

## **EFG Frequently Asked Questions (FAQs):**

### **How do I express an interest in the Scheme?**

Please complete the [Expression of Interest document](#) which can be found on our website.

### **We are an unsecured lender but we take personal guarantees, is this eligible?**

For the purpose of the EFG Scheme personal guarantees are deemed an acceptable form of security even where they are unsupported by a charge over an asset. The lender must have an appropriate credit policy in place for assessment of the net worth of the individual(s) providing a guarantee. The lender must be able to demonstrate that they would decline an application for credit as a result of their assessment of the value of the personal guarantee, as only proposals which the lender has assessed as viable but for the lack or insufficiency of security are eligible for EFG.

### **What is considered Secured Lending?**

As EFG offers an alternative to security which the lender requires but the borrower is unable to provide then, by definition, accreditation is only suitable for lenders which lend on a secured basis. A core principle of the EFG scheme is that accredited lenders must be able to confirm:

- a) That each EFG-backed transaction is viable (i.e. that the SME is able to repay and service the loan according to the lender's credit policy); and
- b) That the lender would be prepared to lend in principle, with its own capital, to the SME, but for the inadequacy or lack of available security.

Implicit within this principle is the requirement for the lender to go through the process of verifying the availability of security according to their normal lending policies, and to establish that there is either a shortfall or complete absence. At this point EFG becomes relevant. Lenders who only lend on an unsecured basis by definition cannot comply with this principle and are ineligible for accreditation.

Just to confirm, personal guarantees are considered security for purposes of EFG even if they are unsupported. Once you have the ability to take security and it is part of your normal lending practices, and you turn down proposals based on lack of security, then in principle you fulfil the EFG criterion for secured lending, however this is subject to our more detailed assessment during the Expression of Interest stage or Formal Proposal stage.

**The Department for Business, Innovation & Skills [note: now Department for Business Energy and Industrial Strategy] supports grants via the Regional Growth Fund (RGF). Is this a scheme that is**

**being discontinued in favour of the Enterprise Finance Guarantee (EFG)?  
If RGF is to continue is the accreditation process the same for both or  
are they completely separate and run independently?**

Although both EFG and RGF are BEIS funded schemes, RGF is run directly from the department of BEIS whereas EFG is managed on behalf of BEIS by BBB. These are independent schemes, and accreditation for lenders is therefore distinct and separate for each scheme. While some RGF programmes remain active for SMEs to apply for finance, RGF is closed to new lender applications.

For further information on RGF please refer to;

<https://www.gov.uk/guidance/regional-growth-fund-programmes-guide>

For further information on EFG accreditation please contact us at:

[efgaccreditation@british-business-bank.co.uk](mailto:efgaccreditation@british-business-bank.co.uk)

**We have previously been accredited for Invoice Discounting. When looking at the guarantee cap at 15% of a lending portfolio is it feasible to aggregate transactions whether they are Invoice Discounting, Loans, or Asset Finance or are these all products considered separate schemes so each lending type would have to be a separate portfolio?**

The EFG claim limit operates on a portfolio basis across all lending done by any one lender on an annual basis.