



aecm

EUROPEAN ASSOCIATION OF MUTUAL GUARANTEE SOCIETIES

Growing together

Pricing Survey:

**AECM members'
description**

August 2012

This document is
annexed to the

Pricing survey:
Global Results



Austria

	aws - Austria Wirtschaftsservice
Address	Ungargasse 37 1030 - Vienna
Website	www.awsg.at

Pricing of Guarantees

As a business development bank for the federal state, the Austria Wirtschaftsservice GmbH (aws) provides erp-loans, grants, guarantees and warranties for SME financing and the funding of their projects. Aws also offers information, know-how and consulting services. The range of financing projects targeted extends from (pre-) start-ups to internationalisation projects.

1. Premium calculation basis

Short term credit	Outstanding amount according to a theoretical repayment schedule
Medium to long term investment credit	Outstanding amount according to a theoretical repayment schedule
Bank guarantees	Not offered

2. Premium calculation method

Variable premiums according to:	type of loan	Irrespective of guarantee coverage rate
	type of project	
	customers rating	

3. Premium Payment

What does the premium cover?	Risk premium
Who pays the premium?	SME pays Guarantor via Bank
Which is the recovering method used for unpaid instalments?	Deducted from the guarantee payment
Is the premium subsidised?	Yes: publicly subsidised
How is the premium paid?	Split: paid in instalments

The pricing system remains unchanged but inputs variables change.

4. Origination fees

Administrative fees	Are claimed
	Fixed amount
Other expenses	Administrative fees for any amendment of the guarantee contract

Belgium

	SOCAMUT SCM - Consultative Committee of Mutual guarantee societies
Address	avenue Maurice Destenay 13 4000 – Liège

Pricing of Guarantees

The SOCAMUT - Society of Mutual Guarantee Schemes of Wallonia - is a subsidiary of SOWALFIN founded in 2003. The European Regional Development Fund (ERDF) participated with 50% in its initial capital. SOCAMUT automatically counter-guarantees up to 75% the commitments made by the four Mutual Guarantee Societies (SCM – Sociétés de Cautionnement Mutuelles) operating in Wallonia, which are members of AECM.

The SCM are cooperatives of a mutual nature, with SMEs as members. SMEs and a minority of bank representatives constitute the board of directors. They almost exclusively issue loan guarantees to sole proprietorships and micro-enterprises.

Until early 2012, the SCM - Onderlinge Borgstellingskassa voor zelfstandigen (OBZ) were active in the Flemish Region by providing guarantees to very small SMEs so as to facilitate access to loans. They are currently in liquidation.

1. Premium calculation basis

	Short term credits		Medium term credits	Long term credits	Bank guarantees
Type of credit	Overdrafts	Redeemable ¹	Investments		
Duration	< 24 months		24 months up to 7 years	> 7 years	
Premium calculation basis	Nominal amount of the guarantee commitment		Outstanding amount according to a theoretical repayment schedule		Nominal amount of the guarantee commitment

2. Premium calculation method

Variable premiums according to:	Internal Rating System
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¹ Redeemable: for short term credit "redeemable" means investment loans on a short maturity for which the principal is paid back according to a fixed schedule

SOCAMUT
SCM - Consultative Committee of
Mutual guarantee societies

3. Premium Payment

What does the premium cover?	Partially administrative costs Partially risk premium
Who pays the premium?	SME pays Guarantor via Bank
Which is the recovering method used for unpaid instalments?	Not applicable, lump sum payment
Is the premium subsidised?	No subsidy
How is the premium paid?	Lump sum: paid in advanced

The premiums are not reviewed on a regular basis.

4. Origination fees

Administrative fees	Not claimed
Other expenses	No



Belgium

	SOWALFIN
Address	13, Avenue Destenay 4000 - Liège
Website	www.sowalfin.be

Pricing of Guarantees

SOWALFIN Plc. – Société Wallonne de Financement et de Garantie des Petites et Moyennes Entreprises - was created by the Walloon Government in 2002. The purpose of SOWALFIN is to ensure access to finance for the creation, development and transmission of SMEs in Wallonia, through subordinated loans, risk capital or guarantees. SOWALFIN provides specific financial products where the market needs support and private initiatives are missing.

The major concern of SOWALFIN is to provide an effective response to SMEs financing needs.

Guarantees provided by SOWALFIN are partial and auxiliary. They are given for the same duration than the loan duration but with a maximum of 10 years.

1. Premium calculation basis

	Short term credits		Medium term credits	Long term credits	Bank guarantees
Type of credit	Overdrafts	Redeemable	Investments		
Duration	< 24 months		24 months up to 7 years	> 7 years up to 10 years	
Premium calculation basis	Nominal amount of the guarantee commitment		Outstanding amount according to a theoretical repayment schedule		Nominal amount of the guarantee commitment

2. Premium calculation method

Fixed premiums* according to:	Irrespective of the guarantee coverage rate
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3. Premium Payment

What does the premium cover?	Partially risk premium
Who pays the premium?	SME pays Guarantor via Bank
Which is the recovering method used for unpaid instalments?	Not applicable, lump sum payment
Is the premium subsidised?	No subsidy Funds from Walloon region
How is the premium paid?	Lump sum: paid in advance* ²

² * The premium is fixed on an annual basis but the amount paid in lump sum is variable according to the duration of the guarantee/loan.



The pricing system and the premiums are not reviewed on a regular basis.

4. Origination fees

Administrative fees	Not claimed
Other expenses	No



Belgium

	Waarborgregeling PMV
Address	Oude Graanmarkt 63 1000 Brussels
Website	www.waarborgregeling.be

Pricing of Guarantees

PMV nv is an independent investment company within Flanders. It provides financial levers if the market is in need of support and the necessary private initiatives are not forthcoming.

PMV collaborates with private partners via funds and public-private partnerships. PMV manages a portfolio of €900 million in assets. PMV acts on behalf of the Flemish Region.

The Guarantee Scheme offers the bank or credit provider guarantees for loans up to €1.5 million.

1. Premium calculation basis

	Short term credits		Medium term credits	Long term credits	Bank guarantees
Type of credit	Overdrafts	Redeemable	Investments		
Duration	< 12 months		> 12 months		
Premium calculation basis	Nominal amount of the guarantee commitment		Nominal amount of the guarantee commitment		Nominal amount of the guarantee commitment

Waarborgregeling-PMV offers guarantees for short term commitments such as overdrafts and liquidity, as well as bridge financing for investment credits.

2. Premium calculation method

Fixed premiums	Irrespective of guarantee coverage rate
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3. Premium Payment

What does the premium cover?	Premium independent of risk costs (funds from Flemish region)	
Who pays the premium?	SME pays Guarantor via Bank	
Which is the recovering method used for unpaid instalments?	Not applicable, lump sum payment	
Is the premium subsidised?	No subsidy	Bank can choose to participate in the premium payment
How is the premium paid?	Lump sum: paid in advance	



The possibility exists that the pricing system is reviewed at each call by the Flemish regional government but it did not occur yet. Therefore, the pricing system and premiums are not reviewed on a regular basis.

4. Origination fees

Administrative fees	Not claimed
Other expenses	No



Bulgaria

	National Guarantee Fund EAD
Address	1, Dyakon Ignatiy 1000 - Sofia
Website	www.bbr.bg/en/goals.html

Pricing of Guarantees

The National Guarantee Fund – NGF EAD – is to ensure guarantees for SME's so as to facilitate the access to financing for SMEs by compensating the lack of sufficient collateral when applying for loans. This helps to reduce the risk taken by commercial banks in the country which provide financing to SMEs.

It is a public fund where EAD is a single shareholder joint stock company, established on the basis of Art.15-18 of the Law on the Bulgarian Development Bank (BDB) and acts as subsidiary of BDB. NGF is constituted fully of public capital with the participation of federal, regional and local public entities in the Guarantee Scheme.

Currently, NDF EAD is changing its pricing. Therefore, we here describe *NGF EAD's pricing system used until February 2012*.

1. Premium calculation basis

	Short term credits		Medium term credits	Long term credits	Counter-guarantees
	Overdrafts	Redeemable	Investments		
Duration	< 24 months		< 15 years		< 5 years
Premium calculation basis	Nominal amount of the guarantee commitment		Outstanding amount according to the effective repayment schedule		Nominal amount of the guarantee commitment

The calculation of the premium is not based on the duration of the loans but on the type of loan, on the amount of the guarantee commitment and whether the entity is a start-up or a business older than a year.

NGF provides guarantees to cover exposure on investment loans, working capital loans (overdrafts, credit lines, and redeemable loans) as well as counter-guarantees. The guarantees provided are portfolio guarantees, based on agreements with commercial banks. Usually the term of the agreement is one year.

However, the provisions of the agreements, in addition to the eligibility criteria for the loans to be covered by the guarantee, specify the duration of the guarantee.



2. Premium calculation method

Variable premiums according to:	type of loan	Age of business (start up or older than one year)
	amount of the guarantee commitment	
	duration of the guarantee commitment	

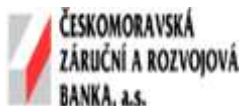
3. Premium Payment

What does the premium cover?	Administrative costs
	Risk Premium
Who pays the premium?	SME pays Guarantor via Bank
Which is the recovering method used for unpaid instalments?	Not recovered from the guarantee payment
Is the premium subsidised?	No subsidy
How is the premium paid?	Split: paid in annual instalments

The pricing model is not reviewed on a regular basis but guarantee premiums' of existing individual guarantee commitment, when the premium is paid by instalments, may be modified (depending on modification of rating quality or other parameters).

4. Origination fees

Administrative fees	Not claimed
Other expenses	No



**Czech
Republic**

	CMZRB - Czech-Moravian Guarantee and Development Bank
Address	Jeruzalemska 964 11000 - Prague
Website	www.cmzrb.cz

Pricing of Guarantees

CMZR Bank is a specialized banking institution set up in 1992, on the initiative of the Ministry of Economy in cooperation with major Czech banks.

Since the beginning, CMZRB's activities have been primarily focused on providing support to small and medium-sized enterprises within programmes of assistance launched by the Government of the Czech Republic. Its long-term goals and primary business are focused on providing assistance to small and medium-sized enterprises (SMEs) with the aim to provide them an easier access to financial capital, to share their business risk and to reduce their project costs through different types of support tools such as loan guarantees, preferential loans and financial subsidies.

CMZRB is the only development bank in the Czech Republic with the mission of facilitating the implementation of the Government's nation-wide economic strategy as well as the individual regions' sectorial support policies.

1. Premium calculation basis

	Short term credits	Medium term credits	Long term credits	Portfolio guarantees
Type of credit	Redeemable	Investments		Investments
Duration	<12 months	Up to 15 years		Up to 15 years
Premium calculation basis	Outstanding amount according to a theoretical repayment schedule	Outstanding amount according to a theoretical repayment schedule		Outstanding amount according to a theoretical repayment schedule

In the case of short term guarantees, CMZRB does not offer guarantees for overdrafts but provides other short term guarantees for redeemable investment loans.

CMZRB has two ways of handling their guarantee products. On the one hand, it uses a portfolio approach; CMZRB charges a fixed premium of 0,1% and applies a governmental subsidy of 3%. On the other hand, CMZRB offers individual guarantees, where two different rates are applicable (0,1% or 0,2%), depending on the risk profile, in addition of a governmental subsidy of 4%.

2. Premium calculation method

Variable premiums according to:	Internal rating system
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3. Premium Payment

What does the premium cover?	Administrative costs
Who pays the premium?	Client pays directly to guarantor
Which is the recovering method used for unpaid instalments?	Not applicable, lump sum payment
Is the premium subsidised?	Partially subsidised
How is the premium paid?	Lump sum: paid in advance

The pricing system remains unchanged but inputs variables change.

4. Origination fees

Administrative fees	Fixed amount (only for individual guarantees)
Other expenses	Fixed fee for amendments to guarantee contract



Estonia

	Fund KredEx
Address	Hobujaama 4 10151 - Tallinn
Website	www.kredex.ee

Pricing of Guarantees

The mission of KredEx is to strengthen the competitiveness of Estonian companies by improving the availability of financing and managing credit risks, and the improvement of the housing conditions of Estonian inhabitants by expanding financing possibilities and offering financing solutions aimed at energy efficiency.

KredEx was founded by the Ministry of Economic Affairs and Communications in year 2001 with the purpose of improving the financing possibilities for companies and of enabling people to build or renovate houses.

With the loan guarantee of KredEx it is possible to guarantee investment and working capital loans, overdrafts, leasing transactions and bank guarantees.

1. Premium calculation basis

	Short term credits		Medium term credits	Long term credits	Bank guarantees
Type of credit	Overdrafts	Redeemable	Investments		payment guarantee, prepayment guarantee, offer guarantee, performance guarantee, warranty period guarantee, letter of credit
Duration	n.a.		n.a.		n.a.
Premium calculation basis	Nominal amount of the guarantee commitment		Outstanding amount according to the effective repayment schedule		Nominal amount of the guarantee commitment

The KredEx guarantee coverage rate goes up to 75% of the loan or guarantee amount or the unpaid purchase price of leasing property without VAT. The maximum guarantee amount for small and medium-sized enterprises is €2 million and the guarantee amount decreases proportionally with the decreasing of the loan/leasing amount.

The contract fee amounts 1% of the guarantee amount for all types of guarantees issued by KredEx.

The premiums of guarantee commitments for loans and leasing start at 1,7% p.a., except for bank guarantee premiums where it starts at 0,4% p.a. In any case, the exact amount of the guarantee premium depends on the risk level of the project.



2. Premium calculation method

Variable premiums according to:						
type of loan	type of project	duration of the guarantee commitment	duration of the guarantee commitment relative to the duration of the loan	depending whether decision taken in guarantee institution or delegated to bank	quality of collateral	internal rating system

3. Premium Payment

What does the premium cover?	Administrative costs Risk premium
Who pays the premium?	SME pays Guarantor via Bank
Which is the recovering method used for unpaid instalments?	Not applicable, because prepaid by banks to KredEx
Is the premium subsidised?	No subsidy
How is the premium paid?	Prepaid quarterly by instalments

The pricing system can be reviewed in case of exceptional events (e.g. crisis).

4. Origination fees

Administrative fees	Variable amount	1% of the guarantee amount
Other expenses	No	



France

	Fédération Nationale des SOCAMA
Address	50, Avenue Pierre Mendes 75201 – Paris cedex 13
Website	www.socama.com

Pricing of Guarantees

Created by entrepreneurs and for entrepreneurs, the SOCAMA act through the network of 26 regional SOCAMA (mutual guarantee societies for crafts) by providing guarantees in order to facilitate the access for craftsmen to medium-term loans (for business development, creation and transfer) issued by the Banques Populaires.

The SOCAMAs are run by professionals – elected representatives from Chambers' of Trade and Business Associations' – contributing their expertise into the local credit committees.

The SOCAMA provide performance guarantees with a coverage rate up to 100% and with a maximum outstanding amount reaching up €200.000 per company, depending on the SOCAMAs.

- The SOCAMA Standard Loan to finance start-ups and business transfers
- The SOCAMA Express Loan to finance investments for business development (equipment loan)

Innovative offers: Since late 2004, in partnership with the EIF (European Investment Fund), the SOCAMA and Banques Populaires were particularly innovative in offering loans without personal collateral and business transfer loans with personal collateral limited to a maximum of 25% of the loan amount.

- The SOCAMA Loan without personal collateral: The loan can amount up to €30.000 and is intended to finance current investment and business development activities. No personal collateral is required.
- The SOCAMA Business – Transfer Loan: The loan can amount up to €150.000 and is intended to finance business transfers or takeovers. The personal collateral required is limited to 25% of the original loan amount.

These offers enable and stimulate investments while protecting the personal assets of entrepreneurs.

Sustained activity: Each year the SOCAMA guarantee between 30 000 and 35 000 loans which amount between € 800.000.000 and € 900.000.000 (1 billion euros in 2007).



1. Premium calculation basis

	Medium term credits	Long term credits
Type of credit	Investments	
Duration	n.a.	
Premium calculation basis	Nominal amount of the guarantee commitment	

SOCAMA does not offer any type of short term guarantees or bank guarantees. They only guarantee medium to long term investments loans.

2. Premium calculation method

Fixed premiums	Irrespective of guarantee coverage rate
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3. Premium Payment

What does the premium cover?	Risk premium
Who pays the premium?	SME pays Guarantor via Bank
Which is the recovering method used for unpaid instalments?	Not recovered
Is the premium subsidised?	No subsidy
How is the premium paid?	Split: paid in monthly instalments

The premiums are not reviewed on a regular basis. Still, the general conditions are regularly reviewed by each single SOCAMA but this leads not necessary to a pricing system revision.

4. Origination fees

Administrative fees	Not claimed
Other expenses	No



France

	SIAGI
Address	Rue Jean-Baptiste Pigalle 2 75009 - Paris
Website	www.siagi.com

Pricing of Guarantees

SIAGI is a mutual guarantee scheme for skilled craft business, created by the craft chambers in France, in 1966. Its mission is to ensure access to finance by guaranteeing loans.

The premium takes into account the purpose of the loan, (business start-up, transmission or development), the type of crafts, liberal professions or farming as well as the coverage rate.

1. Premium calculation basis

	Medium term credits	Long term credits
Type of credit	Investments	
Duration	24 months up to 7 years	> 7 years
Premium calculation basis	Nominal amount of the guarantee commitment	

SIAGI does not offer short term and bank guarantees. 80 to 85 % of their activity represents medium term loan guarantees, the rest are long term guarantees.

2. Premium calculation method

Variable premiums according to:	type of project
	duration of the guarantee commitment
	modulated according risk rate

3. Premium Payment

What does the premium cover?	Administrative costs
	Risk premium
Who pays the premium?	SME pays directly to guarantor
Which is the recovering method used for unpaid instalments?	Not applicable, lump sum payment
Is the premium subsidised?	No subsidy According to local agreements the regional councils can support 50% of SIAGI's premium.
How is the premium paid?	Lump sum: paid in advance



The pricing system is reviewed on a regular basis of portfolio evaluation, as well as on basis of exceptional events (e.g. crisis). Moreover, the pricing system could remain unchanged while input variables change (parameters for risk assessment change, e.g. reference rates, sectorial reference data - the premium levels affected to the different rating/scoring categories are unchanged). Therefore, the premiums are reviewed annually.

4. Origination fees

Administrative fees	Variable amount	Minimum amount: €150 Maximum amount: €500
Other expenses	No	

	Oséo Garantie
Address	Avenue du Général Leclerc 27 - 31 94710 - Maisons Alfort Cedex
Website	www.oseo.fr

Pricing of Guarantees

Oséo is a public company whose mission is to guarantee loans for investments, to be a financial partner for French businesses and to help promoting innovation.

Oséo provides financial solutions in order to address market failures in the case of business start-ups, innovation, development, export activities or business transfers.

The purpose of the loan determines the amount of the premium, the duration of the guarantee and the maximum amount guaranteed. The proportion guaranteed can range from 40% to 70% and thus, the premium level varies as well from 0,60% to 0,90% of the guarantee amount.

1. Premium calculation basis

	Short term credits		Medium term credits	Long term credits	Bank guarantees
Type of credit	Overdrafts	Redeemable	Investments		
Duration	< 24 months		24 months up to 7 years	> 7years	
Premium calculation basis	Nominal amount of the guarantee commitment		Outstanding amount according to the effective repayment schedule		Nominal amount of the guarantee commitment

The premiums have to be paid in advance and at least three months after the first disbursement of the loan.

2. Premium calculation method

Fixed premiums	Modulated according guarantee coverage rate
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3. Premium Payment

What does the premium cover?	Administrative costs Risk premium
Who pays the premium?	SME pays directly to guarantor
Which is the recovering method used for unpaid instalments?	Not applicable, lump sum payment
Is the premium subsidised?	No answer
How is the premium paid?	Lump sum: paid in advance



The premiums are not reviewed on a regular basis.

4. Origination fees

Administrative fees	Not claimed
Other expenses	No



Germany

	Verband Deutscher Bürgschaftsbanken
Address	Schillstrasse 10 10785 - Berlin
Website	www.vdb-info.de

Pricing of Guarantees

The „Verband Deutscher Bürgschaftsbanken“ is the association of all German guarantee banks. There are 17 guarantee banks in Germany. They are organized on a federal basis, with one guarantee bank in each “Bundesland”. German guarantee banks are financial institutions.

In 2010, they guaranteed 8.000 financing projects and issued guarantees for €1.3 billion.

1. Premium calculation basis

	Short term credits		Medium term credits	Long term credits	Bank guarantees
Type of credit	Overdrafts	Redeemable	Investments		
Duration	< 12 months		12 months up to 5 years	> 5years	
Premium calculation basis	Nominal amount of the underlying credit		Outstanding credit amount according to the effective repayment schedule		Nominal amount of the underlying credit

Generally, the short term loans are working capital and the premium is calculated on the maximum of credit line amount, which is reviewed on a yearly basis.

2. Premium calculation method

Fixed premiums	Irrespective of guarantee coverage rate
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3. Premium Payment

What does the premium cover?	Administrative costs Risk premium
Who pays the premium?	SME pays directly to the guarantor
Which is the recovering method used for unpaid instalments?	Not recovered
Is the premium subsidised?	No subsidy
How is the premium paid?	Split: paid in annual instalments

The premiums are reviewed according to event-driven criteria (e.g. compensation of other means of income).

4. Origination fees

Administrative fees	Variable amount according to nominal amount of the guarantee commitment
Other expenses	No



Greece

	ETEAN SA – Credit Guarantee Fund
Address	Xenias str. 24 11528 - Athens
Website	www.etean.com.gr

Pricing of Guarantees

The National Fund for Entrepreneurship and Development - ETEAN SA - set-up by law and substitutes the Guarantee Fund for Small and Very Small Enterprises (TEMPME SA). ETEAN SA is the new public "financier" of Greece.

ETEAN SA serves as an additional financial mean and will help to formulate and set-up the new economic and political philosophy of Greece.

Its aim is to promote entrepreneurship and facilitate small and medium enterprises (SMEs) to access smart financial products primarily for the implementation of investment projects. ETEAN SA supports all types of businesses, whatever their age and sector (primary, secondary, tertiary). A particular emphasis will be given to the support of businesses focusing on activities and products meeting 21st century demand and on viable and profitable businesses.

1. Premium calculation basis

	Short term credits	Medium term credits	Long term credits
Type of credit	Redeemable	Investments	
Duration	< 2 years	2 years up to 5 years	> 5years
Premium calculation basis	Nominal amount of the guarantee commitment	Nominal amount of the guarantee commitment	

ETEAN SA does not provide short term guarantees on overdrafts or bank guarantees.

2. Premium calculation method

Fixed premiums	Irrespective of guarantee coverage rate
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3. Premium Payment

What does the premium cover?	Administrative costs Risk premium
Who pays the premium?	SME pays Guarantor via Bank
Which is the recovering method used for unpaid instalments?	Not applicable, lump sum payment
Is the premium subsidised?	No subsidy
How is the premium paid?	Lump sum: paid in advance



The pricing system remains unchanged but input variables change.

The premiums for a guarantee product remain unchanged during the duration of the guarantee commitment (from the beginning to the end of the programme). In the case of the creation of a new guarantee product ETEAN SA take into consideration various parameters/variables for the premium calculation (i.e. amount, duration, portfolio evaluation, etc.).

4. Origination fees

Administrative fees	No
Other expenses	No

	Garantiqa Hitelgarancia Zrt.
Address	Kisfaludy u. 32 1082 - Budapest
Website	www.garantiqa.hu

Pricing of Guarantees

Garantiqa Hitelgarancia Co. Ltd. (Garantiqa) was founded by the Hungarian State, Hungary's most significant commercial banks, co-operative savings associations and some enterprise interest group associations in 1992 with the aim of operating as a catalyser in the lending processes of national small- and medium-sized enterprises and organisations.

Its fundamental objective is fostering the development of the SME sector. Garantiqa issues guarantees for loans, bank guarantees and leasing/factoring deals.

Garantiqa Hitelgarancia Zrt. is part of the Hungarian Development Bank (MFB) Group, which is owned to 50.03% by the Hungarian State.

1. Premium calculation basis

	Short term credits		Medium term credits	Long term credits	Bank guarantees
Type of credit	Overdrafts	Redeemable	Investments		
Duration	< 12 months		12 months up to 3 years	> 3years up to 25 years	
Premium calculation basis	Nominal amount of the guarantee commitment		Outstanding amount according to the effective repayment schedule		Nominal amount of the guarantee commitment

Garantiqa guarantees short term loans such as: credit lines, overdrafts as well as a special credit card for entrepreneurs, where the guarantee premium is calculated annually based on the usage of the card.

For medium to long term credit guarantees the premium calculation basis at the beginning of each calendar year Garantiqa reconciles the actual principal amount outstanding on 31. December of the previous year with the credit institution and invoices the annual premium due for the actual year accordingly.

All long term guarantees are counter-guaranteed by the Hungarian state.

2. Premium calculation method

Variable premiums according to:	type of loan
	amount of guarantee commitment
	quality of collateral

3. Premium Payment

What does the premium cover?	Administrative costs Risk premium
Who pays the premium?	SME pays Guarantor via Bank
Which is the recovering method used for unpaid instalments?	Guarantee is cancelled if premium not paid in time
Is the premium subsidised?	In general, no subsidy Premium is paid partially by public subsidies in case of one subsidised loan programme
How is the premium paid?	Split: paid in annual instalments

The pricing system is reviewed on a regular basis of portfolio evaluation, as well as on basis of exceptional events (e.g. crisis). The pricing model reflects the risks, but not at a single client level, it is based on the risks and losses expected of the portfolio in each business area. Therefore, Garantiqa changed the pricing calculation-base, because of the loss increase in 2010. It might change in the future again, because in 2011, the state raised the counter-guarantee from 70% to 85%.

So, the premiums are reviewed according to single events with continuous checking of the portfolio quality and cost-benefit ratio on product level. Therefore, a part of the premium might be modified if necessary.

4. Origination fees

Administrative fees	Variable amount	Minimum amount: €40 Maximum amount: €200
Other expenses	No	



Hungary

	AVHGA – Rural Credit Guarantee Foundation
Address	Kálmán Imre Utca 20 1054 - Budapest
Website	www.avhga.hu

Pricing of Guarantees

AVHGA is a foundation providing guarantees for the Hungarian rural sector (for agricultural and non-agricultural purposes). It is a public - private company, with a majority detained by public institutions via the participation of EU and local public entities in the guarantee scheme.

1. Premium calculation basis

	Short term credits		Medium term credits	Long term credits
Type of credit	Overdrafts	Redeemable	Investments	
Duration	< 12 months		12 months up to 7 years	> 7 years up to 25 years
Premium calculation basis	Nominal amount of the guarantee commitment		Outstanding amount according to the effective repayment schedule	

AVHGA does not offer bank guarantees.

AVHGA gives the possibility to its bank partners to choose if they either prefer the payment of the premium in advance or by instalments.

In case of upfront – lump sum payment, they take the nominal amount of the guaranteed loan amount as calculation basis for the premium. If the payment is done via annual instalments they calculate the premium on the basis of the effective repayment schedule.

The Premium level varies for guarantees for short term loans from 0.26% to 1.68%*, for medium term loans from 0.26% to 4.56%* and for long term credits from 0.26% to 1.68%* of the credit amount. This is the case if the premium is subsidised and for if the guarantee amounts less than 3.300€ (HUF 1 million).

The first guarantee premium (in case of annual payment) is paid according to a theoretical repayment scheme, which can be a straight-line or any other type of repayment schedule.

In case of annual payment, from the second year the guarantee premium is based on the effective repayment scheme.

* : the minimum rates are for 20% guarantee coverage, the maximum rates are for 80% guarantee coverage and the ratios vary depending on the payment type (either lump sum or split in annual instalments).

2. Premium calculation method

Variable premiums according to:	type of loan
	amount of the guarantee commitment
	duration of the guarantee commitment
	purpose of loan (agriculture or non-agriculture)

3. Premium Payment

What does the premium cover?	No specification	
Who pays the premium?	Bank pays Guarantor	
Which is the recovering method used for unpaid instalments?	Guarantee is cancelled if premium not paid in term	
Is the premium subsidised?	In general, no subsidy	Premium is paid partially by public subsidies in case of one subsidised loan programme
How is the premium paid?	Lump sum: paid in advance	Split: paid in annual instalments
	Bank can choose between lump sum or instalment payments (up to a maturity of 7 years)	

The pricing system is regularly reviewed on basis of portfolio evaluation, as well as on basis of exceptional events (e.g. crisis). Therefore, the premiums are reviewed annually.

The market fee is reviewed annually based on the EU-Communication of the state-aid element calculation method and the "preferential" guarantee fees derive from the market fee.

4. Origination fees

Administrative fees	Not claimed
Other expenses	In case of a guarantee modification a handling fee is charged



Italy

	AssoConfidi
Address	Secretariat - Federacomfidi Confcommercio - Piazza G.G. Belli 2 00153 - Roma
Email	federascomfidi@confcommercio.it

Pricing of Guarantees

AssoConfidi is the Italian umbrella organisation of the 6 national mutual guarantee federations: Fedartfidi, Federconfidi, Federascomfidi, Fincredit, Federfidi and Coldiretti. It is a platform for the exchange on joint interests and it represents the members both at national and at European level.

The federations of Confidi have been set up by a number of business associations, which with the guarantee have added an «access to finance «window to their other services to the entrepreneur (accounting, social legislation, legal and fiscal support, pension funds and insurance). The associations specifically represent entrepreneurs in crafts, industry, retail, service industry, etc. There is therefore also a sectorial specialization of the guarantee schemes and their respective subsidiaries, which is a distinct Italian feature.

The fact that the Italian Confidi have been set up by the associative world, explains why they are of private sector and mutual nature. They have been created spontaneously and over time (from 1957 until 1985, with even more recent developments) by entrepreneurs joining forces in order to:

- Improve their credit terms (by getting terms similar to those of larger companies) and to fight against usury.
- Obtain long-term credits.
- Give greater value to personal factors in the credit decision process.

The Confidi come from a great number of initiatives at local and regional level, which have later been progressively structured and united.

The Confidis' strengths result from their strong ties with, and proximity to, the business world. The peer decision of the Technical committee allows expressing an opinion based on a good knowledge of the customer. This is the reason for low default ratios (around 1,5% of the total). Indeed, the credit applications are (generally) first channelled through the guarantee scheme, which collects the applicant's financial information and gives the bank a qualitative opinion on the application. The procedure reduces the investigative costs of the latter.

Below, AECM provides answers which reflect the major tendency of their members.

1. Premium calculation basis

	Short term credits	Medium term credits	Long term credits
Type of credit			
Duration	< 18 months	18 months up to 5 years	> 5 years
Premium calculation basis	Nominal amount of the guarantee commitment	Nominal amount of the guarantee commitment	



AssoConfidi members do neither provide portfolio guarantees nor bank guarantees. The premium level and guarantee amount depend on each Confidi, member of AssoConfidi.

2. Premium calculation method

Variable premiums according to:				
type of loan	amount of the guarantee commitment	duration of the guarantee commitment	quality of collateral	internal rating system

3. Premium Payment

What does the premium cover?	Administrative costs Risk premium
Who pays the premium?	SME pays Guarantor via Bank
Which is the recovering method used for unpaid instalments?	Not applicable, lump sum payment
Is the premium subsidised?	No subsidy
How is the premium paid?	Lump sum: paid in advance

The pricing system is regularly reviewed on basis of portfolio evaluation, as well as on basis of exceptional events (e.g. crisis). Moreover, the pricing system could remain unchanged while input variables change (parameters for risk assessment change, e.g. reference rates, sectorial reference data - the premium levels affected to the different rating/scoring categories are unchanged). Therefore, the premiums are reviewed on a periodic basis.

4. Origination fees

Administrative fees	Variable amount	Minimum amount: €20 Maximum amount: €1.500
Other expenses	No	



Italy

	SGFA - Society for the management of funds for the agricultural and food sector - Ismea
Address	Via Nomentana 183 00161 - Rome
Website	www.sgfa.it

Pricing of Guarantees

SGFA has the legal status of a Limited Company. It has an autonomous management within the guidelines of support policies to farmers made by the Italian Ministry of Agriculture. Ismea, the Agency for Studies, Research and Information on Agro-markets has two operational arms: ISMEA Invest for capital risk operations (access to rural property and natural disasters) and SGFA (loans guarantees).

SGFA is the successor scheme of the previous Fondo Interbancario di Garanzia, setup in 1961 with the aim of compensating loan securities supplied by agricultural producers whose loans could not exceed 60% of the value of the real assets pledged in favour of the lender.

In 2004, SGFA was created as a result of a restructuring of the institutional context, with effect on April 1st 2005.

SGFA' guarantee can be qualified in two ways.

On one side, Fondo Interbancario practised the « suppletive guarantee » on which the banker could only call for a payment when the lender had fulfilled all duties of recovery of the borrower's assets. This guarantee was directly granted by the bank with the credit decision.

On the other hand, the new provisions of the Basel II accord were the opportunity of launching a guarantee at first demand which gave satisfaction to the bankers regarding the mitigation of the regulatory equity.

Regarding the modes of distribution, SGFA practices the direct guarantee and it is about to start with the indirect guarantee, a counter-guarantee mechanism to the benefit of the private Confidi of the agricultural federation.

Although SGFA is a state owned agency, it aims at covering its charges and potential losses by an adequate guarantee fee. In the track records of the Fund, 1992 and 1993 were the only two years in which incomes were not sufficient to cover the costs of guarantee payments. The fee is currently being analysed and revised.

A new formula will take into account PD, LGD, operating expenses and a return on the equity invested by State.

The Fund's guarantee is equal to 70% of the credit. The average amount per transaction is €59.000 but it reaches €220.000 for long term credits. The latter represent about 51% in value but only 14% in the number of annual guarantees granted.



1. Premium calculation basis

	Short term credits		Medium term credits	Long term credits
Type of credit	Overdrafts	Redeemable	Investments	
Duration	< 18 months		18 months up to 5 years	> 5 years
Premium calculation basis	Nominal amount of the guarantee commitment		Outstanding amount according to a theoretical repayment schedule	

SGFA does not provide any bank guarantees.

2. Premium calculation method

Variable premiums according to:					
type of project	amount of the guarantee commitment	duration of the guarantee commitment	quality of collateral	internal rating system	Others: Evaluation of the business plan, investment sustainability, instalment-income relation, company age

3. Premium Payment

What does the premium cover?	Administrative costs
	Risk premium
Who pays the premium?	SME pays Guarantor via Bank
Which is the recovering method used for unpaid instalments?	Not applicable, lump sum payment
Is the premium subsidised?	No subsidy
How is the premium paid?	Lump sum: paid in advance

The pricing system remains unchanged while input variables can change (parameters for risk assessment change, e.g. reference rates, sectorial reference data - the premium levels affected to the different rating/scoring categories are unchanged). The premiums are reviewed annually.

4. Origination fees

Administrative fees	Fixed amount	0,10%
Other expenses	Not claimed	



Latvia

	LGA –Latvian Guarantee Agency
Address	Z.A.Meierovica bulvaris 14, Riga, LV-1050
Website	www.lga.lv

Pricing of Guarantees

The “Latvian Guarantee agency” (LGA) is state owned Limited Liability company with the Ministry of Economics of Republic of Latvia as a shareholder.

Since 2003, LGA enacts tasks defined by state economic policy and supports businesses in attracting new investments for further expansion. The collateral guarantee provided by LGA allows the entrepreneurs to get financial support for innovative business ideas by receiving credit or leasing from commercial banks.

LGA also offers credit guarantees for investments loans, current assets loans, financial leasing and factoring³, as well as export guarantees.

The guarantee covers up to 80% of the financial service. The guarantee period does not exceed ten years for Loans for investments and financial leasing and three years for Loans for current assets and domestic factoring.

1. Premium calculation basis

	Short term credits		Medium term credits	Long term credits	Bank guarantees
Type of credit	Overdrafts	Redeemable	Investments		
Duration	< 12 months		12 months up to 3 years	> 3 years up to 10 years	
Premium calculation basis	Nominal amount of the guarantee commitment		Outstanding amount according to the effective repayment schedule		Nominal amount of the guarantee commitment

LGA issues the guarantees to the banks, if a bank does not pay the premium the guarantee is cancelled. In case of guarantees on short term loans, LGA asks for payment in advance of the premium, whereas for long term loans they accept payment in annual instalments.

2. Premium calculation method

Variable premiums according to:	quality of collateral
	internal rating system

³ Where their debtors are undertakings and cooperative partnerships which provide agricultural services registered in Latvia and the customer (undertakings or cooperative partnerships which provide agricultural services) according to the factoring contract is liable to credit institutions or their subsidiary companies for claim safety.



3. Premium Payment

What does the premium cover?	Administrative costs
Who pays the premium?	SME pays Guarantor via Bank
Which is the recovering method used for unpaid instalments?	Guarantee is cancelled if premium not paid in time
Is the premium subsidised?	No subsidy
How is the premium paid?	Split: paid in annual instalments

The pricing system is not reviewed unless there are relevant changes of the input variables, such as high fluctuation of the guarantee amount.

4. Origination fees

Administrative fees	Not claimed
Other expenses	No



Lithuania

	Garfondas – Rural Credit Guarantee Fund
Address	Blindziu Street 17 08111 - Vilnius
Website	www.garfondas.lt

Pricing of Guarantees

The Rural Credit Guarantee Fund – Garfondas - is a financial institution established in 1997 by the Ministry of Agriculture of the Republic of Lithuania with a view to implement state support to agriculture and an investment promotion programme.

The funds mission is to promote the development of rural businesses and create favourable loan conditions for the agricultural sector.

Garfondas main activities include issuing credit guarantees, managing state support for credit beneficiaries, implementing of financial engineering measures, administrating the Credit Fund and administrating licensed warehouses. In 2012, Garfondas launched a new product, which are guarantees for leasing companies. Garfondas issues guarantees to credit institutions for loans granted, among others, to farmers and agricultural entities enterprises which purchase, process and sell agricultural produce, and provide production services to agriculture, small and medium businesses, located in rural areas (economic entities engaged in activities alternative to agriculture).

1. Premium calculation basis

	Short term credits		Medium term credits	Long term credits
Type of credit	Overdrafts	Redeemable	Investments	
Duration	No distinction between guarantees for short, medium or long term loans			
Premium calculation basis	Nominal amount of the guarantee commitment		Nominal amount of the guarantee commitment	

They do not provide bank guarantees and makes no distinction, when calculating the premium, between short, medium or long term loan guarantees.

Garfondas' guarantees cover up to 70% of the unpaid credit amount. When guaranteeing credits for young farmers and agricultural entities which insured their crop fields, Garfondas covers up to 80% of the credit amount. The guarantee amount varies according to the outstanding credit amount. The final amount to be paid is calculated after the credit institution terminates the credit contract.

2. Premium calculation method

Variable premiums according to:						
type of loan	type of project	amount of the guarantee commitment	duration of the guarantee commitment relative to the loan duration	quality of collateral	internal rating system	Others: loyalty and reliability of the entity

3. Premium Payment

What does the premium cover?	Administrative costs Risk premium
Who pays the premium?	Client pays directly to guarantor
Which is the recovering method used for unpaid instalments?	Not applicable, lump sum payment
Is the premium subsidised?	Partially subsidised by public entities
How is the premium paid?	Lump sum: paid in advance

The premiums are verified on a regular basis but it does not mean that the premiums or the pricing system will be changed. The pricing system can remain unchanged. The pricing system is annually reviewed on basis of portfolio evaluation (e.g. quality of the portfolio) and could be reviewed on basis of exceptional events or purposes (e.g. stimulating farmers to buy land or livestock).

4. Origination fees

Administrative fees	Not claimed
Other expenses	No



Lithuania

	INVEGA UAB - Investiciju ir verslo Garantijos
Address	Konstitucijos av. 7 09308 - Vilnius
Website	www.invega.lt

Pricing of Guarantees

UAB Investicijų ir verslo garantijos - INVEGA (established in 2001) is a state owned guarantee institution with the Ministry of Economics of Republic of Lithuania as a shareholder.

The purpose of INVEGA activities' is to promote the development of small and medium-sized enterprises in Lithuania facilitating their access to sources of financing.

INVEGA issues guarantees for loans aimed at tangible investments (purchase, construction, repairs or reconstruction of fixed assets), intangible investments (technology takeover acquiring patents, licenses or other technical know-how not subject to patenting, as well as working capital and refinancing of investments from enterprise funds (not earlier than within last 3 months before the date of receipt and registration of the guarantee application). In such case the guarantee application must be accompanied by documents supporting expenses and payment.

1. Premium calculation basis

	Short term credits		Medium term credits	Long term credits
Type of credit	Redeemable, Investments	Working capital	Working capital (no longer than 24 months), Investments	
Duration	< 12 months		> 12 months	
Premium calculation basis	Nominal amount of the guarantee commitment		Nominal amount of the guarantee commitment	

INVEGA does not issue guarantees either for fluctuating outstanding loan amounts, such as credit lines and /or overdrafts, or for bank guarantees. They calculate the premium according to the age of the enterprise: for SME operating less than 3 years, the premium is 4% of guarantee amount, and for SME operating 3 years and longer, the premium is 3% of guarantee amount (enterprises pay a fee of 1 or 1,5% of the guarantee amount and the other part of premium is subsidised).

For all loans, INVEGA guarantees the repayment to the credit institutions of the first loan instalment up to 80% of the amount of the principal.

2. Premium calculation method

Fixed premiums	Irrespective of guarantee coverage rate
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3. Premium Payment

What does the premium cover?	Administrative costs Risk premium
Who pays the premium?	SME pays directly to the guarantor
Which is the recovering method used for unpaid instalments?	Not applicable, lump sum payment
Is the premium subsidised?	Partially subsidised by public entities
How is the premium paid?	Lump sum: paid in advance

The pricing system and premiums are not reviewed on a regular basis.

4. Origination fees

Administrative fees	Not claimed
Other expenses	No



Luxembourg

	MCAC – Mutualité de Cautionnement et d'Aide aux Commerçants
Address	7, Rue Alceide De Gasperi Luxembourg
Website	www.cc.lu

Pricing of Guarantees

MCAC - Mutualité de Cautionnement et d'Aide aux Commerçants (Luxembourg) was created in 1969 by clc, Horesca and the Luxembourgish Chamber of Commerce, as a cooperative corporation. Its mission is:

- Providing guarantees to SMEs to support access to finance
- Consulting and assistance regarding governmental financial incentives and public loans
- Contributing to enterprise creation and development in Luxembourg

Normally, no projects or economic sector represented in the Chamber of Commerce are excluded for a possible guarantee. MCAC can even endorse projects without obtaining collateral, provided that the applicant has a recognized professional qualification and that his project has a real chance of economic viability as well as a clear economic interest.

In addition, MCAC can assist the entrepreneur in the identification of the different funding sources that exist. Thus, besides the traditional methods of financing such as self-financing or borrowing, MCAC is able to advise on public aids and loans, the conditions and formalities.

1. Premium calculation basis

	Short term credits		Medium term credits	Long term credits	Bank guarantees
Type of credit	Redeemable, Investments	Working capital	Investments	Investments	It is not a core business activity of MCAC. There are very few operations and therefore, there are no representative figures and data.
Duration	1 month up to 12 months		12 months up to 5 years	From 5 years to 10 years	
Premium calculation basis	Outstanding loan amount according to a theoretical repayment schedule		Outstanding loan amount according to a theoretical repayment schedule		

2. Premium calculation method

Fixed premiums	Irrespective of guarantee coverage rate
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3. Premium Payment

What does the premium cover?	Risk premium
Who pays the premium?	SME pays Guarantor via Bank
Which is the recovering method used for unpaid instalments?	Not recovered
Is the premium subsidised?	No subsidy
How is the premium paid?	Split: paid in quarterly instalments

The pricing system and premiums are not reviewed on a regular basis. Only in specific cases when the loan has been reimbursed in advance.

4. Origination fees

Administrative fees	Variable amount	<u>Minimum</u> : 0,6% for guarantees up to €25.000 <u>Maximum</u> : 0,1% for guarantees > €125.000
Other expenses	Yes	MCAC is organized as a mutual cooperation. The companies that want to be guaranteed have to pay a onetime membership of 25 € per tranche of 25.000 € guarantee. This membership can be reimbursed after total repayment of the guaranteed loan.



Poland

	BGK Bank Gospodarstwa Krajowego
Address	Al. Jerozolimskie 7 00-955 - Warszawa
Website	www.bgk.com.pl

Pricing of Guarantees

Bank Gospodarstwa Krajowego (BGK) is Poland's only state-owned bank. BGK was established in 1924 during the monetary reforms of Władysław Grabski. The primary business objective of BGK is to provide banking services for the public finance sector, in particular through the support of the government's economic programs, as well as local government and regional development programs implemented with the use of public funds, including those of the European Union.

BGK's primary task is to support government economic programs, as well as local government and regional development projects.

The Bank also pursues in its own activity, which mainly consists of the provision of banking services to local government entities and to a group of strategic enterprises. Apart from carrying out activities commissioned by the state, BGK is engaged in institutional banking activities. In addition, BGK offers term deposits to individual customers.

The offer for companies covers bank cards, account services, settlement services, deposits, credits and loans, liabilities redemption, export financing, security pledges and guarantees, discount products, transactions on the monetary and foreign currency market, issue-investment services, as well as electronic banking.

1. Premium calculation basis

	Short term credits	Medium term credits	Long term credits
Type of credit	Redeemable	Investments	
Duration	No distinction between guarantees on short, medium or long term loans		
Premium calculation basis	Nominal amount of the guarantee commitment	Nominal amount of the guarantee commitment	

The premium is calculated as a percentage of the guarantee commitment at the beginning of each 12 months period. It is paid up front of the period (but by instalments), e.g. if the loan is € 200.000, repayment schedule – 8 instalments paid quarterly, guarantee coverage 50% = € 100.000, guarantee premium 1,6%, the Borrower pays to BGK via Bank – lender € 1.600.

After 12 months BGK's guarantee commitment is € 50.000, guarantee fee the Borrower pays to BGK via Bank – lender is € 800. If the guarantee period is shorter than 12 months, BGK charges the premium as 1/12 of the sum calculated on yearly basis for each month when the guarantee is valid.

In the case of overdrafts, BGK calculates the premium in the similar way on the basis of guarantee limit.

2. Premium calculation method

Variable premiums according to:	internal rating system	Modification of the rating quality during the duration of the guarantee commitment
	external rating system	Modification of the guarantee premium is possible when an important risk occurs

3. Premium Payment

What does the premium cover?	Administrative costs
	Risk premium
Who pays the premium?	SME pays Guarantor via Bank - lender
Which is the recovering method used for unpaid instalments?	Deducted from the guarantee payment
Is the premium subsidised?	No subsidy
How is the premium paid?	Split: paid in annual instalments

The pricing system is regularly reviewed on a basis of portfolio evaluation (e.g. defaults, payment delays, etc.). Therefore, the premiums are reviewed annually.

The guarantee premium of an existing individual guarantee can be modified, depending on the modification of rating quality or other parameters.

4. Origination fees

Administrative fees	Are claimed
	Fixed amount
Other expenses	No



Portugal

	SPGM - Sociedade de investimento
Address	Rua Prof. Mota Pinto 42 F - Sala 211 4100-353 - Porto
Website	www.spgm.pt

Pricing of Guarantees

The launch of a Mutual Guarantee System in Portugal aimed at creating the conditions necessary to reduce the costs of financing for companies, especially SMEs, as well as a better balance of their financial structure. In particular, the acquisition of guarantees, which allow them access to loans with suitable terms are easily adapted to their exploration cycles and to the types of investments these enterprises have to make in order to develop themselves.

The Mutual Guarantee System in Portugal arose from public initiative, by means of the IAPMEI, an institute that supports SMEs. The central idea was that it would be the responsibility of public entities to take the first step in promoting this initiative. Therefore, a pilot society was created SPGM, whose main objective was to test the interest of this project in relation to the market. To do so, it built guarantee operations and other services aimed at SMEs, using frameworks similar to those of the future Mutual Guarantee Societies (MGSs). This society also had the mission of preparing a legal framework that would come to regulate the entire Mutual Guarantee sector in Portugal as well as the respective counter-guarantee mechanism.

The social capital of the Mutual Guarantee Societies is owned by enterprises, enterprises associations, credit institutions, IAPMEI, IFT and the SPGM. This assures that the Mutual Guarantee addresses on sectors such industry, commerce, services, construction and tourism. The mutualism-based characteristic results from the fact that the companies which benefit from these guarantees are shareholders of the Mutual Guarantee Societies.

The Mutual Counter-guarantee Fund, the entity of which SPGM is the managing society, insures an automatic and obligatory counter-guarantee to guarantee operations extended in the core of the Portuguese Mutual Guarantee System. At a very minimum, the Fund offers a counter-guarantee of 50% of the value of each guarantee extended by a Mutual Guarantee Society. In operations associated with bank financing of medium and long terms, the counter-guarantee may rise to 75%. Under special circumstances, it can even be more.

1. Premium calculation basis

	Short term credits		Medium term credits	Long term credits	Bank guarantees
Type of credit	Credit lines	Redeemable	Investments		
Duration	< 12 months		> 12 months up to 3 years	> 3years	
Premium calculation basis	Based on the used amount of the guarantee commitment		Outstanding amount according to the effective repayment schedule		Nominal amount of the guarantee commitment



Portuguese Mutual Guarantee Schemes' (MGS) issue guarantees on short term loans such as credit lines, bridge financing loans. In this case the premium is paid in advance (lump sum).

For guarantees for medium to long term loans, Portuguese MGSs' only support investment project or the acquisition of equipment (no circulating assets), there the premium payment method is by instalments.

2. Premium calculation method

Variable premiums according to:	type of loan	
	type of project	
	depending whether decision taken in guarantee institution or delegated to bank	
	quality of collateral	
	internal rating system	Possible modification of the rating quality during the duration of the guarantee commitment

3. Premium Payment

What does the premium cover?	Administrative costs Risk premium
Who pays the premium?	SME pays directly to the guarantor
Which is the recovering method used for unpaid instalments?	Not recovered (legal enforcement) or credit renegotiation
Is the premium subsidised?	In general, no subsidy Some products are partially subsidised
How is the premium paid?	Split: paid in annual instalments

In general, SMEs pay directly to the guarantor but in the case of some specific credit lines, the premium is paid by a public institution to the MGSs', on behalf of the SME.

In the case of most credit lines, the premium is paid by instalments, but in some specific cases the premium is paid in advance.

The pricing system is regularly reviewed on a basis of portfolio evaluation (e.g. defaults, payment delays, etc.), as well as on a basis of exceptional events (e.g. crisis). When the premium is paid by instalments, the guarantee premium of an existing individual guarantee can be modified, depending on the modification of rating quality or other parameters.

4. Origination fees

Administrative fees	Variable amount			Minimum amount: €10
				Maximum amount: €2.500
Other expenses	Expenses of registry	External consultancy fees	Real estate evaluations, renegotiation fees	



Romania

	FNGC IMM - National Credit Guarantee Fund for SMEs
Address	38, Stefan Iulian Street Sector 1 – Bucharest 011248
Website	www.fngcimm.ro

Pricing of Guarantees

The National Credit Guarantee Fund for SMEs (NCGFSME/FNGC IMM) was established as a commercial (joint-stock) company in December 2001 by a governmental decision in order to stimulate small- and medium-sized enterprises' creation and development.

The FNGC IMM is a financial institution (non-bank), operating as a national SME credit guarantee scheme. The Ministry of Economy, Trade, and Business Environment is acting as sole shareholder (representing the Romanian State). FNGC IMM strategy, risk policy, and annual activity programs are harmonized with the priorities and targets of Romanian governmental policies.

By the end of 2011, the FNGC IMM nationwide network has 8 local offices, 4 territorial branches, and 3 regional subsidiaries - autonomous Local Guarantee Funds (affiliated companies also registered as non-bank financial institutions).

1. Premium calculation basis

	Short term credits		Medium term credits	Long term credits	Bank guarantees
Type of credit	Overdrafts	Redeemable	Investments		
Duration	< 12 months		> 12 months up to 5 years	> 5years	
Premium calculation basis	Nominal amount of the guarantee commitment		Outstanding amount according to the effective repayment schedule		Nominal amount of the guarantee commitment

FNGC IMM provides guarantees for short term loans such as: credit lines, working capital loans or bridge financing loans. The premium for short term loan guarantees has to be paid in advance. In the case of guarantees for medium to long term loans, the partner bank can decide what type of loan it wants to have guaranteed (could be working capital or even bank letter guarantee). Mainly, these are investment loans and the premium payment is done by instalments.

For FNGC IMM maturities of over 7 years are rare, but are occasionally issued on request either by the bank or the SME. The Fund has a limit of the guarantee amount of €2.5million per SME.

2. Premium calculation method

Fixed premiums	In relation to risk but modulated according guarantee coverage rate
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3. Premium Payment

What does the premium cover?	Administrative costs Risk premium
Who pays the premium?	SME pays Guarantor via Bank
Which is the recovering method used for unpaid instalments?	Not recovered
Is the premium subsidised?	Partially subsidised by public entities
How is the premium paid?	Split: paid in annual instalments (up front for maturity < 1 year)

The pricing system is regularly reviewed on a basis of portfolio evaluation (e.g. defaults, payment delays, etc.). Therefore, the premiums are reviewed annually.

4. Origination fees

Administrative fees	No
Other expenses	No



Fondul de Garantare a Creditului Rural - IFN S.A.

Romania

	RCGF - Romanian Rural Credit Guarantee Fund
Address	Occidentului Street 5 010981 - Bucharest
Website	www.fgcr.ro

Pricing of Guarantees

The Rural Credit Guarantee Fund - NFI SA provides a financial instrument enabling the access of investors to credits and other financing instruments by granting financial guarantees.

The scope of activity of RCGF consists exclusively in guaranteeing the loans and other financing instruments that natural and legal persons - agricultural producers and agri-food products processors - can acquire for the purpose of agricultural production, agricultural products storage and processing as well as of investment objectives in these fields of activity. RCGF can guarantee the loans granted by banks to the local councils for the development of rural infrastructure, as well as other financial instruments issued by the lending institutions to the beneficiaries of the programs EFARD, EFF and EFAG financed from European funds with a view to the provision of finance necessary for the achievement of the projects included in the National Program for Rural Development for the foreseen period 2007-2013.

1. Premium calculation basis

	Short term credits		Medium term credits	Long term credits
Type of credit	Overdrafts	Redeemable	Investments	
Duration	< 12 months		> 12 months up to 5 years	> 5 years up to 10 years
Premium calculation basis	Nominal amount of the guarantee commitment		Outstanding amount according to the effective repayment schedule	

RCGF guarantees: short, medium and long-term credits, indemnity bonds issued by commercial banks, indemnity bonds issued by APDRP, according to OG79/2009, investment credits granted to the beneficiaries eligible for the European Fund for Agriculture and Rural Development (EFARD), the European Fund for Fishery (EFF) and the European Fund for Agricultural Guaranteeing (EFAG) and production credits ensuring the financing resources necessary to the SAPARD Program beneficiaries that have already made their investment.

The ERDF - European Rural Development Fund provides guarantees for investment loans through RCGF. In case of working capital & equipment, RCGF offers guarantees with its own funds.

RCGF does not provide bank guarantees.

Premiums for guarantees for short term loans have to be paid in advance (overdrafts, credit lines & redeemable). For guarantees covering medium to long term loans (such as investments, working capital & equipment) for the first year the premium will be calculated at the nominal amount of the guarantee commitment depending on the number of months left until the end of the first year.



Fondul de Garantare a Creditului Rural - IFN S.A.

For the remaining commitment period, the premium will be calculated each year according to the outstanding amount of the guarantee commitment established in accordance with the outstanding loan amount of the 31.12 of previous year.

The premium is always calculated on the basis of data communicated by the banks. Thus, RCGF has a premium at market price.

The amount guaranteed by RCGF, in RON or foreign currency, covers: up to 50% of the short term production credits / banking guarantee agreements, also for the SAPARD Program beneficiaries and 70 - 100% of the loans / letters of comfort issued by the lending institutions for the co-finance of the investment projects achieved through the EFARD, EFF, EFAG.

2. Premium calculation method

Variable premiums according to:	external rating system	Modification of the rating quality during the duration of the guarantee commitment
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3. Premium Payment

What does the premium cover?	Administrative costs
	Risk premium for the guarantee commitments issued from ERDF, the premium will add to initial funds from the scheme
Who pays the premium?	SME pays Guarantor via Bank
Which is the recovering method used for unpaid instalments?	Cancellation of the guarantee commitment
Is the premium subsidised?	No subsidy
How is the premium paid?	Split: paid in annual instalments

The pricing system remains unchanged but input variables change, such as parameters for risk assessment change (e.g. reference rates, sectorial reference data). However, the premium levels affected to the different rating/scoring categories are unchanged).

The guarantee premium of an existing individual guarantee can be modified, depending on the modification of rating quality or other parameters.

The pricing system and premiums are not reviewed on a regular basis.

4. Origination fees

Administrative fees	Not claimed
Other expenses	No



Romania

	FRGC - Romanian Loan Guarantee Fund RLGF for Private Entrepreneurs
Address	Matasari Street 46 021428 - Bucharest
Website	www.frgc.ro

Pricing of Guarantees

The Romanian Loan Guarantee Fund for Private Entrepreneurs- NBF (RLGF) is a financial institution that was founded in 1992 at the initiative of the Romanian state, in order to support the private sector by facilitating the access to financing.

Privatized in year 1999 in response to government policies, RLGF has been continuing so far its role of risk sharing with banks and providing economic support to private entrepreneurs, including SMEs.

Being the first guarantee fund set up in Romania, RLGF undertakes an active management of guarantee portfolio based on the principle of quality and not quantity. With a low level of capitalization compared with similar institutions in the market, RLGF managed to maintain a high standard of competence and expertise in its field, and therefore has been representative as a successful model for the guarantee activity in Romania.

1. Premium calculation basis

	Short term credits	Medium term credits	Long term credits	Bank guarantees
Type of credit	Redeemable	Investments		
Duration				
Premium calculation basis	Nominal amount of the guarantee commitment	Outstanding amount according to a theoretical repayment schedule		Nominal amount of the guarantee commitment

2. Premium calculation method

Variable premiums according to:	type of loan
	duration of the guarantee commitment
	quality of collateral
	internal risk rating system

3. Premium Payment

What does the premium cover?	Administrative costs	
Who pays the premium?	SME pays Guarantor via Bank	
Which is the recovering method used for unpaid instalments?	Cancellation of the guarantee commitment	
Is the premium subsidised?	Partially subsidised by public entities	
How is the premium paid?	Lump sum: paid in advance	Split: during one year depending on the amount of the premium



The premiums are reviewed according the RLGf regulation, depending on market factors.

4. Origination fees

Administrative fees	Are claimed
	Fixed amount
Other expenses	No



Russia

	FSECA - Fund of Small Enterprise Credit Assistance of Moscow
Address	Varshavskoye shosse 35 117105 - Moscow
Website	www.fs-credit.ru

Pricing of Guarantees

The Fund of Small Business Credit Assistance of Moscow was founded by the Government of Moscow (represented by the Department of Support and Development of Small Enterprises of the city of Moscow) on 13th March 2006.

The Fund of Small Business Credit Assistance of Moscow was formed in order to develop a guarantee system for loans for small and medium enterprises of Moscow. The main activity of the Fund is providing sureties on obligations and guarantees to SMEs based on credit agreements and bank guarantee agreements.

Today, the Fund can provide guarantees for a SME registered in Moscow, recorded in the Register of SMEs of Moscow, carrying out its economic activity for at least 6 months, having no tax or duty debts, repayment delays on credits provided earlier, and providing personal collateral of at least 30% of the loan amount. The guarantee fee is 1.75% per year of the guaranteed amount depending on the loan duration and amount.

The Fund's guarantees are provided only under the condition of a credit agreement signed for at least 3 months (the maximal period is not limited) and cannot exceed:

- For SMEs operating in the area of innovation and production (including construction, architecture, engineering) – the Fund can guarantee up to 70% of the loan amount with a maximum guarantee amount of 70 Mio. Rubles (€1,78 Mio.);
- For SMEs operating in the area of healthcare, social services, education and craftsman's businesses – the Fund can guarantee up to 60% of the loan amount with a maximum guarantee amount of 50 Mio. Rubles (€1,27 Mio.);
- For other SMEs – the Fund can guarantee up to 50% of loan amount with a maximum guarantee amount of 30 Mio. Rubles (€0,76 Mio.).

Since June 2009, the Fund provides guarantees for bank guarantee agreements. The Fund's guarantees for bank guarantee agreements cannot exceed 70%, with a maximum guarantee amount of 50 Mio. Rubles (€1,27 Mio.).

Banks are selected for participation in the Fund's Program on the competitive basis. A surety can be provided by the Fund to small and medium companies which have submitted the application to a bank which is a partner of the Fund, that is, a bank, which is a partner (participant) of the program of provision of sureties to small and medium companies carried out by the Fund of Small Business Credit Assistance.

At the beginning, the Fund worked only with 10 banks and at present the Fund has agreements signed with 40 banks operating in the Russian Federation.

1. Premium calculation basis

	Short term credits		Medium term credits	Long term credits	Bank guarantees
Type of credit	Overdrafts	Redeemable	Investments	Investments	
Duration	3 months up to 12 months		12 months up to 5 years	>5years	
Premium calculation basis	Nominal amount of the guarantee commitment		Nominal amount of the guarantee commitment	Nominal amount of the guarantee commitment	Nominal amount of the guarantee commitment

2. Premium calculation method

Variable premiums According to:	Amount of guarantee commitment
	Duration of guarantee commitment

3. Premium Payment

What does the premium cover?	Administrative costs
Who pays the premium?	SME pays directly to the guarantor
Which is the recovering method used for unpaid instalments?	The Fund does not provide premium payments by instalments
Is the premium subsidised?	No subsidy
How is the premium paid?	Lump sum: paid in advance

The pricing system and premiums are not reviewed on a regular basis. Only in specific cases such as during the crisis 2008-2009 the Fund increased the guarantee limit.

4. Origination fees

Administrative fees	Not claimed
Other expenses	No



Slovenia

	SEF - Slovene Enterprise Fund
Address	Trubajeva Ulica 11 2000 - Maribor
Website	www.podjetniskisklad.si

Pricing of Guarantees

The Public Fund of Republic of Slovenia for Entrepreneurship or shortly the Slovene Enterprise Fund (SEF) has been established with the purpose of improving the access to financial resources for different development – business investments of micro, small and medium-sized enterprises (SMEs) including with financial resources for SMEs start-up and micro financing in the Republic of Slovenia.

Every year the Fund is offering proper financial solutions for development – business projects in Slovenian entrepreneurial sector via financial engineering, which is majorly based on financial instruments with refundable means (loans, guarantees for loans, subsidised interest rates, venture capital) which allows combining of financial resources of different financial institutions (financial lever).

4. Premium calculation basis

	Short term credits		Medium term credits	Long term credits
Type of credit	Overdrafts	Redeemable	Investments	
Duration	No distinction between guarantees on short, medium or long term loans			
Premium calculation basis	Nominal amount of the guarantee commitment		Nominal amount of the guarantee commitment	

SEF makes no difference between short, medium or long term loans when calculating guarantee premiums.

The premiums are calculated according to the credit purpose. In the case of working capital loans guaranteed by SEF the duration are generally ranging from 18 months to 3 years. For guarantees on investments investment loans it is from 18 months till 10 years.

The premium calculation is the same for both and the rate applied is 0,5% of the guarantee amount.

5. Premium calculation method

Fixed premiums	Irrespective of guarantee coverage rate
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6. Premium Payment

What does the premium cover?	Risk premium
Who pays the premium?	SME pays directly to the guarantor
Which is the recovering method used for unpaid instalments?	Cancellation of the guarantee commitment
Is the premium subsidised?	No subsidy
How is the premium paid?	Lump sum: paid in advance

The pricing system is regularly reviewed on a basis of portfolio evaluation (e.g. defaults, payment delays, etc.). Moreover, the pricing system can remain unchanged but input variables change (such as parameters for risk assessment change, e.g. reference rates, sectorial reference data but the premium levels affected to the different rating/scoring categories are unchanged).

7. Origination fees

Administrative fees	Not claimed
Other expenses	No answer



Spain

	CESGAR - Confederation of Spanish Mutual Guarantee Societies
Address	Carranza 25 28004 - Madrid
Website	www.cesgar.es

Pricing of Guarantees

CESGAR is the national umbrella organisation of 23 Mutual Guarantee Societies. CESGAR has been created in 1979, following political changes in Spain, which lead to economic reforms concentrating on competitiveness and internationalisation.

As CESGAR is a joint association of several independent entities, a global overview of CESGAR members' procedures is given here.

In general, the guarantee issued covers 100% of the bank loan.

CESGAR plays a central role in the activity of the different *Sociedades de Garantía Recíproca* (SGR, the Mutual Guarantee Societies) by being the central negotiator with the Government, the Central Bank and with competition authorities for them.

CESGAR also organises periodical training sessions.

The Spanish Public support system is based on certain tax exemptions, mainly for counter-guarantees provided by CERSA (the Spanish counter-guarantee institution) at a variable coverage ratio (30 to 75%). The counter-guarantee coverage rates' depend on political priorities such as innovation or the type of operations (e.g. investments).

1. Premium calculation basis

	Short term credits	Medium term credits	Long term credits	Bank guarantees
Type of credit	Redeemable	Investments		
Duration	< 12 months up to 3 years	> 3 years up to 20 years		
Premium calculation basis	Nominal amount of the guarantee commitment	Outstanding amount according to the effective repayment schedule		Nominal amount of the guarantee commitment

Generally, CESGAR provides guarantees on circulating assets and equipment loans. Normally the definition of short term loans is loans up to 12 months but in practise, CERSA provides their counter-guarantees to CESGAR guarantees up to 3 years and considers them as short term. This segment represents 70% of the activity. Guarantees for medium to long term loans are offered by CESGAR with a CERSA counter-guarantee for commitment durations from 3 to 15 years.

In some cases CESGAR provides guarantees until 20 years but the without CERSA a counter-guarantee. CESGAR covers loans cover up-to 100% and it is counter-guaranteed by CERSA from 40 to 70%.

2. Premium calculation method

Fixed premiums

3. Premium Payment

What does the premium cover?	Risk premium
Who pays the premium?	SME pays directly to the guarantor
Which is the recovering method used for unpaid instalments?	Not recovered (legal enforcement) or credit renegotiation
Is the premium subsidised?	In general, no subsidy Some cases: regional subsidies from regional governments
How is the premium paid?	Split: paid in annual instalments

The general conditions are verified annually but those verifications do not lead necessarily to a revision of the pricing system. Hence, premiums are not reviewed on a regular basis.

CESGAR members will try to recover the unpaid premiums by negotiating with the SME. In case of default, the amount of unpaid premiums is recovered through legal enforcement.

4. Origination fees

Administrative fees	Fixed amount
Other expenses	No



Turkey

	Teskomb
Address	Cinnah Cadesi 5 06680 - Ankara
Website	www.teskomb.org.tr

Pricing of Guarantees

TESKOMB was established in 1970 as an umbrella organization bringing together all the cooperatives established throughout Turkey.

Today there are 32 Regional Unions and 910 cooperatives with 1.100.000 members under TESKOMB. Halk Bank has been given the duty of making available the resources allocated by the State to support tradesmen and craftsmen. In the existing system, the tradesmen and craftsmen can get credit with low interest rates from Halk Bank with the guarantee they obtain from the cooperatives that they belong to. In this system the cooperative only provides guarantee to its members. The difference between the interest rate of these types of credits and commercial credits is compensated by the State.

1. Premium calculation basis

	Short term credits	Medium term credits	Long term credits	Bank guarantees
Type of credit	Redeemable	Investments		
Duration	No distinction between guarantees on short, medium or long term loans			
Premium calculation basis	Nominal amount of the guarantee commitment	Nominal amount of the guarantee commitment		Nominal amount of the guarantee commitment

Teskomb does not classify its guarantee products according to short, medium and long term. Terms of its guarantee products range from 1 year to 5 years.

Therefore, the premium calculation basis is the same for all guarantee products offered by Teskomb.

2. Premium calculation method

Fixed premiums	Irrespective of guarantee coverage rate
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3. Premium Payment

What does the premium cover?	Administrative costs
Who pays the premium?	SME pays Guarantor via Bank
Which is the recovering method used for unpaid instalments?	Not applicable, lump sum payment
Is the premium subsidised?	No subsidy
How is the premium paid?	Lump sum: paid in advance



The pricing system remains unchanged but input variables may change, such as i.e. parameters for the assessment of the risk change (e.g. reference rates, sectorial reference data), the premium levels affected to the different rating categories remain unchanged.

Therefore, the premiums are not reviewed on a regular basis.

4. Origination fees

Administrative fees	Fixed amount
Other expenses	Central and regional union premiums



Turkey

	KGF - Credit Guarantee Fund
Address	TOBB ikiz Kuleleri C Blok, Kat 6 - Eskişehir Yolu 9. Km 06530 - Ankara
Website	www.kgf.com.tr

Pricing of Guarantees

Kredi Garanti Fonu A.Ş.-KGF was established in 1993. It is composed by TOBB (The Union of Chambers and Commodity Exchanges of Turkey); KOSGEB (Small and Medium Industry Development Organization) as major shareholders and 20 banks of Turkey, as well as some minority shareholders, such as TESK (The Confederation of Tradesmen and Artisans of Turkey); TOSYÖV (Turkish Foundation for Small and Medium Business); MEKSA (The Foundation of Vocational Training and Small Industries). KGF is acting through its nation-wide 28 branches network, in 2011, in Turkey which makes it unique.

KGF launched the "One SME for Every Village" CIP product and "Greater Anatolia Guarantee Facility" programme through the provision of Micro-Loan guarantees under the EIF's CIP-programme. KGF has actually been broadening its product range. Due to the 2008 global-crisis and by virtue of a Decree, KGF has taken the charge to support the maritime and SME sector.

1. Premium calculation basis

	Short term credits		Medium term credits	Long term credits	Bank guarantees
Type of credit	Overdrafts	Redeemable	Investments		
Duration	< 24 months		> 24 months up to 5 years	> 5 years	
Premium calculation basis	Nominal amount of the guarantee commitment	Outstanding amount according to the effective repayment schedule	Outstanding amount according to the effective repayment schedule		Nominal amount of the guarantee commitment

The premium rates are fixed and not based on the maturities of the guaranteed loans. In the case of short term-transactions such as overdrafts the guarantee premium is based on the nominal guarantee amount, whereas for short term-transactions such as redeemable, KGF uses the outstanding amount according to the effective repayment schedule.

KGF's guarantee pricing is based neither on risk scoring of the companies nor on the maturity, currency etc.

Generally, the pricing is calculated on the basis of operational costs and according to the type of loan (Working Capital Loans, Investments, Exports guarantees, etc), resources as well as the availability of European Investment Funds (EIF) or public counter-guarantees.



2. Premium calculation method

Variable premiums	according to	type of loan	<ul style="list-style-type: none"> - rate of the counter-guarantee - conditionally provided national or international funds
		type of project	
		Others	

3. Premium Payment

What does the premium cover?	Risk premium
Who pays the premium?	SME directly to the guarantor
Which is the recovering method used for unpaid instalments?	Not recovered
Is the premium subsidised?	No subsidy
How is the premium paid?	Split: paid in annual instalments

The pricing system is regularly reviewed on basis of exceptional events (e.g. crisis).

4. Origination fees

Administrative fees	Fixed amount	
Other expenses	Expenses of registry	Other expenses

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