Factsheet

Block Discounting Agreement

Conister

Conister can provide a facility to the Borrower to finance lending activities.

Customer loans

The underlying agreements will reside on the Borrower's paper and systems. There will only be one facility between the Borrower and Conister. The underlying agreements will be assigned against the Block facility to Conister on each drawdown.

Purchase Price/Advance Rate

The percentage will depend on Dilution (Arrears, Defaults and Write-Offs) and Concentration (Maximum Individual Exposures), typically 70-95%.

Security over assets

Conister will also expect to take a floating charge over the Borrower's assets. On each drawdown underlying assets will be secured and assigned to Conister through a deed of assignment.

Capital and Interest payment

The key feature of this product is that the Borrower will make capital and interest repayments during the term of the loan (maximum 7 years).

Cover ratio

Conister will expect a cover ratio of between 105%-215% of the gross receivables divided by the Purchase Price/Advance Rate.

Replacement paper

If the underlying agreements that are assigned by the Borrower go into arrears/default, then this can be replaced by further loans (unencumbered assets) which will be assigned to Conister.

Therefore, allowing the Borrower to always meet the covenants agreed of 105%-215% cover ratio.

Legal documents and conditions

The Borrower will be requested to provide relevant paperwork e.g., AML/CDD identification and proof of address to Conister, to satisfy any conditions precedent and reach legal completion.

Audits and pre-lend audit

A pre-lend audit will be undertaken during the onboarding process which entails a review of the Borrower's polices, processes and procedures. Quarterly audits will be conducted through both remote and site visits. This will look at all aspects of the Borrower but focus on a review of underlying agreements, customer journey, regulatory/legislative compliance and financial performance.

Monthly Information Requirements

Conister will use monthly management information and loan book data to review and monitor the financial and non-financial performance of the Borrower. Open Banking permissions can be provided by the borrower as an alternative to providing Bank Statements monthly. Read only access to the Borrower's lending system can improve auditing, monitoring, sample testing and attract more favourable terms.

Financial covenants applicable (typically just tangible net worth)

Financial covenants will be agreed at the outset of the Block Discounting Agreement (based on historic and forecast performance), Conister will measure variance to and compliance with these covenants throughout the life of the facility.

Credit Criteria and Non-Financial Covenants

Conister will agree Credit Criteria and Non-Financial Covenants during negotiations, these will be confirmed post the Bank's sight of and satisfaction with the Pre-Lend Audit.

Legal opinion or confirmation required (contemporary, assignable/transferable and enforceable)

Conister will require legal opinion or confirmation that the Borrower's legal documentation, underlying documentation controls and timelines for issuance are regulatory/legislatively compliant, transferable (assignable) and enforceable.

Costs and expenses

Pre-lend audit fees and legal fees will be payable by the Borrower. An arrangement fee of 1% of the facility will be payable on signing of the agreement. Depending on the position in the products and company's lifecycle, financial and non-financial performance, costs and expenses are negotiable. All other fees will be incorporated within the Block Discounting Agreement and discussed between parties during the on-boarding process.

To find out more:
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