



BANK  
GOSPODARSTWA  
KRAJOWEGO

## Government Program for Exports Support

Information for Buyer

February 8, 2012

## BGK – the state development bank of Poland

- BGK is the only state-owned bank in Poland, established in 1924
  - Total assets of 13 billion EUR (as at 30.09.2011) – 5th place in Polish banking sector
  - Network of 21 branches in all provinces
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- Active cooperation with public institutions, including local governments:
    - ✓ credits for local governments (1st / 2nd place in banking sector in Poland)
    - ✓ deposits for budget entities (1st place in banking sector in Poland)

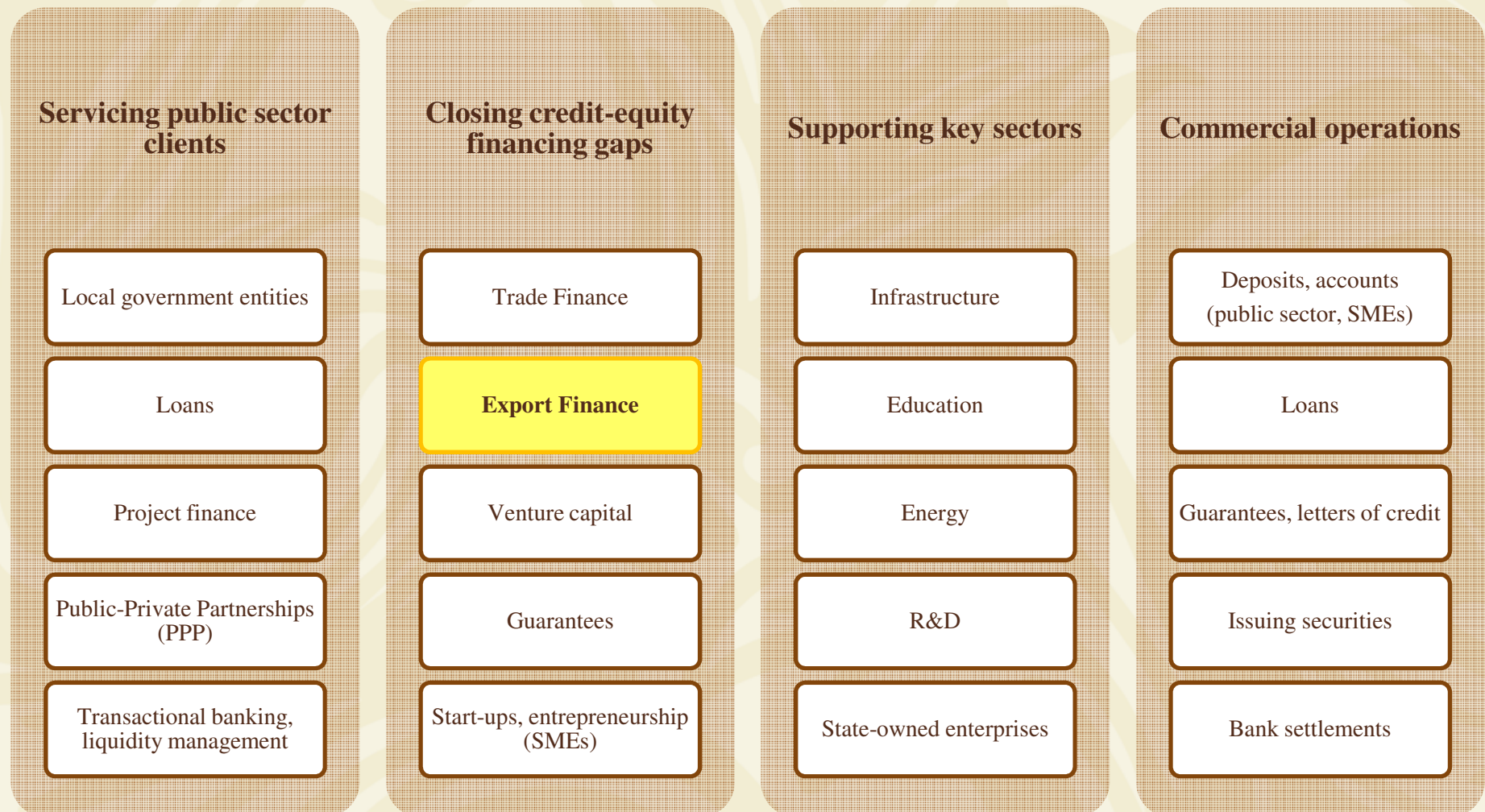
- Fitch: Long-term Issuer Default Rating (IDR): A- equal to Polish state rating
- Very strong implicit State guarantee

- BGK supports Polish economy by:
  - ✓ Managing state funds, e.g: The National Road Fund, The National Housing Fund
  - ✓ Managing government programs, e.g: Exports Support, Your First Business
  - ✓ Providing commercial offer for local governments as well as enterprises





## Public Mandate & acting as an Export-Import Bank of Poland



## Government Program for Exports Support

BGK grants to foreign importers (directly or through the importers banks) credits for financing purchases of goods and services of Polish origin (min. respectively 10%, 20%, 40%, 50% of Polish content depending on the type of exported goods). Polish supplier delivers goods or provides services to the Importer and the Importer pays for delivery after deferment period. Total volume of available preferential loans in BGK: 1,4 bln EUR.

### Advantages for Importer:

- importers are provided with financing for purchases of Polish goods and services
- preferential cost of financing
- repayment period up to 10 years
- financing in USD, EUR
- importer can deal with exporter on sight basis, negotiate better contract terms
- grace period for the whole time of contract / project execution
- possibility of single instalment repayment for loans with duration up to 2 years

## Government Program for Exports Support – products:

Product  Conditions	Short-term financing		Long-term financing	
	documentary L/C post-financing	discounting receivables from L/C	buyer's credit granted through the Buyer's Bank	buyer's credit (direct)
Origin of goods (services)	10%, 20%, 40%, 50% of Polish content, depending on the type of goods <sup>1</sup>			
Type of products	any products		capital goods or services	
Buyer's country	non-marketable risk countries <sup>2</sup>		any country	
Minimum credit amount	not limited		0.2 mln EUR	10 mln EUR
The limit for the buyer's bank	yes			n/a <sup>3</sup>
Repayment period	up to 2 years		from 2 to 10 years	
Credit amount	up to 100% of the value of the exported goods/services		up to 85% of the value of the exported goods/services	

<sup>1</sup> defined in the Order of the Minister of Economy of 6th August 2001 (Polish Journal of Laws of 2001, No. 101, Item 1097).

In general, the foreign content may not exceed 50% of the value of the exported product or service, exceptions are defined in the Order for certain industries:

- optical fiber, agricultural and sports aircrafts, pharmaceuticals: 60%      - electronic products: 80%      - construction services: 90%

<sup>2</sup> all countries except EU members, Canada, USA, Japan, New Zealand, Iceland, Norway, Switzerland and Australia.

<sup>3</sup> In direct buyer's credit the participation of buyer's bank is not required.

## Cost of credit and insurance

Currency: USD

The cost of financing for the buyer's bank includes:	Russia, Algeria	Belarus, Moldova, Ukraine	Azerbaijan, Kazakhstan, Vietnam	Armenia, Georgia, Uzbekistan
Short-term financing Repayment period: up to 2 years (any kind of goods and services)	Example. Repayment period: 1 year, currency USD			
LIBOR 12M <sup>1</sup>	1.13%	1.13%	1.13%	1.13%
Margin (incl. KUKÉ's insurance premium) <sup>2</sup>	2.08%	2.97%	2.46%	2.68%
<b>Total annualized credit rate (incl. insurance premium)</b>	<b>3.21%</b>	<b>4.10%</b>	<b>3.59%</b>	<b>3.81%</b>
Long-term financing Repayment period: from 2 to 10 years (only capital goods and services)	Example. Repayment period: 5 years, currency: USD			
CIRR rate (fixed) <sup>3</sup>	1.39%	1.39%	1.39%	1.39%
Administration fee	0.50%	0.50%	0.50%	0.50%
KUKÉ's insurance premium paid up-front in one amount <sup>4</sup>	2.17%	8.08%	4.73%	6.16%

When credit is granted through the importer's bank:

- no other fees and commissions charged by BGK
- cost of credit for Buyer = cost charged by BGK + cost charged by Buyer's Bank

<sup>1</sup> As of 9th January 2012

<sup>2</sup> Margins applicable in the 1st quarter of 2012

<sup>3</sup> The rate applicable from 15th December 2011 to 14th January 2012. Current CIRR rates are available at <http://www.bgk.com.pl/komunikaty-o-stopach-procentowych-cirr>

<sup>4</sup> Example for a borrower with rating equal to country rating.

## Cost of credit and insurance

Currency: EUR

The cost of financing for the buyer's bank includes:	Russia, Algeria	Belarus, Moldova, Ukraine	Azerbaijan, Kazakhstan, Vietnam	Armenia, Georgia, Uzbekistan
Short-term financing Repayment period: up to 2 years (any kind of goods and services)	Example. Repayment period: 1 year, currency EUR			
EURIBOR12M <sup>1</sup>	1.88%	1.88%	1.88%	1.88%
Margin (incl. KUKÉ's insurance premium) <sup>2</sup>	1.39%	2.28%	1.76%	1.98%
<b>Total annualized credit rate (incl. insurance premium)</b>	<b>3.27%</b>	<b>4.16%</b>	<b>3.64%</b>	<b>3.86%</b>
Long-term financing Repayment period: from 2 to 10 years (only capital goods and services)	Example. Repayment period: 5 years, currency: EUR			
CIRR rate (fixed) <sup>3</sup>	2.24%	2.24%	2.24%	2.24%
Administration fee	0.50%	0.50%	0.50%	0.50%
KUKÉ's insurance premium paid up-front in one amount <sup>4</sup>	2.17%	8.08%	4.73%	6.16%

When credit is granted through the importer's bank:

- no other fees and commissions charged by BGK
- cost of credit for Buyer = cost charged by BGK + cost charged by Buyer's Bank

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<sup>4</sup> Example for a borrower with rating equal to country rating.

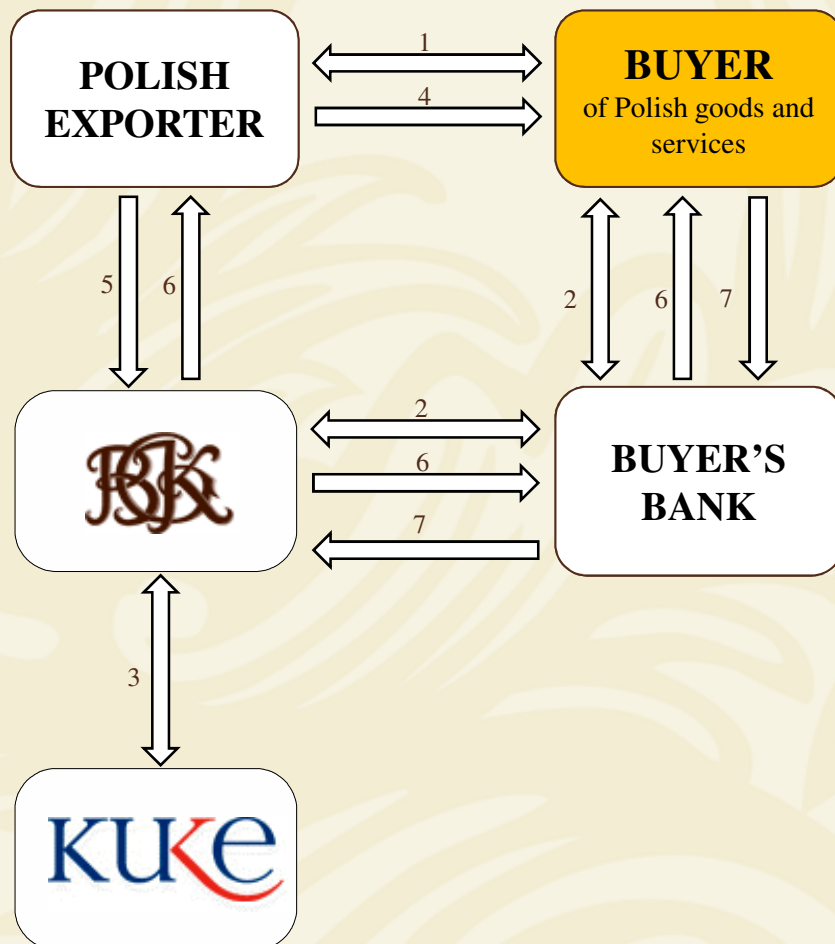
## Current list of accepted foreign banks

Country	Bank
<b>Argentina (1)</b>	Banco de la Nacion Argentina
<b>Azerbaijan (2)</b>	International Bank of Azerbaijan, Pasha Bank
<b>Belarus (8)</b>	Belagroprombank, Belarusbank, BPS Bank, Belinvestbank, Belgazprombank, Belvnesheconombank, CJSC VTB Bank, Priorbank
<b>Bosnia and Herzegovina (1)</b>	Raiffeisen Bank
<b>Croatia (1)</b>	Zagrebacka Banka
<b>Czech Republic (1)</b>	UniCredit Bank Czech Republic
<b>Georgia (2)</b>	Bank of Georgia, TBC Bank
<b>India (3)</b>	State Bank of India, Bank of India, Bank of Baroda
<b>Indonesia (3)</b>	Bank Danamon Indonesia, Bank Mandiri, Bank Central Asia
<b>Iraq (1)</b>	Trade Bank of Iraq
<b>Ireland (1)</b>	Allied Irish Banks plc
<b>Kazakhstan (5)</b>	Kazkommertsbank, Halyk Savings Bank of Kazakhstan, Eurasian Bank, Eurasian Development Bank, ATF Bank

Country	Bank
<b>Morocco (3)</b>	Attijariwafa Bank S.A., Banque Marocaine pour le Commerce et l'Industrie, Credit du Maroc
<b>Mexico (1)</b>	Banco Santander Mexico S.A.
<b>Moldova (1)</b>	Moldova Agroindbank
<b>Russia (16)</b>	Bank Uralsib, Bank Saint Petersburg, Investment Trade Bank, Moscow Bank for Reconstruction and Development, Nomos Bank, Transcapitalbank, Promsvyazbank, Rosselkhozbank, ING Bank (Eurasia) ZAO, Unicredit Bank, Raiffeisenbank Russia ZAO, Vozrozhdeniye Bank, Alfa Bank, Sberbank of Russia, Energotransbank, Rosbank
<b>Serbia (3)</b>	Banca Intesa a.d. Beograd, AIK Banka a.d., Komercijalna Banka a.d.
<b>Turkey (2)</b>	Turkiye Garanti Bankasi AS, Turkiye Is Bankasi A.S.
<b>Ukraine (3)</b>	Ukreximbank, Raiffeisen Bank Aval, PrivatBank
<b>Uzbekistan (2)</b>	Agrobank, The state commercial People's Bank of the Republic of Uzbekistan (Halk Bank)
<b>Vietnam (2)</b>	Sacombank, Bank for Investment and Development of Vietnam

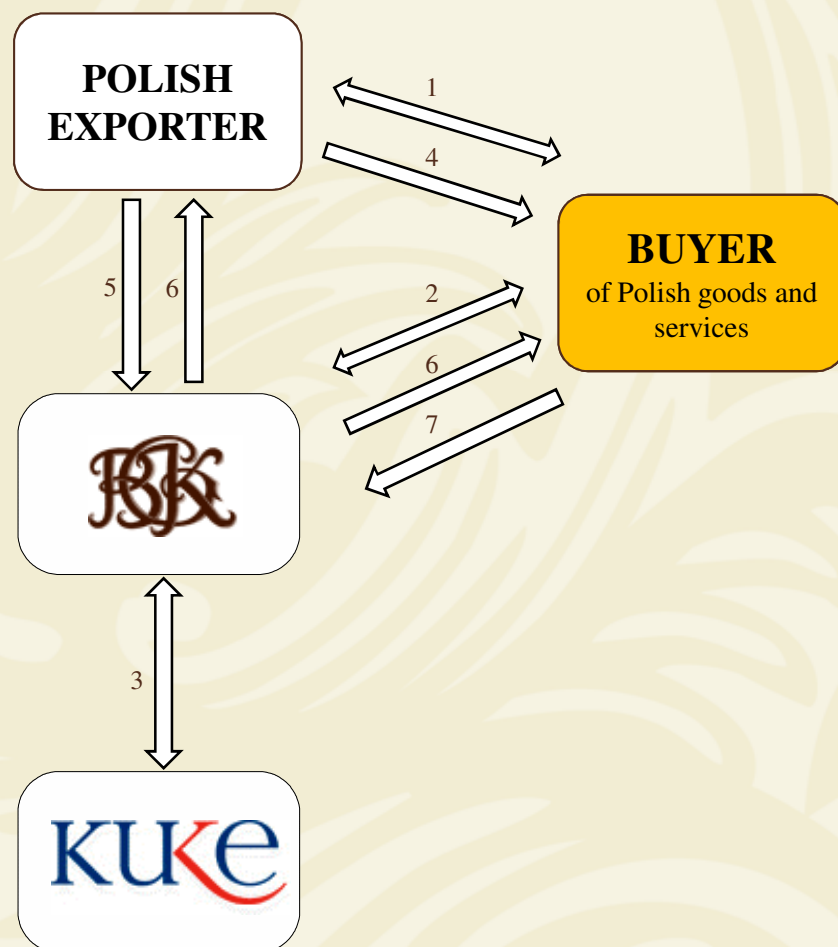
In case of need further foreign banks can be reviewed and added to the list

## Buyer's credit granted through the Buyer's Bank



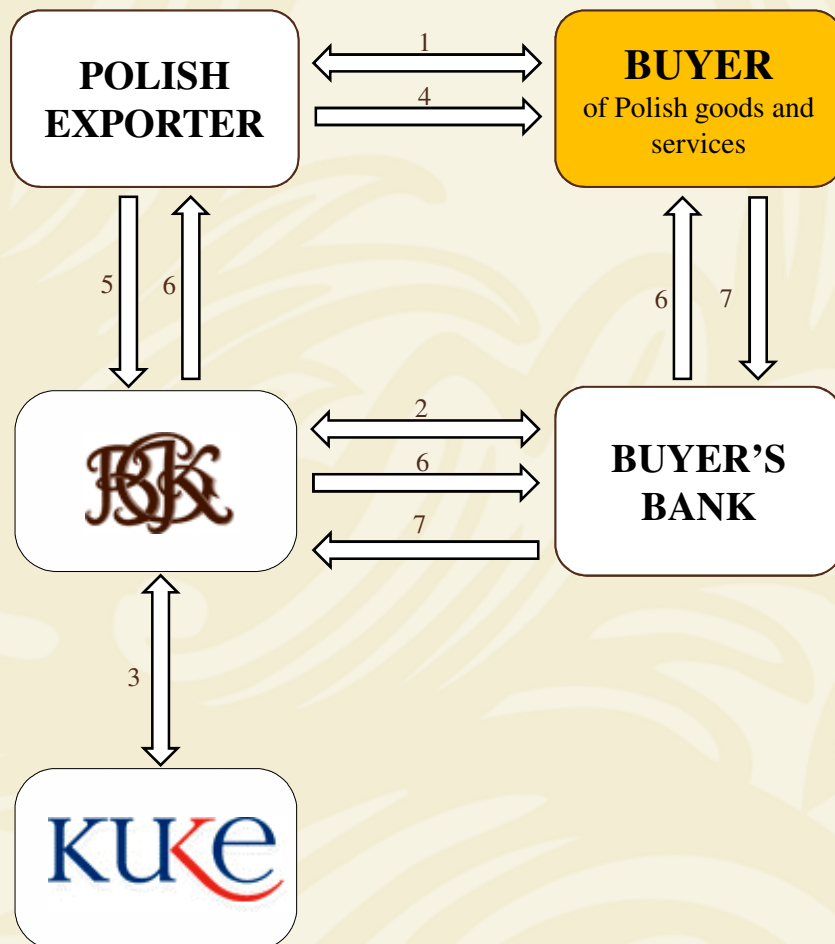
1. Conclusion of an export contract.
2. Conclusion of the Credit agreement between BGK and the Importer's bank (as the Borrower), and also between the Importer and the Importer's bank.
3. Purchase of an insurance policy in KUKE by BGK.
4. Implementation of the export contract.
5. Submission, by the Exporter to BGK, of the commercial documents confirming delivery of the goods / completion of services
6. BGK makes a disbursement of the Credit, making a direct payment to the Exporter and simultaneously debiting the Credit account with the amount of the disbursement. In turn, the Importer is debited with the disbursed amount, under the relevant credit agreement concluded between the Importer's bank and the Importer.
7. The Importer repays the credit to his bank and, irrespectively of that repayment, the Importer's bank repays the credit to BGK.

## Buyer's credit (direct)



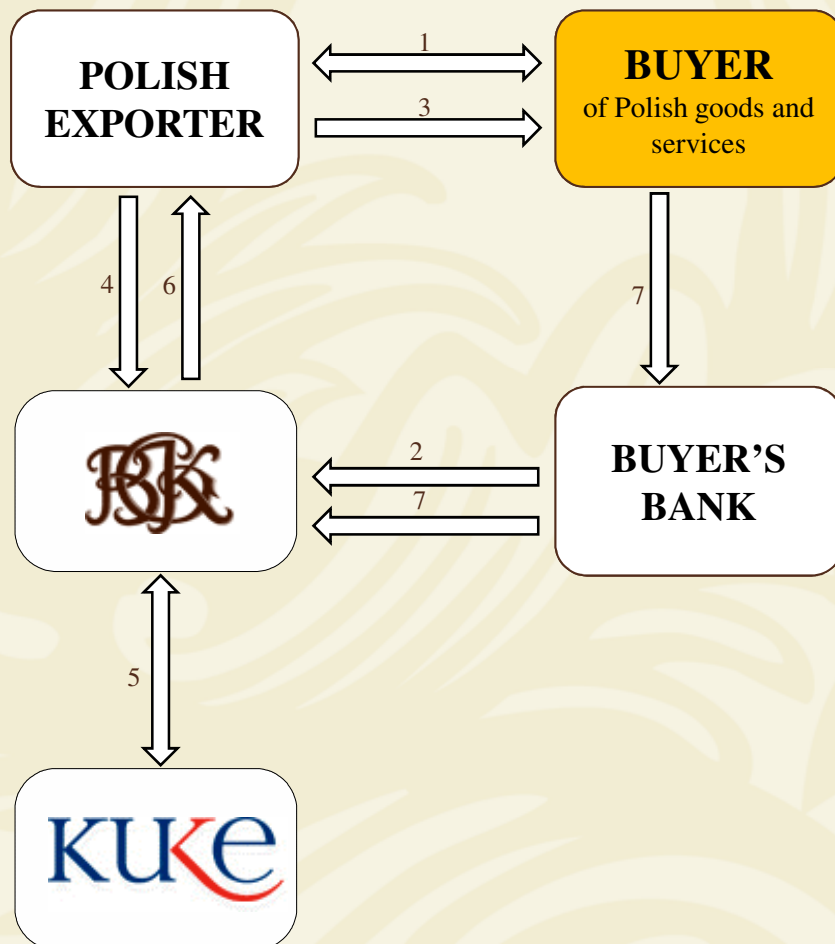
1. Conclusion of an export contract.
2. Conclusion of the Credit agreement between BGK and the Buyer.
3. Purchase of an insurance policy in KUKe by BGK.
4. Implementation of the export contract.
5. Submission, by the Exporter to BGK, of the commercial documents confirming delivery of the goods / completion of services
6. BGK makes a disbursement of the Credit, making a direct payment to the Exporter and simultaneously debiting the Credit account with the amount of the disbursement.
7. The Buyer repays the Credit in installments, in accordance with the schedule prepared by BGK.

## Documentary L/C post-financing



1. Conclusion of an export contract.
2. Establishment of the terms of the postfinancing between BGK and the issuing bank (Importer's bank) and issuance of the letter of credit by the importer's bank with a postfinancing option.
3. Issuance of an insurance guarantee by KUKI (by order of BGK).
4. Implementation of the export contract.
5. Presentation of the documents required under the L/C by the Exporter at BGK counters in connection with the shipment/delivery
6. BGK's payment to the Exporter and at the same time the credit disbursement by BGK against the issuing bank's loan account and granting the loan by the Importer's bank to the Importer
7. The Importer repays the credit to his bank and, irrespectively of that repayment, the issuing bank repays the credit to BGK.

## Discounting receivables from L/C



1. Conclusion of an export contract.
2. Issuance of the letter of credit available by deferred payment by the Importer's bank.
3. Implementation of the export contract.
4. Presentation of the documents required under the L/C by the Exporter at BGK counters in connection with the shipment/delivery together with a request to discount L/C proceeds.
5. Issuance of an insurance guarantee by KUKI (by order of BGK).
6. BGK's payment to the Exporter after deduction of the discount interest.
7. Issuing bank's payment according to the l/c terms.

Should you have any questions contact us:



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