

# AECM General Assembly Porto, 22<sup>nd</sup> June 2016

## The British Business Bank - An Introduction



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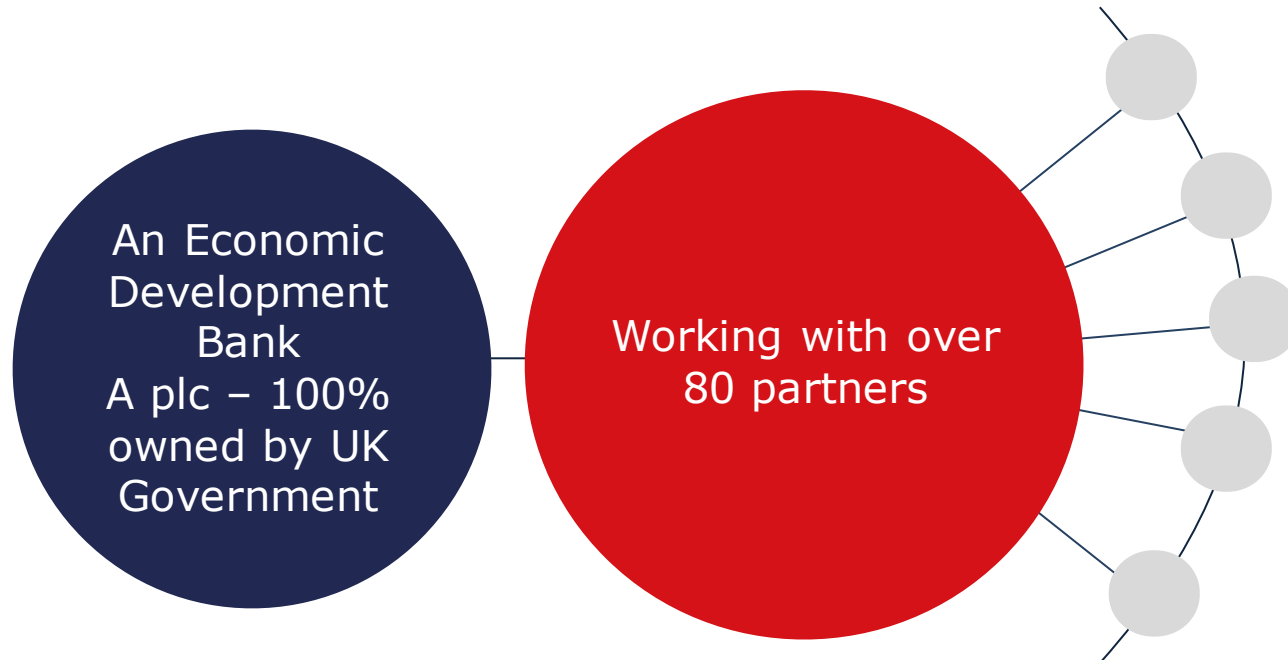
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# The British Business Bank

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- Aim to change the structure of the finance markets for smaller businesses, so they work more effectively and dynamically
- In turn, this will help businesses prosper and build economic activity in the UK
- PLC since 1st November 2014.



# Our Strategic Objectives

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## INCREASE SUPPLY OF FINANCE

to smaller businesses where  
markets do not work effectively



## CREATE A MORE DIVERSE MARKET

for smaller businesses'  
finance with greater  
choice of options and  
providers



## PROVIDE BETTER INFORMATION

in the market connecting  
smaller businesses and  
finance providers



## MANAGE

taxpayers' resources  
efficiently



# Our Impact

## More Finance

Up to £10bn

## Greater Choice

of product and  
provider

## Better Info

About finance  
options

## Return for Taxpayer

**£2.9Bn**

total stock of  
lending and  
investment for  
smaller  
businesses

**48,000**

smaller  
businesses are  
currently  
supported by our  
programmes

Working with  
**over 80**  
partners

Over **75%** of  
our funding is  
provided through  
partners outside  
the four largest  
bank lenders

## START UP

Mentoring and funds to  
'be your own boss'

## SCALE UP

Funds for high-growth  
potential businesses

## STAY AHEAD

More funding options  
and choice of provider

# Our Guarantees

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- BBB provides both wholesale (capital) and transactional guarantees – different structures but a common ultimate objective of improving access to finance for SMEs
- Currently BBB acts as agent for the Secretary of State (Minister) for Business, Innovation & Skills, so these are sovereign guarantees, but exposure may move to BBB balance sheet in the future (BBB 100% owned by government but does not yet have own credit rating)
- BBB continues to innovate in the design and scope of application of guarantees
- UK government also provides export credit guarantees but these provided by a separate agency – UK Export Finance – not BBB

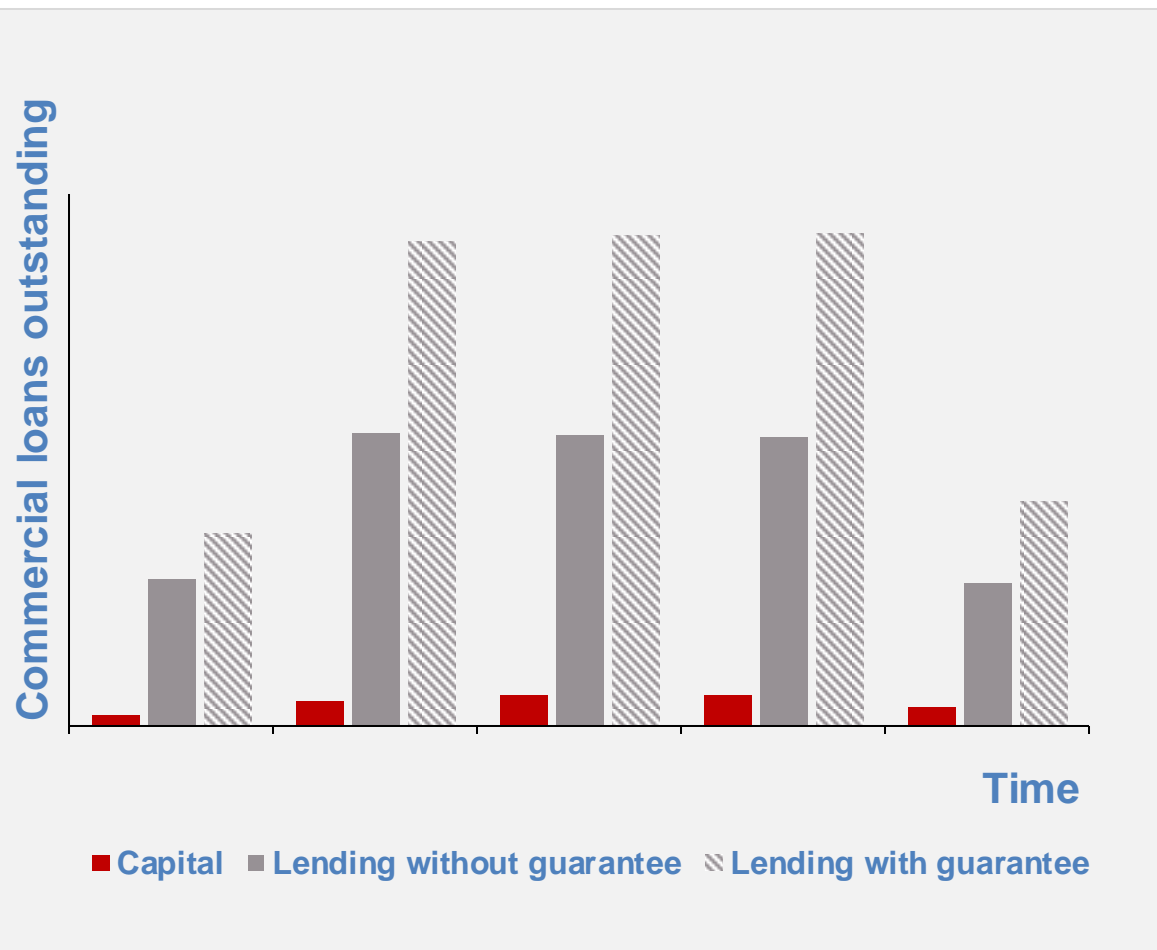
# ENABLE Guarantees

A tool designed to improve bank capital efficiency when lending to smaller businesses

## Highlights:

- Up to 50% reduction capital consumption
- Only new lending to small business covered
- 75% cover for portfolio losses in excess of i) net portfolio income and ii) first loss retention
- Potential for recurring transactions if first transaction a success

## Lending with and without the guarantee using the same amount of capital



# Enterprise Finance Guarantee

A government guarantee to the Lender to facilitate lending to **viable businesses with sound borrowing propositions but inadequate (or no) security.**



- facilitates additional lending
- is a partnership between government and Lender
- has supported over **25,000 businesses with more than £2.7bn of lending since 2009**



***More lending to SMEs, expansion of SME customer base for lenders***

# Some of Our Current EFG Partners

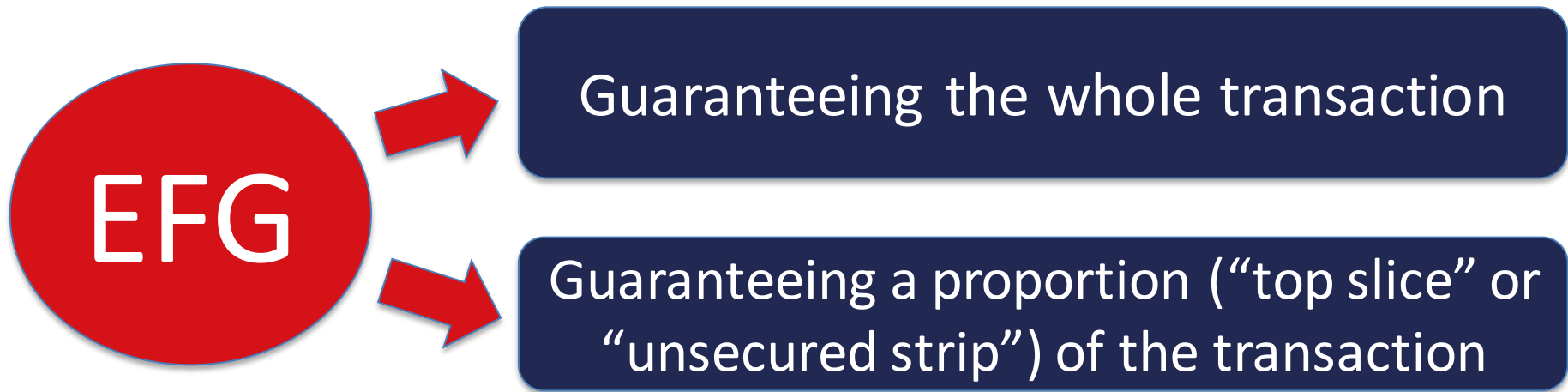




# Expanding EFG to include Asset Finance

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- EFG can help facilitate asset finance transactions which would otherwise be declined by the lender
- EFG helps turn a “no” decision by the lender in to “yes”, where the borrower is viable but the asset being financed has limited or no resale value. The EFG guarantee effectively provides the security the lender requires to proceed.



# Thank you – Questions?

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ENABLING  
COMPANIES TO  
**START UP**

EMPOWERING  
COMPANIES TO  
**SCALE UP**

ENSURING  
COMPANIES  
**STAY AHEAD**

