



BOUNCE BACK

Bounce Back Loan Scheme

A critical business lifeline for many businesses

Bounce Back Loan Scheme (BBLS)

British Business Bank Guidance

The government announced BBLS to provide low level financial support to businesses that have seen their revenue/cashflow adversely affected by Covid-19. The scheme allows businesses to apply for a loan from £2,000 up to 25% of their turnover from their accredited bank. The maximum loan amount under this scheme is £50,000.

Unlike CBILS the government has dictated the interest rate that is to be charged by the lender under this scheme and the term length of the loans. The interest is fixed at 2.5% and the length of the loan is 6 years. The government will make a Business Interruption Payment (BIP) to cover the first 12 months interest payments. The borrower does not have to make any repayments for the first 12 months.

Also, unlike CBILS, lenders are not permitted to take personal guarantees or to take action over a borrower's personal assets (e.g. their home or car). BBLS offers the lender a 100% government backed guarantee against the outstanding balance (both interest and capital) which allows lenders to greatly reduce the amount of financial due diligence resulting in a simplified and faster application process.

This scheme is only eligible to borrowers that:

- The business was established pre-1st March 2020 and has been affected by Covid-19,
- Was not a business in difficulty at 31 December,
- Are engaged in a trading/commercial activity in the UK,
- Derive more than 50% of its turnover from their trading activity,
- Are not using CBILS, CLBILS or CCFF,
- Are not a credit institution, insurance company, public sector organisation or a state-funded school.

Note: CBILS loans less than £50k can be converted into BBLS loans by refinancing the whole CBILS facility.

What is the Bounce Back Loan Scheme ("BBLS")?

Following the Chancellor of the Exchequer's announcement on 27 April 2020, the Bounce Back Loan Scheme is now open for applications. Delivered by lenders accredited by the British Business Bank for this scheme, Bounce Back Loans target small and micro businesses in all sectors¹, providing loans from £2k up to 25% of the business' turnover with a maximum loan of £50k. Providing lenders with a 100% government-backed guarantee and standardising the application form is expected to lead to a faster process with many loans becoming available within days.

The Bounce Back Loan Scheme enables businesses to obtain a six-year term loan at a government set interest rate of 2.5% a year. The government will cover interest payable in the first year.

Who is eligible?

Businesses from all sectors can apply for a facility. The business must self-certify to its lender the following:

- Confirm it is UK-based in its business activity, and established by 1 March 2020
- Confirm it has been adversely impacted by the Coronavirus (Covid-19)
- Confirm it is not currently using a government-backed
- Coronavirus loan scheme (unless using BBLS to refinance a whole facility)
- Confirm it is not in bankruptcy, liquidation or undergoing debt restructuring

Bounce Back Loan Scheme (BBLs)

Accredited lenders

The BBB sets out its accredited lender which is constantly being updated, the current accredited lenders are set out to the right. We understand that other local lenders will be added to the list over the coming days and weeks:

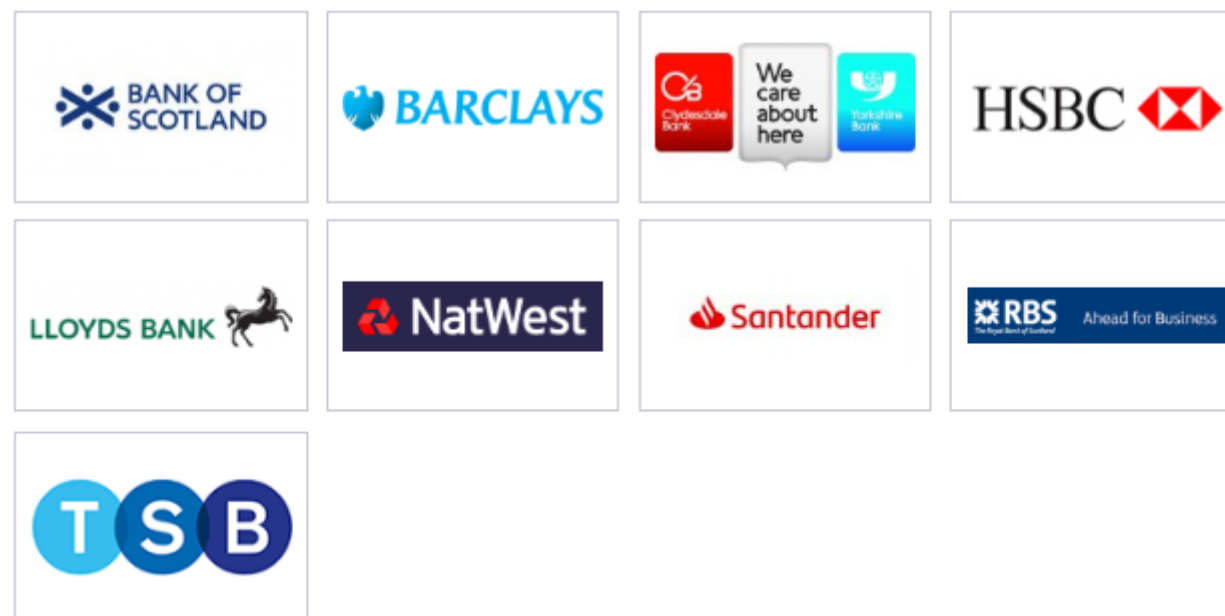
How do I apply for a BBLs Loan:

1. Speak to your existing lender or find a British Business Bank accredited lender (Set out to the right)
2. Approach your selected lender, ideally via the lender's website first
3. Fill in a short online application form on your lender's website, which self-certifies whether you are eligible for a Bounce Back Loan facility. Eligible companies will be subject to standard customer fraud, Anti-Money Laundering (AML) and Know Your Customer (KYC) checks. Some State aid restrictions may apply to applications.
4. Your lender will review your application and if eligibility criteria can be met and you are approved, your funding request, submitted via the new standardised online application form, may be available within days.
5. Your business now has the finance it needs to sustain its operations during the Covid-19 outbreak. Note: You remain liable for repaying 100% of the outstanding facility.

YOUR LOCAL LENDERS



NATIONAL LENDERS THAT OPERATE IN YOUR AREA



Coronavirus Business Interruption Loan Scheme (CBILS)

FAQ's

How long is the scheme open?

The Scheme is intended to be a temporary response to the unprecedented challenges to businesses as a result of coronavirus (COVID-19). The Scheme will initially open until 4 November 2020, with the government retaining the right to extend this.

How much can I apply for?

Businesses can apply for between £2,000 up to 25% of their turnover. The maximum loan available under the Scheme is £50,000. The government will cover the interest repayments for the first 12 months.

The government-backed guarantee on the loan is a guarantee to lenders. Businesses remain 100% liable to repay the full loan amount, as well as interest, after the first year.

How long will it take me to get the funds?

The Scheme has been designed to enable businesses to access finance quickly. Businesses are required to complete an online application form, which is expected to be assessed by their lender within a matter of days.

What products are available under the Bounce Back Loan Scheme?

Accredited lenders are only permitted to provide term loans under the Scheme. The Scheme is targeted at supporting those businesses who need access to finance quickly and, therefore, requires lenders to offer a standard product.

When do I have to start repayments?

The borrower is 100% liable for repaying the loan and any interest. The government will cover interest payable to the lender for the first 12 months. The borrower will then need to make full repayments (the loan and any interest) up to the end of the six-year term, as per their arrangement with the lender.

What fees and interest will I be required to pay?

The government has set the interest rate for this facility at 2.5% per annum. Lenders are not permitted to charge any fees.

What term can I borrow this over?

Loans under the Bounce Back Loan Scheme are available over a fixed six-year term

How much am I meant to repay?

Businesses are not required to make repayments for the first 12 months but will still have to repay the loan and any interest after 12 months.

Can I repay early?

Early repayment is permitted at any stage, without early repayment fees.

Next Steps?

BBLS is a new scheme and initially seems very attractive, however, it is important to remember that the borrower is 100% liable for the cost of the repayment of the loan. It is very important that you have a clear plan for the use of the loan and what it will deliver and for the Company. It is also very important that you have certainty that a £50k BBLS loan is enough cash to help the business bounce back, if you need more money a CBILS will be more appropriate, despite requiring more work, without sufficient cash the business will need to turn to the shareholders for further equity.

Do check out our HannawayCA [website](#) that we will be updating frequently.

HannawayCA is experienced at understanding the key drivers of businesses and can assist you to plan and navigate your way through this difficult period. If you want us to assist you, please contact one of our Directors:

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Additional notes:

This scheme is just one of several measures announced by Government and you can find full details of the temporary, timely and targeted measures to support public services, people and businesses through this period of disruption caused by COVID-19 [here](#).

CBILS loans are aimed at supporting good businesses through a difficult period, they are not a silver bullet for struggling businesses.

If the accredited lender can offer finance on normal commercial terms without the need to make use of the scheme, they will do so.

Not every lender can provide every type of finance listed.

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. Fishery, aquaculture and agriculture businesses may not qualify for the full interest and fee payment.