

# **GUARANTEE SCHEME FOR HUNGARIAN SMEs**

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# general information about Hungary 2007

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■ area (km <sup>2</sup> )	93 000
■ number of population (million)	10
■ number of working population (million)	3,9
■ SME's (million)	1,2

## proportion of the SMEs by branches (%)

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■ service	37
■ commerce	17
■ construction	7,7
■ agriculture (incl. forestry, fisheries)	6,71
■ others	31,59

# general information on financial institutions

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■ banks	31
■ special credit institutions	8
■ savings co-operatives	168
■ credit co-operatives	5
■ <u>credit guarantee institutes</u>	<u>6</u>
■ financial enterprises	260

# **Rural-Credit Guarantee Foundation short history**

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**first Hungarian credit guarantee organization**

**1991: year of establishment under PHARE program**

**founders: Ministry of Agriculture, 5 domestic bank**

**number of financial institutes in cooperation (2008):**

**12 bank, 132 credit cooperatives,  
5 financial enterprises**

**number of employees (2008): 24**

# main characteristic features of the guarantee program

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**our service**: direct guarantee (payment at a first call)

**guaranteed finance**: loans, bank guarantees,  
factoring, leasing

**purpose of the finance**: investment projects and  
working capital

**guarantee coverage**: guaranteed amount and max. 1  
year interest

**guarantee ratio**: 20% - 80% (62% in the practice)

**maximum amount of transaction**          € 3,2 million

# counter guarantee system

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- **70% state counter guarantee**
- **15 % EIF counter guarantee relating to the non agrarian sector**

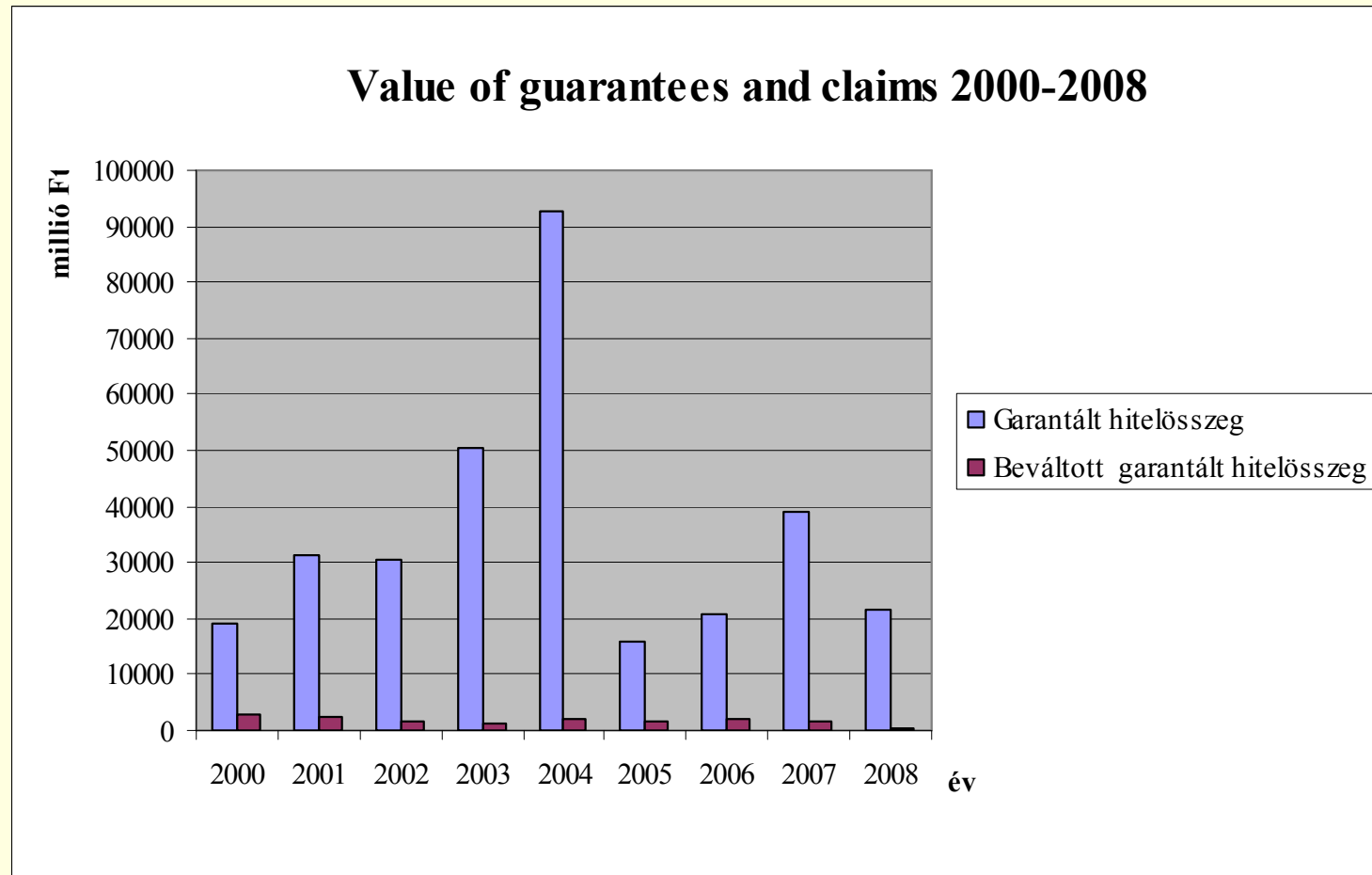
## **data's of issued and bankrupted guarantees 1991-2008**

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- **Number of guarantees (pieces): 24 416**
  - **Guaranteed credit (€ million): 1 572**
  - **Nr. of guarantee claims (pieces): 1 018**
  - **Amount paid (€ million) 32,4**
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- **equity (31.12.2007) €76 million**

**(€ 1= HUF 255)**

# value of guarantees and claims 2000-2008



## **correspondence to BAZEL II.**

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- **under process to be institution prudentially equal to credit institution**
  - **own funds and capital adequacy**
  - **financial limitation of risks and investments**
  - **qualification of assets**
  - **management system and risk management**
  - **management and control**

## our relation to the internalization

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- **we are open to the target**
- **we follow the demands of our clients  
and if they need this type of service  
we supply it**