

Enterprise Finance Guarantee (EFG)

Broker Information Guide

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Enterprise Finance Guarantee (EFG) Information Guide	
What is the Enterprise Finance Guarantee?	The EFG is a Government initiative which supports lending to viable SMEs with inadequate security to meet the risk appetite of a particular funder. The British Business Bank (BBB) provides the Guarantee to the funder that provides additional comfort to allow a credit approval that would otherwise be declined.
Security	The EFG Guarantee may only be used where HCBF can certify that a proposal would not proceed in the absence of the additional security provided by the guarantee. In instances such as this we will only then consider the proposal if we are satisfied the business can afford the repayments.
Fees	The BBB require the Customer to pay a fee of 2% that is based on the reducing balance of the guaranteed amount outstanding each year. The fee is payable quarterly in advance by Direct Debit to the BBB's agent to contribute to the cost of the scheme and to enable SMEs to access finance. The first Guarantee fee payment is collected approximately one month following the drawdown. The second payment is on the 14 th of the month, on the third calendar month following drawdown with all further payments 3 months thereafter.
EFG Fee Calculator	You can calculate the amount your customer will pay in fees by using our EFG fee calculator. The calculator will enable you to show the customer the guarantee fees they will pay during the course of the term. There is a printable version available if you wish to leave a copy with the customer.
EFG benefit to HCBF	HCBF will define the amount of guarantee cover required. This can range from 10% to 100% of the balance financed.. Once selected the percentage is fixed for the duration of the agreement. The EFG Guarantee then covers a maximum of 75% of HCBF loss (post recoveries) in the event of customer default. The borrower is responsible for all 100% of the EFG facility, not just the 25% outside the coverage of the government guarantee
Availability	The EFG initiative is available to all Introducers of HCBF and is based on customer suitability.
Is the SME a "Business in Difficulty"	The SME (or its group, if applicable) must not be a "business in difficulty" i.e. are likely to result in the SME going out of business in the short or medium term.
EFG Eligibility Criteria	
Customer Types	The Customer must be an SME, which includes sole traders and partnerships; Charities and non-profit entities are also eligible. Company directors with the agreement in their personal name are NOT eligible even if the funds are to be injected in to the Business.
Customer Financial Requirements	The Customer must have an annual turnover of £41m or less (including the group, if the SME is part of a group). The Customer must generate at least 50% of its turnover from trading activity and be trading within the UK (no exports allowed).
Amount, Term and Repayments	Sterling only. Minimum lend £50k (which has already taken into account the deposit) up to a maximum of £1.2m if the Facility term is no more than 5 years. Where the proposed term is between 5 and 10 years, the maximum available amount is £600k. Repayments can be regular monthly, quarterly, half yearly or annual reductions. Standard Credit terms apply.
State Aid	Support via EFG constitutes 'de minimis' State Aid from the UK government to the SME. No Customer may receive more than €200,000 in any rolling three year period. Lower limits apply for certain sectors: Agriculture (€15K), Fisheries (€30K) and Road Transport (€100k), meaning Customers who receive milk subsidies cannot apply. Brokers should enquire whether the Customer has received any State Aid in the previous 3 years and accept the verbal response as provided by the Customer.
Pricing	Please refer to your Account Manager for details.
Products	Non-Reg Fixed Rate Hire Purchase, Finance Lease, Sale and HP/Lease back. No re-finances or self-supply or VAT deferrals.
Market Sectors	Some exclusions and restrictions – e.g. Financial Services, Road Freight, Agriculture, Fisheries, Trade Unions, Professional Religious or Political Organisations and Education. All other sectors to be discussed and considered.
Asset Types	Exclusions – Deals for vehicles subject to personal taxation. Performance related costs such as airtime, service and maintenance, gaming machines, licensed computer software and private individuals All other hard and soft asset types, including those HCBF do not currently fund to be discussed and considered.

EFG Documentation

Data Protection & Disclosure Declaration Forms	<p>EFG Data Protection Form – must be signed by all potential EFG borrowers, before any details are entered on to the EFG Web Portal. These forms provide us with authority to enter any business and personal data on to the EFG web portal. One authorised signatory on behalf of the business can sign the declaration.</p> <p>Additionally Personal and Corporate Guarantors will each need to sign separate EFG Data Protection Forms. Individual signed forms are required due to GDPR regulations and if the facility is subject to audit by the BBB we need the authority of all guarantors to be able to share their personal information. For example if an EFG deal has been accepted with two guarantees we therefore require three declaration forms – one on behalf of the business and one from each guarantor.</p> <p>NB: The declarations are completed in different sections so please refer to a member of the Structured Finance Team or the examples on the document portal as they must be completed correctly before we can progress.</p>
Further Documentation	<p>EFG Guarantee Fee Calculator – we require a completed copy of the calculator which provides a breakdown of the quarterly fees the customer will pay based on the balance to finance and rental amounts. (A printable version can be left with the customer). We will require a copy of this as well as the usual financial details of the deal e.g payment profile, term & yield (copy of freehand will suffice). Once we have received all the information and the Declarations we can start to populate the information on to the EFG web portal to provide the following documents.</p> <p>Form of Information Declaration, EFG DDM and Acknowledgement Letter (all three to be signed on behalf of the SME)</p> <p>A Guarantee Fee Schedule and State Aid Letter is also produced by us in the EFG web portal and both of these can be left with the customer.</p> <p>NB: If the final figures have changed after the EFG documents are produced we will need to re-populate new documents for the customer to sign.</p> <p>All the EFG documentation is in addition to the normal finance documents and invoices that you would send to us</p>
Document Portal	For further information, aids, handouts and examples please refer to the document portal
Structured Finance Team	
Dedicated EFG Team	<p>In addition to your Account Manager, we have a team of specialists in our Structured Finance team, who are available for your queries regarding documentation and payment of EFG transactions.</p> <p>Email – BFStructuredFinance@HitachiCapital.co.uk</p> <p>Telephone - 01784 411832</p>

 **Hitachi Capital (UK) PLC**
Business Finance