



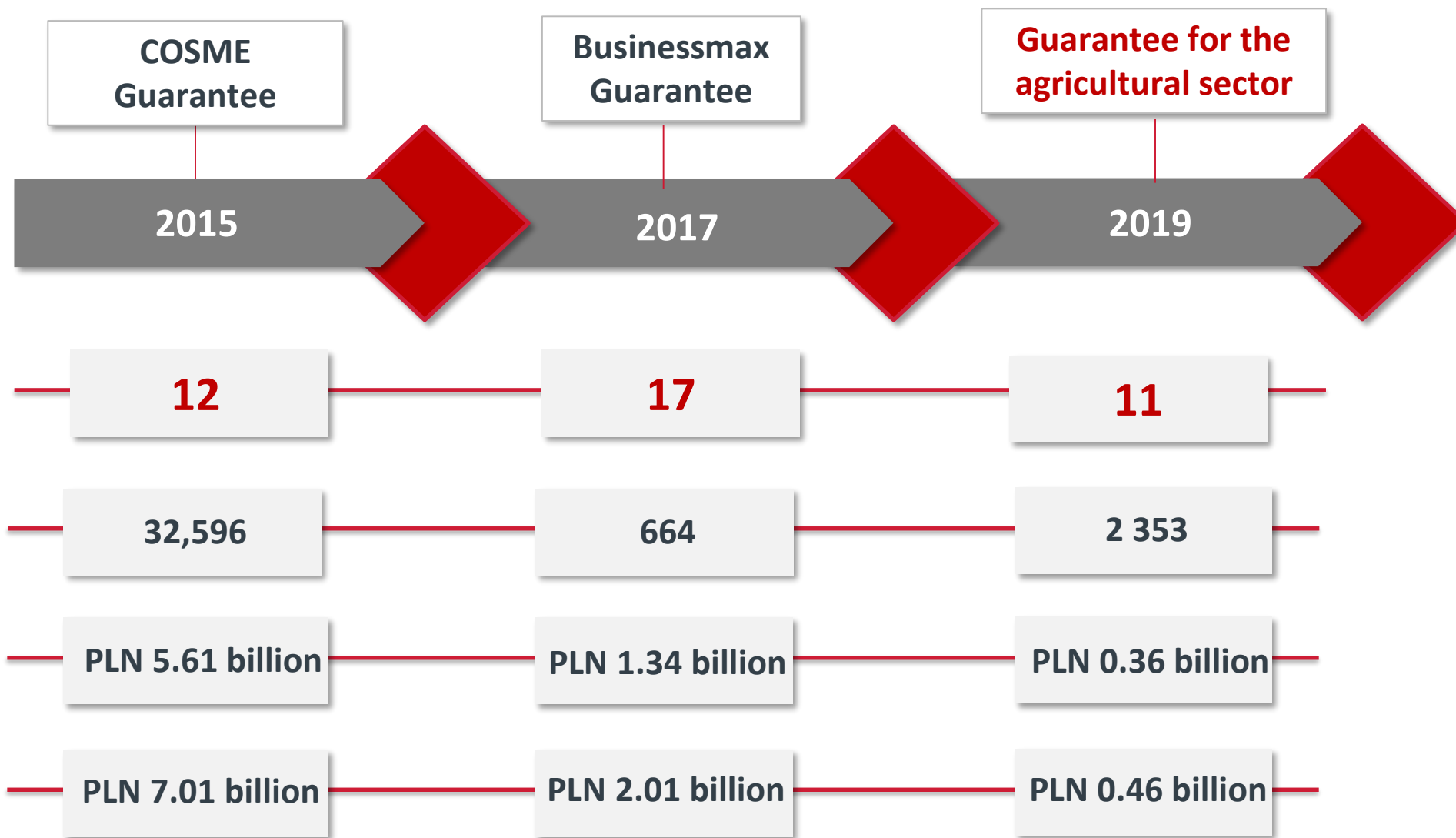
## Guarantee for the agricultural sector (PLG-AGF)

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# BGK's experience with EU co-financed guarantee programmes - results\*



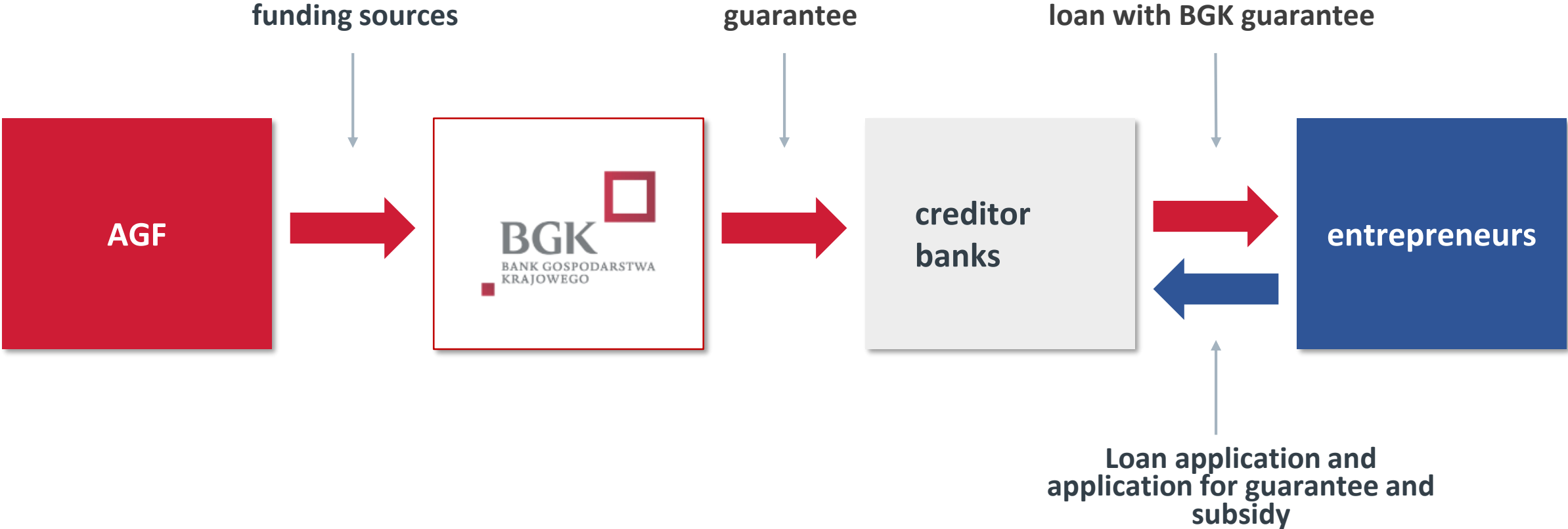
\* As of March 31, 2021

# BGK's experience with EU co-financed guarantee programmes - results\*

	<b>Guarantee for the agricultural sector</b>	<b>COSME Guarantee</b>	<b>Businessmax Guarantee</b>
Average guarantee value	<b>PLN 154 thousand</b>	<b>PLN 172 thousand</b>	<b>PLN 2.03 million</b>
Average guarantee period (in months)	<b>45</b>	<b>28</b>	<b>53</b>
Dominant group of beneficiaries	Micro entrepreneurs	Micro entrepreneurs	Medium-sized entrepreneurs
Dominant sectors (value of guarantees)	<b>AGRICULTURE</b>	<b>TRADE</b>	<b>PRODUCTION</b>
	<b>PLN 342.98 million</b>	<b>PLN 1 834.86 million</b>	<b>PLN 467.35 million</b>
	<b>PRODUCTION</b>	<b>TRANSPORT</b>	<b>TRADE</b>
	<b>PLN 12.93 million</b>	<b>PLN 820.82 million</b>	<b>PLN 459.04 million</b>
	<b>TRADE</b>	<b>AGRICULTURE</b>	<b>SERVICES</b>
	<b>PLN 8.36 million</b>	<b>PLN 248.64 million</b>	<b>PLN 300.91 million</b>

\* As of March 31, 2021

# Business model for guarantee portfolio lines



## BGK repayment guarantees granted on a portfolio basis

De minimis  
guarantee\*

COSME  
guarantee  
with EIF  
counter-  
guarantee\*

Creative  
Europe  
guarantee\*

Businessmax  
guarantee  
with interest-  
rate subsidy\*

Guarantee for  
the  
agricultural  
sector\*

Factoring limit  
repayment  
guarantee\*\*

Liquidity  
guarantee\*\*

\* a product modified to counteract the impacts of the COVID-19 pandemic. It is a part of BGK's aid package for companies.

\*\* a product introduced to counteract the impacts of the COVID-19 pandemic. It is a part of BGK's aid package for companies.

# The role of the guarantees for the agricultural sector



## Purpose of the guarantees

Collateral for loan repayment with possibility of **interest-rate subsidy\***



## Source of funding

Agricultural Guarantee Fund whose aim is to support farms and agri-food processing companies (SMEs) in accessing finance by offering guarantees and grants in the form of subsidising interest rates on working capital loans covered by those guarantees\*



## Genesis

Mitigation of the effects of lack of adequate (from the banks' point of view) collateral for loans granted to agricultural sector entities, i.e. due to limitations in terms of debt collection from the farmer's property.

*\* change introduced to reduce the impact of the COVID-19 pandemic. It is a part of BGK's aid package for companies.*



# Parameters of the guarantee from the Agricultural Guarantee Fund (AGF)



Guarantee coverage

up to 80%



Guarantee amount

up to PLN 5 million (farmer) or up to PLN 10 million (processor)



Guarantee commission

no



Guarantee protection period

- working capital renewable loan
- working capital non-renewable loan
- investment loan

up to 39 months\*

up to 51 months

up to 120 months (de minimis aid)

or up to 183 months (state aid)



Type of aid

State aid or de minimis aid



Guarantee collateral

blank promissory note



Interest-rate subsidy

2 p.p. (working capital loans only)\*

\* change introduced to reduce the impact of the COVID-19 pandemic. It is a part of BGK's aid package for companies.



# Guarantee beneficiaries



**Farmer:** an entrepreneur who is an SME and is engaged in economic activity concerning the basic production of agricultural products;

**Processor of agricultural products:** an entrepreneur who is an SME and is engaged in registered economic activity concerning processing of agricultural products or placing them on the market;

**Processor of non-agricultural products:** an entrepreneur who is an SME and is engaged in registered economic activity concerning processing of non-agricultural products or placing them on the market.





# Object of funding - examples of investments for the modernisation and development of farms

## FARMER

- establishing orchards or fruit-bearing plantations



- purchase of machinery, devices and equipment for agricultural production



- construction, reconstruction, renovation of buildings



- purchase of farmed animals, plants



# Object of funding - examples of investments for the modernisation and development of farms

## PROCESSOR

- purchase of specialist indoor and outdoor transport equipment



- purchase of machinery and devices for processing agricultural/non-agricultural products



- transport costs to the place of investment implementation



- construction and expansion of production and warehouse buildings



# Benefits for farmer and entrepreneur



Access to loans for entrepreneurs who **do not have adequate collateral**.



**No cost** of loan collateral.



**Interest-rate subsidy**  
- lower interest cost of the renewable loan.



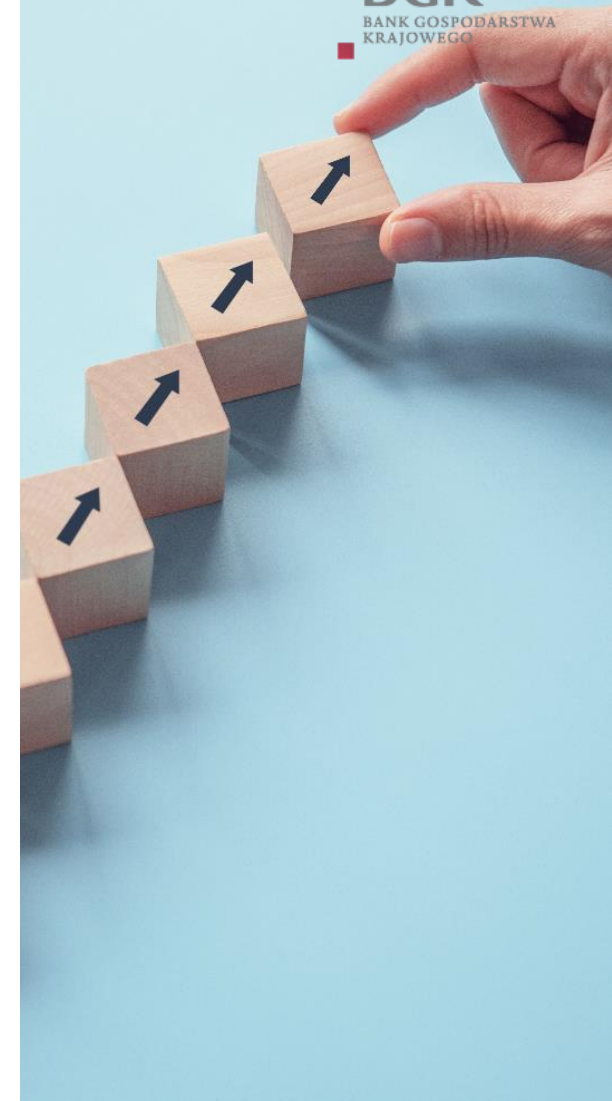
**Ensuring flexibility in disposing of one's own assets** - no necessity to pledge it for the part covered by the guarantee.



**More favourable** than standard **financing conditions** in the lending bank.



**All formalities** related to granting a guarantee and a loan **are carried out in one place** i.e. the lending bank.



# Experience (observations) of BGK after the implementation of the AGF guarantee



- Interest-rate **subsidies** as **fixed component of the guarantee**.
- **Extension of interest-rate subsidies to investment loans** as an incentive in times of recovering from crisis.
- Allowing the possibility of crediting **investments in renewable energy sources** (RES) and other projects with environmental effect.
- **An alternative to the availability of preferential loans from banks for farmers and agricultural industry.**





Thank you!

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