture and £570,000 for road haulage).

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- No fee payable by you for the Government guarantee.
 - Loan arrangement fee of 1.5% for loans of up to £299,999, and negotiated for loans of between £300,000 and £2,000,000.
 - No loan prepayment fee should you wish to repay early (although fixed rate breakage costs may be payable for fixed rate loans of £300,000 and above).
 - The following fixed interest rates will apply to all loans between £25,001 and £299,999:
 - 7.92% for loans up to and including 3 years.
 - 8.37% for all loans over 3 years.
 - The following variable interest rates with an option to fix will apply to all loans between £300,000 and £2,000,000:
 - 4.10% over Bank of England Base rate⁴ for loans up to and including 3 years.
 - 4.45% over Bank of England Base rate⁵ for all loans over 3 years.
 - Capital repayment holidays may be requested for any period up to 24 months.⁶
 - We'll review security requirements on an individual basis. If security (including a personal guarantee) is deemed appropriate we will discuss and agree requirements with you as part of the credit approval process.⁷
 - For loans up to GBP299,999, repayments are monthly only. For loans of GBP300,000 and above the repayments can be monthly or quarterly.
 - You are responsible for ensuring that any subsidy we provide you in connection with a RLS loan will not exceed any subsidy threshold applicable to your business.

4. 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.

5. As previous footnote.

6. Subject to status and approval, capital repayment holidays can be provided for periods of up to 24 months during the life of the loan.

7. 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 the amount of your loan that remains outstanding after the proceeds of all other available collateral have been applied. Only after this will we look to realise the Government guarantee.

Eligibility

A RLS Phase 3 term loan may be available to you if you:

- and your group operate in the UK and more than 50% of your, or your group's, annual turnover is generated from trading activity⁸
- are a registered charity or further education college and have been impacted by COVID-19⁹
- and your group operate in a sector that is eligible for RLS¹⁰
- have a sound borrowing proposal and are a viable applicant
- use the loan for an eligible purpose. For example, funds are required for:
 - short-medium term cash flow concerns
 - developing a project
 - expanding an existing business
 - purchase of equipment
- are not a business in difficulty¹¹

8. Eligibility criteria for registered charities or further education colleges will differ, please contact us for more information.

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10. 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.

11. As per scheme rules, your business will be a business in difficulty if:

(a) you hold a credit rating and have a long-term issuer or debt rating below Credit Quality Step 5 from a recognised rating agency; or

(b) you do not hold such a rating and you would be considered by us to be:

(1) of poor credit standing; or

(2) subject to very high credit risk; or

(c) you are subject to relevant insolvency proceedings.

- **Note:** Businesses who have taken out a CLBILS, CBILS or BBLs Facility are eligible to apply for a RLS Phase 3 term loan. However, any borrowers who have taken part in any previous Government Schemes must not have breached any rules of these previous schemes.

Next steps

- To apply for RLS Phase 3, visit business.hsbc.uk/rls and complete the online application.
- For more information, visit the British Business Bank website british-business-bank.co.uk.

See our other facilities

- **Flexible Business Loan** – individually tailored loans to fit your needs.
- **Business Overdraft** – to help with cash flow flexibility.
- **Commercial Mortgage** – finance for the purchase or re-finance of business premises for your own business use.
- **Commercial Business Loan** – business loan to support business growth, development and maintain cash flow.

Important notes

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

The Recovery Loan Scheme Phase 3 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 Recovery Loan Scheme Phase 3 (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's 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.

Missing payments could have severe consequences such as making obtaining credit more difficult and could result in legal action to recover any debt.

Your home may be repossessed if you do not keep up repayments on a mortgage or any other debt secured on it.

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

We’re 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 charge card 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/ and a copy of the Statement of Lenders and Borrowers Responsibilities from our website business.hsbc.uk/lending-standards-board.

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 service 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 or: business.hsbc.uk/contact-us.

business.hsbc.uk

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Customer Information: Customer Service Centre, BX8 2HB.

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