

# ENTERPRISE FINANCE GUARANTEE

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## APPLICATION PROCESS AND LIST OF LENDERS

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## **How does a Business apply for an EFG-backed facility?**

First and foremost a business applies to a lender for a loan or other form of debt finance. EFG is a tool which, in certain defined circumstances, enables a lender to offer a facility which they would otherwise decline.

If a lender is able to offer a business a facility without the need to make use of EFG then they should do so, not least because any EFG-backed facility requires the payment of a 2% guarantee fee by the borrower in addition to the capital and interest payments payable to the lender.

### **Step One Evaluation of Borrowing Proposal (Assessed by Participating Lender according to own criteria)**

EFG Applicants will need to provide all the information normally required by a lender in connection with a finance application, typically including:

- business plan, including details of the purpose of the facility and details of other borrowings of the business
- suite of financial information – to include historic trading figures, management accounts and financial projections

details on any other publicly funded support received by your business within the past three years (relevant to lender's possible consideration of the use of EFG)

### **Step Two EFG Eligibility Criteria Check (Assessed by Participating Lender)**

The following criteria define the circumstances in which an EFG-backed facility may be provided:

- Small businesses in the UK with an annual turnover of up to £41 million
- Borrowing requirement of £1,000 - £1.2 million.
- Facility term of at least 3 months, with a maximum of 5 years for facilities of up to £1.2 million, 10 years for facilities of up to £600k and 3 years for invoice finance, asset finance, overdrafts and other revolving facilities.
- Unable to provide any or sufficient additional security to the Lender.
- In an eligible sector. Most sectors are eligible with the principal exclusions relating to businesses in the coal industry, and certain aspects of agriculture and financial services.

- Borrowing is for an eligible purpose. Most purposes are eligible, with the principal exclusions being in respect of facilitating speculative investment, provision of finance (i.e. use of borrowing to fund lending or investment) or financing of specific export orders.

After evaluating the borrowing proposal and performing the EFG eligibility check the lender will then advise the borrower whether it is prepared to provide an EFG-backed facility.

## Cost to the Business

- In addition to the regular capital and interest payments due to the lender, plus any arrangement fee which may be charged, a guarantee fee is payable to BEIS as a contribution towards the cost of providing the guarantee.
- The guarantee fee is equivalent to two per cent per annum on the outstanding balance of the facility. It is assessed and collected quarterly in advance throughout the life of the facility. At the point of taking out the facility the borrower is advised of the guarantee fee payments due throughout the life of the facility.

## EFG List of Lenders

The following lenders participate in EFG. Where a lender operates in a limited geographic area which may not always be immediately apparent from the name of the institution then the area is detailed in brackets after the name of the institution.

ABN AMRO Commercial Finance

ART Share Limited (West Midlands)

Bank of Ireland (Northern Ireland)

Bank of Scotland

Barclays

Black Country Reinvestment Society (Black Country & Staffordshire)

Business Enterprise Fund (West & North Yorkshire)

Business Finance Solutions (Manchester & Cheshire)

Capitalise Business Support (Kent, Sussex & Surrey)

Clydesdale Bank

County Asset Finance

County Business Finance

Coventry & Warwickshire Reinvestment Trust

DSL Business Finance (Central Scotland)

Danske Bank (Northern Ireland)

Finance for Enterprise (formerly Donbac) (South Yorkshire)

Enterprise Answers (Cumbria)

Enterprise Loans East Midlands

Foundation East (East of England)

HSBC

Hitachi Capital (UK) plc

Hull Business Development Fund – The Chamber Acorn Fund

Lloyds Bank

Metro Bank

MSIF (Merseyside)

NatWest

NEL Fund Managers (North East)

Newable Business Loans

Regency Factors

The Royal Bank of Scotland

Santander

Skipton Business Finance

South West Investment Group

TSB Bank

UK Steel Enterprise

Ulster Bank

(Northern Ireland)

Ultimate Finance Group

Yorkshire Bank

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