

AECM FACTS & FIGURES

AECM MEMBERS
FIGURES 2016

MAY 2017

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1 FOREWORD

Introduction

In its second consecutive edition, AECM is pleased to provide you with the 'Facts and Figures' of its members, which formally were published in AECM's Statistic Leaflet. Some of AECM's members are purely private, public, mutual or public-private mixed. Others again are national associations or networks that have their own member associations or guarantee institutions as members. This constitutes a wide and regionalized variety of membership basis.

AECM currently has 41 members in 20 EU Member States, as well as in Bosnia- Herzegovina, Serbia, Russia and Turkey. The following statistics are based on the numbers of the fiscal year 2016.

The AECM Secretariat also continued to gather counter-guarantee/co-guarantee data of its members in a separate section. Counter-guarantees/co-guarantees are issued, among others, to guarantee schemes, development agencies or for bank guarantees. Therefore, the figures 2016 of those members that are active in counter-guarantee/co-guarantee activities were treated separately, to facilitate the yearly comparison to AECM figures of the last year.

Finally, next to the variables that were analyzed in last year's report and upon request of many members of the Working Group in Agriculture, this year's publication includes a special focus on agricultural guarantees in a section that is presented at the end of this leaflet, including the main variables in production and volume.

Methodology

If a member was not able to provide us with relevant data, a meaningful approach of including statistics of the organization was used without distorting the tendency of the total figures. In the case at hand it was suggested to either take into account the figures of the previous year or have a proxy for the missing number if indicated.

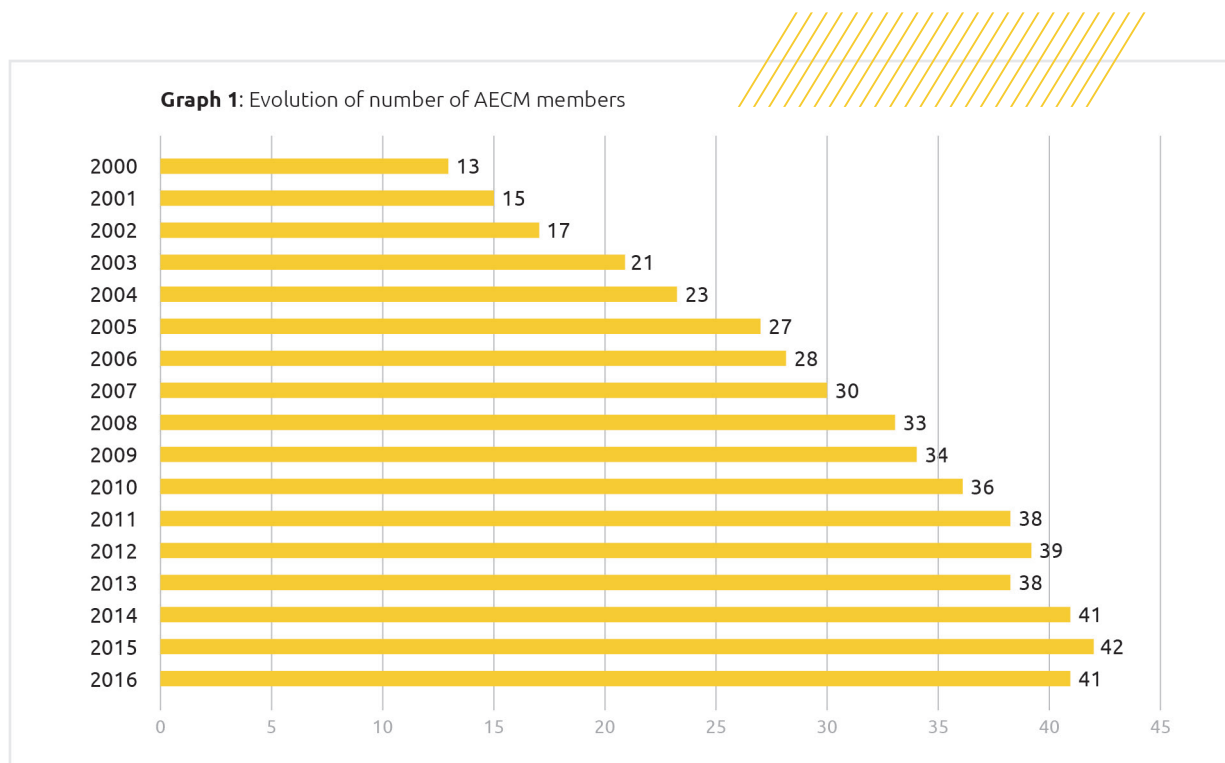
Next to the present analysis, the 'Half-Yearly Scoreboard of H1/H2 2016' will present the membership data on a periodical basis, meaning that all 41 members are listed by half-yearly data-periods to analyze the evolution even more in depth. It is available in the Statistics section of the AECM website.

The following publication will provide you with a complete overview of the guarantee activity evolution, in volumes and numbers, of AECM members over the past years.

The AECM Secretariat wishes you a pleasant and interesting read!



2 AECM MEMBERS EVOLUTION



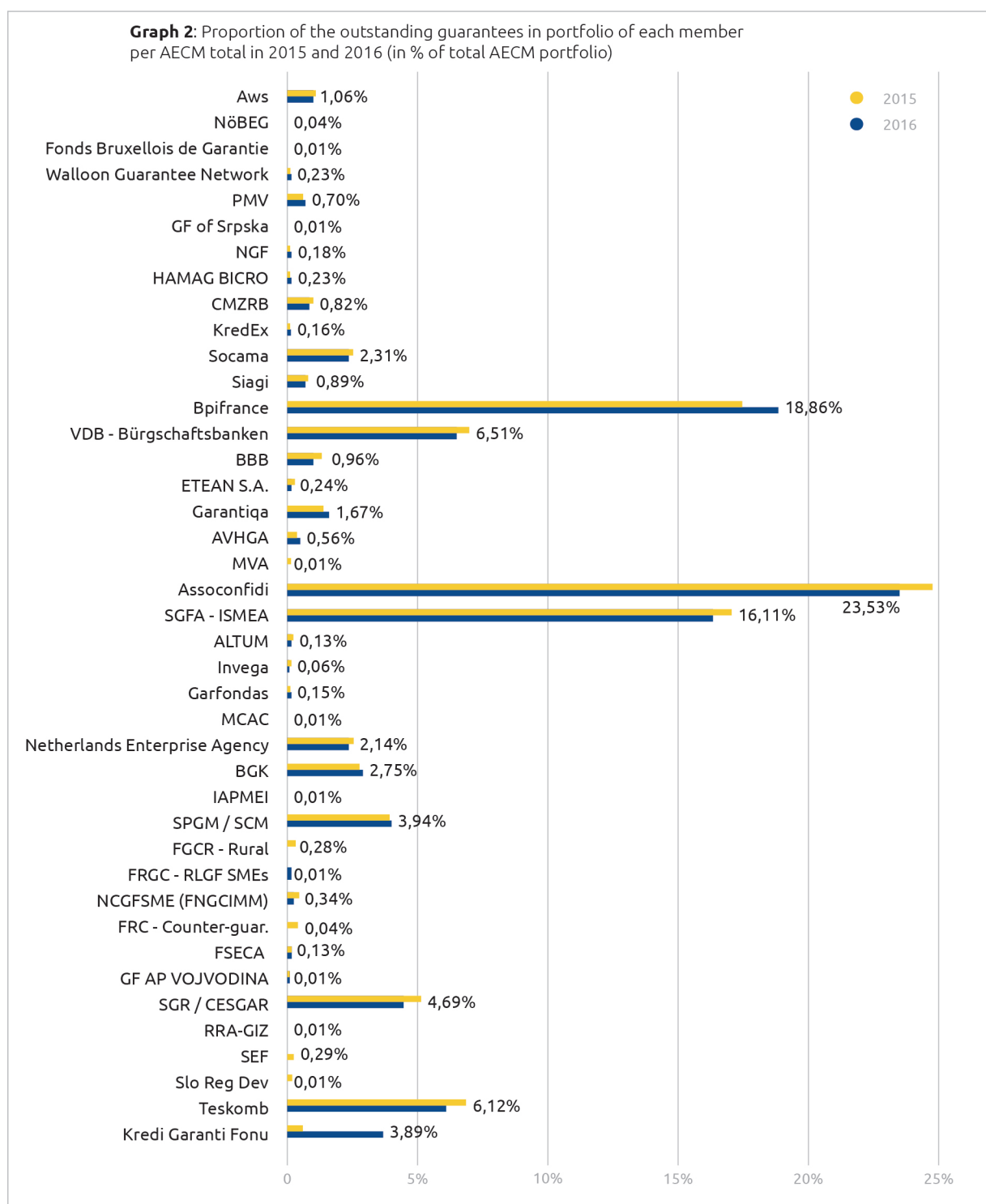
In the past year, the positive evolution of membership affiliations to the association experienced the same pattern as between 2011 and 2013, when the number of members went from 38 to 39 and back a notch.

AECM's membership base decreased in 2016 after Polish member PARP was made part of a bigger Polish government-owned organisation, of which AECM affiliate BGK is also a member.

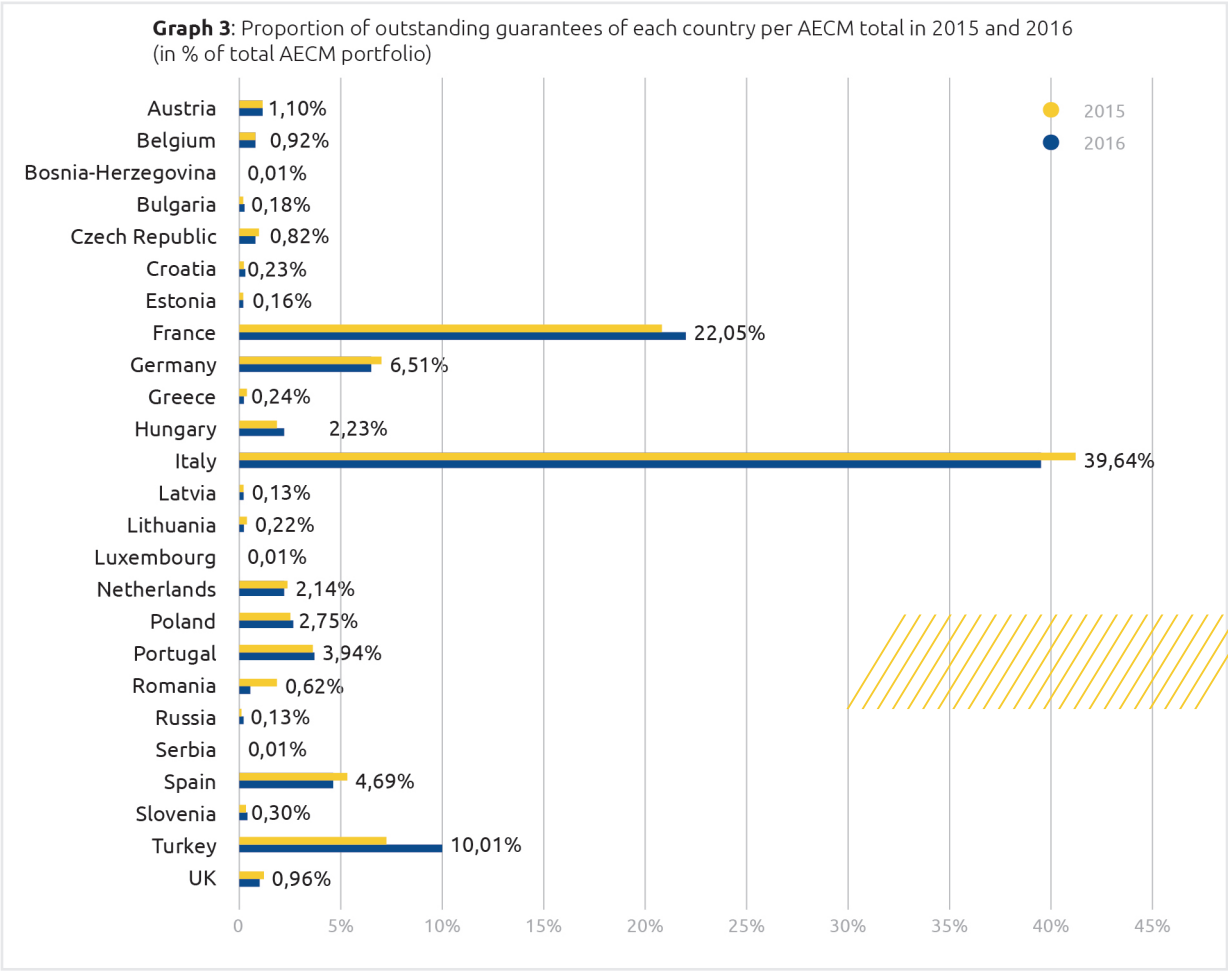
In 2017, the General Secretariat together with the Chairman of AECM will continue their ongoing efforts to grow the membership base, focusing first on countries where AECM does not have any members yet.



3 PROPORTION OF OUTSTANDING GUARANTEES IN PORTFOLIO OF EACH MEMBER AND COUNTRY COMPARED TO THE AECM TOTAL

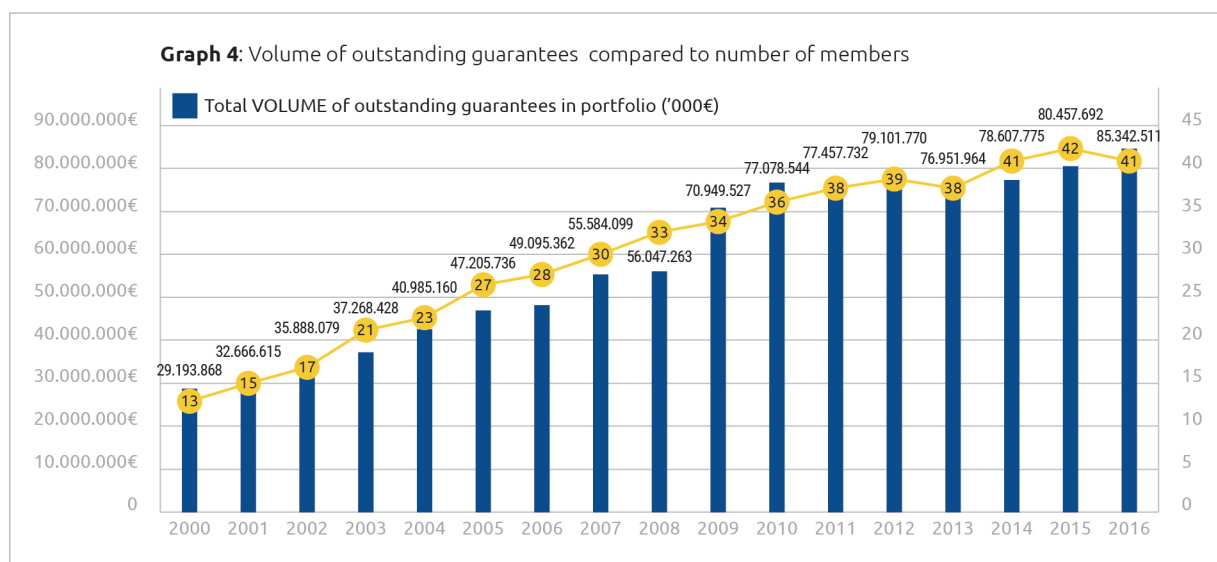


The part every AECM member holds in 2016 in terms of its outstanding guarantee volume in the association's portfolio is illustrated in blue in the bar chart (2015 marked in yellow, Graph 2). The biggest shares are held by Italian member Assoconfidi (23.5%), however Bpifrance, France (approx. 19%), ISMEA, Italy (16%), the German VDB (6.5%) as well as TESKOMB, Turkey (6%) and CESGAR, Spain (5%) continue to hold an important part of the overall AECM guarantee portfolio. SPGM, Portugal and KGF, Turkey could both increase their share in AECM portfolio to reach 3.94 % and 3.89% respectively in 2016.

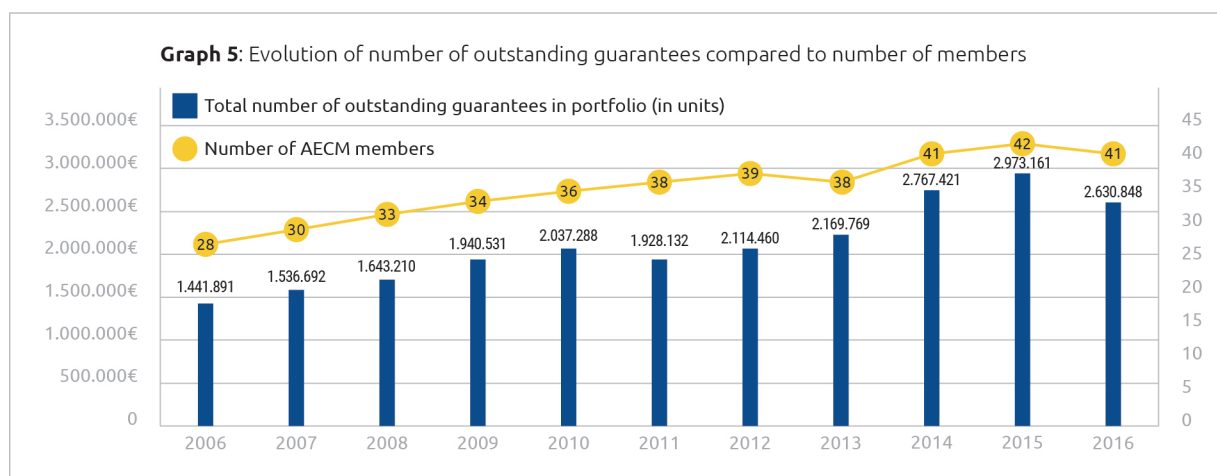


As the number of AECM members did not grow in the past year, while at the same time the volume of outstanding guarantees in portfolio increased (cf. also next section IV), the high proportion of our Italian members Assoconfidi and ISMEA representing almost 42 % of the total AECM outstanding guarantees in 2015 decreased to slightly less than 40% in 2016. Members such as France (22%), Turkey (10%), Portugal (4%) and Hungary (2%) could in turn benefit from this development and increase their proportion in outstanding guarantees in portfolio compared to the previous year.

4 COMPARISON OF MEMBERS' AND GUARANTEE ACTIVITY EVOLUTION

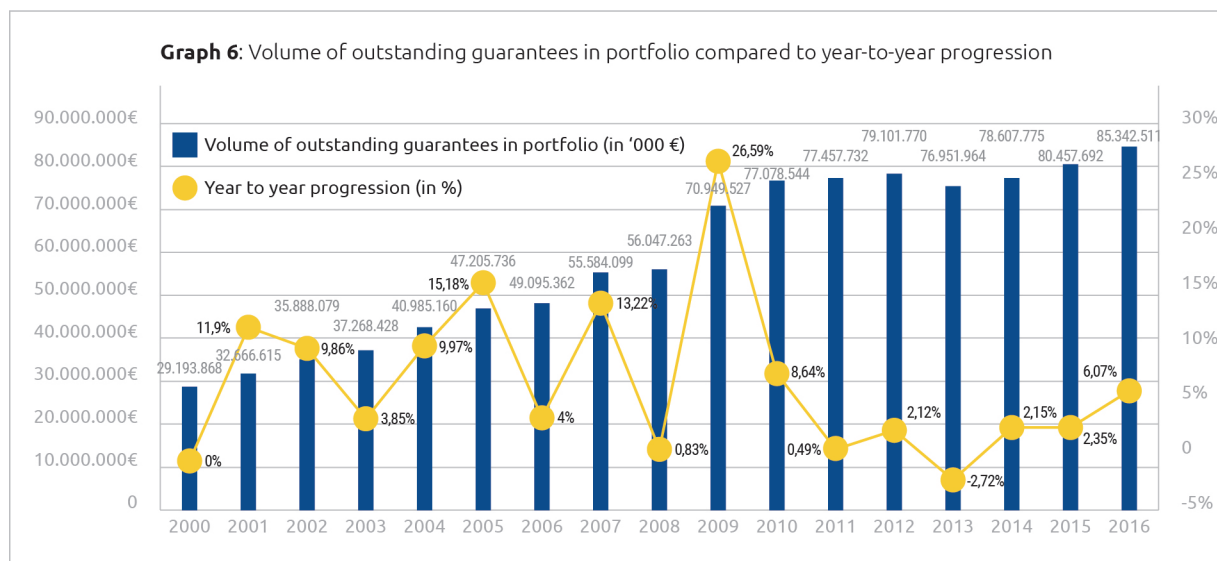


The graph 4 above has also been presented in this year's Activity Report of AECM and shows the steady increase of AECM's membership base (yellow line) compared to the development in volume of outstanding guarantees. As described before, the number of members decreased by one between 2015 and 2016. However, due to a strong shift in the volumes of outstanding guarantees of AECM members, this effect could not only be offset but outperformed with a new peak of more than €85B of guarantee volume in AECM portfolios. The recent rise from €80.45B in 2015 to €85.3B in 2016 can partly be explained by the rise in Guarantee Volumes of Bpifrance, France, KGF, Turkey and BGK, Poland. We will go further into detail on these numbers in a later section.



The total number of outstanding guarantees in portfolio is compared to the AECM members' evolution (in yellow) in the graph 5 above. After an increase in 2015 (€2.76M to €2.97M) between 2014 and 2015, one can remark that the general positive trend in guarantee volumes is not underlined by a rise in the number of outstanding guarantees in portfolio, which after its peak from 2015 decreases to reach 2.6M guarantees in 2016.

5 TOTAL VOLUME (IN € '000) AND NUMBER (IN UNITS) OF GUARANTEES IN PORTFOLIO

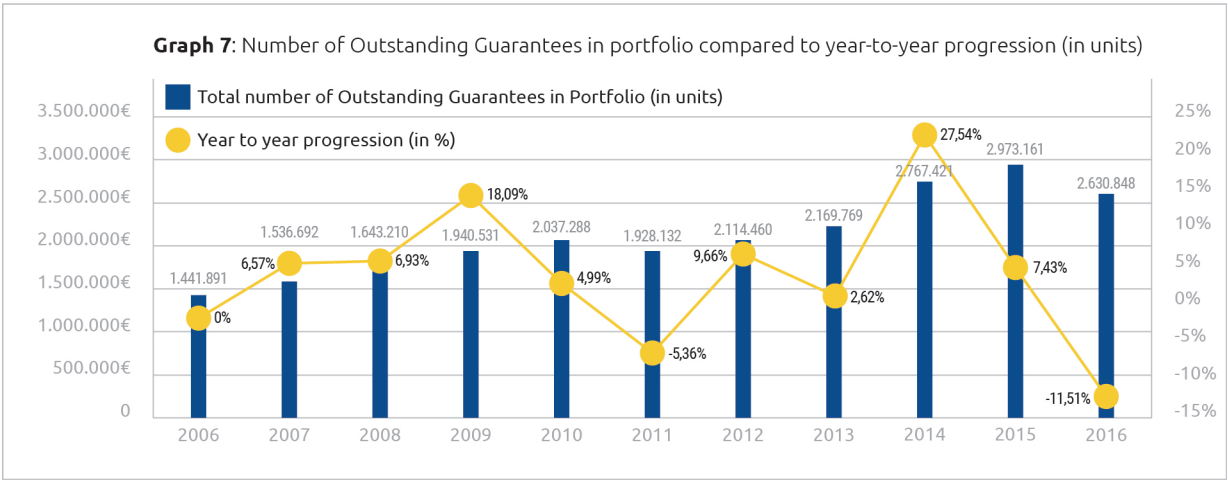


As seen in the previous section the total volume of guarantees in portfolio increased from €80.46B to €85.3B in 2016, hence AECM members' outstanding commitments increased by over 6% (Graph 6). This yearly change in % is shown by the yellow year-to-year progression line that follows the pattern of steady growth in the volume of outstanding guarantees in portfolio of AECM members since the peak of the financial crisis in 2009.

The steady increasing tendency of volumes in guarantees is underlined by this year's increase (6.07%), which can partly be explained by strong indicators of French, Turkish and Polish members (Bpifrance (+15%), KGF (+450%) and BGK (+17.5%)). The impact of the volume increase of Bpifrance on AECM total can be explained by its strong proportion in AECM total guarantee volumes (see section III, graph 2) and mainly because the definition of Bpifrance's outstanding volume for the first time includes 'internal guarantees', related to the cover on bank loans provided by Bpifrance to French credit institutions. Alongside the impact of various improvements within the institution, the important increase in figures of KGF mainly resulted from the implementation of Portfolio Guarantee System (PGS) in treasury-backed KGF bank loan guarantees. While those funds (Turkish Treasury commitment) used to be utilized under the conventional loan guarantee approach, the organisation started to apply PGS in late 2016, resulting in a rapid growth of guarantee indicators that will continue to increase in 2017. While the decrease in the number of guarantees of AECM's Turkish member 'TESKOMB' seems important, its equivalent in terms of volume would have to be seen in light of the exchange rate between the Turkish Lira and the Euro. Hence the volume of outstanding guarantees in portfolio in 2015 (1€=3.18 TL) was 17,021,719,294 TL (or 5,352,741,000 €) it increased to 19,337,939,000 TL (1€=3.7 TL) but at the same time decreased in Euros to 5,226,470,000 €. Finally, the major reason for the increase in guarantee volumes of Polish member BGK is that the dynamics of the guarantees sales (under the de minimis scheme) is greater than the dynamics of guarantees expiration. Also the launch of two new guarantee products (BGK guarantees under COSME and a guarantee fund under the Operational Program 'Innovative Economy') contributed largely to the positive guarantee volume evolution.

In terms of volumes of outstanding guarantees, other main drivers of this positive sequential change include AECM member organisations in Belgium (SOWALFIN and PMV approx.+8%), Bulgaria (+70%), Hungary (AVHGA and Garantika approx. +25%), Lithuania (Garfondas +8%), Croatia, Estonia, Russia and Slovenia (all between +15% to +30%). Wallonian member SOWALFIN experienced a strong increase in the new production of guarantees by 30% mainly due to the implementation of COSME and InnoFin programmes which allow to provide a higher percentage of cover on bank laons. For Flemish member PMV, the growth is mainly a result of the favourable economic situation in Flanders and the surplus of liquidity at the Belgian banks.

While the most recent data show the continuing stable growth trend at a high level, 15 out of 41 saw their guarantee volumes stagnate or decrease between 2015 and 2016, including members from Germany, France, the UK, Spain, Greece and Romania.



Graph 7 illustrates the decreasing trend of the number of outstanding guarantees in portfolio (in units) from 2.97M in 2015 to 2.63M in 2016, which corresponds to -11.5% after an increase of 7.43% in 2015. This tendency is also shown on an individual member basis, as 21 out of 41 members experienced a stagnation or decrease in their number of outstanding guarantees.

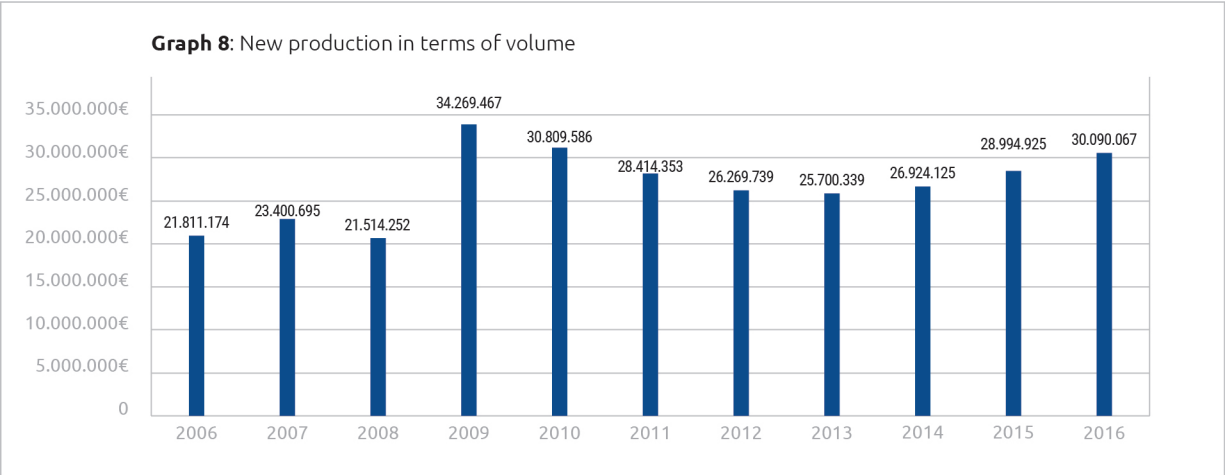
Some of the drivers for this change are located in Turkey (TESKOMB -45%), Romania (FGCR-Rural -27%, FRC-Counter -50%, FNGCMM -50%) and Greece (ETEAN -50%).

To mention the case of Romania, as it is the case for many other Central European Countries, a large number of banks operate on the Romanian credit market and are competing for a limited number of SME customers with a good financial standing, especially small and medium-sized ones. For that reason, bank lending policy has shifted towards short-term lending without hard collateral or with low collateral requirements.

Overall 18 member organisations experienced either small (0%-5%) or important (>5%) decreases in their number of guarantees outstanding in 2016. Guarantee institutions that experienced a shift of number of outstanding guarantees are members such as NGF Bulgaria (+70%), the Czech Republic (+7%), MCAC Luxembourg (+14%) and the Slovene Enterprise Fund (+16%).

The new volume and production of the year 2016, presented in the next section (section VI) will permit us to take a clearer look into the most recent development in AECM newly granted guarantees.

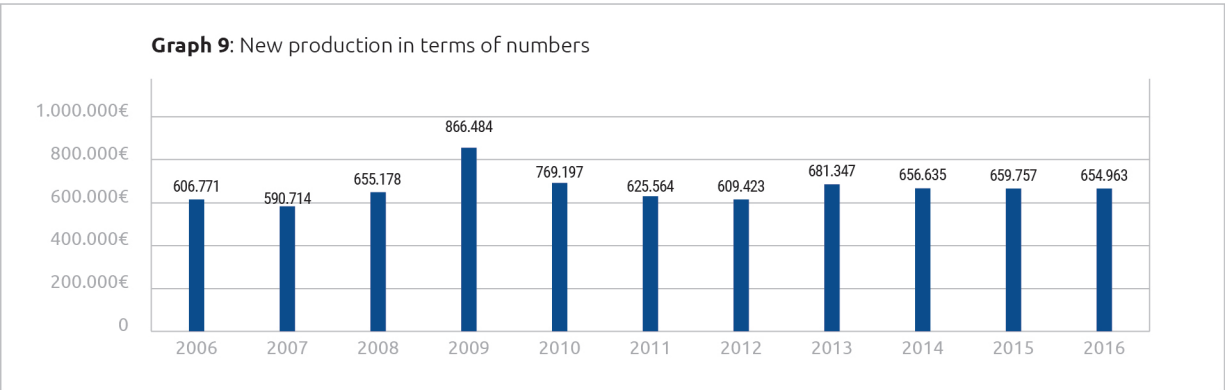
6 AECM- TOTAL VOLUMES (IN €'000) AND NUMBER (IN UNITS) OF GUARANTEES GRANTED/YEAR



The new production of guarantees in terms of volume (Graph 8) has increased from roughly €29B in 2015 to cross the €30B-mark for the first time since 2010, reaching €30.1B in 2016. This corresponds to an increase of 4% over the year. Overall 21 guarantee institutions in the network could increase their volume of newly granted guarantees in 2016. Member organizations in Austria (aws +6.24%, NÖBEG +15%), Belgium (SOW-ALFIN +27%, PMV +20%), France (SIAGI +5%, SOCAMA +15%, Bpifrance +0.02%), Hungary (AVHGA+27%, Garantiqa +22%), Turkey (TESKOMB +2%, KGF +140%) could increase their new production in volume either slightly or importantly compared to 2015. Same is valid for the Spanish organization CESGAR (+13%), the British Business Bank (+54%), FSECA Moscow (+10%), RVO Netherlands (+57%), Garfondas Lithuania (+107%), ETEAN Greece (+18%), KredEx Estonia (+44%) and NGF Bulgaria (+58%). The positive evolution of Lithuanian member 'Garfondas' for instance can be explained by the favorable attitude of banks to cooperate with a reliable and growing market in the agricultural sector. An even more important total increase in the volume of AECM member guarantees granted was offset by stagnating i.e. decreasing effects on new production volumes of the other half of the members reflecting on the one hand the behavior of banks being more risk-adverse in these countries while at the same time enterprises requiring short-term revolving loans rather than longer term financing for investments.

Taking Czech member CMZRB as an example (-50%), the decrease in volume of newly granted guarantees is based on the previous year 2015 being quite exceptional in terms of both number and volumes of newly granted guarantees due to a national guarantee program that created a high demand for guarantees. The main reason for the decrease in volume is therefore caused by the termination of the (finished) program and activities should start to pick up again in 2017.

Overall, one can argue that the positive but modest latest economic growth indicators in Europe ranging between 1% and 3% in the European Union has somewhat 'spilled over' to the new volume of granted guarantees from AECM members.



The new production in terms of numbers (Graph 9) illustrates a stagnating trend in the past 5 years where the number of new guarantees issued in 2016 decreased slightly from 659,757 to 654,963, corresponding to a drop of 0.73% in the last year after a minor increase between 2014 and 2015 of 0.5%. This small and steady ‘zigzag’-trend in the new production units is also supported by most members of the AECM-network, namely aws (Austria), HAMAG-BICRO (Croatia), SPGM (Portugal), the Netherlands Enterprise Agency, Garfondas (Lithuania), ISMEA (Italy), VDB (Germany), SIAGI and Bpifrance (both France), Altum (Latvia), BGK (Poland) and FSECA Moscow that all experienced a similar pattern of developments in the past 3 years.

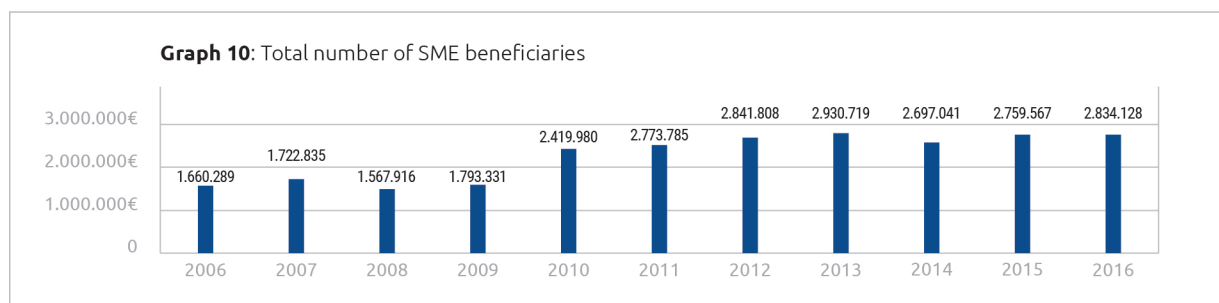
To mention the latter example of the development of the new production in numbers of FSECA - Moscow (-15%), while the volume of both total and newly-granted guarantees increased for our Russian member, 216 out of 768 banks lost their license as a direct result of the economic turmoil that the country faces. Hence SMEs suffered an important downgrade in the amount of loans granted and had to switch their portfolios from smaller to larger banks in the country. As this shifting in credit activities is in its final stages, the guarantee activity of FSECA is expected to pick up again in 2017.

In conclusion, the total number of new guarantees granted seems to have settled around the 650,000 – mark and could be interpreted as a general trend back towards a ‘stabilization’ of guarantee activities in Europe.

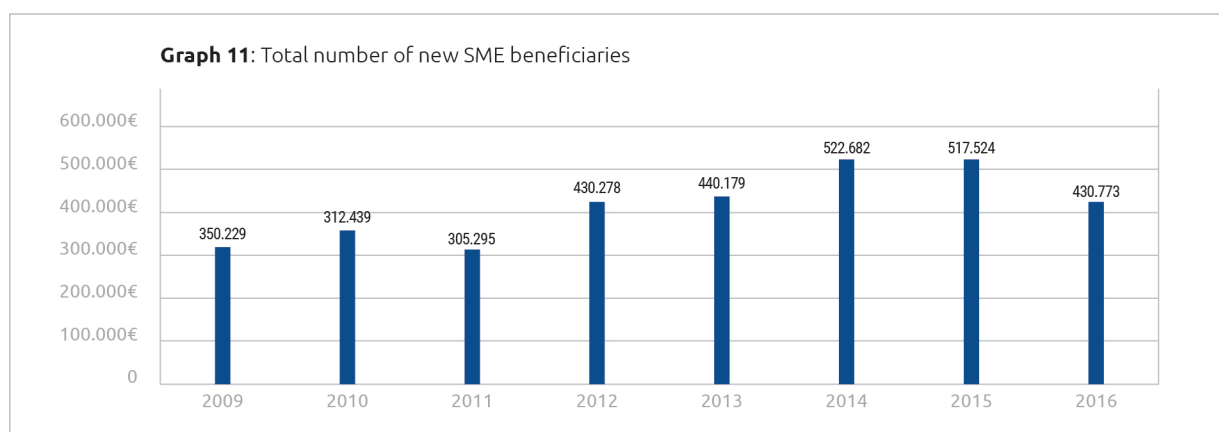
The comparison of Graph 8 (new production in terms of volume) and Graph 9 (new production in terms of numbers) facilitates the calculation of the average size of guarantees in the last year. This shows an increase of the average amount of guarantees from €27.06K in 2015 to €32.40K in 2016, which corresponds to almost 20%. The average size of guarantees will be analyzed further in depth in Section VIII.



7 AECM - TOTAL SME BENEFICIARIES¹ AND NEW SME BENEFICIARIES IN PORTFOLIO (IN UNITS)



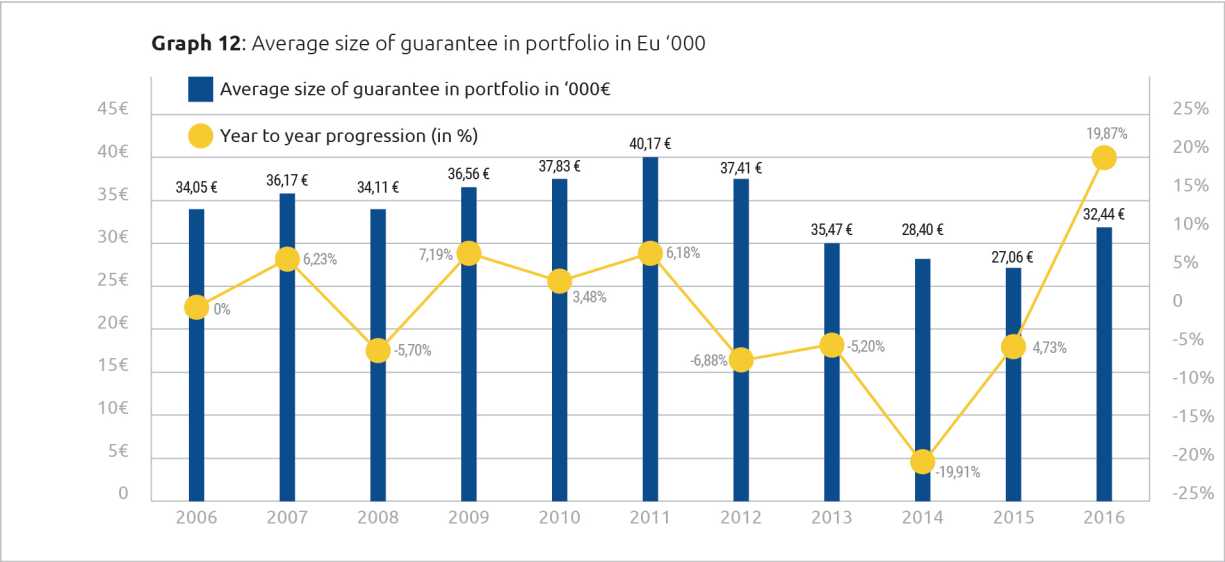
The total number of SME beneficiaries (Graph 10) has always been strongly linked to the new production in terms of numbers (Graph 9). Following the stagnation explained in section VI of this report, the number of SME beneficiaries has increased almost in the same pattern as between 2014 and 2015, where a small increase of 2.7% in total SME beneficiaries could be observed. Between 2015 and 2016, the increase equals 2.01% and the total number of SME beneficiaries settles at around 2.8M SMEs.



We can observe a drop in the number of new SME beneficiaries between 2015 and 2016 of 17% (from 517,524 to 430,773 new SME beneficiaries). Considering the relatively stable number of total SME beneficiaries, this general trend could mean that guarantees do not reach a sufficiently large number of SMEs, where 'risk-averse' decision-making of banks leads to guarantees being given to 'safer' and 'less-risky' SMEs rather than new, innovative and start-up companies.

¹ - Number of SMEs beneficiaries / members: number of enterprises relating to the outstanding amount of guarantees / or number of enterprises partners of mutual societies / in case of rural funds: including guarantees for farmers.

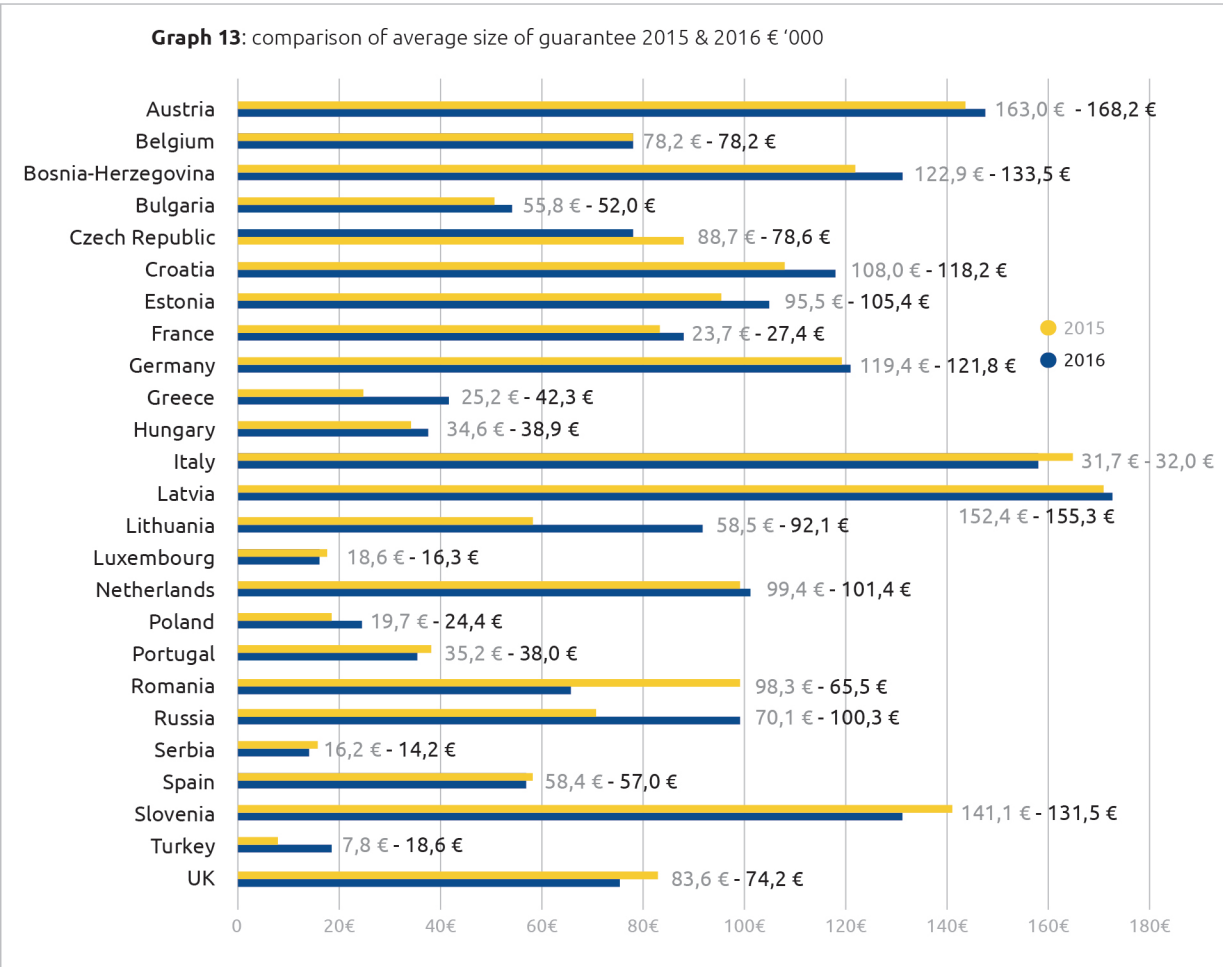
8 AVERAGE SIZE OF GUARANTEE (IN PORTFOLIO) - VALUES IN €'000



As announced in Section VI, the Secretariat computed the average size of guarantee in total AECM portfolios in 2016 in the above graph (Figure 12), which displays the year-to-year development of the average size of guarantee in portfolio showing the first increase in 7 years. The highest average recorded dates back to 2011 and amounted to €40.17K. For the first time since 2013, the average size of guarantee in portfolio crosses the €30K-mark and currently stands at €32.4K.

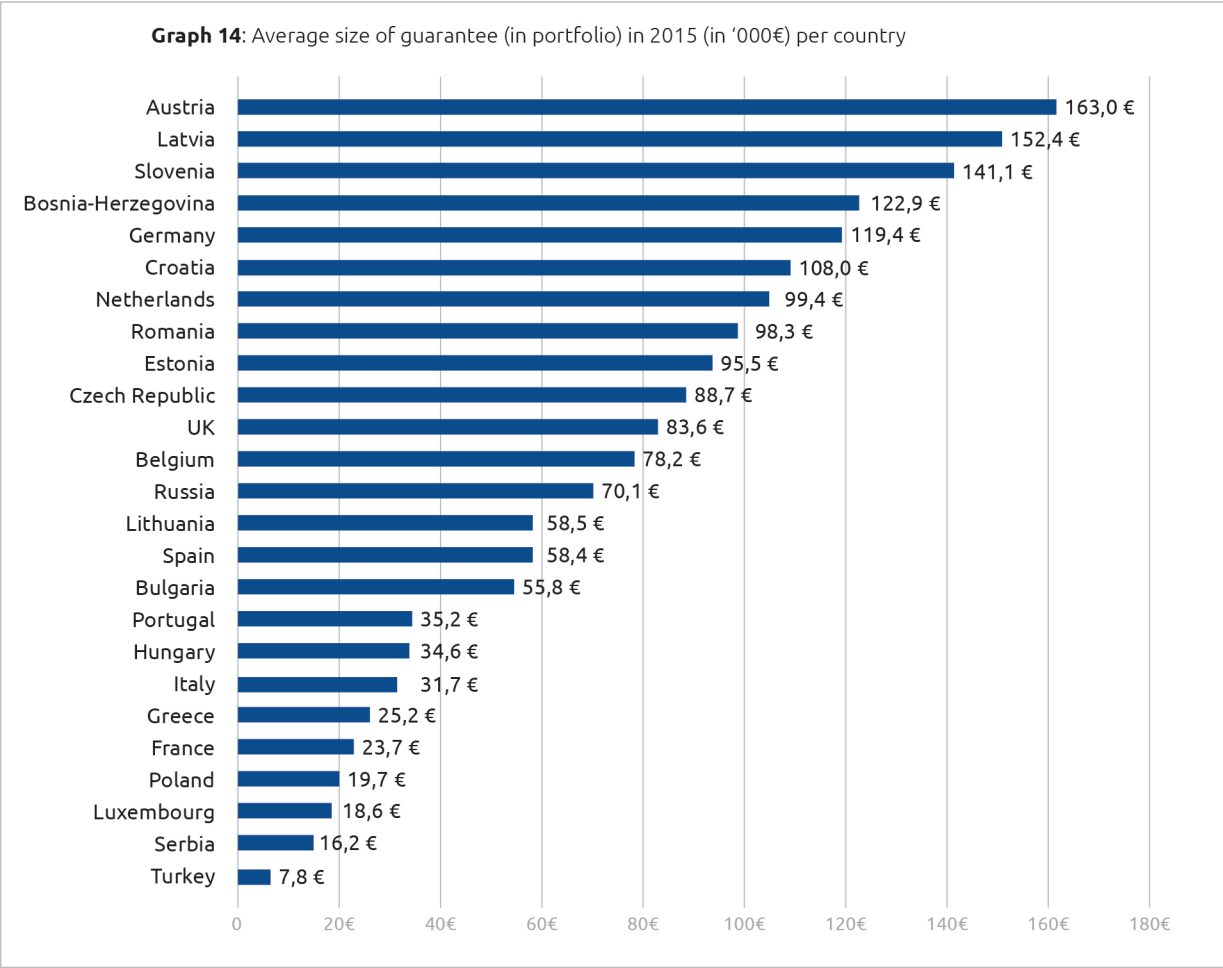
The following graphs display the breakdown of this number into country average, which will first give a more detailed look on the development of this number in each of the AECM-member countries between 2015 and 2016 (Graph 13) before going separately and more in detail into how this average is spread within the AECM – members in this and the previous year (Graph 14 & 15).





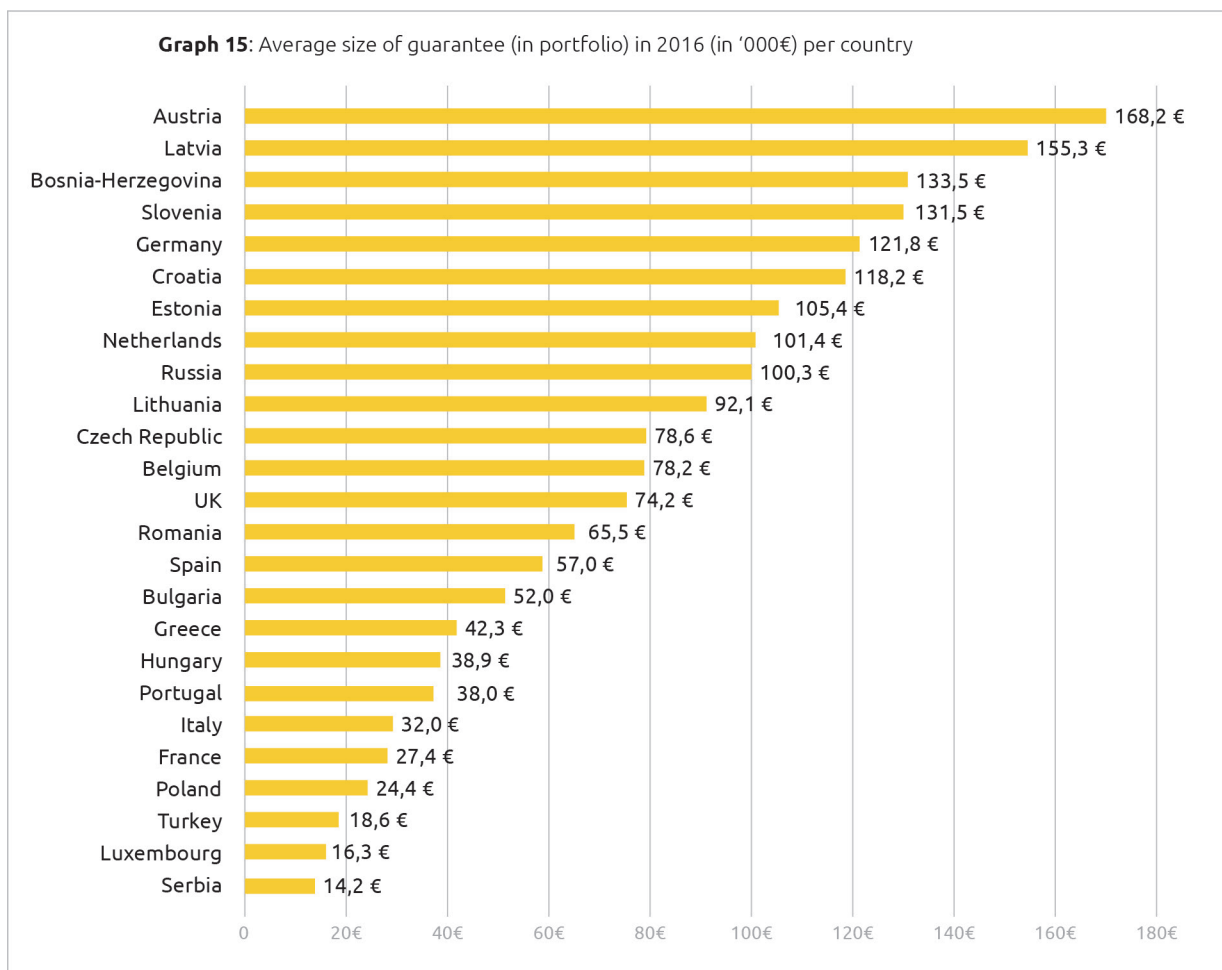
The above graph (Graph 13) displays the comparison of average guarantee size in each country between 2015 (yellow bar) and 2016 (blue bar). Countries with the strongest positive development of average guarantee amounts include Lithuania, Russia, Bosnia-Herzegovina, Croatia, Greece and Turkey. At this stage it is useful to point out once more the large number of small cap guarantees of some of the country's members, such as for instance SOCAMA in France or Assoconfidi in Italy. This impact is illustrated in the relatively smaller amount of average guarantee size in these two countries (€27.4K in France and €32.7K in Italy).





In 2015, Austria granted the highest average size of outstanding guarantee in portfolio with €163K followed by the countries: Latvia (€152.4K), Slovenia (€141.1K), Bosnia-Herzegovina (€122.9K), Germany (€119.4K), Croatia (€108K), the Netherlands (€99.4K), Romania (€98.3K), Estonia (€95.5K) and the Czech Republic (€88.7K) in 10th position.

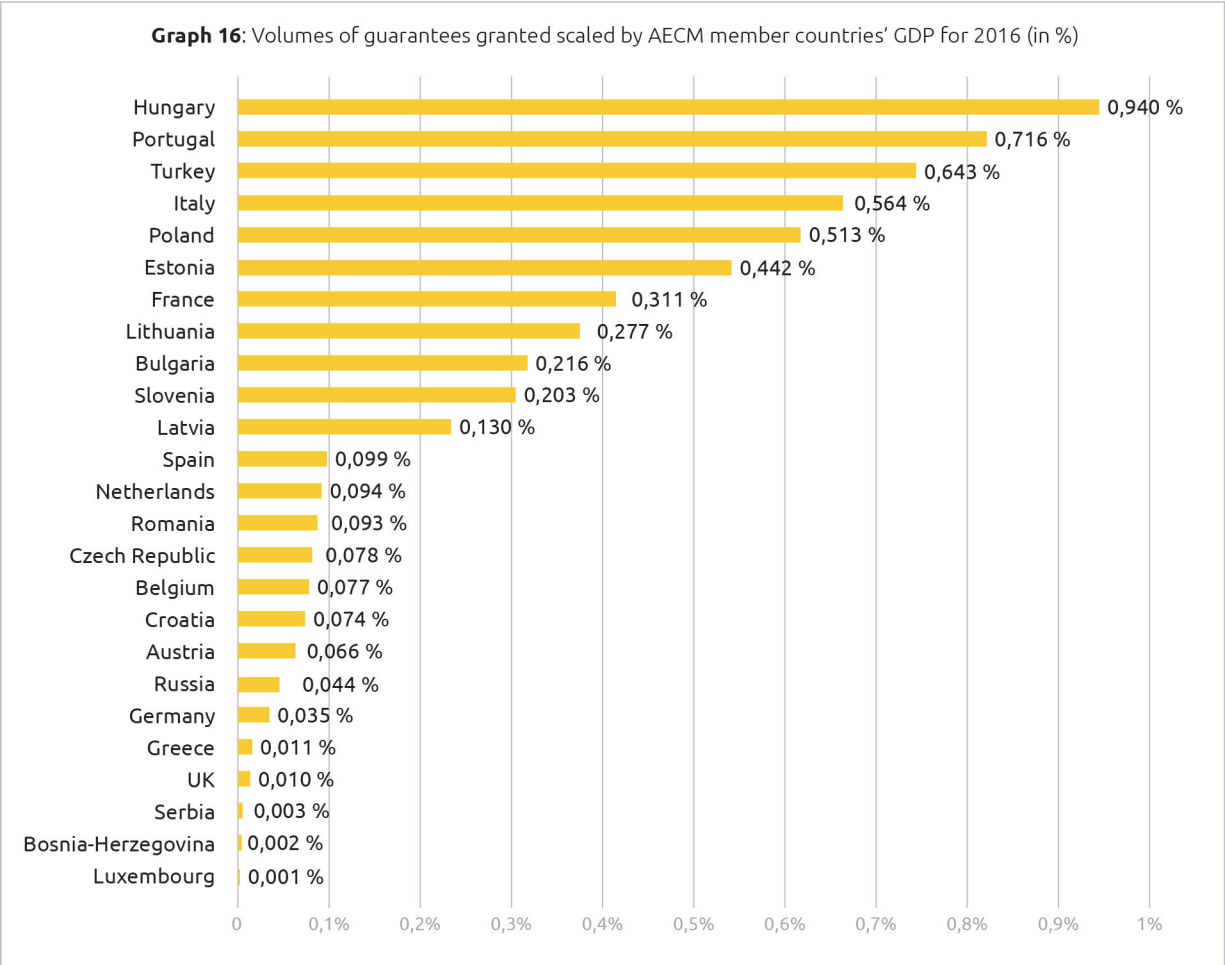




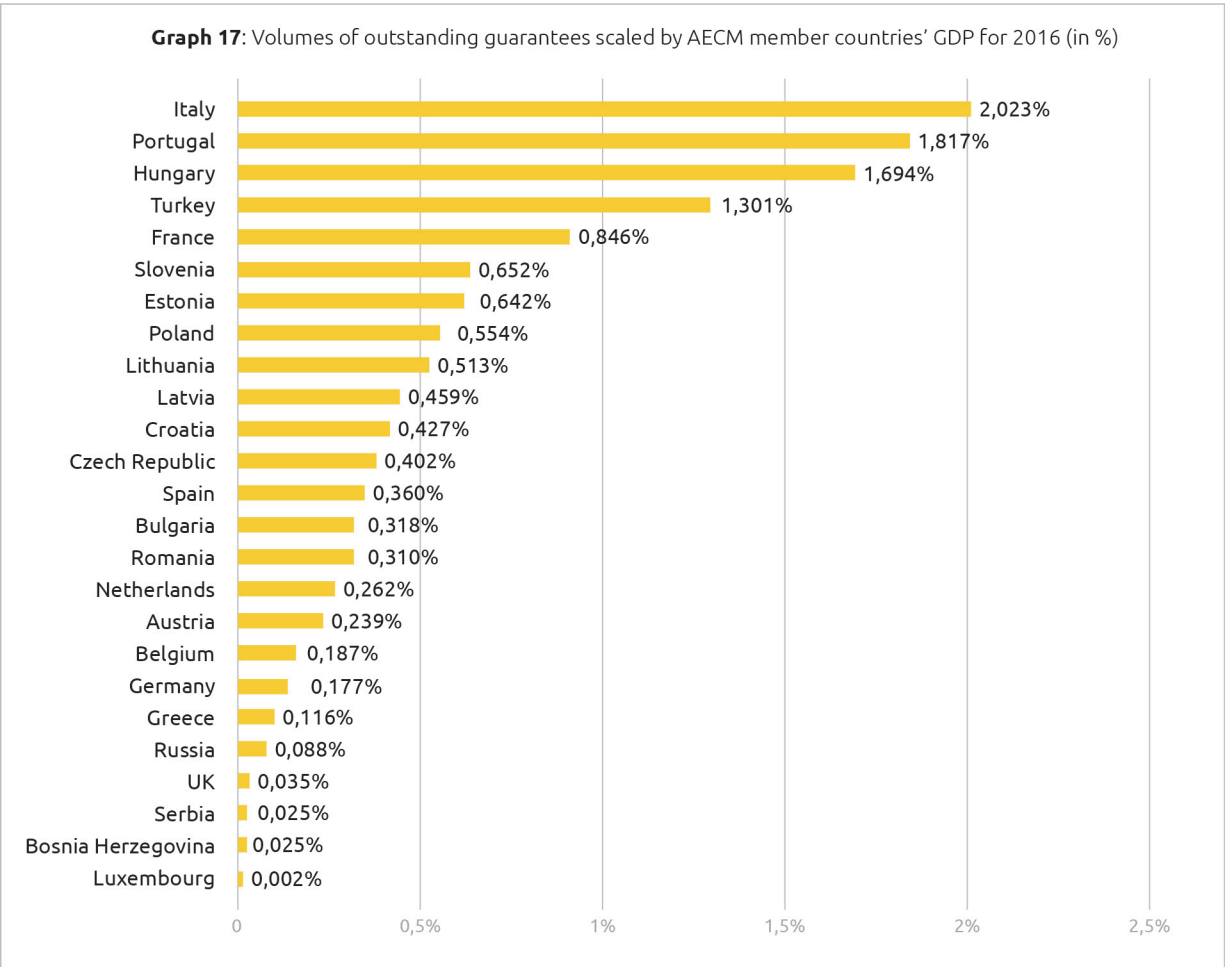
In 2016 (Graph 15), Austria again granted the highest average size of outstanding guarantee in portfolio with €168.2K which is slightly higher than in 2015, followed by the countries: Latvia (€155.3K), Bosnia-Herzegovina (€133.5K), Slovenia (€131.5K), Germany (€121.8K), Croatia (€118.2K), Estonia (€105.4K), the Netherlands (€101.4K), Russia (€100.3K), and Lithuania (€92.3K) in 10th position.



9 VOLUME OF GUARANTEE ACTIVITY COMPARED TO THE VALUE OF ECONOMIC ACTIVITY



The AECM Secretariat computed the volumes of guarantees granted per year for 2016 and divided it by the GDP at market prices for the member countries. Just as in 2015, Hungarian guarantee societies' new guarantee activity (guarantees granted per year) represents a relatively high percentage of the Hungarian GDP (0.94% in 2016), followed by Portugal (0.72%), Turkey (0.64%), Italy (0.56%), Poland (0.51%), Estonia (0.44%), France (0.31%), Lithuania (0.28%), Bulgaria (0.22%) and Slovenia in 10th position (0.20%).



Moreover, the total outstanding guarantees in portfolio of AECM members (in total per country) were compared to the value of economic activity of each country in the above graph (graph 16). In terms volume of outstanding guarantees in portfolio as of percentage of GDP, in 2016, the core countries are Italy (2.0%), followed by Portugal with 1.8%, Hungary (1.7%), Turkey (1.3%), France (0.85%), Slovenia (0.7%), Estonia (0.64%), Poland (0.55%), Lithuania (0.5%), and Latvia in 10th position (0.46%).



10 GUARANTEE ACTIVITY VERSUS COUNTER-/ CO-GUARANTEE ACTIVITY

Breakdown in guarantee and counter-/co-guarantee activity				
	Volume of guarantees / counter- and co-guarantees in portfolio	Volume of guarantees / counter- and co-guarantees granted per year (p.a.)	Number of guarantees / counter- and co-guarantees in portfolio	Number of guarantees / counter- and co-guarantees granted per year (p.a.)
	(in €'000)	(in €'000)	(in units)	(in units)
TOTAL Guarantee activity in 2015	80,457,692 €	28,994,925 €	2,973,161	659,757
TOTAL Counter-guarantee activity in 2015	4,667,437 €	1,591,701 €	153,327	38,139
TOTAL 2015	85,125,129 €	30,586,686 €	3,126,488	697,896
TOTAL Guarantee activity in 2016	85,256,884 €	30,137,739 €	2,631,248	657,473
TOTAL Counter-guarantee activity in 2016	4,683,791 €	1,623,637 €	147,686	33,883
TOTAL 2016	89,940,675 €	31,761,376 €	2,778,934	691,356

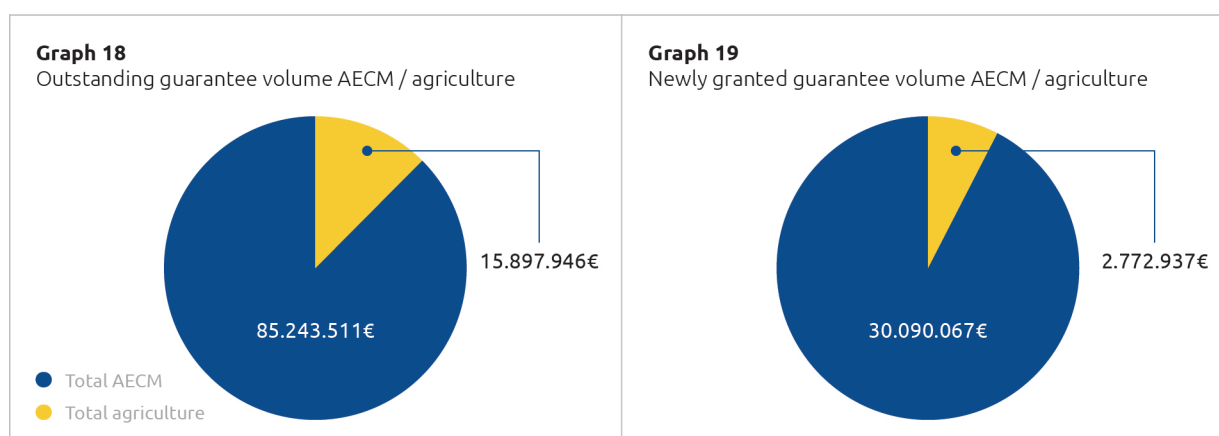
This section presents the counter-/co-guarantee figures of AECM members, also including those having counter-guarantees as a subsidiary activity.

The table above also shows the separation of guarantee and counter-guarantee activity (including all members having a counter or co-guarantee activity) for the volumes in portfolio and per year. Taking Lithuanian member INVEGA as an example, figures for this guarantee institution were separated between 'guarantee' and 'counter-guarantee' activities explaining a negative trend in the evolution of INVEGA's guarantee activity in the recent year. By the same token, figures of Romanian member 'FRG-Counter' were solely counted in the 'Counter-Guarantee', i.e. in the above table.

The following members have a subsidiary counter- or co-guarantee activity: SOWALFIN – Belgium (issues case by case counter-guarantees to banks (up to 50%), alongside a portfolio counter-guarantee (of up to 75%) to mutual guarantee societies through 'SOCAMUT', a SOWALFIN-subsidary. Others include SIA-GI, Bpifrance (issue co-guarantees to regional guarantee schemes), INVEGA, BGK, SPGM, the Romanian Counter-Guarantee Loan Fund, FSECA – Russia (of which counter-guarantee partners are not members of their organization, but just sign a framework agreement), CESGAR and SEF – Slovenia. Their total volume of outstanding counter-/co-guarantees amounts to almost €90B in 2016 compared to €85,1B in 2015.

11 STATISTICS OF THE AGRICULTURAL SECTOR OF AECM

Before we conclude this edition of the annual 'Facts and Figures' report of 2016, we would at this point like to thank all the members, their persons of contact, their responsible managers for Statistics and Studies as well as the involved IT-departments for having provided us with the necessary data and 'Facts', without which the 'Figures' would not have been possible. At the same time, some of the AECM members for the first time provided us with relevant data for guarantees in the agricultural sector, which we would like to share with you in this last section.



As graph 18 and 19 show, the part of agricultural guarantees outstanding per total of AECM volume of guarantees outstanding represents almost 20%. The part of newly granted guarantee volume in terms of overall AECM volume is slightly under 10%.

The first data for this section has been collected with the support of those AECM members that are active in agriculture guarantee activities and further in-depth analysis on evolution of agricultural data will be possible in the upcoming years.

Country	Scheme	Volume guarantees in portfolio('000€)	Volume Newly granted guarantees ('000€)	Total number guarantees in portfolio (in units)	Number Newly Granted Guarantees (in units)
Croatia	HAMAG-BICRO	€ 56,958	€ 1,168	488	8
France	SIAGI	€ 626,414	€ 52,978	3,571	433
Germany	VDB	n/a	€ 17,600	n/a	53
Hungary	AVHGA	€ 479,923	€ 338,727	14,449	8,586
	Garantíqa	€ 26,849	€ 17,473	429	250
Italy	ISMEA	€ 13,752,357	€ 1,996,540	114,497	21,356
Latvia	altum	€ 11,100	€ 2,007	177	20
Lithuania	Garfondas	€ 129,600	€ 77,760	1,151	216
Portugal	Agrogarante	€ 334,190	€ 136,707	7,132	1,632
Romania	FGC-Rural	€ 238,885	€ 48,475	1,935	1,788
	FNGCIMM	€ 27,663	€ 12,773	488	156
Serbia	GF VOJVODINA	€ 7,821	€ 962	502	39
Spain	CESGAR	€ 206,186	€ 69,767	3,016	969
Total Agriculture		€ 15,897,946	€ 2,772,937	147,835	35,506
Total AECM		€ 85,342,511	€ 30,090,067	2,630,848	654,963

NOTES

This publication was prepared by [Marc Basel](#), Senior Financial Expert of AECM, with the support of [Bernard Jehin](#), Chairman of the Working Group Statistics and Studies, and [Jean-Louis Leloir](#), Senior Adviser to the Board of Directors.

We wish to sincerely thank all our colleagues from the member organizations who contributed their data for this report.

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