Survey among the members of AECM[1]

on indicators of viability (how to judge whether a business is viable or not) and

on best practices to improve and facilitate debt restructuring for viable borrowers

aws/AT	Guarantees are provided on an individual basis and correspondingly the decision if a company is viable is taken on a case-by-case basis, whereby aws complies with the provisions of the GBER which defines a company in difficulties. If the creditworthiness deteriorates, decisions are taken on an individual basis. For instance, jointly with the bank moratoria are convened upon, i.e. the capital is not paid back, yet the repayment of the interests and of the guarantee fee continues. Both, the duration of the loan and of the guarantee are prolonged. Conversations with all parties involved to talk about the restructuring and to find a joined solution are arranged. The risk assessment by aws of guaranteed companies is based on a rating model that includes of course quantitative data, but also qualitative criteria play an important role. aws uses this rating model for the initial decision but also during a restructuring phase.
NÖBEG/AT	NÖBEG examines each application on an individual basis and advises the respective customer personally. NÖBEG requests from the banks continuously information on the customer, esp. on the latest balance (= once per year) and on the rating. The bank must inform NÖBEG immediately if payment difficulties arise and the bank must agree first with NÖBEG if measures such as moratoria are offered before taking the final decision. This happens on a case-by-case basis and each decision is taken according to individual circumstances. Moratoria could be in form of a prolongation of the duration of both, loan and guarantee, or another option consists in convening upon a new repayment schedule. If there are even several banks, NÖBEG proposes to organize, for instance, joint meetings of all parties involved and as a promotional institution NÖBEG moderates such conversations. Only in exceptional cases, NÖBEG agrees to a partial waiver, meaning NÖBEG goes beyond a moratorium to allow to put the company in a new position.

[1] cf. https://aecm.eu/members/our-members/

PMVz Waarborgen/ BE	PMV offers restructuring only to large companies. Restructurings are decided upon in coordination with the financing bank. In this case the guarantee is granted at a market price, so that no state aid is involved. Criteria for the restructuring are the following: perspective of viability in the future, capability to repay the debt and most importantly the prospect to safeguard jobs. In any case, PMV looks at the individual situation of a company before a decision is taken. For SME guarantees restructurings are not possible. However, PMV can follow the prolongation of the bank loan by the financing bank by maximum five years in the frame of the de minimis provisions. In the situation of a portfolio guarantee, PMV does not assess the viability of a company itself but relies on the assessment of the financing bank. In the case of larger companies, i.e. when individual guarantees are granted, a thorough due diligence process is undertaken in cooperation with the financing bank. The company needs to have a sound pre-crisis history and potential for the future.
SOWALFIN/BE	SOWALFIN allows for moratoria and prolongations for its guarantees and introduced a simplified/accelerated procedure for this (requests do no longer need to pass by the credit committee). Moratoria can have a maximum duration of 9 months until end of June 2021 with banks being exempted from the requirement to increase their equity capital. Furthermore, SOWALFIN grants guarantees on existing loans, which was not possible pre-covid. Regarding the criteria, SOWALFIN does not have a fix interpretation grid. They have a look at the performance/behaviour/rentability of the company pre-covid, at the 2019 balance sheet, at the equity/debt ratio, at the cashflow analysis and the perspectives for the business model. Moreover, they check how the company ensures a reduction of its costs to better survive the covid situation. All in all, SOWALFIN currently takes a much more flexible approach than pre-covid.
CMZRB/CZ	In terms of restructuring criteria, CMZRB's approach can be described as "individual basis", it means individual negotiation with clients facing difficulties. What is crucial for CMZRB's business in terms of the elimination/reduction of the number of non-performing guarantees is CMZRB's economic "pre-scoring" of the client. This is a process where CMZRB requires data from clients´ balance sheet and his audited profit/loss reports, from two finished accounting periods (in fact two years) preceding the current one. Economic data are interlinked and there is automated result – compliant/non-compliant (green/red light for continuing the process). In other words, it is partly an automated excel tool, where CMZRB physically put economic/accountancy data of the client. Relevant data are intercalculated/ interconnected with the total period of doing business (length of business plays a role).

	In terms of economic data (data from the client´s balance sheet) CMZRB is interested more or less in the following "items" – stated in audited balance sheet and profit/loss reports of the client: sales revenues (sales of products/services/ goods); interest rate paid (to see the credit exposure); result of profit or loss for the accounting period; value of intangible and tangible assets; size of current/short-term assets, cash, equity, liabilities and current/short term liabilities, liabilities to credit institutions. In short: if CMZRB sees that the client is not "economically healthy" enough during the two-year period preceding the current one, CMZRB cannot continue to provide the new service for him. In case of products aiming at start-ups, these pre-scorings are adjusted to avoid this mistake and not to eliminate potential good clients. Of course, there is preparation on CMZRB side due to the fact that the shorter the history, the higher the default rate (of the client).
KredEx/EE	The following is a brief overview of how companies in difficulty are treated in KredEx. KredEx' standard services are always for viable businesses, and state aid exemptions designed to support businesses in difficulty are generally not used. The situation is, of course, different in the current COVID-19 crisis, and KredEx is also taking the opportunity to provide emergency services to support companies that formally meet the characteristics of a company in difficulty. The Estonian Commercial Code imposes similar requirements on entrepreneurs for the preservation of equity, as in other countries, and this is also the first pillar, the fulfilment of which KredEx monitors. In addition, KredEx analyses the company's balance sheet and income statement. Undertakings whose financial indicators provide a reliable expectation that the commitments will be fulfilled will qualify for the services. Important ratios are the debt-service coverage ratio after the loan is issued (DSCR, at least 1.2), current ratio (at least 1.1) and the share of equity in the balance sheet volume after new liabilities (at least 20%). In addition, it is important that the company has no deferred debts for state taxes and to credit institutions. However, if a company using the service runs into difficulties, there are basically two options. In general, KredEx tries to find ways to overcome difficulties together in cooperation with the company and the bank. It is possible to use various opportunities to restructure financial liabilities, but the attitude of the company's owners and management and their readiness to contribute either with additional capital, additional guarantees or company restructuring is certainly important. If there is no trust here and no mutual understanding is found, there is no choice but to collect loans and realize assets.

	For start-ups, KredEx examines the plans and it is important that the company has some sales/has ideally already sold something; it is normal that a start-up makes losses during the 1st or even during the 1st and 2nd year for which the owner must have own resources, i.e., it is a prerequisite that the owner successfully shows how to cope with losses and that's why sales are a condition/that the owner proves some cash-flow. As to a worsening rating of an ongoing commitment, (1) the bank prolongs the duration of the loan and KredEx the duration of the guarantee accordingly allowing for a deferral either of the repayment of capital but sometimes also of the interest or (2) a more flexible repayment schedule is convened upon; there is no official consultancy but parties involved try to find together a solution (advise to close some business/to sale some business/to see how the customer could find further resources), yet normally no additional loan is granted to avoid even higher losses.
Finnvera/FI	The possibility of getting a guarantee or loan varies over time due to changes in Finnvera's credit policy. Finnvera also communicates this quite openly in its marketing material. The definition of viable is always a combination of acceptable rating figures and adequate cash flow forecasts and the decision is taken on a case-by-case basis. The possibility of restructuring is a totally different story. Every case requires thorough evaluation. There are no two similar groups of creditors or combination of collaterals. Nor are there two companies or restructuring processes that have similar negative effects on competition in a particular market. And, last but not least, there are no two companies, which have the same probability of future profitability – which is after all the main idea in restructuring. Usually in the case of an official restructuring (approved in court), Finnvera pays its guarantee responsibility to creditors to get the right to vote in the formal restructuring committee. In Finland, there is usually no other process than the official (court based) restructuring process. Also, Finnvera usually wants to rely on the formal corporate reorganization, because then, for example, there is no need to consider state aid rules and creditors are treated equally in the proceedings. The number of voluntary restructuring procedures is small, precisely because of the state aid problem, Finnvera cannot issue debt reliefs other than in the same proportion as other creditors, and even then, the subsidy accumulation might be exceeded. In addition, the Tax Administration usually does not approve these plans. Thus, voluntary arrangements are usually mainly payment holidays and maturity extensions, not only of the loan but also of the guarantee, whereby the repayment of the capital is deferred, yet normally not the one of the interests. As already mentioned, in corporate restructuring, the main criterion is the viability of the company, does Finnvera get a higher collection share in that procedure than in bankruptcy? Often, reorganization is already too late, and bankruptcy is a better option.

	Finally, restructuring needs to be more than just a debt cut. It should pay attention to management competence, ownership, production methods and product range. Admittedly, the Finnish law does not allow debtors to influence ownership and management, so often these are and remain as problems. But the above mentioned are the minimum measures for a sensible reorganization.
Bpifrance/FR	Difference between standard guarantee and crisis measures: for standard guarantees (= 50%) the decision if the company is viable or not is delegated to the banks. Regarding an entrepreneur who gets in difficulties, the loan plus guarantee are prolonged so that the entrepreneur can take a break. For the crisis programmes, the state aid provisions prevent a restructuring.
EDC/FR	EDC does the risk assessment on its own on a case-by-case basis with the client who submits i.a. the company balance sheets. EDC analyses in particular: The financial structure of the company calculating specific ratios such as indebtedness (= 3 ratios), repayments (= 2 ratios), the liquidity in general, the cash flow; The return by examining the profitability of the company, the ratio of external liabilities, its financial charges, etc.; The cash-flow of the company (working capital and the need for working capital). EDC deals only very rarely with moratoria given that it is the bank or the supplier who handle the file and possibly requests EDC for approval of measures like a moratorium, i.e. it is also an individual decision.
SOCAMA/FR	SOCAMA and their exclusive banking partners, the Banques Populaires, have introduced a synthetic covid indicator that allows to detect and to take account of potential risk situations and to treat unfavourable evolutions rapidly (via a scoring system). This indicator is based on three components: 1) a pool of risk markers, 2) one or several thresholds for every marker beyond which it is considered that the marker translates a potential risk situation, 3) the combination of the markers with the values they take. The indicator furthermore takes into account information from three areas: 1) information on the sector (and its exposure to the pandemic), 2) financial indicators from before the crisis, 3) commercial indicators (e.g. also taking into account solutions to cope with the crisis). A similar approach is taken for restructuring measures. These are modelled by Banque Populaire. SOCAMA follows the suggested restructuring.

SIAGI/FR	SIAGI's main goal is to "give the company a chance to manage its debt". This matter concerns the preexisting debt before the crisis, the new debt due to the crisis and the eventual debt financing of future investments. 1/ SIAGI agrees on a case-by-case basis with the demand of the bank to grant a grace period of existing credit amortization. 2/ SIAGI encourages the banks to increase the maturity of the existing debt of the joint client and SIAGI does the same for customers of the bank who could benefit from a guarantee of SIAGI. 3/ at the same time SIAGI adds special depreciation of future default.
VDB/DE	The guarantee banks assess each application individually. For guarantees up to a certain threshold (i.e. 150.000 EUR) the assessment is a bit less extensive but for all it is a case-by-case decision, each time bringing in the expertise of the guarantee bank. The guarantee banks use the scores of external service providers of ratings (partly companies are obliged to publish their annual financial statements which these service providers assess, partly these service providers undertake own surveys among companies) only in retail segment (under 150.000 EUR). For amounts above this threshold the VDB-Rating is used which has been developed for the German guarantee banks. The German guarantee banks/"Bürgschaftsbanken" also check themselves the creditworthiness of the customers, i.e. they examine the ability to cover interest and principal payments by generating in future sufficient cashflow and they assess soft factors. Regarding start-ups with no historical data (no annual accounts), this means that it is assessed if the concept/business case is conclusive, the amount of capital needed, the composition of the entire financing, the profitability forecast (1^{st} year might end with a loss, during 2^{nd} = break even, from 3^{rd} onward profit envisaged), etc. The banks are contractually obliged to inform the guarantee bank about every significant event, especially if repayment is in danger, and furthermore, the guarantee bank asks for additional information on a regular basis. When early warning signs arise that, for instance, the rating worsens or that the transfer of the business approaches but is not dealt with, the file is transferred from the every-day unit to the intensive support unit. This unit undertakes measures with the aim to get the file back to the every-day one. Examples of such measures are the intensification of contacts with the customer including a visit of his company, jointly with the bank the granting of a new loan, moratoria, prolongation of the duration, partial or complete waiver of interests. The comprehensive assessment of the file also includes the customer's attitude if there really is the will to bring everything back on track.

	Guarantee banks are not only close to the customer but have a well-functioning network and have shareholders i.a. from the business representatives with specific knowledge of sectors and professions.
HDB/GR	Currently, HDB provides portfolio guarantees through financial intermediaries (commercial banks). HDB has issued guidelines for the banks to establish whether a company who applies for a guarantee, classifies as "in difficulty" according to GBER criteria. Banks provide financing only to viable companies, according to their credit criteria. HDB is not engaged, currently, in that process and HDB does not examine the applicants, but only perform eligibility fulfilment checks. The guarantee is for a specific term and for a maximum guarantee amount (i.e. max the initial principal + 90 days interest in some cases). If the company is in difficulty in repaying the debt, the servicing bank who surveys the company, has several ways, according to guidelines by the legal framework, that can restructure the debt and facilitate the repayment (i.e. merge payments to a later time, uneven instalments, grace period, capital write off, etc.). Such modalities are acceptable in the portfolio guarantees of HDB, subject to maintaining the maximum guarantee amount and the initial term of the loan.
AVHGA/HU	AVHGA examines guarantee applications on a transaction-by-transaction basis, based on AVHGA's own scoring system and exclusion criteria (such as company in difficulty). AVHGA's risk appetite is typically higher than that of commercial banks. In the case of a portfolio guarantee, the rating and decision are made by the bank. The evaluation criteria are determined jointly in advance by AVHGA and the bank. AVHGA allows and encourages moratorium, prolongation, and credit restructuring to avoid defaults. These changes are initiated by the bank and approved by AVHGA. AVHGA is currently operating a simplified process for prolongations.
MVA/HU	In case of a company/a client getting into difficulties, the loan and also the guarantee are prolonged; MVA is flexible and close enough to the client to find individual solutions. The same for deciding on the viability: there is no formula to be filled in, it is an individual decision depending on the concrete circumstances of the applicant taking also the fact into account that MVA has a wide portfolio (are about to sign the CCS guarantee with the EIF, talks with 1 to 2 banks/pwc is doing the communication, amount of 10 mio. EUR).

SBCI/IE	SBCI only grants portfolio guarantees and completely relies on the financing banks to do the viability assessment. This is possible since the financing bank usually retains at least 20% of the risk. Restructurings can be done by the bank, but only without an increase in the duration of the guarantee. SBCI would also only pay 90 days of interest. However, this will change as SBCI will replace the InnovFin counter-guarantee by a EGF counter-guarantee, allowing to increase durations from 4 to 6 years.
Assoconfidi/Italy	In general, both the bank and the Confidi perform an assessment of the company in various aspects, mainly according to the financial statements which allow to assign a solidity or risk rating of the company. For example, rating 1 wonderful, rating 8-9 close to default, very risky. And the numbers go up but it is getting worse.
KCGF/KX	Regarding a viable company, KCGF does not have any specific definition. But, in order to avoid "zombie clients", there were two additional qualifying criteria applied in the windows within the Economic Recovery Package: Credit history: the MSME has a proven positive credit history (Classification – Standard A) for at least the last nine (9) months before the pandemic. Financial Results: the MSME has demonstrated positive financial results of its business for at least nine (9) months before the pandemic. Other than that (including our standard requirements), KCGF relies on its Partner Financial Institutions' (PFI) judgement according to their internal Credit Risk Policies. Regarding the restructuring of the guaranteed loans during recovery, considering that KCGF operates as a portfolio guarantee, KCGF relies on the decisions made by PFI according to the Central Bank of Kosovo regulation for affected clients. These rules do not apply for Start-ups. Regarding the restructured cases, KCGF is flexible in extending maturity as soon as it does not exceed the eligible maximum maturity in the guarantee agreement.
INVEGA/LT	In case of individual guarantees, it is assessed case by case if a company is a vital one, there is no strict definition which is not necessary since INVEGA is so close to its customers. Regarding restructuring the main actor is the bank or any other lender. They are the first to act and INVEGA usually supports such activities to make amendments/ provide relieve measures for the company.

	To illustrate, the bank could decide to postpone/to change the schedule and usually INVEGA agrees to adapt the guarantee accordingly; thus the first actor is the bank. In case of a portfolio guarantee, the bank is the first actor in both cases, meaning the banks evaluate the case.
The Chamber of Commerce and MC/LU	The Chamber of Commerce (= CoC) undertakes an individual and neutral 360° assessment which lasts around one hour. This review relates to aspects such as financing, strategy, legal, personnel, digital and also covers the entrepreneur's personal willingness. In addition, CoC works together with Creditreform and accordingly may download, by means of an online databank connected with BIGnet, reliable information about the respective company. Often it turns out, that financial problems are related to problems in the other areas. Thus, in 2020, CoC launched tailor-made support (e.g. strategic, legal or personal support), working together with 60 external volunteers/partners for instance to support the Horeca sector with its digitalisation for intensifying the delivery service, renegotiating lease contracts/rental agreements, but also to provide psychological support. Sometimes the entrepreneur is advised to contact CoC by its bank and in case of financial problems, CoC involves the guarantee institution MC. In 2020, more than 330 entrepreneurs received such an assistance which is equal to 2.000 hours for free. The strength of this program is its tailor-made character being applied on an individual basis. More than 80% of the entrepreneurs participating in this program have less than 10 employees. The guarantee institution MC decides each application on an individual basis and is always very flexible, focussing on the positive elements including the soft factors. MC works jointly with its partners and such collaboration has been existing for many, many years (e.g. with chambers such as CoC, with professional associations, etc.). During the pandemic, even more banks reverted to the MC recognising the high expertise, the fast and efficient procedure and the risk-sharing.
MPME/LU	MPME detects zombie firms because they do not have any equity left and it is visible from the company that there is no substance. In the beginning of the pandemic, MPME received quite some guarantee requests from zombies, but currently there are not many such requests. There are currently also only very rare requests for restructuring (this might change in the upcoming months). Concerning the viability of firms: here, MPME checks the substance value, the indebtedness, the composition of debt and it takes collateral in nearly all cases (material collateral and personal liability). Furthermore, MPME checks for soft factors and meets the entrepreneur in person (if possible, at the company) in order to assess his capability.

MDB/MT	MDB applies the General Block Exemption Regulation (GBER) when assessing if a company, applying for a guarantee, is in difficulties. This is done on a case-by-case basis meaning that the three main conditions of the GBER are applied considering the respective circumstances of the individual customer. More precisely, MDB might ask for missing information and might advise the customer. For this personal counseling, MDB uses also its network being, for instance, in touch with audit firms. The general experience of MDB in applying the GBER is that those conditions need to be adapted. If a customer's rating deteriorates, the corresponding provisions of the risk sharing agreement between MDB and the respective bank apply. This means, that the bank can undertake some basic measures without involving MDB like, for instance, granting a moratorium of 6 months in a first step. If the bank would like to extend this moratorium to more than 12 months, the bank must contact MDB. In this context, the maximum durations set by state aid regulations (e.g., 10 years of the de minimis regulation), could sometimes be a problem. Another example is the rescheduling within the frame of the original loan which is also feasible to be done by the bank without MDB's involvement. MDB receives on a quarterly basis reports from the bank and could start discussions with the banks at any time.
BGK/Poland	In case of the portfolio approach, the lending banks assess the viability of the companies, since the assessment of creditworthiness including the assessment of viability is outsourced to the banks.
FNGCIMM/RO	FNGCIMM assesses counterparty default risk based on the borrower' probability of default. For each guarantee decision, FNGCIMM assigns an internal rating for each borrower, internally developed based on machine learning techniques, which considers both, quantitative and qualitative criteria. As financial indicators FNGCIMM uses: DSCR (Debt Service Coverage Ratio), solvency, turnover/short term debt ratio, budget arrears ratio. As qualitative indicators FNGCIMM uses: debt service, payment incidents involving cheques, promissory notes. The qualitative indicators are of utmost importance for assessing the probability of default.
FGCR/RO	FGCR receives the guarantee request from the banks, following the approval of a loan. The creditworthiness analysis of the beneficiary is made by each bank, according to its own internal norms and the regulatory and prudential framework established by the supervisory authority (NBR): FGCR analyzes the eligibility criteria of the beneficiary and of the credit and verifies if it complies with the provisions of the National regulations for granting the guarantee (Law 329/2009, GEO 43/2013 / OG 79/2009).

	One of the key criteria is the fact if the company is in financial difficulty, determined according to the requirements of the European Communication. If the beneficiary and the credit comply with the eligibility criteria and according to the algorithm for calculating the financial difficulty it results that there is no difficulty, FGCR grants the guarantee.
FRC/RO	Eligibility criteria for final beneficiaries of counter-guarantees: a) falls into the category of small and medium-sized enterprises, according to the law; b) meet the financial performance criteria provided by the internal regulations of FRC, determined on the basis of information from the financial statements of SMEs; c) they are not in arrears with the payment of the budgetary obligations, according to the fiscal attestation certificate and the declaration on the own responsibility of the enterprise; d) they are not subject to insolvency proceedings nor do they meet the criteria of national law to be subject to insolvency proceedings at the request of creditors, according to the extract from the insolvency proceedings bulletin and the declaration on the company's own responsibility; e) is not in the procedure of operational closure, dissolution, liquidation or special administration, according to the extract of information from the trade register; f) has at least one employee and registers a positive turnover, according to the information from the financial statements related to the last financial year ended, except for the enterprises included in the start-up and SRL-D category; g) they do not appear with overdue loans or if they register arrears, they are classified in categories A, B or C, according to the information from the Credit Risk Center; h) does not appear with major incidents with checks and promissory notes in the last 12 months, according to the information from the Payment Incidents Center; i) are not classified by banks in the category of credit classification “doubtful” or “loss”, according to the information from the Credit Risk Center; j) are not debtors of the guarantee fund/Romanian Counter-guarantee Fund, due to the fact that they benefited from guarantees/counter-guarantees for which the fund made the payment (if the debts were paid in full, the prohibition does not apply) according to the information provided by the guarantee;

	k) does not benefit from guarantees, counter-guaranteed or not, for which the guarantee fund has received non-payment notifications, payment requests, information on the full overdue transfer of the guaranteed financing, according to the information provided by the guarantee fund; l) they are not the subject of a recovery order following a decision declaring the aid illegal and incompatible with the common market, as declared by the undertaking on its own responsibility; m) the amount of de minimis aid they received in a period of 3 fiscal years (2 previous fiscal years plus the current year) does not exceed the RON equivalent of EUR 200,000, respectively EUR 100,000 for small and medium enterprises with road transport activity, according to the declaration on own responsibility of the enterprise; n) carries out activities eligible for the granting of de minimis aid in accordance with the applicable de minimis aid scheme, in accordance with the undertaking's own declaration; o) meet the criteria provided by the other regulations applicable to the granting of counter-guarantees.
CESGAR/ES	New company/projects: To be able to distinguish a **viable company** from a **non-viable one**, an individual assessment is carried out on a case-by-case basis, normally putting up attention to the past and the sector. The situation varies greatly from one sector to another, and within the same sector, it influences even the geographical location of the same. In the same way, the mutual guarantee societies (MGS) studies the activity of the company and of the habits (common practices) of its clients, if they have not changed during the pandemic; if so, the company is advised to reconsider its activity and to adapt it to the new situation in order to provide financing. There is also the case of viable companies that need financing to expand their activity and new projects, since they must restructure and adapt to the growth of their company due to the new needs of the pandemic. **Companies with already granted financing:** In the event of upcoming difficulties, decisions are also made individually to help the company. Two cases are distinguished: 1. Company with a help line of the regional administration for covid-19, the lines, in general, have been updated by the administrations, and the initial terms of the loans and moratoria have been extended.

	2. Company without Covid Line, it is taken into consideration to expand financing and moratoria, as in the new company, if its activity is adapted to the pandemic situation and that of its clients. The repayment capacity is analyzed, as well as the indebtedness. It is very important to know if the company was viable before the pandemic as of 12/31/2019. If the company has received additional financing, the future income generation will have to be analyzed to see if it will be able to deal with the payments. In case of not being able to face the payments, the duration of the loan can be extended, so the moratorium can be from 1 to 2 years (interest continues to be paid), the financing is changed, notices are given, everything possible is done to ensure that the company remains open and active. And finally, in Spain, a code of good practices for the financial sector corresponding to ministerial level is about to be drawn up and in the same way a greater extension of terms.
RVO/NL	The viability definition at RVO depends on the context. For instance, viability of the company in the context of lending: the company must be able to yield interest and repayments during the term of the loan. In case of restructuring: The size of the lending and viability of the company is based on a liquidity plan of the entrepreneur drawn up in accordance with the guidelines in section 6.6. section 117 of the guidelines on State aid for rescuing and restructuring non-financial firms in difficulty. Viability in the case of a subsidy for a new technology: reasonable expectation that, without any unforeseen technical and commercial setbacks, the requested behavioral change will be achieved.

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About us

The 48 members of the **European Association of Guarantee Institutions (AECM)** are operating in 31 countries in Europe. They are either private, mutual 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 failure. 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 includes 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 objective and our members, if public, private, mutual or with mixed ownership structure, have a promotional mission.

AECM's members operate with counter-guarantees from regional, national, and European level. As of mid-2020, **AECM**'s members had about bEUR 259 of guarantee volume in portfolio, thereby granting guarantees to around 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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