

Enterprise Finance Guarantee Factsheet

What is it?

The £1bn Enterprise Finance Guarantee (EFG) Scheme will support up to £1.3bn of new lending by banks to viable SMEs with working capital or investment needs.

Who will benefit from the scheme?

The EFG Scheme is open to businesses with an annual turnover of up to £25m, seeking loans of £1,000 to £1m, repayable over a period of 10 years.

Most businesses in most sectors will be eligible for the scheme. However, state aid rules exclude businesses in the agriculture, coal and steel sectors.

What sorts of lending will this cover?

The guarantee can be used to support new loans, refinance existing loans or to convert part or all of an existing overdraft into a loan to release capacity to meet working capital needs.

How much of the loan will Government guarantee?

Government will guarantee 75 per cent of the loan.

How long will the scheme run for?

EFG will be available from Wednesday 14 January 2009 and will operate until March 2010.

Who are the participating lenders?

Barclays

Clydesdale / Yorkshire Bank

HBOS

HSBC

Lloyds TSB

RBS / Natwest

Northern Bank

It will become available to other lenders as they apply.