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POLISH LOAN GUARANTEE SYSTEM

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SME in Polish Economy

- 99.78% of all enterprises
- 96.28% of them are micro-enterprises
- generate of 49.4% of GDP
- employ 66.4% of all working people
- have 64.2% share in sale of products, goods and materials



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Access of SME to external sources of financing

- 90% of SME declare finance of development with own funds
- entrepreneurs claim that financial institutions are not able to adapt their offer to the needs of SME primarily to small companies



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Limits of SME access to bank finance

- lack of credit history
- lack of collateral
- complexity of application forms
- simplified accounting



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Government policy towards SME

- removal of bureaucratic barriers and simplification of procedures which regulate the start-up and management of business activity
- introduction of more friendly law and tax regulation
- simpler system of social insurance
- flexible labor regulations



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Government policy towards SME

- facilitate access to sources of finance for SME
- help SME to utilize Union's structural funds
- **development of the system of credit guarantee funds and loan funds**



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Polish system of guarantee funds

- National Credit Guarantee Fund (NCGF) at Bank Gospodarstwa Krajowego (National Economy Bank) - 180 millions Euro
- 13 regional funds (planned 16) - 120 millions Euro
- 47 local funds (planned 100) - 30 millions Euro
- TOTAL capital 330 millions Euro



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NCGF

- independent guarantee activity
- supporting the development of the system by:
 - organization of, and supervision over regional and local funds
 - capital participation in regional & local funds
 - re-guaranties for regional & local funds



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NCGF

- capital of 180 million Euro, 400% usage ratio
- co-operation with 25 banks having 4 232 branches over the country
- 6 426 guarantees issued in total amount of 370 millions Euro
- 194 guarantees paid in total of 11.5 millions Euro



NCGF provides guarantees according to 4 different procedures:

- Ordinary – lending bank applies to NCGF in the name of the borrower. NCGF conducts its own procedure. Guarantee up to 80% and up to 5 million Euro. (12%)
- Simplified – lending bank only register transaction in NCGF. Lending bank is obligated to assess borrower according to NCGF procedure. Guarantee up to 50% and up to 100 000 Euro. (67%)
- Portfolio – NCGF guarantees portfolio of loans but no more than 70% and 25 000 Euro of single loan. (20%)
- Stand-by guarantees – borrower directly applies to BGK. If succeed than select bank as he wants. (1%)



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Regional funds

- capital from 1 to 5 millions Euro
- area of activity – at least one province
- shareholders - provincial self-government, regional development agency, business organizations, Bank Gospodarstwa Krajowego
- assessment of credit ability procedural, based on professional knowledge and tools



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Local funds

- capital from 0.25 to 1 million Euro
- area of activity - several municipalities or counties
- shareholders - county or municipal authorities, Bank Gospodarstwa Krajowego
- assessment of credit ability based primarily on local knowledge and networking



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Regional & Local guarantee funds

Performance 1994 - 2007

- 20 067 guarantees issued
- in amount of 400 million Euro
- 1.16% guarantees paid

Performance only in 2007

- 5 393 guarantees issued
- in amount of 150 million Euro
- 0.44% guarantees paid



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Podlaski Guarantee Fund Ltd.

- located in Białystok - Podlaskie Province
- established in 1995
- limited liability company
- capital 4 millions Euro
- co-operation with 7 national banks and 2 local banks



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Guarantee:

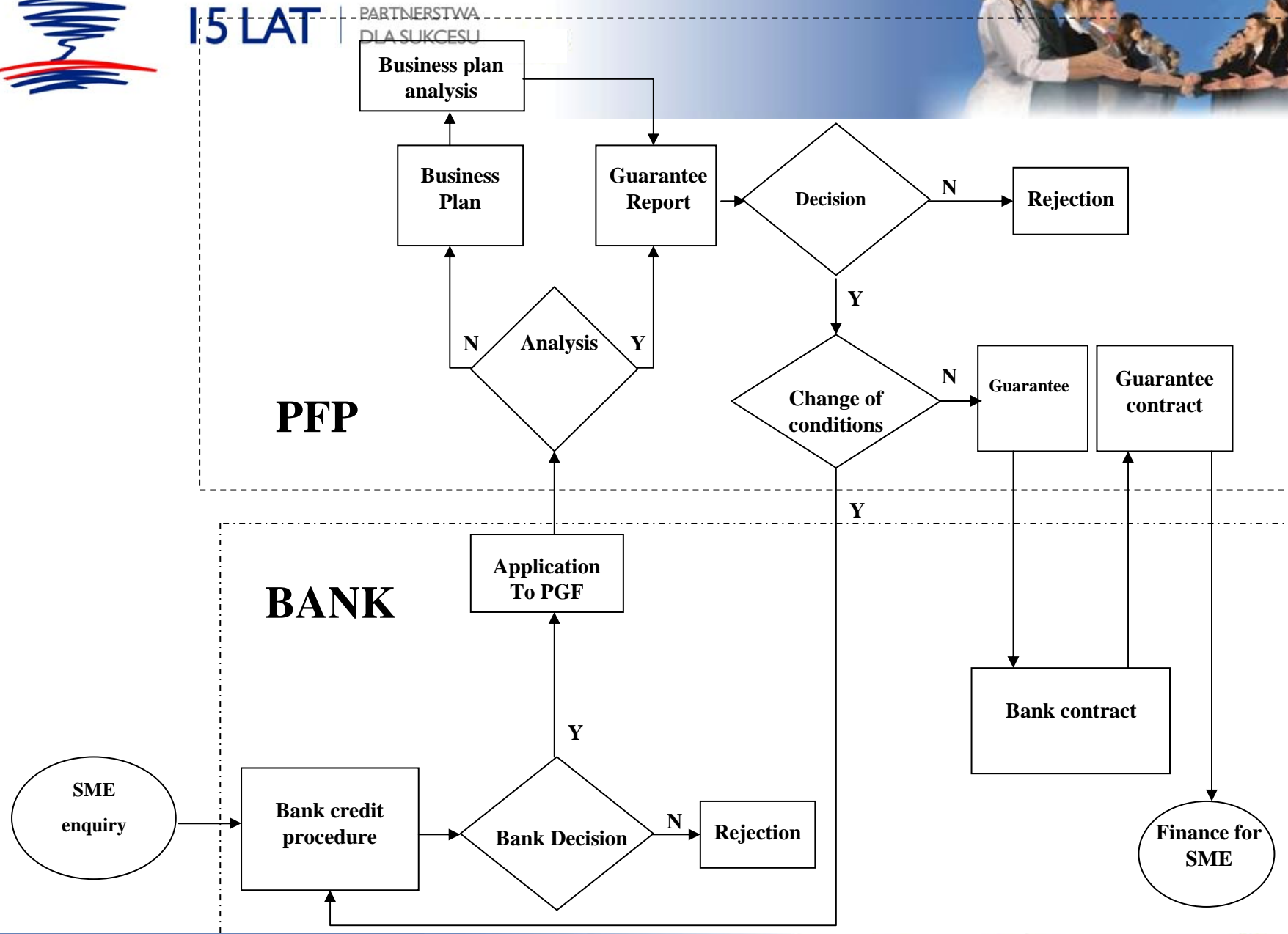
- **for any bank debt product:** investment loans, working capital loans, revolving loans, factoring facility, bank guarantee
- **up 70% of debt capital**
- **up to 200 000 Euro**
- **up to 5 years**



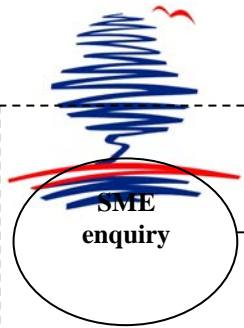
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REGULAR LOAN GUARANTEE SCHEME

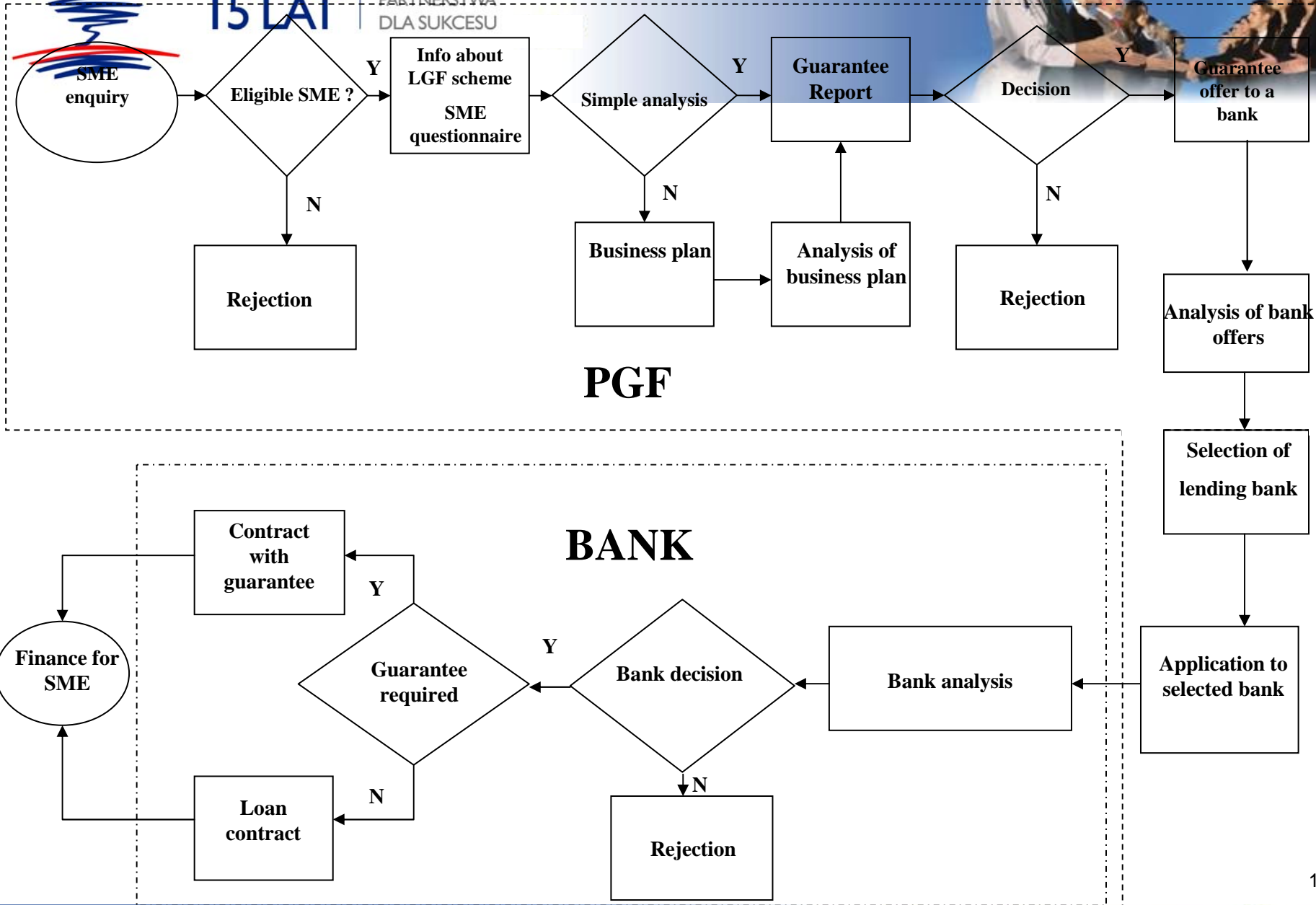


OPEN GUARANTEE SCHEME



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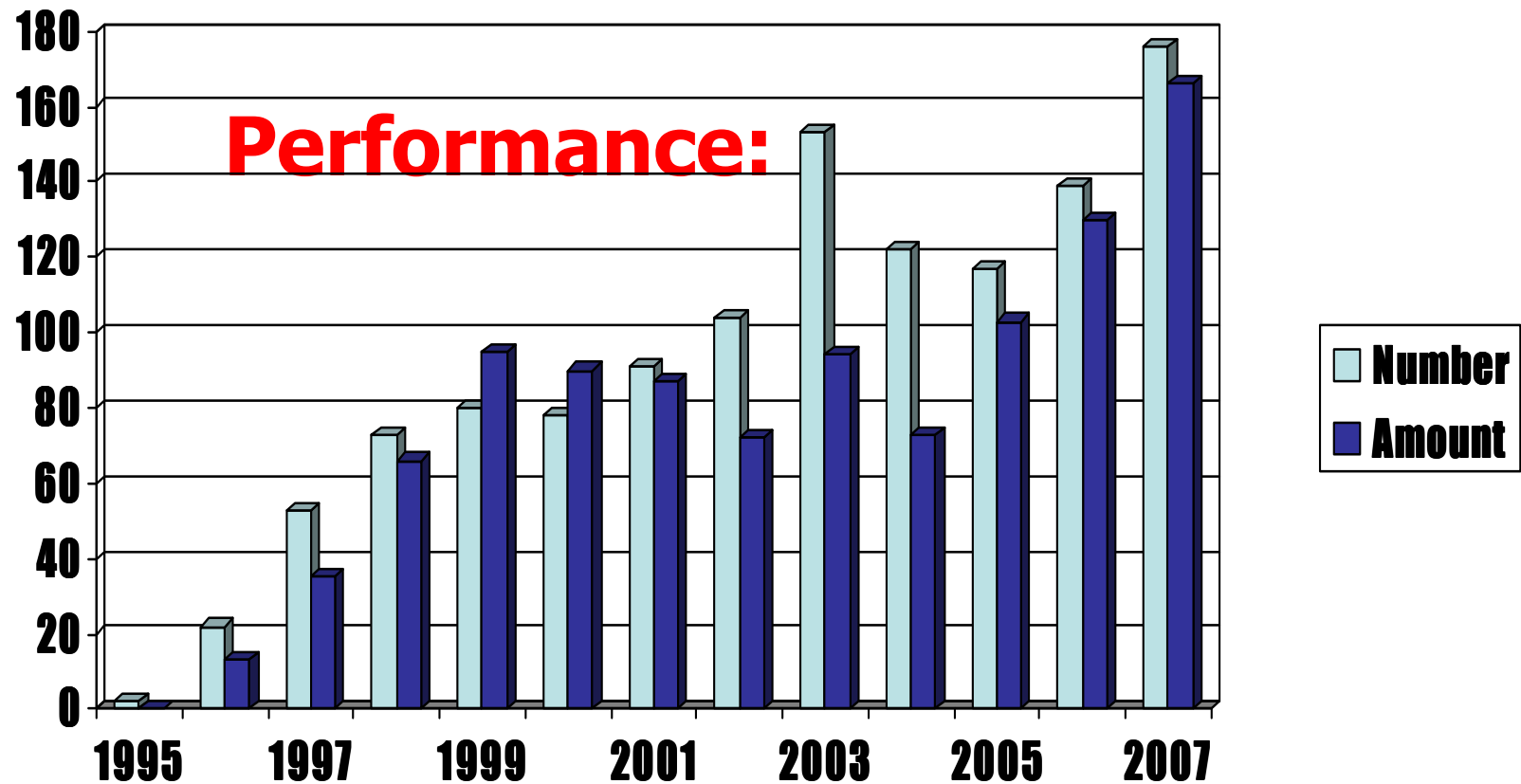


Performance:

- 1210 **guarantees** in total amount of 25 millions Euro
- 50 millions Euro **of loans released to SMEs in the region**
- 8 **guarantees paid** in total amount of 0.22 millions Euro
- **aprox. number of jobs created: 1000**



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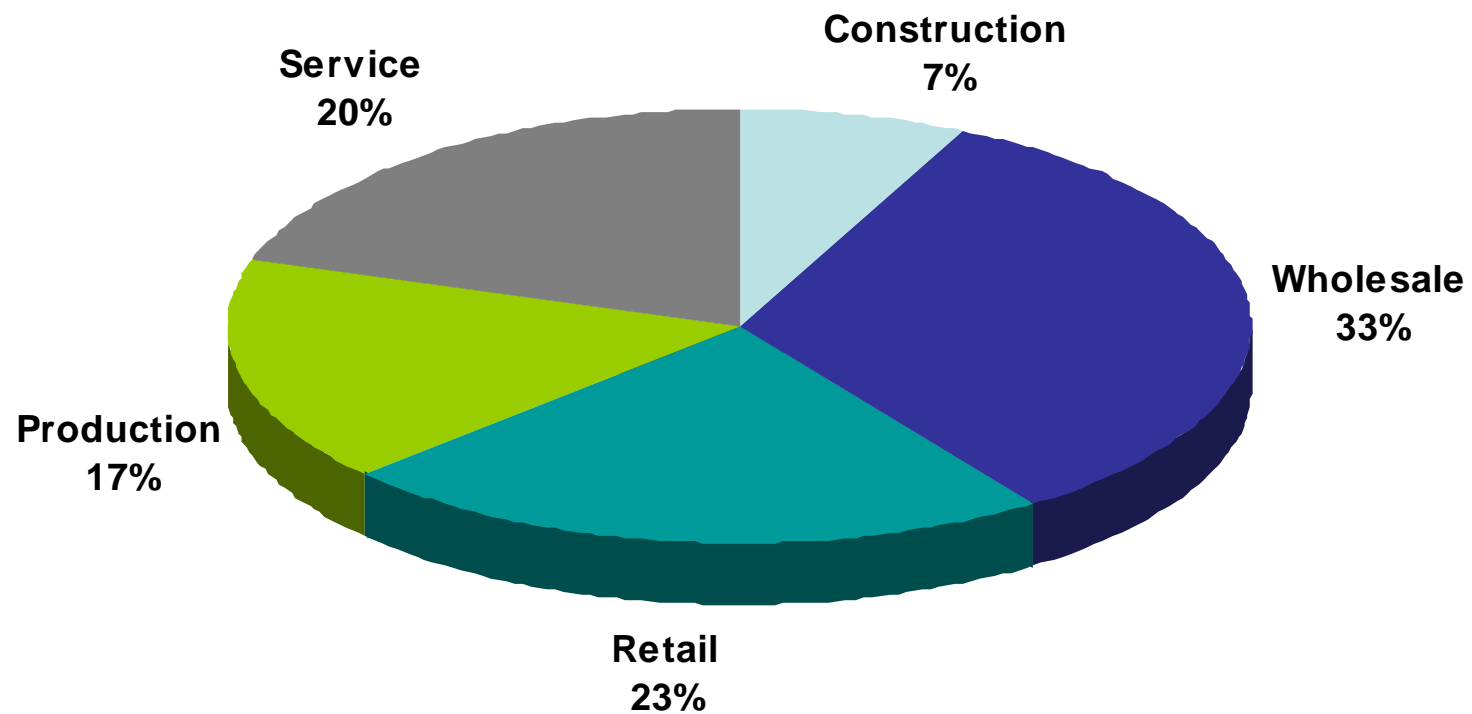




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Guarantees by sector

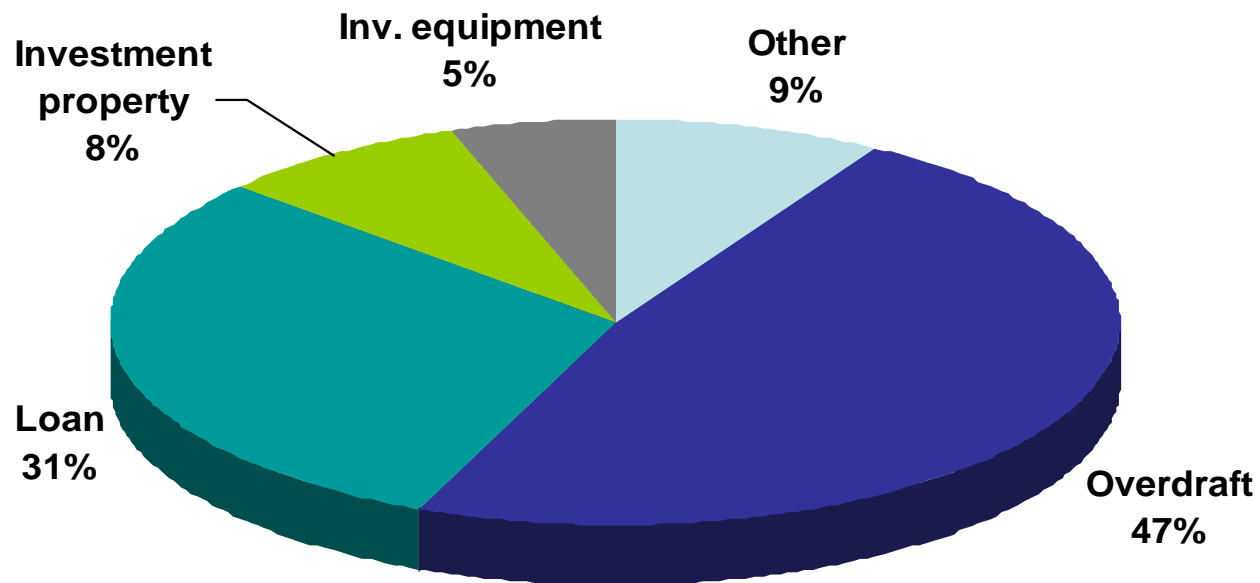




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Guarantees by product





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Podlaski Loan Guarantee Fund Ltd.

www.poreczenia.com.pl