

Figures of the European Guarantee Sector
providing a half-yearly trend indication on the
evolution of the guarantee activity in Europe

AECM SCOREBOARD H1 2020



Foreword

The **AECM** Scoreboard for the figures of the first half-year of 2020 is the result of a joint effort of **AECM** members and the General Secretariat, where 40 out of 47 member organisations supported the creation of this overview and provided the Secretariat with data regarding their past six months' activities. The Scoreboard will further provide both, an analysis of the current level of guarantee activities as well as an assessment of the evolution of **AECM** members' data over past semesters.

The first semester 2020 was marked by the outbreak of the Covid19 pandemic. Nearly all European governments reacted by imposing strict lockdown measures which directly or indirectly hampered the economic activity of millions of enterprises. Small and medium-sized enterprises were those that were hardest hit.

Guarantee institutions all over Europe reacted in no time and adapted their support for SMEs to the crisis situation. Thanks to extensive support by the respective national or regional governments as well as by the European Union and the EIB Group, **guarantee institutions set up new dedicated programmes, topped-up their guarantee support, eased the guarantee conditions and speeded up the application procedure.** These measures allowed small companies to bridge temporary operational losses and thereby to **prevent a wave of insolvencies and consequently a credit crunch.**

The extensive measures taken by **AECM** members demonstrate the **significant counter-cyclical role of guarantee institutions** and are impressively mirrored by the results of the H1 2020 Scoreboard results that show a huge increase in the portfolios of European guarantee institutions.

Evolution of the guarantee activities

a. VOLUME of outstanding guarantees¹ (cf. Annex Table I)

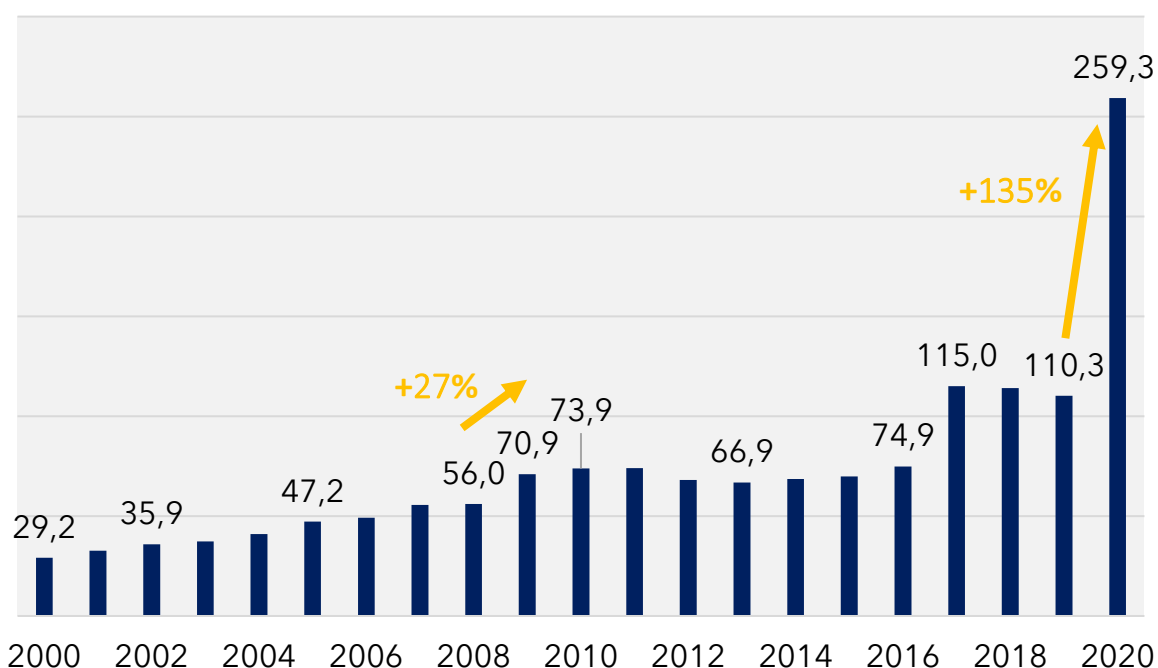
In the first semester of 2020, the **guarantee activities of AECM members experienced a dramatic increase and reached a level of more than bEUR 259** (see diagram 1), the highest level of outstanding guarantee volume ever registered by the totality of **AECM** members. This represents an **increase of 135.2%** with respect to the previous semester. These data impressively demonstrate the

¹ In the definition of outstanding guarantee volume, 25 members representing 44.1% of the volume included guarantees until the moment of payment of the guarantee and eleven members representing 45.4% included them until the moment of the calling of the guarantee. At the beginning of the guarantee period, 22 members representing 75% of the volume include guarantees from the moment of disbursement of the underlying loan and 14 members representing 11.2% of the volume include them already before that.

dynamics of developments in the European guarantee sector which rolled out extensive measures to support small and medium-sized companies affected by the economic and social consequences of the Covid19 pandemic. These measures were in most cases strongly supported by national or regional governments as well as by the EU and its implementing body, the EIB Group.

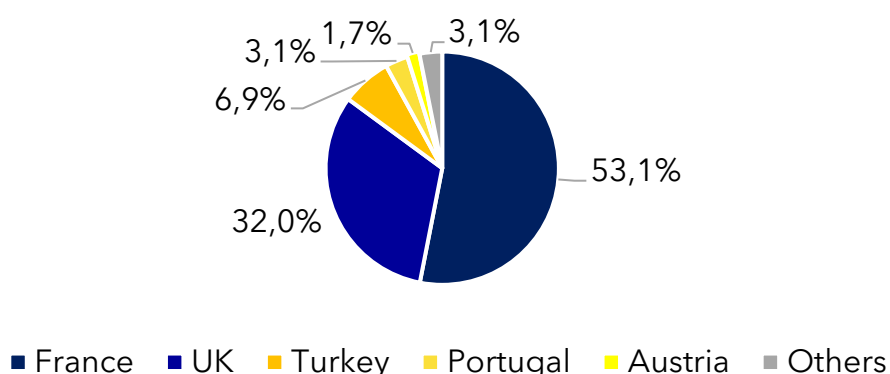
It is important to keep in mind, that these data depict the situation on 30th June 2020 and it seems reasonable to **expect a further increase** for the rest of the year 2020 due to restrictions imposed in the frame of the second wave. Furthermore, it is important to mention that in the case of some members, measures that started during the first semester will be visible in the data only in the second semester.

Diagram 1: Development of the outstanding guarantee volume in bEUR



The net increase of the outstanding guarantee volume during the first semester 2020 are geographically concentrated mainly in France and the United Kingdom. Diagram 2 gives an overview of the detailed geographical distribution.

Diagram 2: Geographical distribution of the net increase of the outstanding guarantee volume of AECM members



In general, **a vast majority of AECM members registered positive growth rates** with respect to the previous semester. As can be seen in diagram 3, 29 **AECM** members grew in the first semester of 2020, whereas only seven members faced a decrease. This represents a strong shift with regard to the previous semester. Diagram 4 gives an overview of the distribution of growth rates.

Diagram 3: Number of in-/decreases of the outstanding guarantee volume

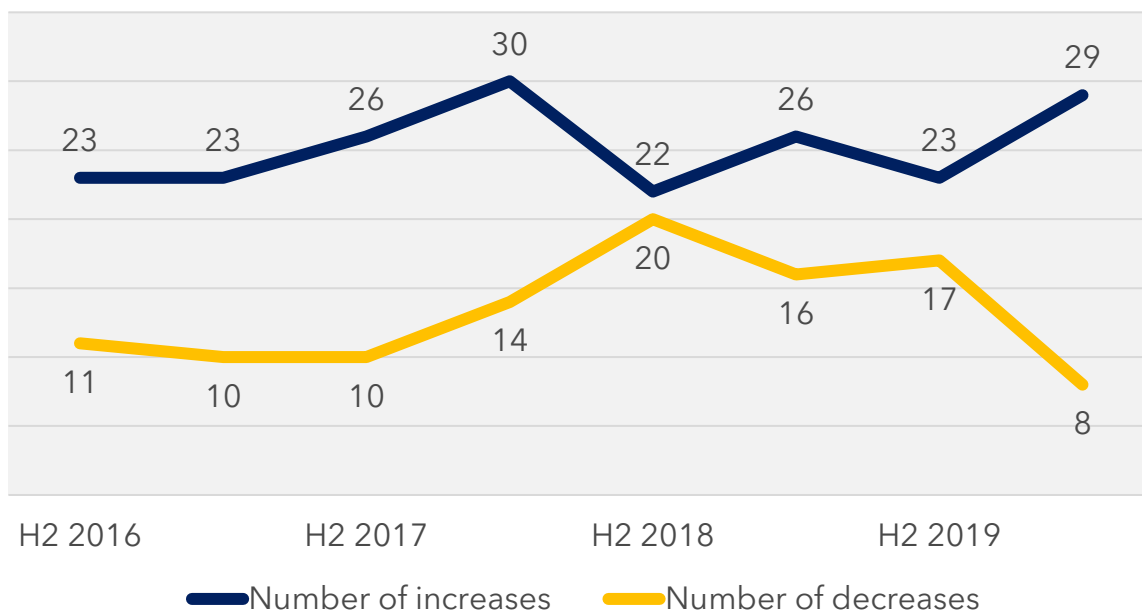
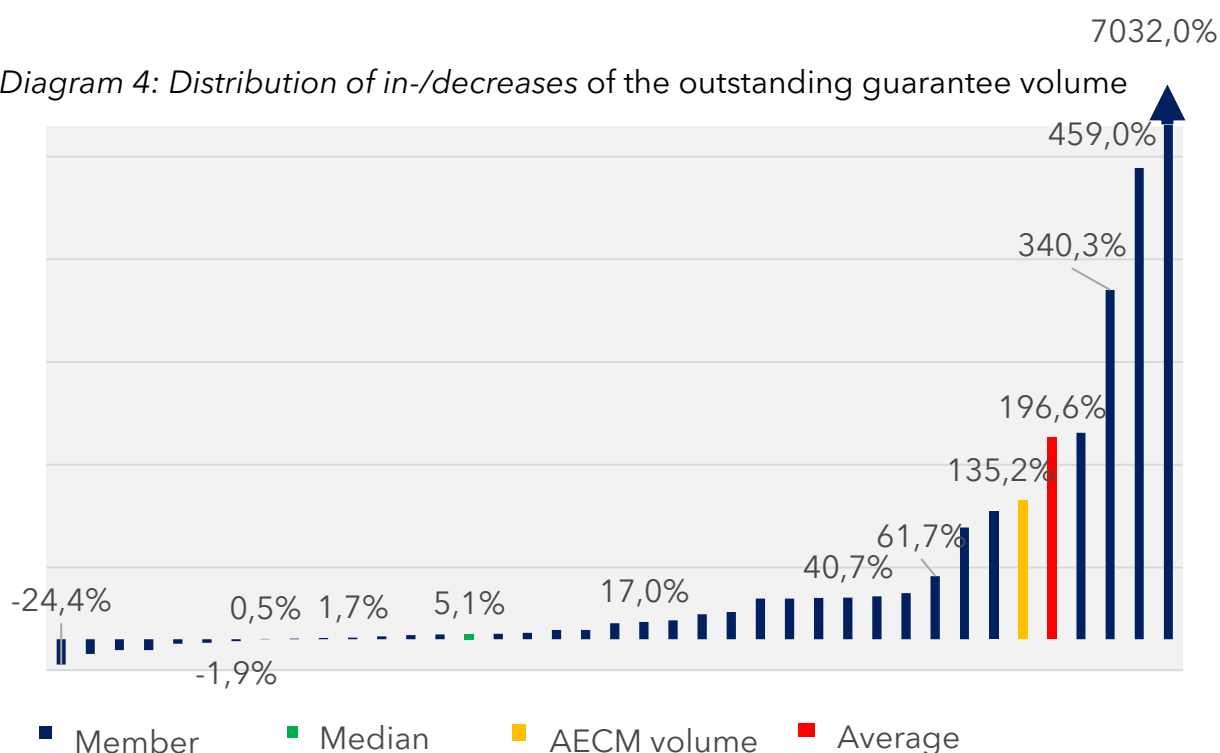


Diagram 4: Distribution of in-/decreases of the outstanding guarantee volume



The highest increase in absolute terms was registered by **Bpifrance/France** that is the implementing institution of the French government's PGE (Prêt garanti par l'Etat

- State guaranteed loan) with an increase in the outstanding guarantee volume of bEUR 78.9. The second highest absolute increase and highest in percentual terms was registered by the **British Business Bank/UK** that experienced an immense boost due to the implementation of vast programmes of the UK Treasury (HM Treasury). The outstanding guarantee volume thereby increased by nearly bEUR 47.7. This was followed by an increase of nearly +bEUR 11 of **KGF's/Turkey** outstanding guarantee volume. The second highest percentual increase compared to the previous semester was registered by **Bpifrance/France**, +459.0% and third highest by **MC/Luxembourg**, +340.3%.

Let us present you in the following in more detail some developments experienced by **AECM** members over the first semester 2020:

- **aws/Austria** experienced an enormous increase during the first semester 2020 and tripled its outstanding guarantee volume, 65.2% of which was dedicated to corona bridge finance guarantees. The extremely high increase stems from the fact that **aws** received new Covid19-guarantee programmes that refer to the temporary framework and include also 100% payment guarantees.
- In **Czechia, CMZRB** reported a sharp increase of 45.1% and in **Finland, Finnvera** registered a 39.8% increase which are both due to the implementation of the Covid19 crisis measures. Also the exceptional increase of 340.3% that **MC/Luxembourg** registered is due to the crisis.
- **TMEDE/Greece** observed a slight increase of 0.5%. The growth rate is dampened by the lockdown of the public sector. Since public works contractors represent an important part of **TMEDE's** portfolio, the standstill of public works had a negative impact on **TMEDE's** activities.
- **AVHGA/Hungary** reported on a loan repayment moratorium in Hungary, meaning that the amortisation of outstanding stocks is delayed. However, crisis loans and guarantees boosted new guarantee issuance. Most of this effect will be visible only in the second semester of 2020 since during the first lockdown (March-May 2020), loan (and thus guarantee) applications were very low, followed by a steep growth in the beginning of the second semester.
- The outstanding guarantee volume of **Garantiqa/Hungary** increased by 4.2% over the first semester 2020. The growth was driven by the Crisis Guarantee Product and the mandatory payment moratorium for loans in Hungary (mentioned above). Furthermore, **Garantiqa** informed us about a shift in its portfolio. The proportion of traditional guarantees covered by a state counter-guarantee decreased and the COSME counter-guaranteed product as well as the Crisis Guarantee Product increased.
- **SBCI/Ireland** more than doubled its outstanding guarantee volume (+109%) over the first semester 2020 which is among other things due to a strong uptake of its Future Growth Loan Scheme.

- The outstanding guarantee portfolio of **KCGF/Kosovo** continued to grow consistently over the past semester (+17%). This growth is related to the increase of disbursements in the first quarter. Due to the pandemic situation, in the second quarter there was a decrease in lending in overall sector which impacted the demand for KCGF credit guarantees as well, hence slowing down the outstanding guarantee growth.
- The **Polish development bank BGK** reported an increase in its guarantee portfolio of 24.4%. This increase is a result of higher interest in guarantees as a measure in response to the Covid19 outbreak as well as of a more attractive offer of guarantees.
- More than 50% of the guarantees newly granted by **FNGCIMM/Romania** comes from granting guarantees to final beneficiaries which access bridge loans within the government programme to support start-up creation.
- In **Turkey**, the volume of Treasury-backed **KGF** guarantees has been increased to implement special precautionary guarantee programmes in order to meet the financial needs of enterprises and to prevent the potential slowdown in economic activity during the Covid19 pandemic.
- In **Turkey**, the depreciation of the Turkish lire vis-à-vis the euro (-15.4% during H1 2020) had a dampening effect on the increase of the outstanding guarantee volume of our Turkish members **KGF** and **TESKOMB** in euro terms.

More information on the Covid19 measures of **AECM** members that are the reason for large increases over the first semester 2020 can be found in the Covid19 section of our website: <https://aecm.eu/corona-information/>

Undoubtedly, the Covid19 pandemic represents by far the most important driver of the developments in the guarantee sector. While the effects of the roll-out of Covid19 measures is already very visible for many members on 30th June 2020, the effect is delayed for some other members and will foreseeably take effect during the second semester of 2020.

The highest outstanding guarantee volume is since the first semester of 2020 that of **Bpifrance/France** with around bEUR 96.1 on 30th June 2020. The average outstanding guarantee volume nearly doubled to a level of around bEUR 5.5. The median volume of outstanding volume, however, remains stable at the level of mEUR 284.4.

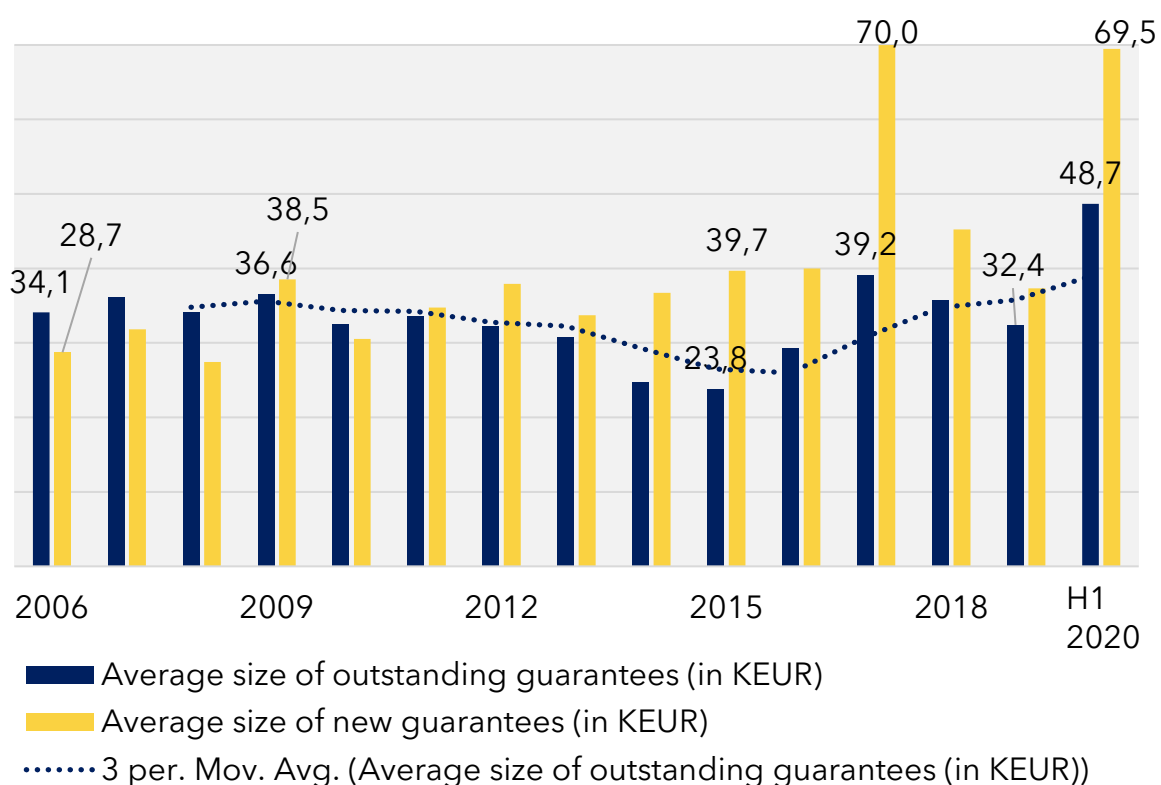
b. NUMBER of outstanding guarantees (cf. Annex Table II)

The total **number of outstanding guarantees in AECM members' portfolios was substantially increasing by 56.5%** over the previous half year, which reflects the trend that we already observed in the volumes, but the growth rate stays far behind the one of the volumes indicating a strong increase of the average guarantee size.

In the current semester, a level of **more than 5.3 million units** has been reached. The highest amount of outstanding guarantees is in the portfolio of **BBB/UK** with 1,028,000, followed by **Bpifrance/France** with 928,000 and **KGF/Turkey** with 865,000. The highest increases are located in the same areas. The highest increase was registered by **BBB/UK** with more than one million units, followed by **Bpifrance/France** with 517,000 and **KGF/Turkey** with 265,000. Whereas 31 members experienced an increase in the number of outstanding guarantees over the past half year, 6 members faced a decrease.

The **average number of outstanding guarantees increased to 115,700** from 77.300 in the second semester of 2019. The **average size of an outstanding guarantee substantially increased from kEUR 32.4 to 48.7 per guarantee** over the first semester 2020. This is the highest value that has ever been registered. This development was evidently driven by the increase in the **average size of a newly granted guarantees which increased from kEUR 37.3 to 69.5 per guarantee** over the first semester 2020. The development of the average guarantee size since 2006 can be seen in diagram 7 below.

Diagram 7: Average guarantee size (in kEUR)



It is interesting to see that among members the trend is not uniform. Some members experienced a strong increase in the average size of new guarantees, indicating that the Covid19 measures were more volume-driven. This was the case for **ALTUM/Latvia** with an increase from kEUR 161 to 287 per guarantee, **Bpifrance/France** with an increase from kEUR 59 to 151 per guarantee and **CMZRB/Czechia** with an increase from kEUR 97 to 128 per guarantee. On the other

side, some other members observed a strong decrease in the average guarantee size indicating an amount-driven increase of their activity. This is the case for example for **aws/Austria** with a decrease from kEUR 367 to 186 per guarantee, **BBB/UK** with a decrease from kEUR 123 to 47 and **SBCI/Ireland** with a decrease from kEUR 165 to 123.

The on average largest guarantees (outstanding) were issued by our newest member **MDB/Malta** (kEUR 441.9 per guarantee), **FSECA/Russia** (kEUR 237.3 per guarantee) and **aws/Austria** (kEUR 219). The on average smallest guarantees (outstanding) were issued by the three mutual guarantee societies **SOCAMA/France** (kEUR 8.3 per guarantee), **TESKOMB/Turkey** (kEUR 8.8 per guarantee) and **TMEDE/Greece** (kEUR 9.5).

The on average largest new guarantees at an amount of kEUR 536.5 were issued in Malta by **MDB** and the smallest at an amount of kEUR 7.1 in Turkey by **TESKOMB**.

c. VOLUME of newly granted guarantees (cf. Annex Table III)

The **growth in newly granted guarantees over all AECM members amounted to 977.0% compared to the previous semester and to 651.2% with regard to the first semester of 2019. It reaches an unprecedented level of bEUR 171.6 in the first semester of 2020.** This corresponds to 66.2% of the outstanding guarantee volume. In normal times this share is around 20%. The highest shares were registered by **BBB/UK** with 98.9%, **MDB/Malta** with 98.0% and by **MC/Luxembourg** with 89.5%. The highest volume of new guarantees has been granted by **Bpifrance/France** with almost bEUR 81.5, followed by **BBB/UK** with nearly bEUR 47.9 and **KGF/Turkey** with a bit less than bEUR 19.3. The development of the volumes of newly granted guarantees can be seen in diagram 9.

Diagram 8: Development of the share of newly granted guarantees in outstanding portfolio

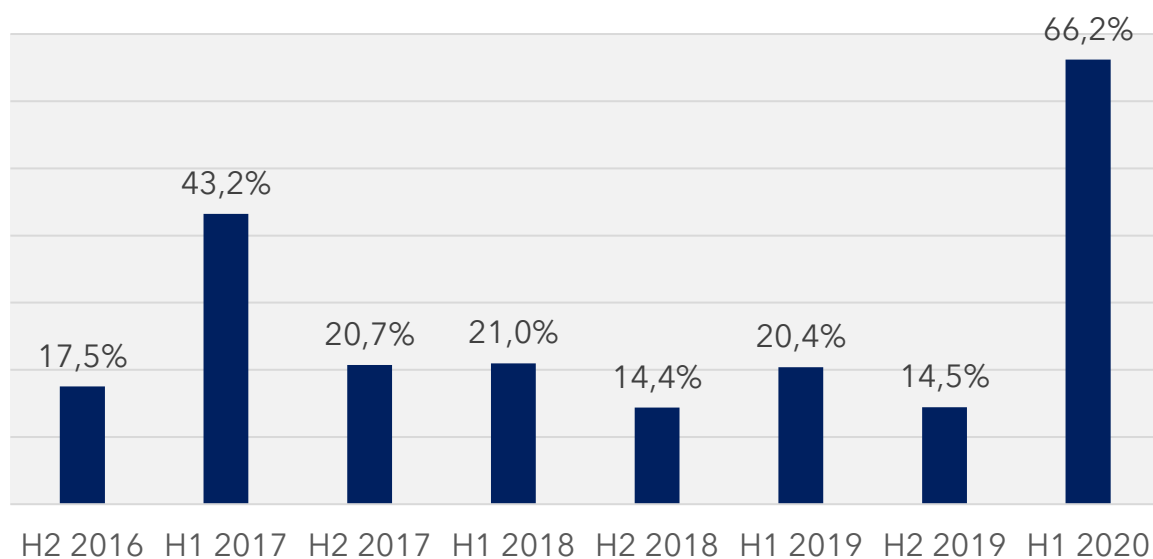
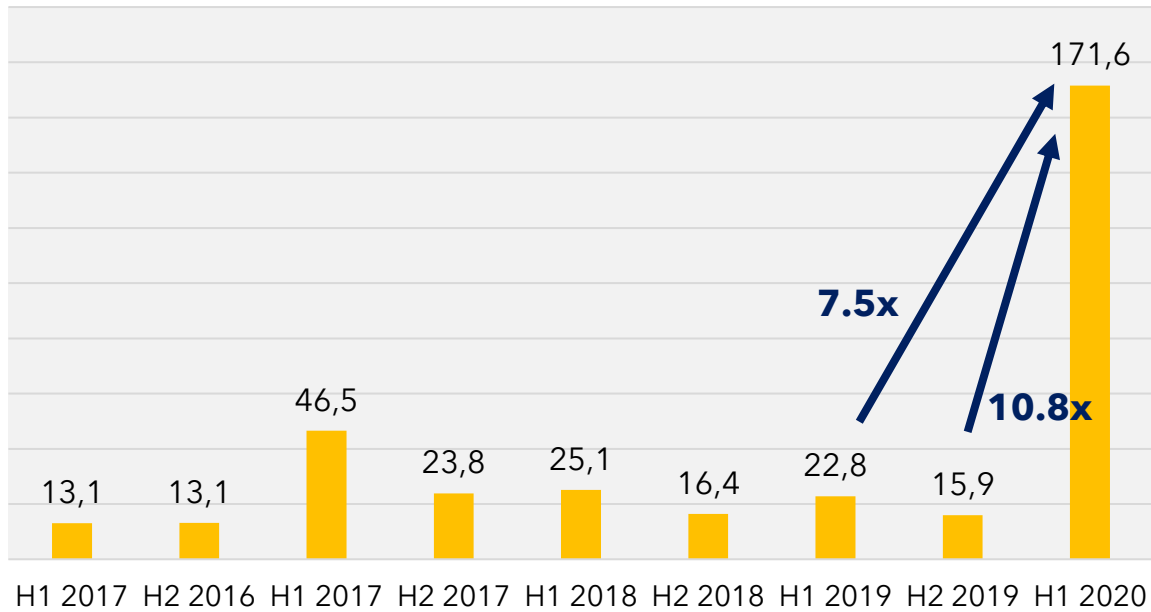


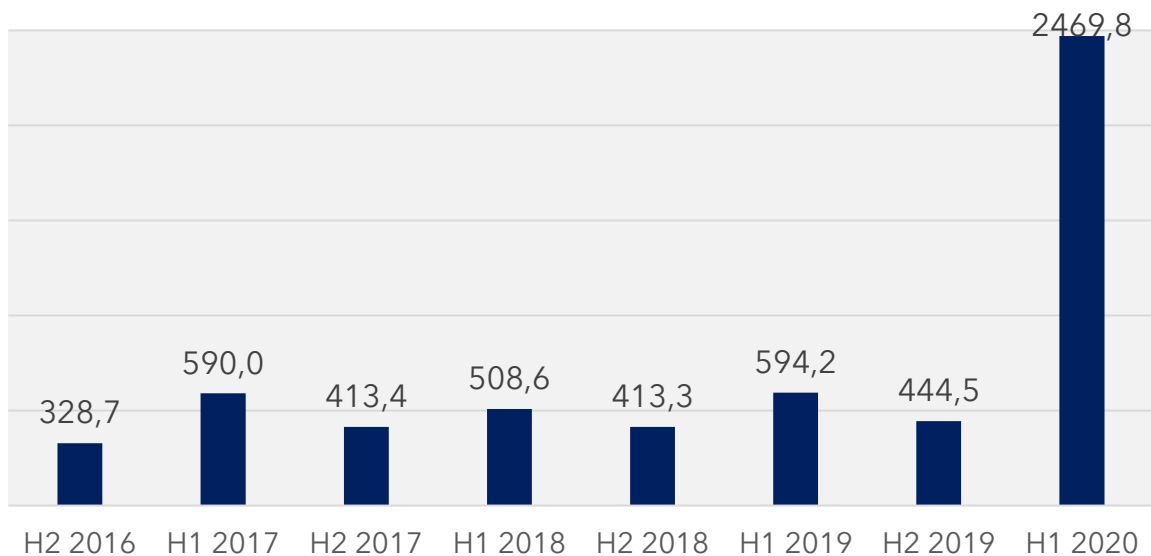
Diagram 9: Development of volumes of newly granted guarantees (in bEUR).



d. NUMBER of newly granted guarantees (cf. Annex Table IV)

The **number of newly granted guarantees increased significantly compared to H2 2019 (+455.6%) reaching a level of 2.47 million**. Also here the largest percentual increases are located in the UK (**BBB**), Austria (**aws**), Luxembourg (**MC**) and France (**Bpifrance**).

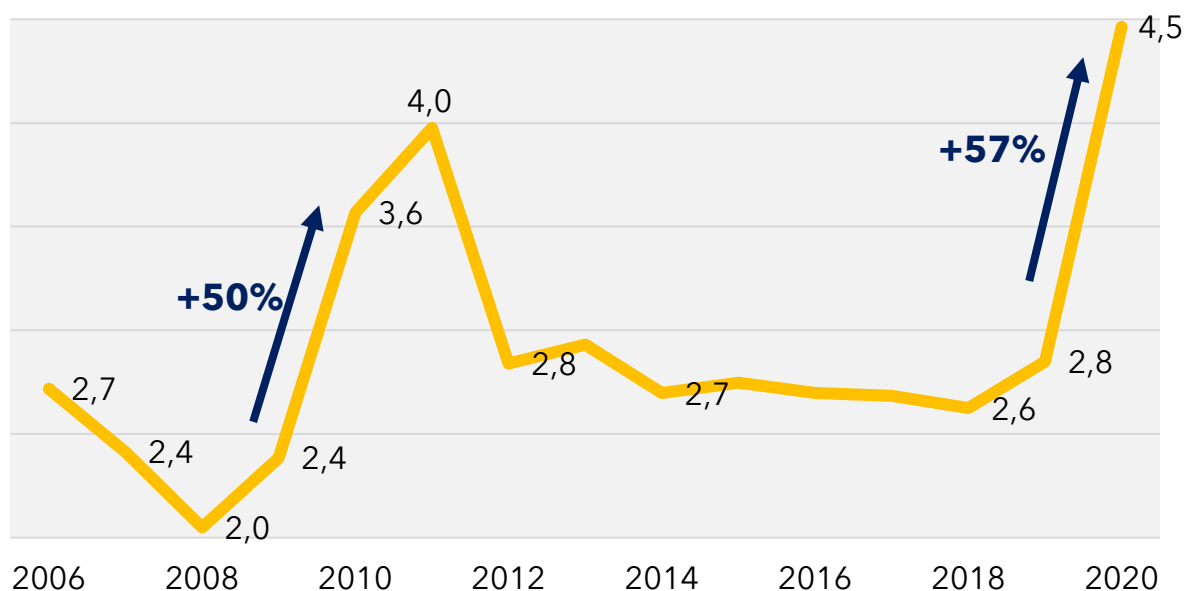
Diagram 10: Development of the number of newly granted guarantees (in million units)



e. Total NUMBER of supported SMEs (cf. Annex Table V)

The total **number of SMEs supported by guarantees from AECM members jumped up by 56.7% attaining the highest level ever reached, 4.5 million**. This increase is even stronger than the 50%-increase during the world financial crisis and emphasises the **strong anti-cyclical role that guarantee institutions assume in times of crisis**. The development since 2006 can be seen in diagram 11 below. The average amount of SME beneficiaries per member strongly increased from a level of around 60,000 in previous semesters to almost 95,000. The members with the highest number of supported SMEs are **BBB/UK** with 1,027,000, **Assoconfidi/Italy** with 787,000², **Bpifrance/France** with 746,000 and **TESKOMB/Turkey** with 585,000. Approximately **15% of EU and UK SMEs are under the auspices of AECM members**. This is a substantial increase up from 8.7% in 2019.

Diagram 11: Development of the number of supported SMEs



f. Total NUMBER of newly supported SMEs (cf. Annex Table VI)

Over the previous semester, the **number of newly supported SMEs increased by 555.5% to 1.95 million**. More than 80% of these newly supported SMEs are located in the UK and France. The average amount of new SME beneficiaries per member strongly increased from a level between 6,500 and 9,000 in previous semesters to 41,500.

The following **AECM** members commented on the development of the number of their supported SMEs in portfolio and newly supported SMEs as follows:

- **Aws/Austria** reported that 95.5% of the newly supported SMEs are supported in the frame of corona support.

² Recurrent data from 31st December 2018.

- **CMZRB/Czechia, Finnvera/Finland, Bpifrance/France, MC/Luxembourg** registered an increase of the number of supported SMEs due to the Covid19 pandemic.
- **EDC/France** told us that many of their clients are buralists and the profession loses them every year. Between 600 to 800 cease their business without selling their it.
- The total number of SMEs supported by **TMEDE/Greece** was a little bit higher than the previous semester. The auctions for new construction were slowed down due to the pandemic of Covid19. The growth rate indeed is small. This is due to two factors: 1) The negative impact of the Covid19 outbreak. **TMEDE's** member SMEs did not need to have access to guarantees as their new business activities (new public works contracts, participation in new public tender procedures - i.e. participation and performance guarantees) declined dramatically / came to a complete halt during H1-2020. The lack of activity related to public works contracts resulted in a dramatic decline in the demand by **TMEDE's** SME Members for new guarantees. 2. **TMEDE's** year-on-year growth rate naturally declines as **TMEDE** comes of age. **TMEDE** started operations in 2017 and naturally all new guarantee applications of its member SMEs were "new" SME guarantees. As time goes by, the number of new **TMEDE** SME members applying for a guarantee for the first time declines.
- The number of SMEs newly supported by **Garantiqa/Hungary** significantly decreased. The main reasons are: a) a decline in demand for loans, b) guarantee fee subsidies are reduced from 2019, c) no guarantee for interests (principal guarantee only) d) mandatory payment moratorium.
- **KCGF/Kosovo** reported on a continuation of the growth of the number of SME beneficiaries during the beginning of the first semester of 2020. This growth was driven by pro-activeness of **KCGF** towards increasing awareness of partner financial institutions for the benefits of the guarantee scheme which resulted in increasing demand for **KCGF's** services. However, due to the pandemic situation in the second quarter there was a decrease in lending in the overall sector which impacted the demand for credit guarantees.

Methodological note

40 out of 47 members³ sent their replies to our Scoreboard survey between the 1st September and 2nd November 2020. These results were verified, made plausible and analysed by the **AECM** secretariat. The members of the Working Group Statistics and Impact approved the final results.

Recurrent data were used in the cases of those members that did not provide data.

Volumes that are not denominated in EUR were converted to EUR by applying the exchange rates published by the European Commission for June 2020.

The Annex to this report including the detailed data tables are available for **AECM** members [under this link](#)

³ 47 out of 48 AECM members were asked to reply to the Scoreboard survey. IAPMEI/Portugal is exempted in order to prevent double counting of the volume of IAPMEI and SPGM, both Portugal.

About AECM

The 48 members of the **European Association of Guarantee Institutions (AECM)** are operating in 30 countries in Europe. They are either private sector guarantee schemes or public promotional institutions or banks. Their mission is to support SMEs in getting access to finance. They provide guarantees to SMEs that have an economically sound project but do not dispose of sufficient bankable collateral. This so-called SME financing gap is recognised as market failure⁴. By guaranteeing for these enterprises, guarantee institutions help to address this market failure and facilitate SMEs access to finance. The broader social and economic impact of this activity include the following:

- Job creation and preservation of jobs by guaranteed companies
- Innovation and competition: crowding-in of new ideas leading to healthy competition with established market participants
- Structure and risk diversification of the European economy
- Regional development since many rural projects are supported
- Counter-cyclical role during crises

SME guarantees generally pursue a long-term and our members, if public, private, mutual or with mixed ownership structure, have a promotional mission rather than dividend expectations.

AECM's members operate with counter guarantees from regional, national and European level. As of mid-2020, **AECM's** members had about EUR 259 billion of guarantee volume in portfolio, thereby granting guarantees to around EUR 4.5 million SMEs. **AECM's** members are by far the most important counterparts of the EIF concerning EU counter-guarantees, handling EU guarantees from the very beginning in 1998.

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⁴ OECD (2006). The SME finance gap. Vol. 1. Theory and evidence.

For an overview of market failures in SME lending and mitigation techniques: OECD (2018). Financing SMEs and entrepreneurs 2018. An OECD Scoreboard, OECD Publishing, Paris.