

Latest developments at Garantíqa: implementation of the **INVESTEU** product

István Attila SZABÓ
Chairman, CEO

Garantíqa
Hitelgarancia Zrt.

Shaping SME financing – key moments since day one

Over the past 33 years since foundation, our activities and processes have organically evolved in response to market needs, guiding the trends of the Hungarian SME financing.



33-years-operation in numbers:



658 470
contracts

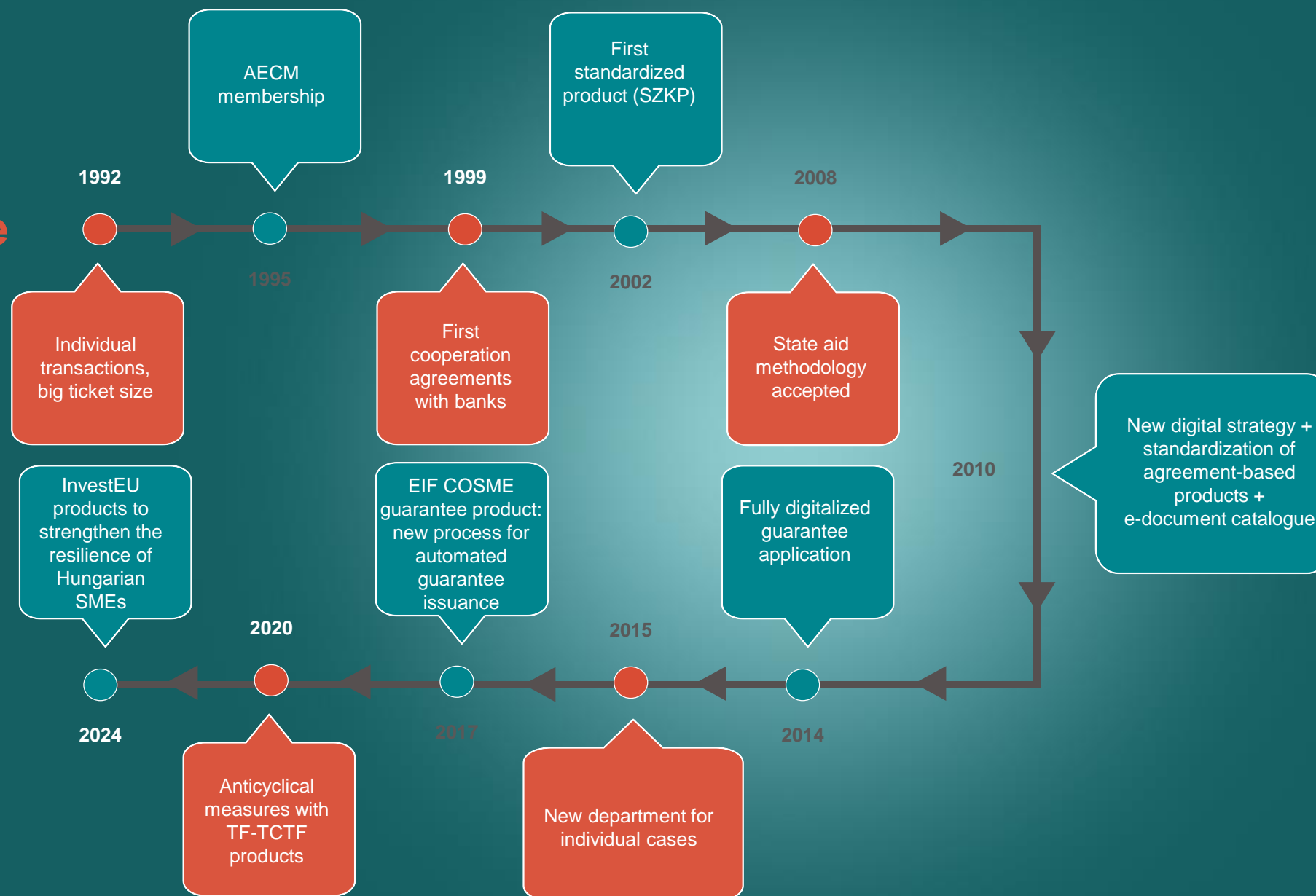


EUR 40 BN
financing



EUR 31 BN
guarantee

Timeline



We are SME guarantee professionals

Garantiqa is a mono-product company, our guarantee provides additional collateral for various financing solutions.



Counter-guarantee: from the state (85%) and from EU (95%)



Guarantee coverage provided by Garantiqa: 50%-80%



Average maturity: 4 years (max. 25 years)



For all company sizes (98% SME financing)



Available for investment loans, working capital and liquidity financing, bank guarantees, financial leasing



Currency of the loan: HUF, EUR, CHF, USD, CNY



Two process streams: standardised product and individual approach

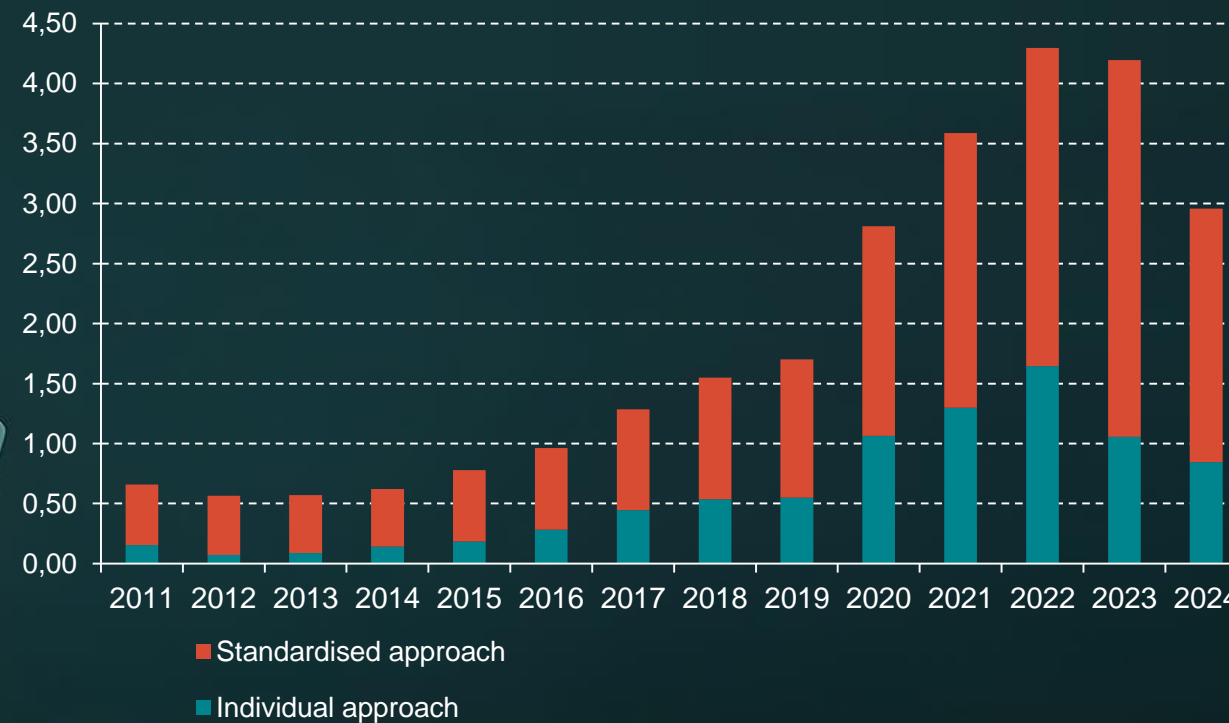
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Annual new production

(loan amount, EUR bn)

Garantica
Hitelgarancia Zrt.



Our business model: high volume managed with a lean team

With 140 people we manage 30-40 thousand new transactions a year through our bank partners.



Headcount
2024: 132



IT staff:
~20%



New contracts/year:
~ 40 000



Counter
guarante



Garantíqa



bank



SMEs



The digital standard of SME financing

100% of the guarantee applications are submitted online. With our current level of digitalization, partners can choose the most suitable solution for them: online guarantee application or API.

Processes supporting SME financing must be:



FAST



EASY TO USE



EFFICIENT

3 levels of digitalization of guarantee issuance:



INDIVIDUAL APPROACH: 3 days long process for large transactions (or above a certain total exposure), detailed analysis and legal opinion is provided for each case



STANDARDISED APPROACH – classic process: 1 day long process for standardised products based on cooperation agreement with the bank, manual eligibility and document check (product, limits, ownership structure, state aid compliance), scoring based on automated decisioning



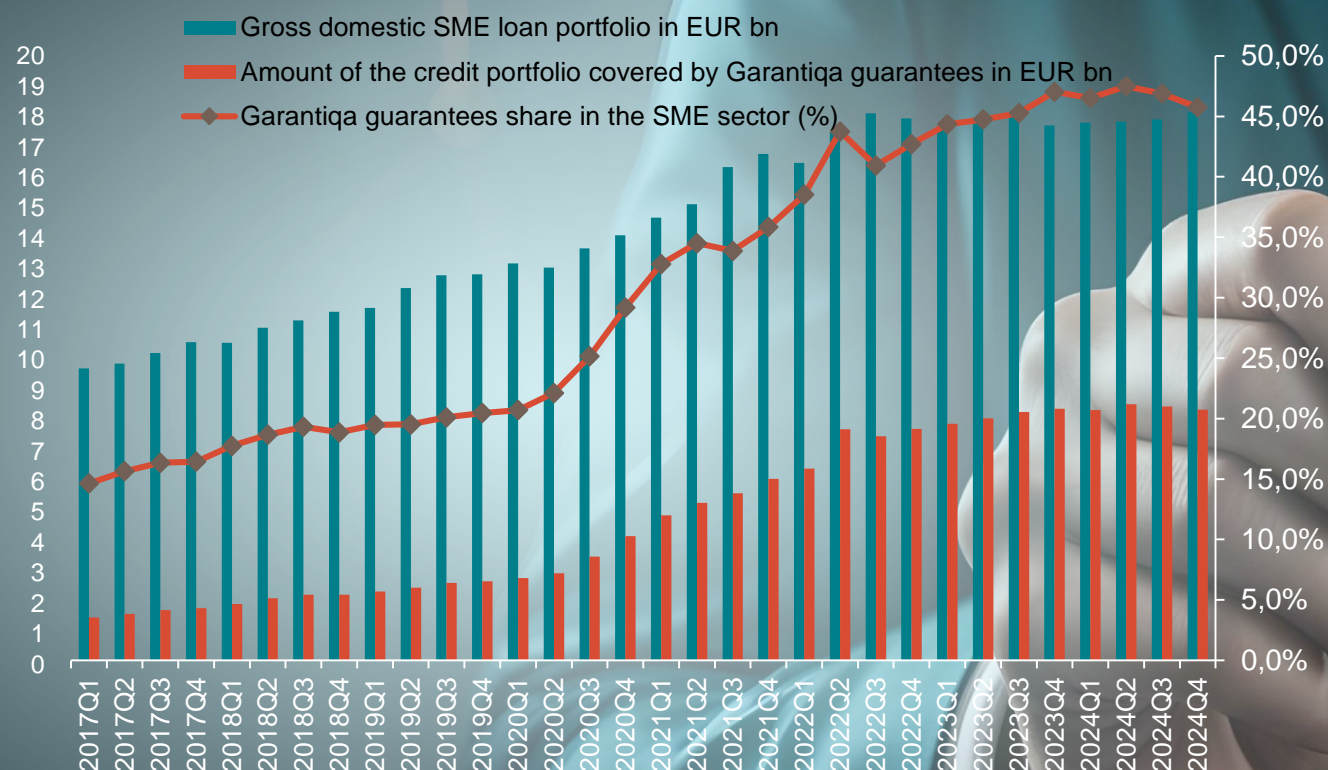
STANDARDISED APPROACH – fully automated process: real-time guarantee issuance available for standardised products based on cooperation agreement with the bank, no document check, system eligibility checking (product, limits, KO criteria), scoring based on automated decisioning



Marking the Hungarian SME lending

Garantiqa's presence on the Hungarian SME lending market had gradually increased, the launch of the anticyclical TF-TCTF products drove a notable increase in our market penetration. Every second Hungarian SME loan is guaranteed by Garantiqa today.

Nr. 1. in Europe: the Hungarian AECM members' guarantee portfolios add up to 4,4% of the GDP (2023)



What needs to be done?

With the outstanding performance during the crisis years the standard SME financing needs have been largely covered. We need to implement specifically designed products to address additional financing needs.

With such high market coverage, we need

- ❖ Tailored program targeting the gap on the SME financing market
- ❖ Product serving the unmet, additional lending needs of the riskier segment
- ❖ Higher counter-guarantee for higher-risk portfolio

Achieving goals with InvestEU:

- ❖ SMEW general financing product – simple enough for SME financing
- ❖ Framework operations, fully automated guarantee issuance – for high number of small ticket size transactions
- ❖ 4 additionality categories targeting the gap:
 - start-up financing
 - financing with existing features that have previously been excluded for some categories of SMEs
 - financing with new features
 - financing that have previously not been offered due to high risk

CONS

Capped counter-guarantee, counter-guarantee fee to be paid, HUF only

PROS

High counter-guarantee ratio, no collateral requirement for the final beneficiary transactions



Need for speed

As a direct implementing partner Garantiqa possesses local expertise, while we rely on COM for providing timely advice related to Policy.

COM and Garantiqa works closely together on the product implementation



COM provides: policy requirements, InvestEU Programme objectives



Garantiqa delivers: local knowledge, insights of the economy, feedback from banks, regular monitoring of the market gap

The general discussions of the product conditions took more than a year, while the market gap changes fast in this challenging economic environment.

What more can be done?

- More frequent discussions
- Organically developing products
- Fast adaption for catering to the market needs
- Making COM-Garantiqa communication more efficient

**THANK YOU FOR
YOUR ATTENTION**

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