



BANK
GOSPODARSTWA
KRAJOWEGO

Governmental Program for Exports Support

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Polish Trade Mission to Brazil

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BGK – the state development bank of Poland

- established in 1924, is the only state-owned bank in Poland
- supervised by Ministry of Finance
- subject to oversight by National Financial Supervision Authority (KNF)
- not subject of bankruptcy law
- very strong implicit State guarantee – property and liabilities on the date of liquidation are taken over by state



- Fitch: Long-term rating: ,A' – equal to Polish state rating
- Total assets of 23 billion EUR
- 16 branches

AREAS OF ACTIVITY

A. Government assigned tasks

A1. Payment of the EU funds

A2. Development and modernisation of infrastructure, i.e. transportational, municipal, housing, environmental

A3. Banking service of dues and liabilities of State Treasury

A4. Support and fulfilment of implementation of EU programmes

A5. Export Support

A6. Guarantees and counter-guarantees for SMEs

B. Banking services for public entities

B1. Public finance consolidation

B2. Banking services for public finance entities

B3. Possible extension of State Treasury settlement account service

B4. Being an agent of Ministry of Finance

C. Actions within own programmes (overall mandate)

C1. Local self government units, municipal companies, health care institutions:
financing and transactional banking

C2. Investment projects and funds

C3. Support for Polish export

Export Support

BGK grants to foreign importers (directly or through the importers banks) credits for financing purchases of goods and services of Polish origin.

Polish supplier delivers goods or provides services to the Importer and the Importer, through BGK credit, 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 5 years
- ✓ financing in USD, EUR
- ✓ grace period for the whole time of contract / project execution
- ✓ possibility of single instalment repayment for loans with duration up to 2 years

Buyer's credit granted through Buyer's Bank

	EXPORTER	BUYER	BUYER'S BANK	BGK	KUKE
1	←→				
2		←→	←→		
3				←→	
4	→				
5	→				
6	←				
7		→	→		

-  Transfer of funds
-  Transfer of goods
-  Transfer of documents

1. Conclusion of export contract.
2. Conclusion of Credit agreements between BGK and Importer's bank (acting as the Borrower), and also between Importer and Importer's bank.
3. Purchase of insurance policy in KUKE by BGK.
4. Implementation of export contract.
5. Submission of commercial documents confirming delivery of the goods / completion of services by Exporter to BGK.
6. BGK makes a disbursement of 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 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.

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)	Polish			
Type of products	any product		capital goods or services	
Minimum credit amount	not applicable		0.2 mln EUR	10 mln EUR
Repayment period	up to 2 years		from 2 to 5 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	

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%

Cost of credit and insurance

Country: **Brazil**

	EUR	USD
Short-term financing	Example. Repayment period: 1 year	
EURIBOR 12M / LIBOR 12M	0,59%	0,86%
Margin (incl. KUKÉ's insurance premium)	1,12%	1,38%
Long-term financing	Example. Repayment period: 5 years	
CIRR rate (fixed) ¹	1,29%	1,37%
Administration fee	0,50%	0,50%
KUKÉ's insurance premium paid up-front in one amount ²	2,17%	2,17%

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

¹ Rate applicable until 14.12.2012. Current rates are available at <http://www.bgk.com.pl/komunikaty-o-stopach-procentowych-cirr>

² Example for a borrower with rating equal to country rating.

Examples of contracts

Country	Purpose of contract	Value of contract (million EUR)
Russia	construction of a hotel in Moscow	99,2
Russia	hotel and office complex - construction works	65,9
Belarus	construction of a hotel in Minsk	47,7
Belarus	rail vehicles	10,2
Azerbaijan	delivery and installation of demilitarization plant	5,9
Belarus	ripening cheese production line	4,6
Belarus	fresh cheese production line	2,0
Serbia	construction equipment	1,5
Ukraine	conveyor belts	1,2



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