



**aecm**

EUROPEAN ASSOCIATION OF MUTUAL GUARANTEE SOCIETIES

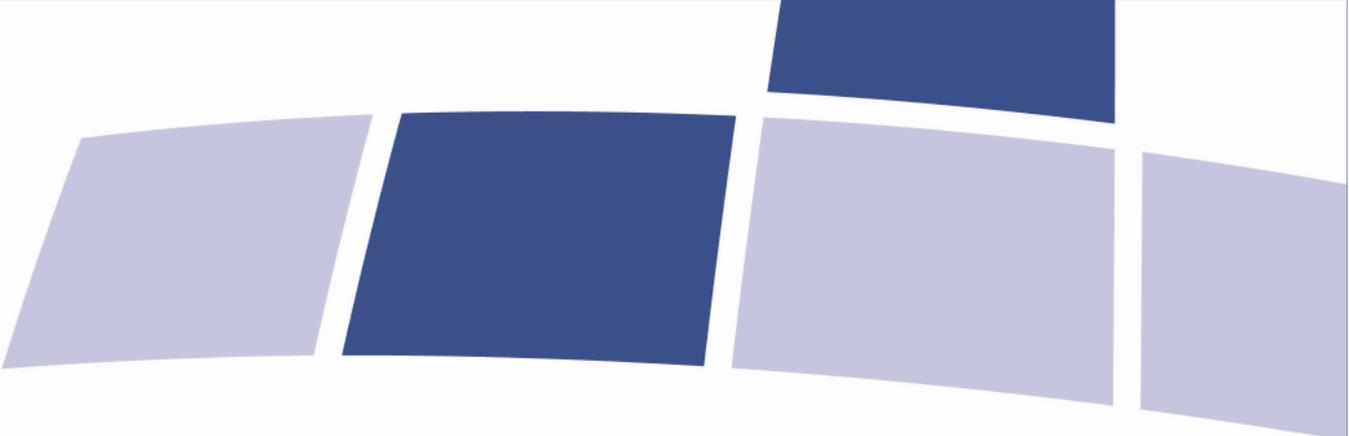
Growing together

**Guarantees and the  
recovery:**

**The impact of anti-crisis  
guarantee measures**

**August 2010**





## **Foreword by the Chairman and the Secretary General**

Dear Reader,

In recent months, there has been increasing evidence of economic recovery after the recent economic and financial crisis. While this recovery may still be on a weak footing and differs in impact from country to country, there is reason to believe that the world economy has pulled back from its worst crash for decades.

Guarantee societies have provided a major contribution to avoiding the worst case scenario. Together with the financial support by their national governments and the EU institutions, they have been swift in setting up new guarantee instruments that were crucially needed in the economic slump. As you will read in this document, AECM's member organisations have increased their annually granted guarantee volume by 58% in 2009 alone to reach a total of over € 70 billion in guarantee volume in portfolio by the end of the year.

One third of this volume has been dedicated to specifically designed anti-crisis measures, mostly guarantees for pure working capital loans, which have allowed many small and medium-sized enterprises (SMEs) to weather payment delays and liquidity problems. All in all, this has given more than 120.000 SMEs, employing about 851.000, the possibility to maintain their operations and now contribute to the economic and financial recovery of their national economies.

As all eyes are now turned towards the recovery, it is important to remember that loan guarantees for SMEs are not exclusively an anti-crisis instrument. Given that SMEs have felt the impact with a time lag as compared to larger companies, they still suffer from reduced turnover and liquidities and will need continued support until the recovery is sustainable. But guarantees also have their justification in a "normal" economic context. Indeed guarantees have existed for decades and by replacing missing credit collateral they allow SMEs with meaningful projects access loan finance to create more jobs and economic growth.

Therefore an ongoing commitment by the public authorities, via national and European counter-guarantee programmes, as well as an appropriate operational framework for guarantee societies in the future will be of crucial importance. In this regard, ongoing financial market reform, in particular in the field of prudential supervision, should not lead to negative impacts for SME access to finance and guarantee societies' operations.

We hope that this reading may be of interest to you and will be pleased to provide you with additional information if needed.

Best regards,



**José Fernando Figueiredo**  
**AECM Chairman**



**Marcel Roy**  
**Secretary General**



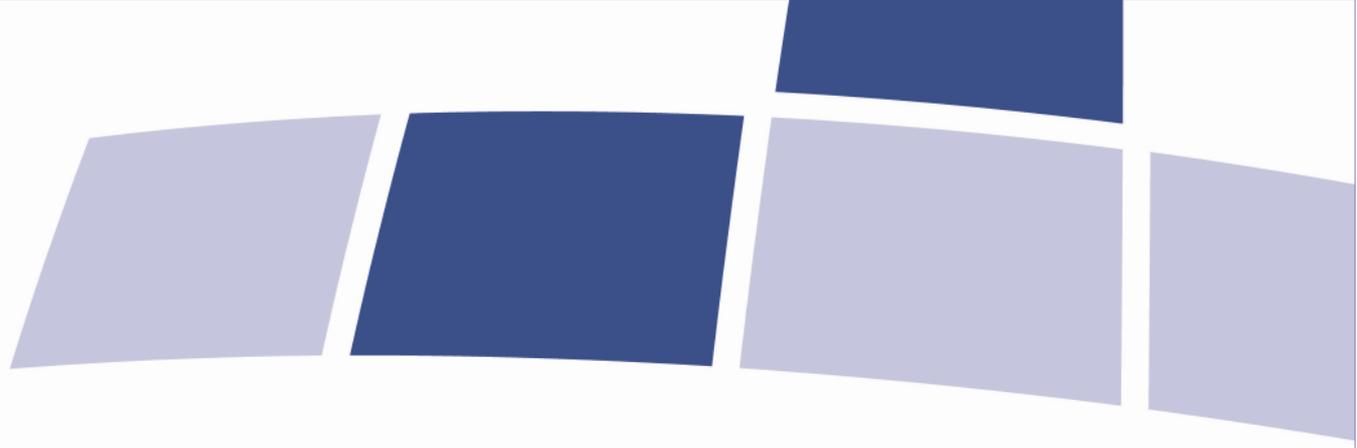


**Guarantees and the recovery:**

**The impact of anti-crisis guarantee measures**





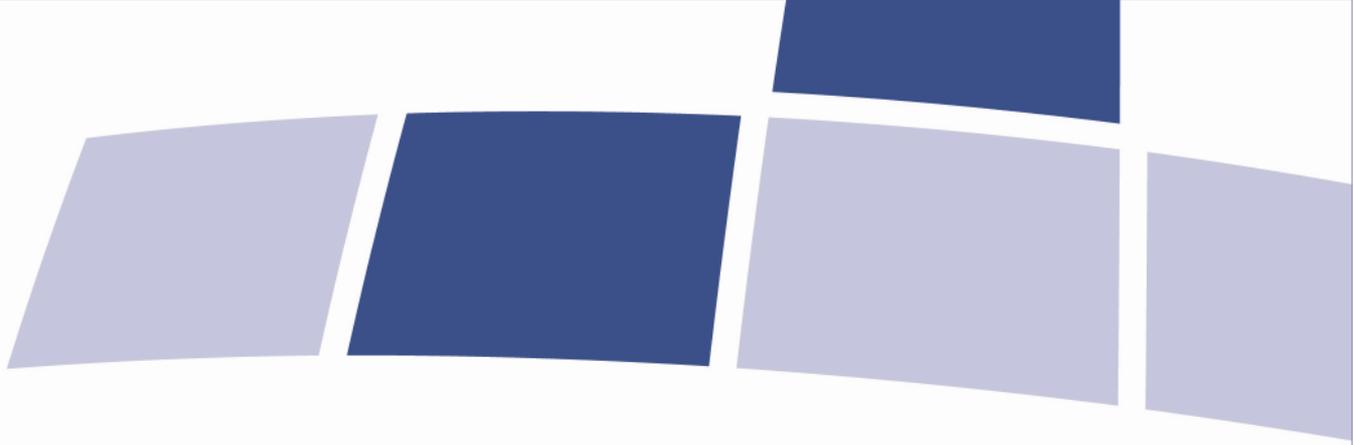


## Summary:

- Page 7: Why guarantees?
- Page 9: Economic environment in 2009 and trends for 2010
- Page 10: General evolution of SME guarantee activity 2009
- Page 11: Performance of specific guarantee instruments in the context of the crisis
- Page 13: Analysis per member organisations in different countries

Austria	(p. 13)
Belgium	(p. 16)
Czech Republic	(p. 18)
Estonia	(p. 19)
France	(p. 20)
Germany	(p. 23)
Hungary	(p. 25)
Italy	(p. 29)
Lithuania	(p. 30)
Portugal	(p. 32)
Romania	(p. 34)
Slovenia	(p. 38)
Turkey	(p. 40)

- Page 43: About AECM

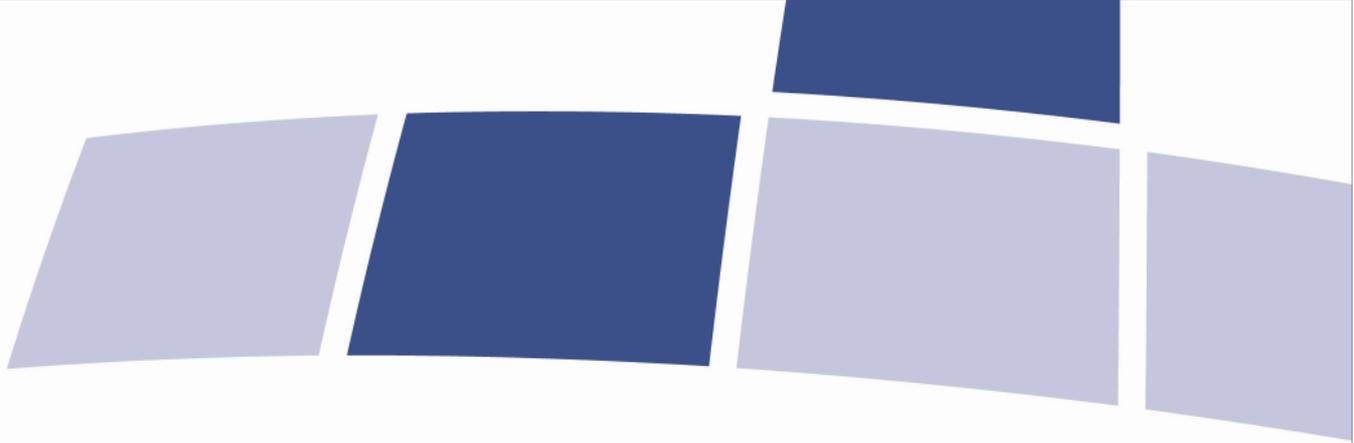




## Why guarantees?

Very often, financially healthy SMEs with a sound business plan cannot access credit finance, as they cannot provide the necessary collateral needed by the bank due to regulatory requirements. Credit default guarantees issued by AECM's member organisations can replace the missing collateral and thus enable banks to issue SME loans. These guarantees are usually counter-guaranteed by the public authorities. This provides benefits to all parties involved:

- The SME customer gets **access to credit** and can realise her/his business project.
- The bank can benefit from a number of advantages, which will stimulate it to increase its SME lending activity:
  - ⇒ **Substantial risk sharing**: The bank's own risk is reduced to up to 80% (depending on the guarantee instrument). This allows it to produce a greater number of SME loans or to grant higher loan amounts than it otherwise could.
  - ⇒ **Supply of specialized knowledge in risk assessment**: Guarantee institutions, when performing an individual risk assessment of the loan application, usually provide banks with an additional, qualitative, risk assessment, which permits the banks to better manage their credit risk. Especially in the case of mutual guarantee societies, peer review by entrepreneurs on the guarantee committees gives an additional commercial and operational assessment of the project.
  - ⇒ **Decrease of regulatory own funds requirements**: Usually (depending on the Member States) the part of the loan guaranteed or counter-guaranteed by public funds has a zero-weighting in terms of regulatory own funds requirements, subject to a certain number of conditions. This is an important incentive for banks due to a substantially reduced cost of funding for SME-loan operations.
  - ⇒ **First class collateral**: Thanks to the guarantee, the banks can count on a first class collateral issued by a supervised financial intermediary. The guarantee is usually paid out on first demand and to the full extent of its face value, after deduction of remaining collateral. In comparison, most other forms of collateral are only realised in a time-consuming procedure and often yield far less than their originally registered value.
  - ⇒ **Development of new business and cross-selling opportunities**: By making use of guarantees to reduce their risk, banks can venture in market niches that are not familiar to their core business, expanding their business and cross-selling opportunities.

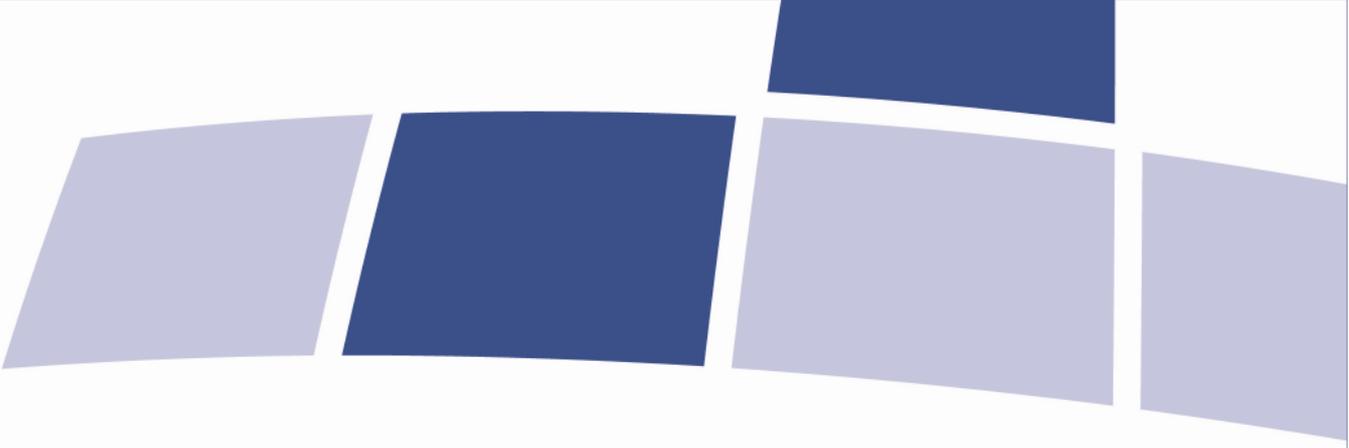


- The public authorities benefit from:
  - ⇒ **Multiplier effect / Cost efficiency:** The guarantee instrument is characterised by a high leverage effect (guarantee volume over own funds), resulting in a high volume of guarantees and even higher volume of credits accessed. As a consequence, the instrument is not only very cost effective from a promotional point of view, but also allows addressing a larger population of SMEs for the same amount of support funds. As an example, € 1 of own funds with a leverage of 10 and e.g. a 50% coverage ratio, results in € 10 of guarantees, € 20 of bank loans and an even higher amount of final investment.
  - ⇒ **Added value of guarantees for public authorities:** A recent German study by the University of Trier/Imnit has shown that aside from the micro-economic impact for the final beneficiaries, i.e. the SMEs, guarantees also provide public authorities with budgetary benefits that exceed the costs of the support measures.

#### **The positive contribution of guarantee schemes in the context of the crisis:**

Guarantee societies have acted swiftly in coordination with the public authorities and the banking sector to bring an adequate response to the financial challenges of the crisis:

- **Maintained commitment:** Guarantee schemes have maintained their pre-crisis commitment on their existing product lines to support SME access to credit in a more difficult market environment
- **New guarantee instruments:** AECM's members have launched new guarantee instruments that respond directly to the new financing needs arising from the crisis:
  - ⇒ **Working capital guarantees:** SMEs have been hit by rising late payments by their customers. As a consequence, many otherwise healthy companies have faced liquidity problems. In order for these businesses to access working capital loans, a number of AECM members have designed stand-alone working capital guarantees, that have proven to be quite successful.
  - ⇒ **Guarantees for factoring and leasing:** Some AECM members have created guarantee instruments for factoring and leasing, which are both alternative approaches to working capital and investment loans.
- **Change of terms and conditions of existing products:** Some guarantee societies have either raised their coverage rates, reduced their guarantee fees or accelerated their decision making process to make the products more appealing to both banks and SMEs
- **Mediation:** Some guarantee schemes have taken up the role as an active mediator between the banks and the SME customer, in order to prevent or solve problems between the two parties, e.g. by helping rescheduling the debt.



## Economic environment in 2009 and trends for 2010

AECM member organisations have confirmed the generally negative economic environment throughout the year 2009, either based on feedback from their customers or on national / sectoral studies on SMEs in general.

SME **production output** has slumped in the year<sup>1</sup> with two exceptions<sup>2</sup>, related to the agricultural sector. **Sales** levels have generally decreased<sup>3</sup>, along with SME **employment**<sup>4</sup> and SME **exports**<sup>5</sup>. The evolution of SME demand for loan finance over 2009 reflects the negative market environment as well as the growing problem late payments. While **SME demand for investment loans** has generally decreased (both in absolute terms and relative to portfolio<sup>6</sup>), demand for **working capital loans** has risen accordingly (both in absolute terms and relative to portfolio<sup>7</sup>).

At the same time, access to finance has become more difficult over the year, especially hitting hard weaker SMEs. The **supply** both of **working capital and investment loans** has either stagnated or shrunken<sup>8</sup>. Credit institutions have been seen to **increase their risk margins** and thus the interest rates charged to the final SME customer<sup>9</sup>. **Credit terms and collateralisation** requirements have become important as well as more severe. Generally, banks are more likely than before the crisis to request an additional guarantee in order to grant the loan<sup>10</sup>.

At the moment the survey was launched, the views of AECM members regarding the **trends for 2010** are less conclusive, probably reflecting the different economic situation in the respective countries. According to 6 member organisations<sup>11</sup>, the situation with regards to access to finance will remain unchanged in 2010, 5 see a slight improvement<sup>12</sup> whereas 2 expect further deterioration<sup>13</sup>. Production, sales, employment and exports are either expected to decrease or remain unchanged.

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<sup>1</sup> 8 answers from EE, DE, HU, LT, PL, RO, SI

<sup>2</sup> LT, IT

<sup>3</sup> 14 answers from EE, FR, DE, HU, IT, IN, PL, PT, RO, ES, SI

<sup>4</sup> 12 answers from EE, HU, IT, LT, PL, PT, RO, ES, SI

<sup>5</sup> 11 answers from DE, HU, IT, LT, PT, RO, ES, SI

<sup>6</sup> 11 answers BE, CZ, EE, DE, HU, LT, PL, PT, RO, ES, TR (Small company-loans). Two exceptions: FR, TR (medium company loans)

<sup>7</sup> 13 answers: increase FR, DE, IT, PL, PT, RO, ES, SI, TR (medium company loans) – decrease: CZ, LT, TR (small comp.)

<sup>8</sup> 17 answers: decrease: EE, FR, DE (4<sup>th</sup> quarter), GR, HU, IT, LT, PL, PT, RO, ES, SI, TR, stagn./not matched: FR, HU, IT

<sup>9</sup> 16 answers: increase: AU, EE, FR, GR, HU, LT, PL, PT, RO, ES, SI – decrease: CZ – unchanged: BE, IT

<sup>10</sup> 19 answers: BE, CZ, EE, FR, DE, GR, HU, IT, LT, PL, PT, RO, ES, SI, TR

<sup>11</sup> BE, GR, HU, LT, TR

<sup>12</sup> EE, FR, RO, SI

<sup>13</sup> DE, PT

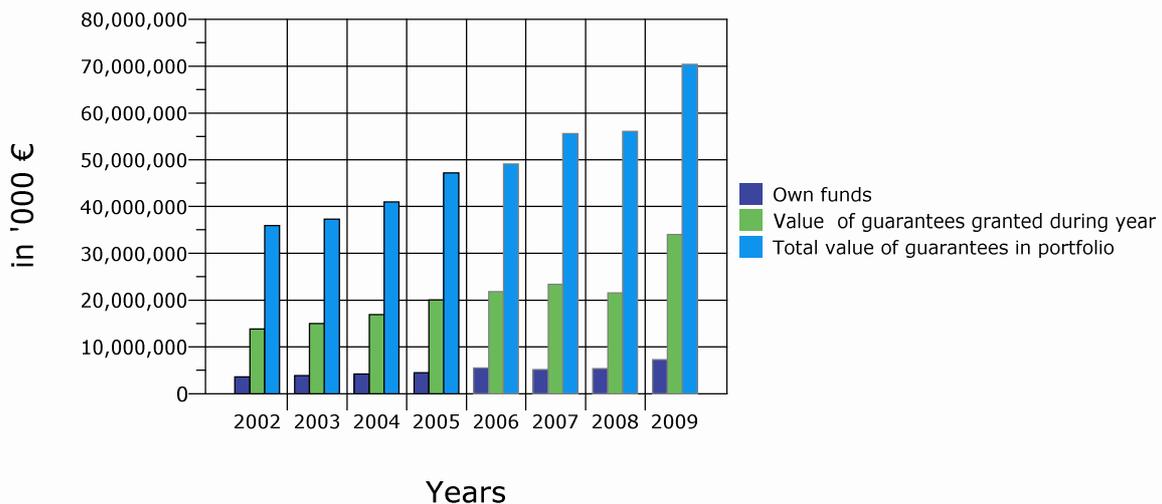
## General evolution of SME guarantee activity 2009

The year 2009 has seen a sharp increase in guarantee activity. This responds to the above-mentioned difficulties for SME access to finance and banks requests for additional collateral and guarantees.

Overall, in 2009, AECM members issued over 855.000 guarantees with a value of over € 34 billion. On 31<sup>st</sup> December 2009, AECM members held in their portfolios about 2 million guarantees for a value of **€ 70,4 billion** to over **1,8 million customers**, which represent about 8% of all SMEs in the European Union.

After a solid 8,13 % average growth rate for **total guarantee volumes** in portfolio over the period from 2002 to 2008, volumes have expanded by 25,7 % from 2008 to 2009. The volumes of **new guarantees issued per annum** have increased even more by **58 %** from 2008 to 2009, as compared to the average growth rate of **8,18 %** for the previous seven years (see graph below).

Progression of guarantee activity 2002 - 2009



This extraordinary increase in guarantee activity also reflects in part the impact of the specific crisis instruments, which have been launched by AECM member organisations towards the end of 2008 and the beginning of 2009, in form of new products or modified existing products.

## Performance of specific guarantee instruments in the context of the crisis

Indeed, with a total volume of **€ 11,2 billion**, guarantees issued under the specific crisis programmes make up about a third of the total guarantee activity in 2009. 67 % of the total volume of these specific crisis guarantees has been dedicated to short term, working capital loans.

Keeping in mind that short term working capital guarantees had hardly been offered before the crisis as a stand-alone product, the massive demand shows the need to fill a crisis-related market gap.

The specific crisis guarantee instruments have provided **over 120.000 SMEs** with crucial access to finance and thus contributed to maintaining **more than 851.000 jobs** (see tables below).

### Volume of new guarantees issued under crisis measures ('000 €):

		2008	2009
New products	Short term	35.346 €	7.500.917 €
	long term	15.605 €	2.275.452 €
	subtot	<b>50.951 €</b>	<b>9.776.369 €</b>
Modified prod	Short term	- €	1.345.940 €
	long term	71.000 €	128.710 €
	subtot	<b>71.000 €</b>	<b>1.474.650 €</b>
all measures	Short term	35.346 €	8.846.857 €
	long term	86.605 €	2.404.162 €
	Total	<b>121.951 €</b>	<b>11.251.019 €</b>

### Number of new guarantees issued under crisis measures:

		2008	2009
New products	Short term	442	106.785
	long term	122	27.449
	subtot	<b>564</b>	<b>134.234</b>
Modified prod	Short term	-	8.432
	long term	571	1.360
	subtot	<b>571</b>	<b>9.792</b>
all measures	Short term	442	115.217
	long term	693	28.809
	Total	<b>1.135</b>	<b>144.026</b>

**Volume of bank lending issued thanks to crisis measures ('000):**

		<b>2008</b>	<b>2009</b>
New products	Short term	53.294 €	11.199.998 €
	long term	25.411 €	2.959.129 €
	subtot	<b>78.705 €</b>	<b>14.159.127 €</b>
Modified prod	Short term	- €	2.024.380 €
	long term	89.000 €	227.790 €
	subtot	<b>89.000 €</b>	<b>2.252.170 €</b>
all measures	Short term	53.294 €	13.224.378 €
	long term	114.411 €	3.186.919 €
	Total	<b>167.705 €</b>	<b>16.411.297 €</b>

**N° of SMEs having accessed loans thanks to crisis measures**

		<b>2008</b>	<b>2009</b>
New products	Short term	435	94.362
	long term	134	16.705
	subtot	<b>569</b>	<b>111.067</b>
Modified prod	Short term	-	7.880
	long term	877	1.855
	subtot	<b>877</b>	<b>9.735</b>
all measures	Short term	435	102.242
	long term	1.011	18.560
	Total	<b>1.446</b>	<b>120.802</b>

**N° of employees in SMEs having accsd. loans thanks to crisis mea-**

		<b>2008</b>	<b>2009</b>
New products		5.474	323.022
Modified prod		4.680	527.981
	total	<b>10.154</b>	<b>851.003</b>

## Analysis by member organisations in the different countries

In this section AECM provides an overview per country and member organisation of the crisis measures undertaken, their performance and the publication policy. For more detailed information regarding the description of the crisis measures, please consult the AECM Brochure on the financial crisis measures on the following web-site: <http://www.aecm.be/ENG/studies.php>

### AUSTRIA:

#### 1. Austria wirtschaftsservice (aws):

##### Description crisis measures:

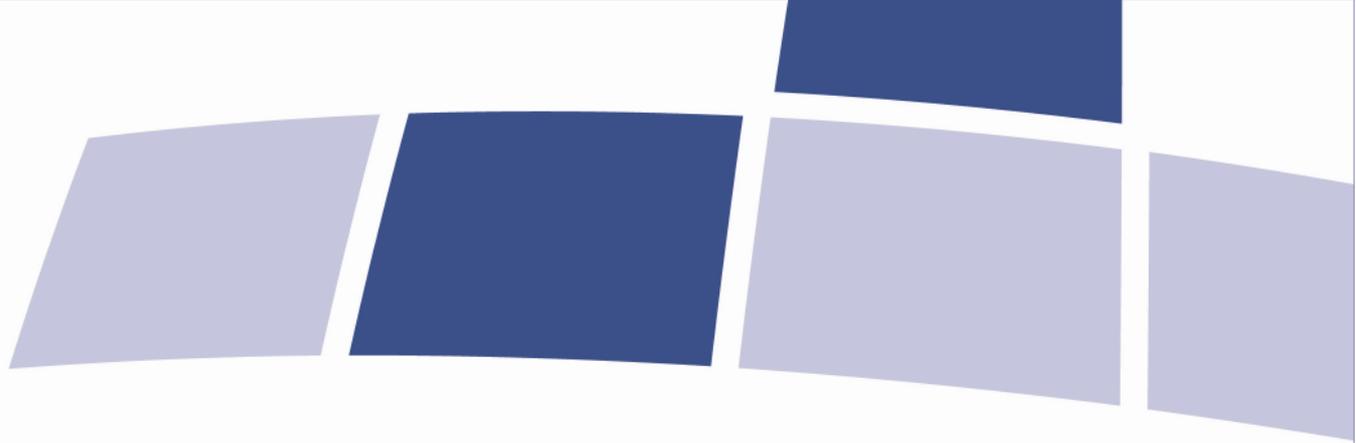
##### New measures:

- Adoption by Austrian Parliament of economic stimulation package of € 1 billion.
- Extension guarantee capacity of aws to provide additional loan guarantees for a total of € 400 million per year. These funds are channeled through existing aws guarantee products for SME loans, for the promotion of SME-innovation, for microcredit and for investments in Austria.



##### Adaptation of existing products:

- Guarantees for bridge-financing of SMEs. The beneficiary company has to show proof of an own funds' ratio of at least 8% for the years 2006 and 2007 as well as of a debt repayment period of maximum 15 years. The amount of the guarantee is directly linked to the number of employees. For each employee, a guarantee fraction of € 15.000 applies.
- The maximal individual guarantee amount for working capital loans for SMEs has been increased to € 2 million (i.e. 80% of € 2,5 million. Previously, the maximum loan amount was limited to € 1 million) with a maximum term of 5 years.
- The maximal individual guarantee amount for working capital loans for young entrepreneurs / start ups has been increased to € 480.000 (i.e. 80% of € 600.000. Previously, the maximum loan amount was limited to € 300.000)
- More flexibility in regard to guarantees for micro loans.
- Double equity – guarantee fund: the limit for the own funds that can be doubled has been raised from € 1,875 million to € 2,5 million
- Equity guarantee: The coverage rate for the own funds guarantee has been raised from 50% to



75%. The total own funds funding that the company receives from one or more investors cannot exceed € 2,5 million over a twelve-months period as compared to previously € 1,5 million.

- Also alternative financing instruments, e.g. leasing and subordinated loans can be guaranteed.

Performance of crisis measures in 2008 – 2009:

<b>Parameter (* € figures in '000)</b>	<b>2008</b>	<b>2009</b>
Volume guarantees short term*	- €	12.000 €
Volume guarantees long term*	71.000 €	86.000 €
Number guarantees short term	-	27
Number guarantees long term	571	815
Volume of bank lending accessed through guarantees - ST *	- €	15.000 €
Volume of bank lending accessed through guarantees - LT *	89.000 €	108.000 €
Number beneficiary SMEs short term guarantees	-	27
Number beneficiary SMEs long term guarantees	571	815
Number of employees active in beneficiary SMEs	4.680	6.590
Number of jobs created in beneficiary SMEs	1.380	1.515

<b>Breakdown of beneficiaries</b>	<b>2008</b>	<b>2009</b>
1-49 employees	89,60%	91,20%
50 - 249 employees	5,80%	5,90%
250 and more employees	4,60%	2,90%

Evaluation process and publication policy:

Aws is currently starting an evaluation project on all guarantee instruments (however excluding the bridge finance guarantee). Aws organised information events (including all Austrian banks and the Chamber of Commerce) and training courses. There were many press conferences and PR-measures. Aws also took part in many official events (parliamentary bodies etc..)

## 2. Niederösterreichische Bürgschaftsgesellschaft GmbH (NÖBEG):

### Description crisis measures:

#### New measures:

NÖBEG has introduced a temporary guarantee product (until 31.10.2010) under the Niederösterreichische Konjunkturprogramm (Lower Austria stimulation package), that has the following aspects:



- Simplified assessment procedure for investment loans up to 100.000 € and for working capital loans up to 70.000 €
- Guarantee coverage: 50% of loan amount
- Guarantee conditions NÖBEG: No processing fee; Annual guarantee fee: 1 % of guaranteed amount . Credit term: Investment loans up to 10 years. Working capital loans up to 5 years

### Performance of crisis measures in 2009:

<b>Parameter (* € figures in '000)</b>	<b>2009</b>
Volume guarantees short term*	8.000 €
Volume guarantees long term*	1.400 €
Number guarantees short term	92
Number guarantees long term	24
Volume of bank lending accessed through guarantees - ST *	16.000 €
Volume of bank lending accessed through guarantees - LT *	2.800 €
Number beneficiary SMEs short term guarantees	83
Number beneficiary SMEs long term guarantees	18

<b>Breakdown of SME-beneficiaries</b>	<b>2009</b>
1-9 employees	55,00%
10 - 49 employees	36,00%
50 - 249 employees	9,00%

### Evaluation process and publication policy:

NÖBEG has undertaken an advertising campaign in the framework of the Lower Austria Stimulation package, including a press conference with the Land Niederösterreich and the Chamber of the economy (Wirtschaftskammer) Lower Austria, a dissemination and information campaign via the Wirtschaftskammer Lower Austria, a series of around 60 workshops for bankers and entrepreneurs as well as information placed on the NÖBEG web-site.

## BELGIUM:

### 1. SOWALFIN (Walloon region):

#### Description crisis measures:

##### New measures:

- Increase of guarantee capacity for Sowalfin from € 450 million to € 500 million via public stimulus package.
- Working capital: Existing lines (previously only new ones) can now be guaranteed, when they have to be renewed. Cover: 50% of max. € 500.000.



##### Adaptation of existing products:

- Sofinex (40% owned by Sowalfin) can increase coverage from 50% to 75% for export credit operations.
- The total admissible guarantee volume for SME guarantees for export and foreign investments, issued by Sofinex (of which Sowalfin is 40% shareholder), has been raised from € 20 to € 50 million (as part of the € 500 million total guarantee volume)

#### Performance of crisis measures in 2009:

<b>Parameter (* € figures in `000)</b>	<b>2009</b>
Volume guarantees short term*	16.467 €
Volume guarantees long term*	650 €
Number guarantees short term	144
Number guarantees long term	8
Volume of bank lending accessed through guarantees - ST *	35.394 €
Volume of bank lending accessed through guarantees - LT *	1.500 €
Number beneficiary SMEs short term guarantees	121
Number beneficiary SMEs long term guarantees	7
Number of employees active in beneficiary SMEs	3.283
Number of jobs created in beneficiary SMEs	175

#### Evaluation process and publication policy:

The Central Bank (BNB), the Belgian Banking Association (ABB) and the CEFIP (research institute) have undertaken assessments of the measures. Sowalfin has disseminated information about the products via its web-site, the banks and sectoral associations. It also has used the annual forums on entrepreneurship (Liège, Louvain La Neuve, etc.) all over Wallonia as an information platform.

## 2. Waarborgregeling / PMV:

### Description crisis measures:

#### New measures:

- The budget for the Flemish public guarantee fund has been increased for both 2008 and 2009 by € 170 million each.
- PMV created Gigarant nv which issues individual guarantees to SMEs and larger companies. Guarantee beyond € 1,5 million, coverage: 90 % of underlying credit amount. Interest percentage and premium decided on a case-by-case basis. The measure is limited until Dec. 2010. PMV also launched guarantees for leasing contracts.

**Waarborgbeheer**  
PMV x kmo

#### Adaptation of existing products:

Maximum limit for an individual guarantee under the automatic (Portfolio) guarantee raised from € 500.000 to € 750.000 (the individual guarantee limit remains at € 1.500.000). For amounts between € 500.000 and € 1.500.000, a ministerial decision is needed. The requirement for personal guarantees has been abolished and the limitation for working capital has been lifted.

### Performance of crisis measures in 2009:

<b>Parameter (* € figures in '000)</b>	<b>2009</b>
Volume guarantees short term*	17.386 €
Volume guarantees long term*	187.262 €
Number guarantees short term	92
Number guarantees long term	1.402
Volume of bank lending accessed through guarantees - ST *	27.055 €
Volume of bank lending accessed through guarantees - LT *	307.523 €
Number beneficiary SMEs	2.866

### Evaluation process and publication policy:

An information campaign was set up in order to increase the awareness of Flemish companies about the newly introduced programmes. The campaign consisted of dissemination of detailed programme information on various websites, organisation of numerous workshops for SMEs all over the Flemish Region, intensive communication towards the intermediary banks, press releases and announcements by policy makers.

## CZECH REPUBLIC:

### Českomoravská záruční a rozvojová banka, a.s., (CMZRB):

#### Description crisis measures:

##### New measures:

CMZRB, has received a large increase of funding for guarantee activities (2009 – 2010) through the speeding up of disbursement of structural funds money with € 68 million set aside to guarantee investment loans for finance projects mainly in manufacturing and building industry. An additional sum of about € 65 million has been made available to support guarantees for working capital mainly for SMEs operating in the manufacturing and building industries.

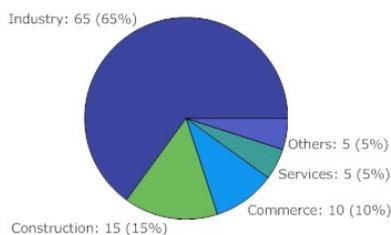


##### Adaptation of existing products:

In March 2009, relaunch of support in form of guarantees for working capital loans, which had been suspended in the last quarter of 2008.

#### Performance of crisis measures in 2009:

Breakdown according to sectors - 2009



Parameter (* € figures in '000)	2009
Volume guarantees short term*	110.700 €
Number guarantees short term	604
Bank lending accessed through guarantees - ST *	155.600 €
Number beneficiary SMEs short term guarantees	600

Breakdown of SME-beneficiaries	2009
1-9 employees	41,00%
10 - 49 employees	35,00%
50 - 249 employees	24,00%

#### Evaluation process and publication policy:

The data about guarantees provided as a part of anti-crisis measures were included in the annual report about SME support in the year 2009, elaborated by the Ministry of Industry and Trade of the Czech Republic. Full information about the new call for guarantee applications was presented on CMZRB's web site. The basic information was provided on the web site of the Ministry and Trade. The CMZRB staff in regions addressed loan officers of banks on events for local bank branches; bank headquarters were addressed as well. Co- operation agreements were signed with 11 banks for simplified procedure of guarantee application assessment. Press releases were issued about the launch of the scheme and its progress. The scheme ended in June 2010. Funds which were available for the year 2010 were fully disbursed.

## ESTONIA:

### Credit and Export Guarantee Fund (KredEx):

#### Description crisis measures:

##### New measures:

The Economic Support Package adopted by the Government in March 2009 included raising the loan guarantee limits (for KredEx to € 95,8 million from previously € 51,1 million) and allocated additional resources from European Structural funds to different direct financing instruments with an total amount of € 76,7 million.

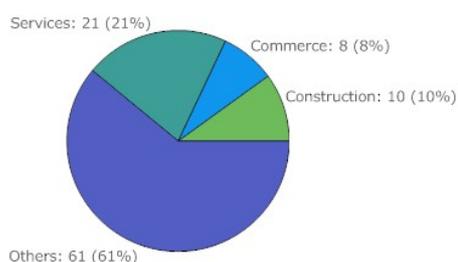


##### Adaptation of existing products:

Refinancing of other loans is allowed to help companies get working capital loans, for which there has been a rising need. The maximum guarantee amount for the Start-Up guarantee has been raised from € 31.900 to € 47.900 in September 2009. The maximum amount for loan, lease and bank guarantees has been increased from € 1,02 million to € 1,9 million per company.

#### Performance of crisis measures in 2009:

Breakdown according to sectors - 2009



Parameter (* € figures in '000)	2009
Volume guarantees short term*	20.700 €
Volume guarantees long term*	8.000 €
Number guarantees short term	155
Number guarantees long term	n.a.
Bank lending accessed thr. guarantees - ST *	31.100 €
Bank lending accessed thr. guarantees - LT *	9.400 €
Number beneficiary SMEs	366
Number of jobs created in beneficiary SMEs	1.288

Breakdown of beneficiaries	2009
1-9 employees	28,00%
10 - 49 employees	27,00%
50 - 249 employees	35,00%

#### Evaluation process and publication policy:

Among the dissemination channels used by KredEx to provide detailed programme information were its web-site; seminars for banks' account managers; tight cooperation with partners – commercial banks, business advisors etc; cooperation with conference organizers via presentations and promotion; press releases about the launching, results, changes in terms of the products etc.; articles, success stories on newspaper and on newsletters; press Campaigns – advertising (print, www, poster), direct e-mail and post.

## FRANCE:

### 1. OSEO:

#### Description crisis measures:

##### New measures:

- Oséo received a 50 % increase of its lending capacity towards banks via a new € 2 billion refinancing facility from the Caisse de Dépôts et Consignations (CDC) as well as an additional guarantee volume for SME bank loans of € 2 billion for the period 2008-09, for loans related to the traditional activity of OSEO garantie, i.e. investment, start ups and LBO programs. To achieve this goal, the funding of guarantee funds has been raised to € 280 million for 2008 and for 2009.
- The stimulus plan allows OSEO garantie to cover € 6 billion banking loans, in the following categories:
  - ⇒ Specialized guarantee fund aiming at maintaining the availability of financing previously granted to SMEs as short term loans. This facility allows for guarantees up to € 2 billion in SME loans, with the aim of transforming short term facilities into medium and long term loans.
  - ⇒ Another guarantee fund to cover an extra € 2 billion of short term facilities when they are unconditionally confirmed by the banks for a period of 18 months.
  - ⇒ A line covering up to € 1 billion of financing is dedicated to enterprises in the automobile sector (manufacturers' subcontractors and distributors).

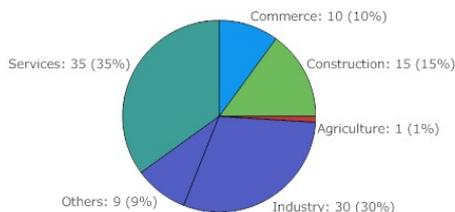


##### Adaptation of existing products:

Oséo can now grant a guarantee coverage rate of up to 90 % of the loans.

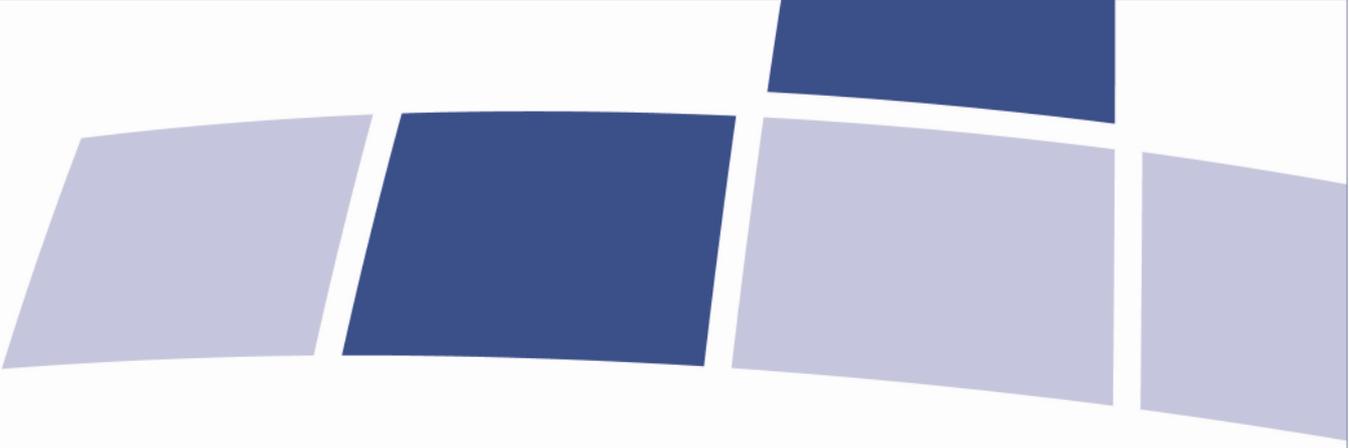
#### Performance of crisis measures in 2009:

Breakdown according to sectors - 2009



Parameter (* € figures in `000)	2009
Volume guarantees short term*	776.000 €
Volume guarantees long term*	1.506.000 €
Number guarantees short term	3.380
Number guarantees long term*	13.520
Volume of bank lending accessed - ST *	1.254.000 €
Volume of bank lending accessed - LT *	2.546.000 €
N° beneficiary SMEs short term guarantees	16.900
N° of employees active in beneficiary SMEs	195.000

Breakdown of beneficiaries	2009
1- 249 employees	97,00%
250 employees and more	3,00%



Evaluation process and publication policy:

Regular assessments are performed by the Finance Ministry, the Central Bank, various industry and banking associations as well as by a research company entrusted by Oséo with a survey among 5.500 beneficiary companies. 50% of the SMEs covered by the survey stated that they would have gone into bankruptcy without a guarantee from Oséo. Oséo has provided detailed information on its web-site, set-up a free information phone line, communicated towards the different industry and banking associations, launched a media campaign and participated in a mediation mechanism between SMEs and their banks. They held information workshops via the Chambers of Commerce and Industry and other representative organisations.

## 2. SIAGI:

### Description crisis measures:

#### New measures:

The SIAGI has signed its contract for financial intermediation for the guarantee window under the Competitiveness and Innovation Programme (CIP). The SIAGI's shareholder structure is composed of the French Chambers of Crafts, several French banking networks as well as of Oséo, a public development institute, also member of AECM.



- Through regional, national and EIF counter-guarantees, SIAGI manages to achieve a substantial leverage effect. With regard to products, the SIAGI had chosen to specialize itself in the area of business transfers, which represent a relatively high risk for banks and make up 70% of the guarantee portfolio of the guarantee system.

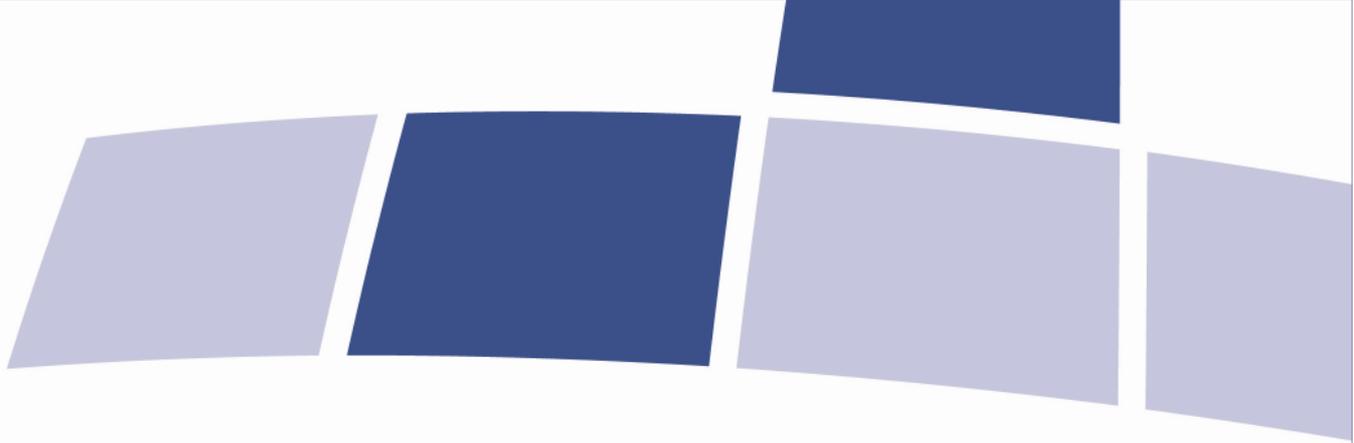
Under the MAP, SIAGI had given guarantees to a product called "Prêt reprenneur" of Crédit Agricole, which gives up to € 120.000 in loan funds without a personal guarantee. 900 operations with a total loan value of € 72 million had been realized from May 2006 to December 2007. This product has been continued under the CIP, with a higher individual loan ceiling of € 150.000. A total of € 139 million in loans are foreseen from November 2008 to December 2010. All banking partners of the SIAGI benefit from its guarantee under the CIP.

A new product focuses on growth companies, with a loan ceiling of € 250.000 and a projected total volume of € 56 million over the same time horizon. In the case of both products, no personal guarantee of the business owner is needed.

- Aside from this, SIAGI takes part in the Stimulation package for the French economy in three ways :
  - ⇒ Providing short term guarantees: La SIAGI offers a Short Term Guarantee, which covers the bank for the working capital needs of the companies. The total coverage can go up to 70% when the guarantee is provided with a co-guarantee from a local or regional authority.
  - ⇒ Innovative product via "Rebound Guarantee": SIAGI extends a guarantee for the shoring-up of existing credit lines or the issuing of new credit lines via a risk sharing agreement.
  - ⇒ Participation in credit mediation: SIAGI has taken an active role in the credit mediation process, which is open to all entrepreneurs, craftsmen, retailers, liberal profession or other individual entrepreneur who encounter financing difficulties with their bank.

### Performance of crisis measures in 2009:

Program UE (mln €)	2006	2007	2008	2009	2010/11 p	total
MAP reprise	13,4	46,3	11,7			71,4
<b>CIP reprise</b>			<b>2,7</b>	<b>50,7</b>	<b>70</b>	<b>123,7</b>
<b>CIP croissance</b>				<b>13,9</b>	<b>35</b>	<b>48,9</b>
total	13,4	46,3	14,4	64,6	105	253,1



## GERMANY:

### Verband Deutscher Bürgschaftsbanken (VDB):

#### Description crisis measures:

##### New measures:

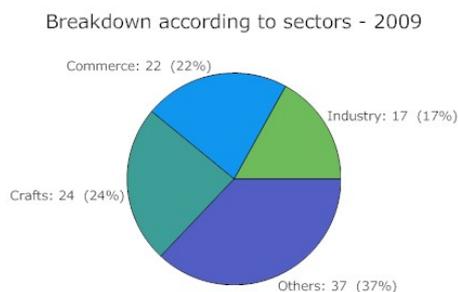
The VDB received important facilitations with regard to the conditions of the counter-guarantees. The federal counter-guarantee coverage rates have been increased from 65% to 75% (old federal states) and from 80% to 90% (new federal states) for the period of 6 March 2009 to 2010. In the old federal states a further increase of 5 % is left at the discretion of the respective federal state. This allows Guarantee Banks to substantially step up their support activities with the same own funds levels. Previously, the counterguarantee agreement restricted the content of working capital in any investment loan to maximum 35%. This percentage has now been brought up to 50%. This addresses the vital need of smaller companies for additional liquidity in the current crisis.



##### Adaptation of existing products:

The VDB increased the maximum guarantee amount per company to € 2 million (previously € 1 million) as well as the guarantee coverage rate for investment loans for SMEs and start-ups from 80% to 90%. In order to speed up the decision-making process, the counter-guarantor delegated full decision-making powers to the German Guarantee Banks for small amounts up to a threshold of € 150.000.

#### Performance of crisis measures in 2009:



Parameter (* € figures in '000)	2009
Volume guarantees short term*	1.261.300 €
Number guarantees short term	7.745
Number guarantees long term	n.a.
Bank lending accessed thr. guarantees - ST *	1.837.900 €
Number beneficiary SMEs	7.000
N° of employees active in beneficiary SMEs	111.000
N° of jobs created in beneficiary SMEs	12.000

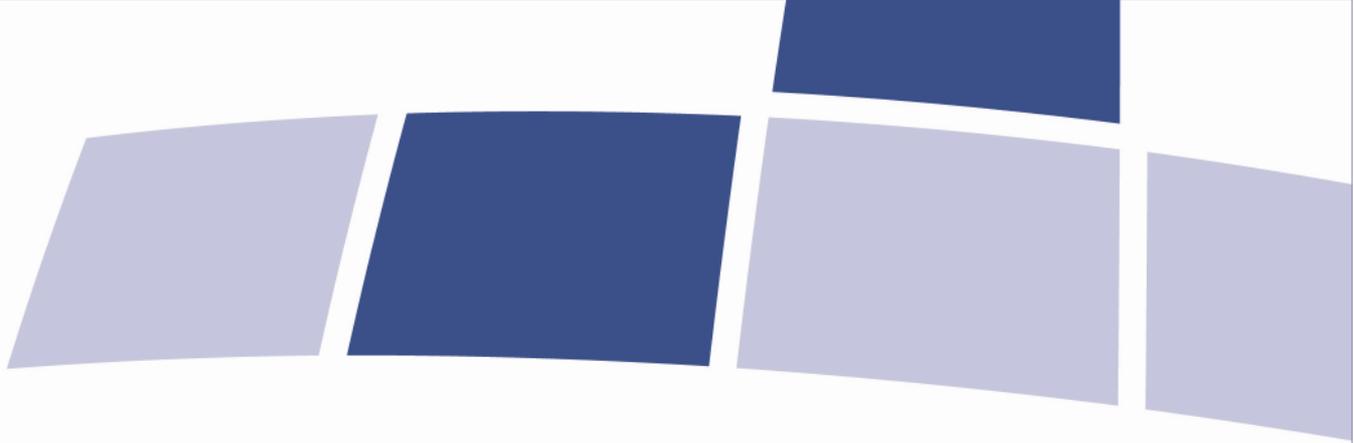
#### Evaluation process and publication policy:

In 2010, an evaluation of the measures of the "Wirtschaftsfonds Deutschland" (which also contains the guarantee stimulus measures), has been undertaken by the Federal State and pointed out the particular relevance of guarantee instruments provided by the German Guarantee Banks. The German Guarantee



Banks have also launched an update of the study on the added economic value of the German Guarantee Banks. The study arrived at the conclusion that thanks to the availability of guarantees, Gross Domestic Product increases by an average of € 3.4 billion per annum, that the number of employees rises and that the number of unemployed falls overall. Furthermore, in the consideration of permanent stimuli, net financial investments in the most realistic variant of the study amounts to € 1 billion on average for a year.

The members of the VDB have held over 600 workshops all over the country, either alone or together with representatives from the Credit sector and SME associations.



## HUNGARY:

### 1. Rural Credit Guarantee Foundation (AVHGA):

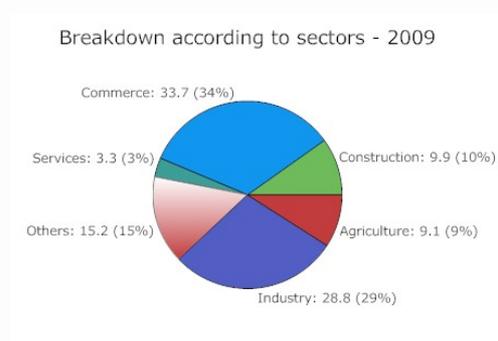
#### Description crisis measures:

##### Adaptation of existing products:

- AVHGA provides guarantees at a reduced guarantee fee for bank loans provided by commercial banks on market conditions as well as loans not funded by the state (loans without any state aid element), in accordance with state aid rules. The measure is an improvement over the existing product in as far that now guarantees can be provided above the agricultural *de minimis* ceiling (€ 7.500 over 3 years). The SME benefits from a guarantee fee that is lower than the market fee.
- AVHGA also has adapted existing products making use of the Temporary State Aid Framework. For aid that does not exceed a cash grant of € 500.000 per undertaking, guarantees can be provided for reduced fee beyond the general *de minimis* ceiling (€ 200.000 over 3 years). Also, for SMEs in agricultural production sector AVHGA grants a reduction of 25% of the annual market fee (which is calculated through methodologies already accepted by the Commission). In this case, the guarantee can cover up to 90% of loans in the agricultural production sector if the respective loans do not exceed HUF 50 million. In accordance with the conditions of the Temporary State Aid Framework, both products are available to companies that were not in difficulty on 1 July 2008 but may have entered in difficulty thereafter as a result of the global financial and economic crisis.

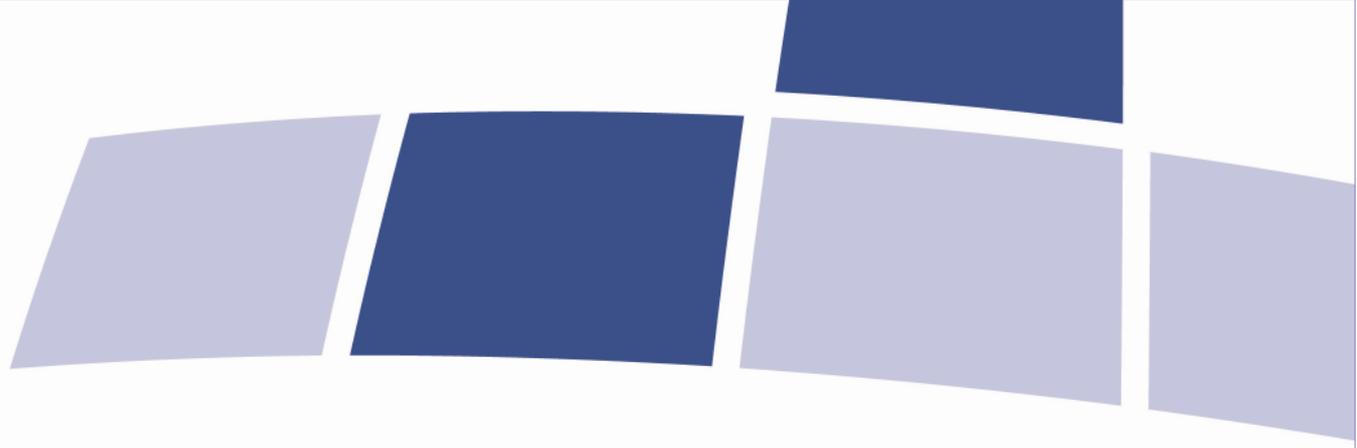


#### Performance of crisis measures in 2009:



Parameter (* € figures in '000)	2009
Volume guarantees short term*	30.531 €
Volume guarantees long term*	3.200 €
Number guarantees short term	244
Number guarantees long term	34
Bank lending accessed thr. guarantees - ST *	52.438 €
Bank lending accessed thr. guarantees - LT *	5.237 €
Number beneficiary SMEs short term	209
Number beneficiary SMEs long term	34

Breakdown of beneficiar	2009
1-9 employees	44,00%
10 - 49 employees	40,70%
50 - 249 employees	15,20%



[Evaluation process and publication policy:](#)

The various institutions (e.g. the central bank, the banking association, research institutes, etc.) have not conducted systematic assessments of the effectiveness of the programmes yet, however they are planning to do so.

AVHGA provided a detailed description of the new temporary guarantee measures on its website. AVHGA sent financial institutions detailed information letter on the new measures. AVHGA has an advisory company, which provides entrepreneurs directly with information on the temporary measures.

## 2. Garantiqa Hitelgarancia Zrt.:

### Description crisis measures:

#### Adaptation of existing products:

Garantiqa has obtained the doubling of the portfolio volume covered by state counter-guarantee from HUF 450 billion to HUF 900 billion in 2009. In 2008, the company increased its total guarantee volume by 23%. The new portfolio limit contained in the Central Budget Act offers a sound basis for an even more dynamic increase.

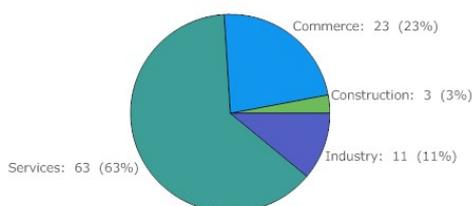


The guarantee coverage can amount to 90% of the underlying loan or leasing operation. Guarantees can only be issued under the scheme for payment commitments of small or medium sized enterprises up to a total of € 2,5 million per beneficiary. In case of guarantees issued under the Temporary Framework, the gross grant equivalent of the state aid content (as calculated by a methodology accepted by the Commission) can be maximum € 500.000 in three years.

Garantiqa Hitelgarancia Zrt. has simplified its risk management process by shortening the decision process and giving SMEs quicker access to finance, among which greater flexibility regarding collateral types.

### Performance of crisis measures in 2009:

New products breakdown in sectors - 2009

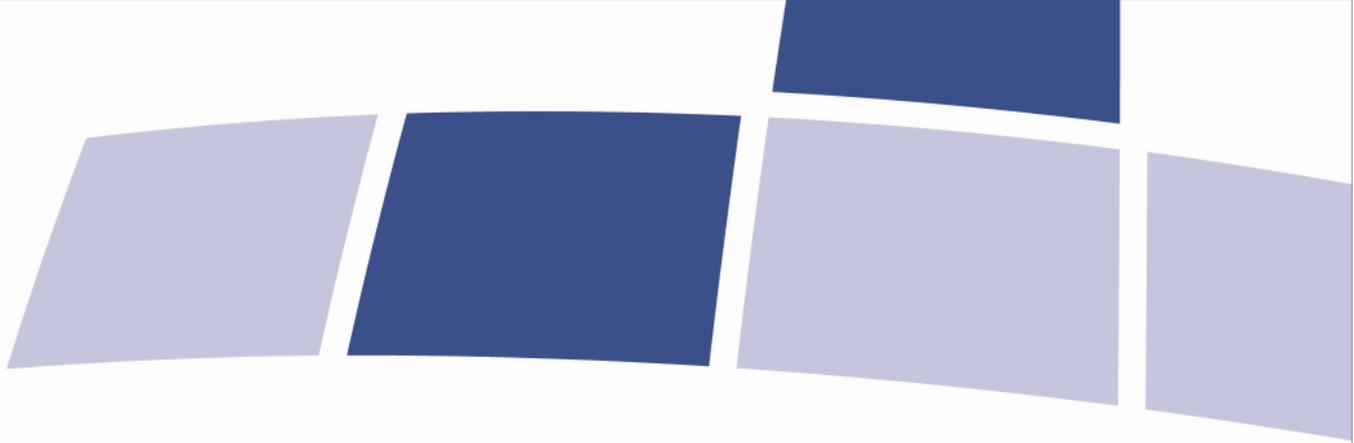


Parameter (* € figures in '000)	2009
Volume guarantees short term*	3.940 €
Volume guarantees long term*	17.930 €
Number guarantees short term	399
Number guarantees long term	495
Bank lending accessed thr. guarantees - ST *	4.100 €
Bank lending accessed thr. guarantees - LT *	20.710 €
Number beneficiary SMEs short term	399 €
Number beneficiary SMEs long term	495

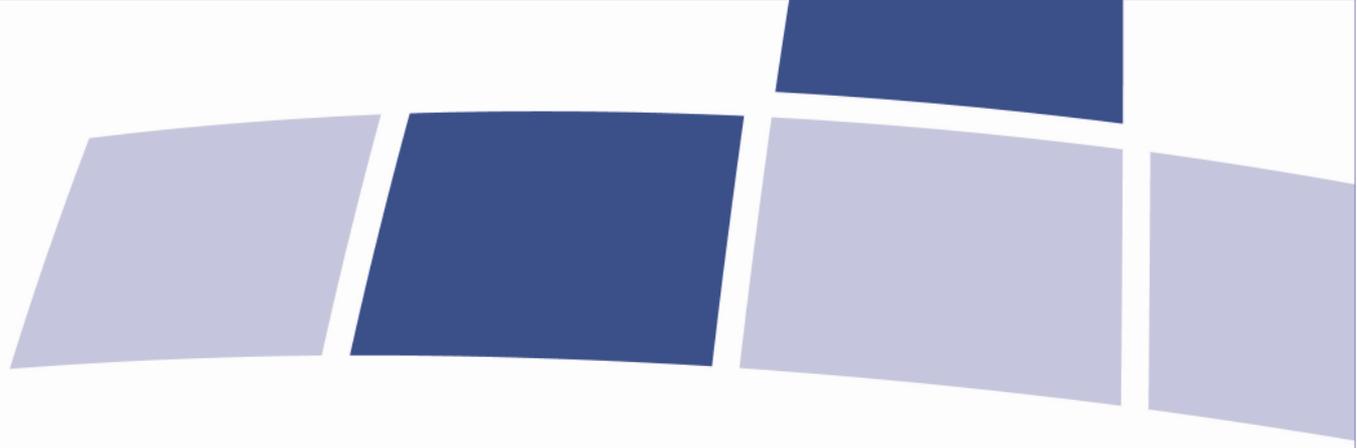
Breakdown of beneficiaries/ New product	2009
1-9 employees	34,00%
10 - 49 employees	43,00%
50 - 249 employees	23,00%

### Evaluation process and publication policy:

Garantiqa continuously assesses the efficiency of the organisation's guarantee programmes to support SMEs in the crisis, and modifies the programmes accordingly. Garantiqa has disseminated the information via its web-site and has closely cooperated with financial institutions and SME associations. Garantiqa sends out press releases about all important changes and new products of the organisation on a regular basis and the CEO is interviewed quite frequently in the electronic media and the newspapers.



Garantiqa also takes part in different road show events with other organisations, with the purpose of giving information about the guarantee possibilities. The different target groups for these road shows are local municipalities and SMEs.



## ITALY:

### ASSOCONFIDI:

#### Description crisis measures:

#### New products/measures:

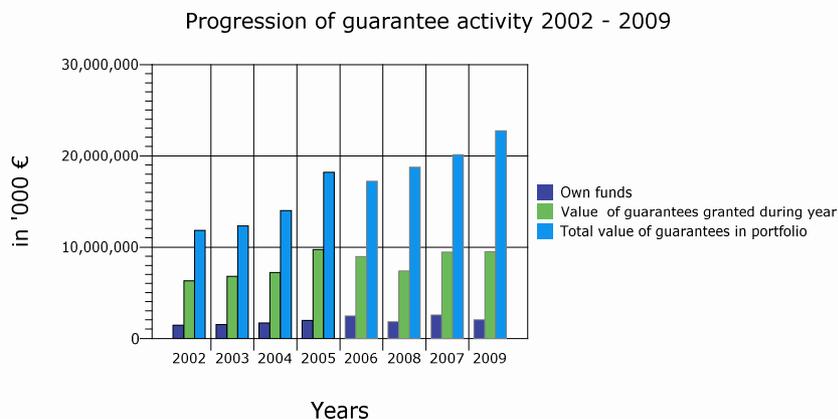
- The SME Guarantee Fund, a national public guarantee fund set up with the aim of improving SME access to credit finance issues guarantees directed to financial institutions (covering 60% to 80% of the financial transactions) as well as counterguarantees to the Confidi, the Italian mutual guarantee societies, as well as to other guarantee funds (covering 90% of the guarantees issued by these entities to financial institutions).



The Government has extended the activity of the SME Guarantee Fund to include crafts enterprises, raised the maximum amount the SME Guarantee Fund can guarantee per enterprise from € 0,5 million to € 1,5 million, refinanced the SME Guarantee Fund with approximately € 1.500 million for the period from 2008-2012 (approximately € 240 million of this budget were destined for the years 2008 and 2009) and foreseen that the SME Guarantee Fund will benefit from the last resort guarantee of the State allowing a “zero-weighting” effect that will permit the banks not to have to set aside regulatory capital for the part of the credit guaranteed by the Fund.

- The main Italian confidi, moreover, have signed agreements with European Investment Fund (FEI) in order to manage the guarantees foreseen by the “CIP-Competitiveness and Innovation Framework Programme”.

#### Progression of guarantee activity 2002-2009:



## LITHUANIA:

### 1. INVEGA:

#### Description crisis measures:

##### New products:

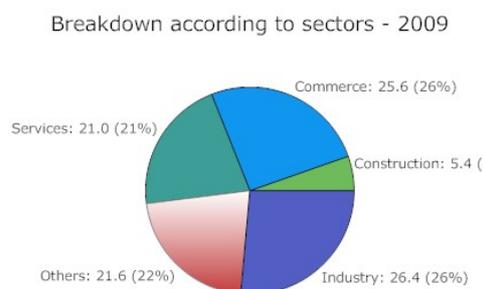
The new guarantee measure for SMEs in difficulties and large companies was launched under the Temporary Framework. The scheme notified to the European Commission allows INVEGA to grant up to 80 percent guarantees for up to LTL 5 million (€ 1,44 million).



##### Adaptation of existing products:

In February 2009 INVEGA has increased its guarantee coverage rate for working capital loans from 50% to 80% to facilitate SME financing and improve business development conditions for SMEs.

#### Performance of crisis measures in 2009:



Parameter (* € fig. in '000)	2009
Volume guarantees short term*	13.880 €
Volume guarantees long term*	11.458 €
Number guarantees short term	304
Number guarantees long term	204
Bank lending accsd thr. guarantees - ST *	28.290 €
Bank lending accsd thr. guarantees - LT *	14.200 €
Number beneficiary SMEs	508
N° of employees active in benef. SMEs	210
N° of jobs created in beneficiary SMEs	410

Breakdown of SME-beneficiaries	2009
1-9 employees	25,60%
10 - 49 employees	31,00%
50 - 249 employees	16,40%

#### Evaluation process and publication policy:

No assessment is planned at the moment.

Invega has used the web, contacts to different stakeholder organizations and press campaigns as vectors to disseminate information about the availability of new and modified guarantee products.

## **2. Rural Credit Guarantee Fund (RCGF):**

### Description crisis measures:

#### New measures:

The Ministry of Agriculture has initiated a new financial measure under the European Agriculture Fund for Regional Development (EAFRD) funds, called „Credit Fund“. The total financing allocated for this measure amounts to € 130,33 million. The „Credit Fund“ is being established as a separate block of finance within Lithuanian Rural Credit Guarantee Fund. Preferential credits (with more favorable interest rate) shall be issued to economic entities engaged in agricultural activities and enterprises engaged in production, processing and realization of agricultural produce. The „Credit Fund“ shall invest in economic entities on their establishment, during their early stages or expansion and only in activities that the Credit Fund considers potentially viable. The economic entities may also obtain the Lithuanian Rural Credit Guarantee Fund guarantee if it lacks collateral.



The Lithuanian Rural Credit Guarantee Fund will carry out the administrative functions of „Credit Fund“, perform the selection and supervision of financial intermediaries and control the credit issuance and proper use. Banks are being selected in the process of an open and transparent tender, ensuring free competition, equal and honest treatment.

### Performance of crisis measures in 2009:

<b>Parameter (* € figures in '000)</b>	<b>2009</b>
Volume guarantees long term*	362 €
Number guarantees long term	6
Volume of bank lending accessed through guarantees - LT *	746 €
Number beneficiary SMEs	10
Number of employees active in beneficiary SMEs	25
Number of jobs created in beneficiary SMEs	5

<b>Breakdown of beneficiaries</b>	<b>2009</b>
1-9 employees	100,00%

### Evaluation process and publication policy:

Assessment of the Credit Fund was undertaken by the Ministry of Agriculture and the National Paying Agency. The Credit Fund shall report to these institutions on an annual basis. Trainings and seminars were undertaken to train account managers of banks as well as credit beneficiaries. Press-campaigns were organised and detailed information was provided in the press and on the web.

## **PORTUGAL:**

### **SPGM and Mutual Guarantee Societies:**

#### Description crisis measures:

##### New products:

- From July 2008 on, the Ministry of the Economy and Innovation launched four credit lines as support measures for companies with a view of minimizing the impact of the financial crisis on SME access to finance. This initiative involved both the banking sector and the National Mutual Guarantee System. These lines are called "PME Investe" and represent a total value of about € 4 billion.
- The following general characteristics were agreed upon for the "PME Investes" by the Government, the Banks, the Guarantee societies and the Counterguarantor:
  - ⇒ Interest rates negotiated with the Banks and partially subsidized
  - ⇒ Mutual guarantee with a coverage of 50% or 75% for each operation, the guarantee premiums being fully subsidized by the State
  - ⇒ Long-term maturities (up to 7 years)
  - ⇒ Very short decision period (between 3 and 10 working days)
  - ⇒ Automatization of the circulation and information cycle for the decision-making process between the parties
- The conditions of these credit lines took into account:
  - ⇒ The current situation of the economy and of the financial markets with regards to the funding of the financing cycle of the companies (working capital needs)
  - ⇒ The dimension of the companies, privileging the access of micro- and small companies. The guarantee coverage rate for these operations is 75% as compared to a coverage of 50% for all other beneficiaries
  - ⇒ A wide range of investment typologies that can be financed, going from investments in assets to working capital and, in the case of the hotel sector, even permitting the restructuring of existing investments. The support is segmented along different sectors (cork, textile and clothes, automobile, tourism) as well as provided for public development policies (exportation).

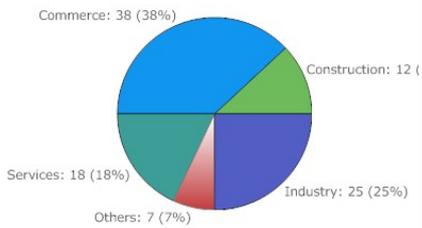


As part of the global package of the SME credit lines, the State proceeded to the adequate recapitalization of the Mutual Counterguarantee Fund, allowing the Mutual Guarantee Societies to benefit from public counter guarantee levels going to 80% or in some cases to 90%, higher than usual.

Similar credit lines have been launched for the regional authorities of the Madeira and Açores islands, amounting to a total of about € 100 million.

Performance of crisis measures in 2008/2009:

Breakdown according to sectors - 2008/09



Parameter (* € figures in '000)	2008/2009
Volume guarantees long term*	2.313.100 €
Number guarantees long term	43.951
Bank lending accessed thr. guarantees - LT *	4.380.000 €
Number beneficiary SMEs	32.000
N° of employees active in beneficiary SMEs	250.000

Breakdown of SME-beneficiaries	2008-09
1-9 employees	64,00%
10 - 49 employees	32,00%
50 - 249 employees	4,00%

Evaluation process and publication policy:

Assessments are planned, but the credit lines are still in place and a new one, called PME Investe V, for 2010 in a total amount of 750 million € financing is being launched. The studies will be carried by an independent university under open tender by the managing authorities of the lines and also by the MGS scheme.

Dissemination of detailed programme information on the web and also in several events promoted by SME associations, financial institutions and other public agencies or private companies that work on the support of the SME sector. Also some radio spots and information on many banks websites.

## ROMANIA:

### 1. National Credit Guarantee Fund for SMEs (FNGC IMM):

#### Description crisis measures:

##### New products:

- Launch by the end of January 2009, of "the establishment of the Romanian Counter-Guarantee Fund for SMEs" by the Romanian Government as one of the anti-crisis measures. The Romanian Counter-Guarantee Fund will be able to share the guarantee risk with - by issuing counter-guarantees (*i.e.* level 2 guarantees) to - the Romanian credit guarantee funds at a counter-guarantee rate of up to 80% of the value of guarantee for SME financing.
- By April 2009, the FNGC IMM launched a new credit guarantee instrument for small businesses, "the guarantee commitment". An entrepreneur/SME representative can ask it directly from the Fund's local agent, but the guarantee is valid only after endorsement from a partner bank, *i.e.* a standard form completed with the bank branch identification and the actual loan details. It is a simplified individual guarantee product, with the shortest guarantee analysis and approval period (of maximum 3 days). The commitment is valid for a three month period after the issue date.

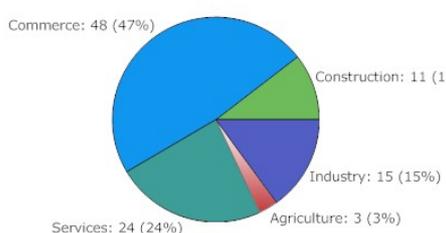


##### Adaptation of existing products:

- Since the SME credit market structure has strongly switched in favour of short-term financing from both the demand and supply side, the guarantee offer was adjusted accordingly, by simplification and harmonization across the whole range of instruments:
  - ⇒ the guarantee rate ceiling was increased to 80% for all guarantee instruments;
  - ⇒ the guarantee commission policy was simplified for all guarantee instruments by the introduction of only two ranges of fees: a lower level for SMEs participating in the EU co-financed projects, and another for all the rest of SME loans.
- Adjustments were made to balance the Fund's long term mission to support the SME access to finance with the swift changes in the structure of the SME funding demand and the bank credit cost and availability, as well as an overall increasingly risky business environment due to the financial and economic crisis:
  - ⇒ An increase of the maximum leverage factor to 9 (the average in AECM statistics; from 5 previously, *i.e.* a 80% increase of the prudential ceiling for the total guarantee exposure).
  - ⇒ An increase in the ceiling for the riskier (third) SME category, as a share in the total outstanding guarantee portfolio, to mitigate the structural shift in SME bank ratings, following the cumulated effect of the temporary reduced SME activity - due to specific market conditions - and the increased severity of the bank credit rules - especially regarding size and valuation of collateral requirements.

### Performance of crisis measures in 2009:

New products breakdown into sectors - 2009



Parameter (* € figures in '000)	2009
Volume guarantees short term*	105.200 €
Volume guarantees long term*	30.300 €
Number guarantees short term	2.570
Number guarantees long term	54
Bank lending accsd thr. guarantees - ST *	192.200 €
Bank lending accsd thr. guarantees - LT *	84.100 €
Number beneficiary SMEs	2.580
N° of employees active in benef. SMEs	40.918
Number of jobs created in beneficiary SMEs	2.300

Breakdown of SME-benef. - New products	2009
1-9 employees	63,00%
10 - 49 employees	32,50%
50 - 249 employees	4,50%

### Evaluation process and publication policy:

The last FNGC IMM-CURS survey of SMEs (July 2009) has tried specifically to identify the SMEs opinions on useful measures to help them during the crisis.

Dissemination of detailed programme information on the web: the FNGC IMM website was upgraded in 2008, before the crisis, and it has increased the awareness of the potential SME beneficiaries about the available guarantee instruments.

Provision of information on the programme to SME associations, to financial institutions, and/or to business advisors, etc. FNGC IMM is cooperating in distributing information with the National Council of Romanian Private SMEs and its local branches, other business associations, Chambers of commerce at national and county level, and the regional offices of the Ministry for SMEs. The main distribution channels for guarantee information are the FNGC IMM nationwide branch network and local branches of the partner banks.

Press Campaigns related to the launch of each new product, other events (new partnerships) – also in cooperation with partner banks - and press releases about the guarantee activity of FNGC IMM.

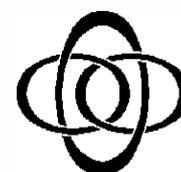
Other participation at national and local events dedicated to SMEs, in order to increase the awareness of entrepreneurs about financing options using the guarantees.

## 2. Romanian Loan Guarantee Fund for Private Entrepreneurs:

### Description crisis measures:

#### New products:

- Guarantee for pre-financing and co-financing of projects funded from the European Fund for Regional Development (EFRD), European Social Fund (ESF) and the European Agricultural Fund for Regional Development (EAFRD);
- "Future possession" guarantee, covering a certain period of the credit contract, up to the moment the client becomes the actual owner of a collateral;
- "Supplementary" guarantee, given at the request of the bank that wishes to compensate the loss of value of real estate collateral (it is given if the file analysis confirms the fact that the client has the potential of reimbursing the loan when supporting also the additional cost of the guarantee)

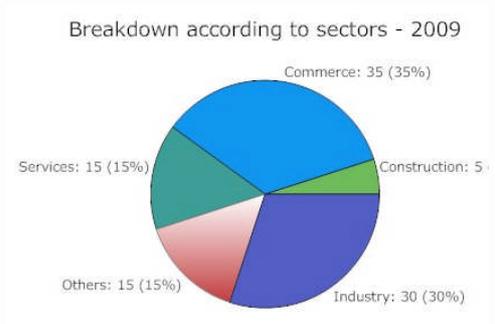
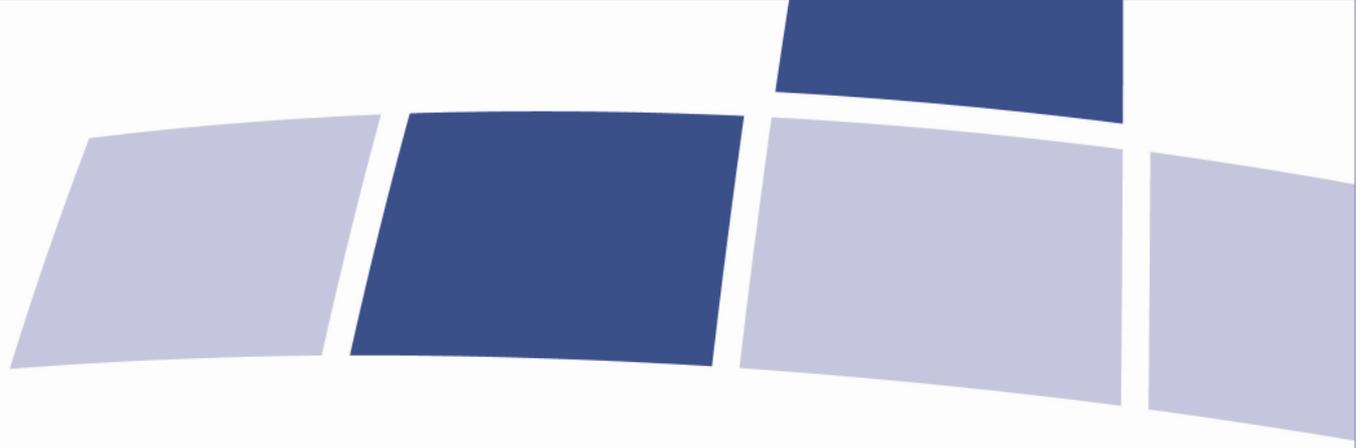


#### Adaptation of existing products:

- Reduction of the cost of RLG's guarantees, regarding the charges for analysis and the premium, by 10 - 18%, depending on the type of guarantee and associated risk.
- Intensification of monitoring of clients, proceeding to a monthly analysis rather than a quarterly one.
- Closer cooperation with clients and banks in order to detect in early stages possible causes for default and consequently to seek and propose solutions.
- Renegotiation of credit conditions with the banks on behalf of the clients, including the extension of the guarantee period.

### Performance of crisis measures in 2008 - 2009:

<b>Parameter (* € figures in '000)</b>	<b>2008</b>	<b>2009</b>
Volume guarantees short term*	3.345 €	7.699 €
Volume guarantees long term*	895 €	1.653 €
Number guarantees short term	49	131
Number guarantees long term	1	2
Volume of bank lending accessed through guarantees - ST *	9.294 €	28.290 €
Volume of bank lending accessed through guarantees - LT *	2.489 €	14.200 €
Number beneficiary SMEs	61	129
Number of employees active in beneficiary SMEs	3782	8.449
Number of jobs created in beneficiary SMEs	265	549



<b>Breakdown of SME-benef.</b>	<b>2008</b>	<b>2009</b>
1-9 employees	17,09%	22,50%
10 - 49 employees	17,69%	27,50%
50 - 249 employees	52,18%	35,00%
250 and more employees	1,04%	15,00%

Evaluation process and publication policy:

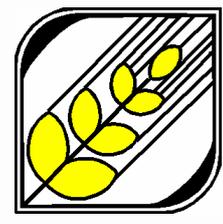
No assessment is planned at the moment. Dissemination directly through the partner banks.

**3. Rural Credit Guarantee Fund**

Description of the measures adopted during the economic crisis:

New products:

- Issuance of guarantees for financing the projects of the beneficiaries of the National Rural Development Programme financed from the European Agricultural Fund for Rural Development;
- Issuance of guarantees in favor of the Payment Agency, in order to collect the advance payment within the financing contracts concluded by the public beneficiaries of the National Rural Development Program;
- In May 2009 the Ministry of Agriculture and Rural Development received the approval of the European Commission to allocate an amount of 220 million Euro (within the National Rural Development Programme financed from the European Agricultural Fund for Rural Development) to a guarantee fund supporting the beneficiaries of investment projects;
- The selection of the above guarantee fund was completed at the beginning of 2010 and to foster the absorption of European funds, thus having a positive impact on the economic growth;
- Starting from July 2009 the fund has become an administrator of the guarantee scheme of deposit certificates for consumption seeds. In 2009, the Fund made available 1,150 deposit certificates for the licensed depositories, out of which 90 deposit certificates were made available to agricultural producers, so that they may receive the financial sources necessary for agricultural production. The volume of bank loans engaged by the holders of deposit certificates from the commercial banks is about 10 million Euro.



- Issuance of guarantees for short-term loans granted by the banks to agricultural producers until the collection of subsidies provided in the budget of the Ministry of Agriculture and Rural Development;

Adaptation of existing products:

- Reducing the guarantee premiums for certain beneficiaries of the National Rural Development Programme;
- Increasing the guarantee percentage from 50% to 80% for the beneficiaries of short-term production credits.

The newly introduced products and the adaptations of the existing products have led to a dramatic increase in the number of beneficiaries.

Performance of crisis measures in 2009:

Parameters ('000 Euros)	2009
Volume of short term guarantees	117.112
Volume of long term guarantees	103.600
Number of short term guarantees	21.277
Number of long term guarantees	533

**SLOVENIA:**

**Slovene Enterprise Fund (SEF):**

Description crisis measures:

New products:

- Regarding the Fund's Guarantee financial line, the Fund published first public tender on 6<sup>th</sup> March 2009 for bank loan guarantees with subsidized interest rate. As the guarantees of the Fund for 2009 are also solely intended for working capital, the interest of the entrepreneurs was extraordinary. The amount of € 9 million, put on tender, was already used up in the first month of tendering.

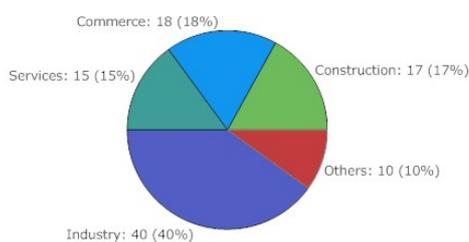


On the basis of the decision of the Ministry of the Economy and the extraordinary interest of SMEs for SEF's guarantees, first an additional capacity for € 43 million in bank loan guarantees was approved followed by another € 20 million at the end of 2009. In consequence a total amount of €72 million was tendered through 2009.

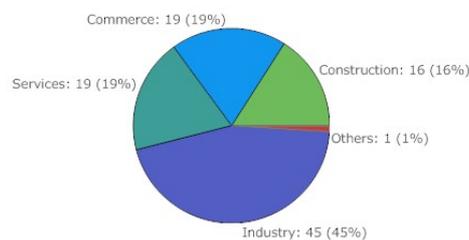
Performance of crisis measures in 2008 - 2009:

Parameter (* € figures in '000)	2008	2009
Volume guarantees short term*		20.013 €
Volume guarantees long term*	14.709 €	52.146 €
Number guarantees short term	0	232
Number guarantees long term	121	245
Volume of bank lending accessed through guarantees - ST *	- €	32.387 €
Volume of bank lending accessed through guarantees - LT *	22.922 €	83.145 €
Number beneficiary SMEs	121	477
Number of employees active in beneficiary SMEs	1692	9.571

New products -breakdown into sectors - 08



New products -breakdown into sectors - 09



Breakdown of SME-beneficiaries - New Products	2008	2009
1-9 employees	21,00%	15,00%
10 - 49 employees	51,00%	42,00%
50 - 249 employees	28,00%	43,00%

Evaluation process and publication policy:

Calls are published in the Official Journal and also on the SEF website. Companies that wish may be informed through e-news about new products and other activities. There are brochures in which SMEs can find detail about products and terms for submission of tenders. In 2009 SEF also organized a workshop *Enterprising Slovenia*, where the SEF and other supporting institutions, including the participating banks presented their products and news.

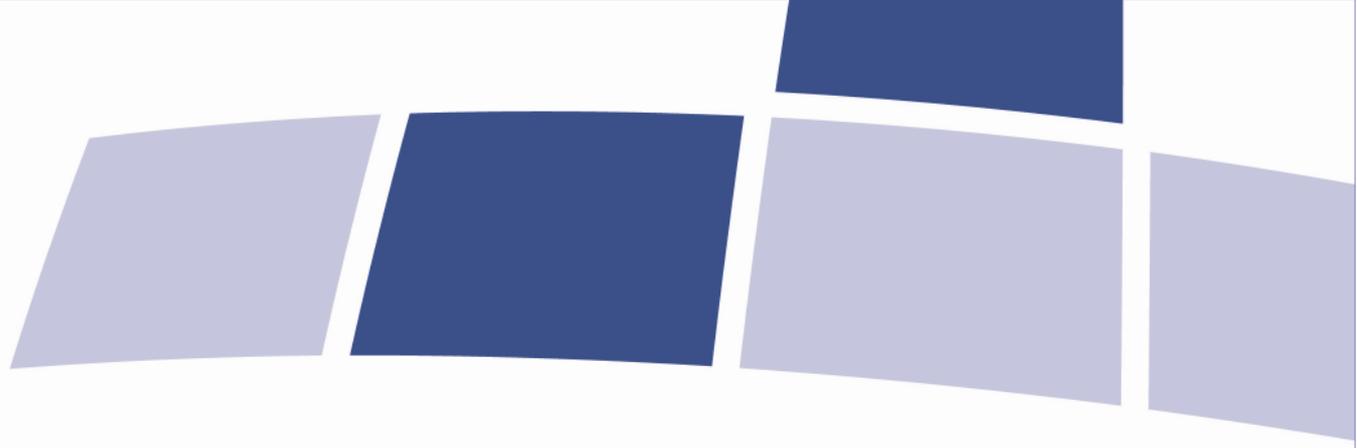
## TURKEY:

### Kredi Garanti Fonu A.S. (KGF):

#### Description crisis measures:

#### New products:

- A special protocol was signed with the International Transporters Association aiming at enabling the transporters to be directly access credit via the Turkish Eximbank with KGF's guarantee and their transportation vehicles as pledged collateral. Until now, the exporter was making advance payment to the transporters before they collected the export proceeds. Thus by promoting Eximbank loans under KGF's guarantee, the working capital needs of export companies should be reduced.
- 
- KOSGEB (Small and Medium Industry development Organisation) launched a new interest-free loan aimed at supporting SMEs. KGF, being one of the parties to the protocol signed between banks and KOSGEB, enabled SMEs lacking collateral to benefit from the KOSGEB Cansuyu loans under its guarantee. To this end, the commodities (machinery and equipment) to be financed with the said loan were treated and accepted as collateral by KGF in an attempt to address the collateral needs of SMEs.
  - In 2009, Turkish Treasury allocated to KGF a Credit Guarantee Support of TL 1 Billion through which it's expected TL 10 Billion credit volume to be generated. Maximum amount of guarantee per firm is TL 1 Million and TL 1.5 Million for group companies.
  - The Undersecretariat of Treasury, by virtue of a Decree published in Official Gazette in May 15th, modified the Corporate Tax applications and enabled KGF to issue guarantees in favour of maritime sector as well as SME's with a view to completing the building of unfinished ships.
  - KGF has introduced a new guarantee product named "One SME for every Village" under the Competitiveness and Innovation Framework Programme (CIP) . Within the scope of the Project, KGF will support issuing of loans to SMEs, particularly those young and newly established, that fall under the definition of SME being "an enterprise with less than 250 employees and an annual turnover of less than TL 25 Million" as well as to projects aiming at protecting, preserving and improving the village's environment, protecting the local architecture and supporting tourism in the settlements whose population exceed 1000. KGF's guarantee limit is 80 % with maximum loan limits per SME TL 1.250.000.- and per each loan segment TL.625.000. The maturity of the programme is January 2013.
  - KGF will act as intermediary within the support programme named "Greater Anatolia Guarantee Facility" between European Investment Bank and Ministry of Trade and Industry financed through the Instrument for Pre-Accession Assistance (IPA) Programme of the European Union. The programme aims to reach microenterprises in the less developed regions of Turkey and fund each microenterprise maximum 25.000 Euro for their working capital and investment loan needs through the guarantee of KGF.



Modification existing products:

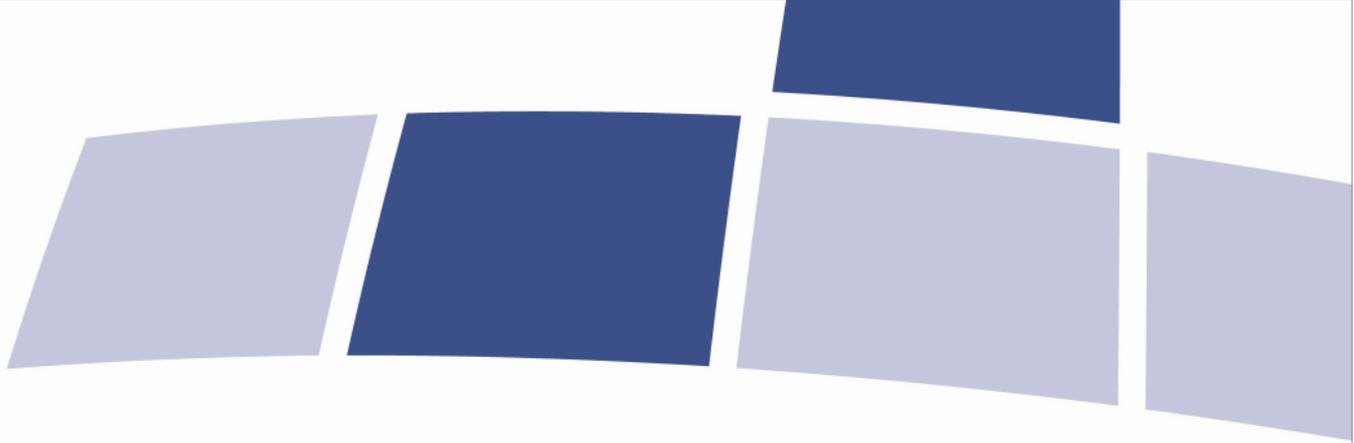
- Change of KGFs guarantee policy. Banks were oriented in loan allocations with minimum 3 years maturity with 1 year grace period under our guarantee, instead of short term (1 year and less) loans. The demands from banks not agreeing to these conditions were not treated and importance was given to rescheduling / restructuring the loans according to the guarantee conditions.
- Another step taken by KGF was to stimulate the appetite of banks who are unwilling to extend credit to SMEs during the crisis period even avoiding accepting tangible collaterals including mortgage. To this aim, SMEs were allowed to access bank loans with a KGF guarantee which was collateralized on a pro-rata basis between the banks and KGF and giving the priority to the bank in case of liquidation of the collateral. This allowed KGF to have been collateralized in a way to share the risk of the Bank. On the other hand, another issue on which the Banks are reluctant was the pledge of immovables as collateral. KGF, by taking over the immovables shown as collateral in compliance with the maturity of the loan and under its preemption right, has tried to also collateralize the bank's risk.
- Emphasis was given to collateral diversification. Some collateral types were neglected by the banking system for a long time such as pledge of commodities, pledge of commercial enterprise etc. These have been treated again as collateral in order to facilitate the access to finance of SMEs with otherwise insufficient collateral. Apart from this, by ensuring that the companies' receivables with high collectability were included in insurance coverage, the bills of exchange were also treated as collateral for the loan transactions.
- The guarantee limits of KGF have been increased per SME from TL 750.000 to TL 1.000.000 and from TL 1.000.000.- to TL 1.500.000 for group companies.

Performance of crisis measures in 2008 - 2009:

<b>Parameter (* € figures in '000)</b>	<b>2008</b>	<b>2009</b>
Volume guarantees short term*	32.000 €	34.500 €
Number guarantees short term	393	648
Volume of bank lending accessed through guarantees - ST *	44.000 €	42.500 €
Number beneficiary SMEs	387	648

Evaluation process and publication policy:

During 2009 various promotion activities such as participation in panels, conferences, TV programmes, organisational meetings in Industry and Trade Chambers, Associations, Unions etc have been realized. (Total 193 activities)



## About the European Association of Mutual Guarantee Societies (AECM)

The European Association of Mutual Guarantee Schemes (AECM) has been founded as an International non-profit association in 1992 and has its offices in Brussels.

Today, AECM has 34 member organizations operating in 17 EU countries and Turkey. Its members are both mutual, private sector guarantee schemes as well as public institutions, which are either guarantee funds or Development banks with a guarantee division. They all have in common the mission of providing loan guarantees for SME who have an economically sound project but cannot provide sufficient bankable collateral. In 2009, AECM member organizations had a total guarantee volume in portfolio of € 70,4 billion and issued a total of € 34 billion in new guarantees.

AECM represents the political interest of its member organizations towards the European Institutions, such as the European Commission, the European Parliament and Council, as well as towards other, multilateral bodies, among which the European Investment Bank (EIB), the European Investment Fund (EIF), the Bank for International Settlement (BIS), the World Bank, etc. It deals primarily with issues related to state aid regulation relevant for guarantee schemes within the internal market, to European support programmes and to prudential supervision.



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