



BRITISH
BUSINESS
BANK

ENTERPRISE FINANCE
GUARANTEE

THE ENTERPRISE FINANCE GUARANTEE

EFG: FACILITATING LENDING TO THE UK'S SMALLER BUSINESSES

Since its launch in 2009, the British Business Bank's Enterprise Finance Guarantee (EFG) scheme has supported the provision of over £3.2bn of finance to more than 30,000 smaller businesses throughout the UK. EFG facilitates lending to smaller businesses that are viable but unable to obtain finance from their lender due to having insufficient security to meet the lender's normal security requirements.

In this situation, EFG provides the **lender** with a government-backed 75% guarantee against the outstanding facility balance, potentially enabling a 'no' credit decision from a lender to become a 'yes'.

EFG is managed by British Business Financial Services Ltd on behalf of its sponsoring department, Department for Business, Energy and Industrial Strategy (BEIS).

Over
£3.2bn*

value of facilities drawn
under EFG since launch

More than
30,000*

number of facilities drawn
under EFG since launch

*December 2018

“ The Enterprise Finance Guarantee is an important option for smaller businesses who need access to finance to grow. We're pleased to be partnering with British Business Bank and UK Finance to raise awareness of the programme through our adviser network. ”

Nick Levine, Head of Enterprise, ICAEW

OUR ACCREDITED LENDERS

EFG is delivered by c.40 accredited EFG lenders across the UK. EFG supports a wide range of business finance facilities, including:

- Term facilities
- Overdrafts
- Asset finance facilities
- Invoice finance facilities

EFG guarantees facilities to fund the future growth or expansion of a business from £1,000 to £1.2 million.

Finance terms are from three months up to 10 years for term facilities and asset finance facilities and up to three years for overdrafts and invoice finance facilities.

To be eligible for support via EFG, the small business must:

- Be UK based, with turnover of no more than £41 million per annum.

- Operate within an eligible industrial sector (a small number of industrial sectors are not eligible for support).
- Have a viable borrowing proposal, but insufficient security to meet a lender's normal requirements.
- Be able to confirm that they have not received *de minimis* State aid beyond €200,000 equivalent over the previous three years.

A limited number of further eligibility restrictions do apply.

Full details on EFG eligibility criteria and the list of participating EFG lenders can be found on our website at:

www.british-business-bank.co.uk/EFG

EFG CASE STUDY – EURO RECYCLING

Euro Recycling Brokers Ltd is a waste broker that provides sustainable waste management solutions to their clients, primarily arranging for the collection and disposal of various waste streams. Euro Recycling became the 30,000th business to secure funding under EFG, a significant milestone for the scheme. As a team of waste specialists, they encompass over 30 years' experience. In addition to this they also facilitate site, plant and liability insurances, staff training and plant/recycling equipment finance solutions.

Since being established in 2015, Euro Recycling has experienced rapid year on year growth. In order to accelerate the business even further, the team required new funding for working capital and to expand their existing workforce and realise their growth ambitions.

After being referred to ABN AMRO Commercial Finance, the team secured a creative funding solution to meet their growth requirements, comprised of £1.35m Receivables Finance and a £150k EFG-backed invoice finance facility.

“EFG will support us in achieving continued growth. We were particularly impressed with ABN AMRO's transparency throughout the on-boarding process and look forward to working with them as our preferred partner for growth.”

Ben Essien,
Financial Director,
Euro Recycling



For more on Euro Recycling and a range of other EFG case studies, please visit: www.british-business-bank.co.uk/our-case-studies

HOW DOES A SMALL BUSINESS APPLY FOR AN EFG-SUPPORTED FACILITY?

It's simple to apply and should take no longer than a standard application.

Any small business interested in EFG should, in the first instance, approach one of the c.40 EFG accredited lenders with their proposal.

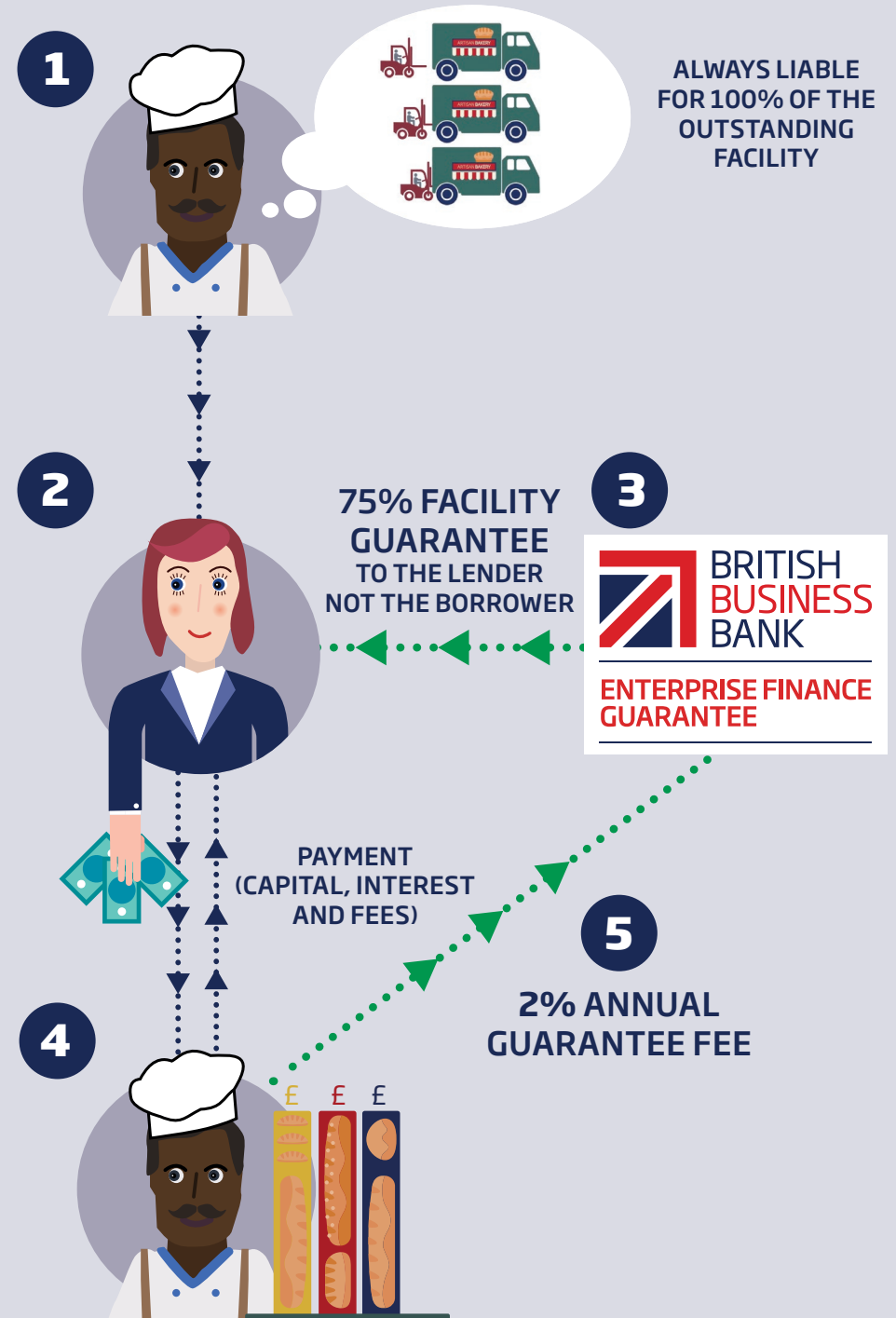
If the EFG lender can offer finance on normal commercial terms without the need to make use of EFG, they will do so. Where the small business has a viable proposal but no, or insufficient security, the lender will consider the small business for support via EFG.

Decision-making on whether a small business is eligible for EFG is fully delegated to the c.40 accredited EFG lenders. These lenders range from high-street banks, to challenger banks, asset based lenders and smaller specialist local lenders.

Please note:

- As with any other commercial transaction, the borrower is always responsible for repayment of the full value of any facility supported by EFG
- The guarantee is to the lender and not the small business
- All small businesses supported via EFG are required to pay a 2% annual fee to the government, as a contribution towards the cost of the scheme

1. A business needs funding but does not have sufficient security to secure the required finance.
2. The lender has assessed the business proposition as viable, but the lack of sufficient security means the business cannot meet the lender's normal requirements.
3. The government, operating through the British Business Bank, guarantees 75% of the facility balance to the lender, which may enable a 'no' credit decision to become a 'yes'.
4. The lender, using the Enterprise Finance Guarantee, can now offer the finance facility requested, providing all other lending criteria can be met*.
5. The business now has the finance it needs to achieve its growth ambitions. It remains liable for paying 100% of the outstanding facility and must pay a 2% annual Guarantee Fee to the government as a contribution towards the cost of the Scheme.



* The business must be UK based, with turnover of no more than £41m, and be able to repay the finance facility. A limited number of further eligibility restrictions do apply. Full details can be found here: www.british-business-bank.co.uk/EFG

HELPING TO EXPLORE FINANCE OPTIONS

The British Business Bank **Finance Hub** is a website designed to help UK businesses understand and explore their finance options.



It features infographics and checklists to help businesses get 'investor ready' as well as articles and guides from finance providers on how smaller businesses may identify and access finance options to support their growth ambitions.

Key to the Finance Hub is a new Finance Finder, a simple six-step tool that enables businesses to explore and identify finance options that could be suitable for them.

The Finance Hub can be accessed online at www.british-business-bank.co.uk/finance-hub

The British Business Bank and the ICAEW jointly publish **The Business Finance Guide**. Designed to be the starting point for businesses looking for finance options for their circumstances, the guide is available in print and online. Whether you are just starting out or are an established business owner, the guide could help you explore and identify a range of finance options.

The Business Finance Guide can be accessed at www.thebusinessfinanceguide.co.uk



ABOUT THE BRITISH BUSINESS BANK



The British Business Bank is a government-owned economic development bank which aims to ensure that finance markets work more effectively for smaller businesses, enabling them to grow, prosper and build UK economic activity. Using research, expertise and government money, the British Business Bank designs and delivers programmes that benefit start ups, high growth, or simply viable but underfunded smaller businesses.

Our aim is to make finance markets work better for smaller businesses in the UK at all stages of their development: starting up, scaling up and staying ahead.

Visit www.british-business-bank.co.uk for further details.

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OUR STAKEHOLDER PARTNERS



www.ukfinance.org.uk

www.icaew.com

British Business Bank plc is a public limited company registered in England and Wales registration number 08616013, registered office at Steel City House, West Street, Sheffield, S1 2GQ. As the holding company of the group operating under the trading name of British Business Bank, it is a development bank wholly owned by HM Government which is not authorised or regulated by the Prudential Regulation Authority (PRA) or the Financial Conduct Authority (FCA). It operates under its own trading name through a number of subsidiaries, one of which is authorised and regulated by the FCA. British Business Bank plc and its subsidiary entities are not banking institutions and do not operate as such. A complete legal structure chart for British Business Bank plc and its subsidiaries can be found at www.british-business-bank.co.uk.