

AVHGA / Hungary

AVHGA increased its **volume of outstanding guarantees** in the last 18 months by **43%** and reached **mEUR 952**

20,340
supported SMEs
in portfolio as of
30/06/21

During the crisis, **AVHGA** contributed to the **maintenance and creation of more than 100,000 jobs**

In order to support the economy in the current COVID-19 outbreak, Hungarian Authorities notified aid in the form of guarantees on loans under the Temporary Framework (TF). **The Rural Credit Guarantee Foundation (AVHGA)** has been nominated to implement the measure and consequently, runs the so-called **Crisis Agricultural Guarantee Programme** in place as of 1 June 2020 until 31 December 2021.

In the current situation, numerous enterprises cannot provide collateral, while they urgently need liquidity financing. Thus, the primary objective of the aid is to ensure access to liquidity to undertakings facing a sudden shortage. The measure provides aid in the form of guarantees on loans and the programme is intended to facilitate access to finance for SMEs operating in the sector of agriculture, food industry and rural areas for their investment and working capital financing, including overdraft facilities.

The **Crisis Agricultural Guarantee Programme** has an extended budget of bHUF 350 (mEUR 972) and till 21 July 2021, **AVHGA** issued a total number of 4,375 guarantees with a total value disbursed of bHUF 130 (mEUR 361). The duration of the guarantee is limited to maximum six years. The maximum guarantee rate is as high as 90%, reducing banks' risk to its half compared to the general limit of 80% outside this programme. The guarantee premiums are flat: there is no processing fee, while the guarantee fee is starting from 0.25% p.a. Losses are sustained *pari passu*, i.e. proportionally and under same conditions by the credit institution and **AVHGA**. The guarantees issued by **AVHGA** are offered both on individual and portfolio basis.



RURAL
CREDIT GUARANTEE FOUNDATION

In accordance with the TF, the overall amount of loans per final beneficiary do not exceed: (i) double the annual wage bill of the beneficiary for 2019, or for the last year available; or (ii) 25% of the beneficiary's total turnover in 2019; or (iii) with appropriate justification and with **AVHGA**'s approval, the amount of the loan may be increased to cover the liquidity needs from the moment of granting for the upcoming 18 months. It is important to mention that **AVHGA** provides a guarantee for new financial transactions only, existing transactions are not eligible, and so non-performing loans are not covered.

Finally, the aid granted under the measure may be cumulated with aid under the *de minimis* Regulation, the ABER, the FIBER or the GBER provided the provisions and cumulation rules of those Regulations are respected.

More information on the **Crisis Agricultural Guarantee Programme**, can be found under this link (in Hungarian): <https://avhga.hu/>

Latest update: 28th July 2021

The **average guarantee size** of newly granted guarantees in the first 6 months of 2021 increased from kEUR 56 to kEUR 80