



RURAL  
CREDIT GUARANTEE FOUNDATION

# AVHGA / Hungary

**Total volume of outstanding guarantees** in portfolio per 31/10/2020  
**mEUR 814.3**

**19,819 supported SMEs** in portfolio (01/2020-10/2020)

**New production** (in units) during 01/2020-10/2020 is  
**10,186**

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 30 June 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 billion HUF 250 (mEUR 710) and till 07 December 2020, **AVHGA** issued a total number of 2,211 guarantees with a total value disbursed of bHUF 60 (mEUR 172). 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.



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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: 8<sup>th</sup> December 2020

Compared to the previous semester, in the first 6 months of 2020, **AVHGA** increased its total volume of newly granted guarantees by **17,6 %**.