

An aerial photograph of a city street during sunset. The sky is filled with soft, golden light and scattered clouds. The street is wide and busy with traffic, including cars and buses. Buildings of various heights line the street, and a roundabout is visible in the foreground. The overall scene is vibrant and captures the energy of a city at dusk.

BGK's financial instruments for Economic Recovery

Przemysław Lewandowski
Department of Financial Instruments

The logo for BGK, consisting of a white square outline.

BGK
BANK GOSPODARSTWA
KRAJOWEGO

1

BGK: Who we are & what we do

2

FIs in BGK

3

Covid & economic recovery products

- background and challenges
- changes to existing products
- new products

1

BGK: Who we are & what we do

BGK

Who we are & what we do

Fitch rating

A-/stable

Same as for the Republic of Poland

OUR MISSION:

**Supporting Poland's sustainable
socioeconomic development**

Headquartered in Warsaw

+ **16** regional offices in Poland

+ **4** representative offices abroad

(Brussels, Frankfurt am Main, London, Amsterdam)

~ **2000** employees

Total assets of

EUR 42,7 bn

As of 31 December 2021

OUR VISION:

**Becoming the leader of sustainable
development in Poland**

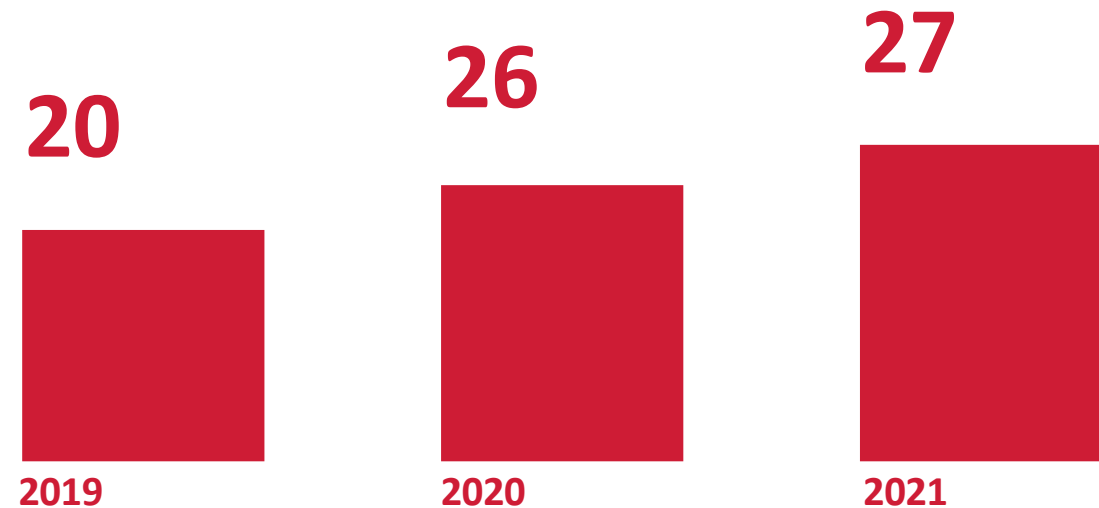
100%

state-owned bank

About BGK

- BGK is a Polish development bank, the only such institution in Poland. BGK supports and encourages the sustainable social and economic development of Poland.
- BGK is the fourth biggest development bank in the EU. BGK is a member of the European Long-Term Investors (ELTI).
- Measures taken by the bank contribute to the creation of jobs, housing, development of infrastructure and improvement of air quality.
- BGK ensures the well-being of future generations - it builds social capital, develops entrepreneurship and provides responsible financing.
- BGK, through cooperation with business, the public sector and financial institutions, responds to economic needs and undertakes a number of initiatives promoting sustainable development.

Value of financial support generated via BGK (bn EUR)*



* Total value of loans given and guarantees issued by the BGK combined with value of loans given by the commercial banks thanks to the de minimis guarantee program.

BGK's Programmes

Through our programmes we respond to major market challenges in the following socioeconomic areas:



Industrial development

Increasing of the competitive power of Polish industry



Housing

Increasing housing supply for people of low or moderate income



Entrepreneurship development

Financing the development and liquidity needs of companies



Security of strategic industries

Sustainable development in energy industry and strengthening of military security



Healthcare

Improving the access to and the quality of healthcare



Public finance

Sustainable financing of the State, quality and effectiveness of services



Social and territorial cohesion

Improving residents' quality of life and creating financial support for local government units



Infrastructure, transport and Logistics

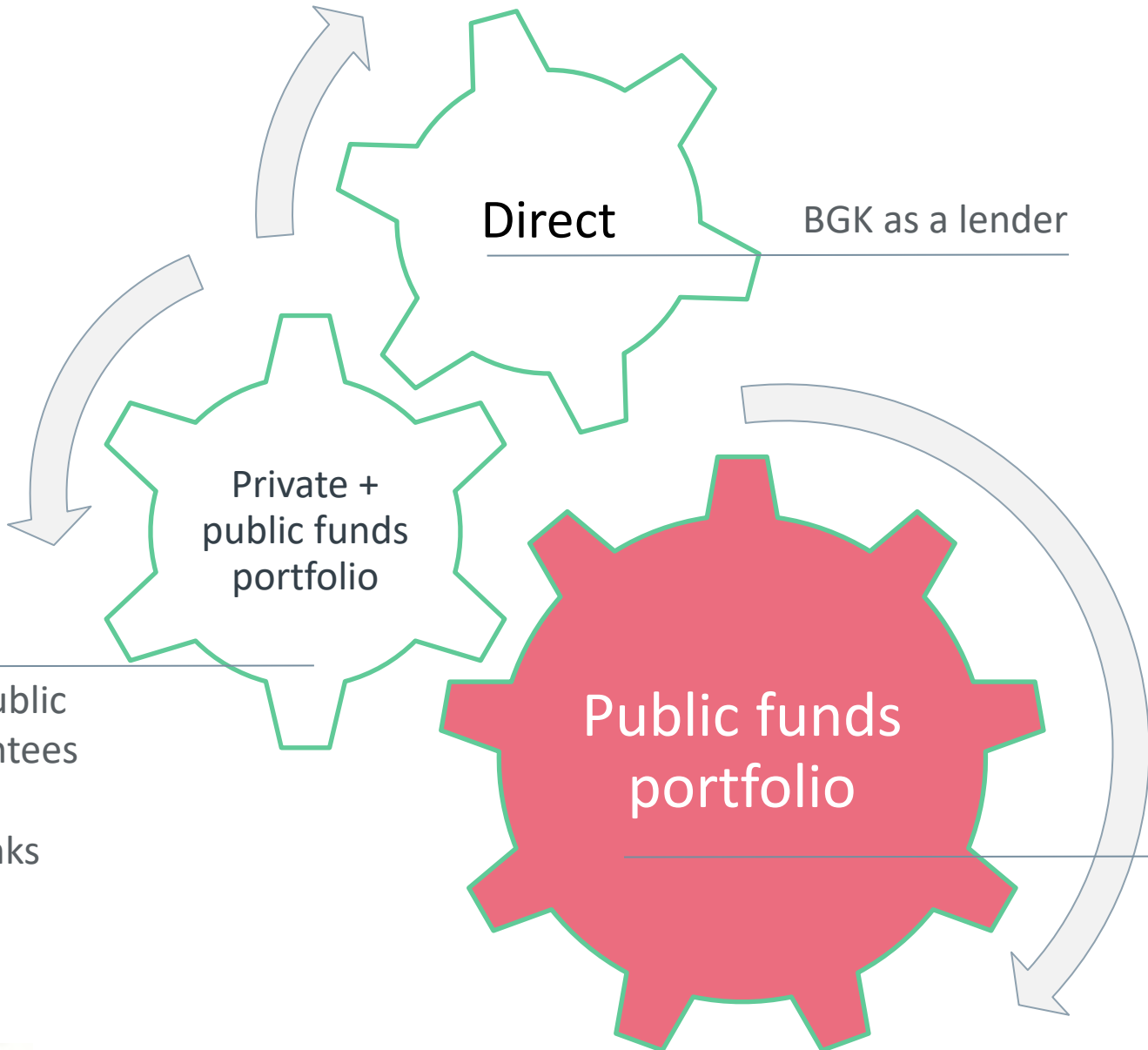
Development of integrated and sustainable transport system in Poland



2

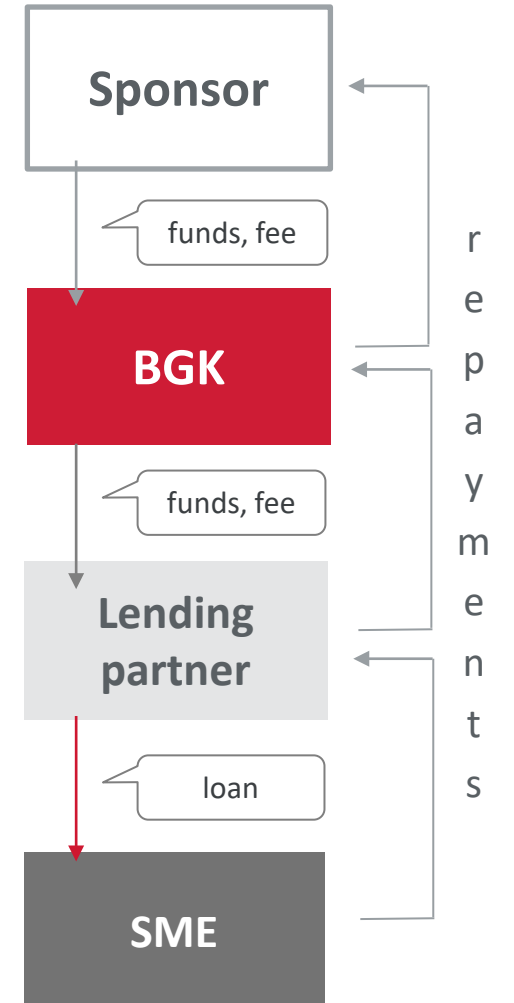
FIs in BGK

FI: Implementation models



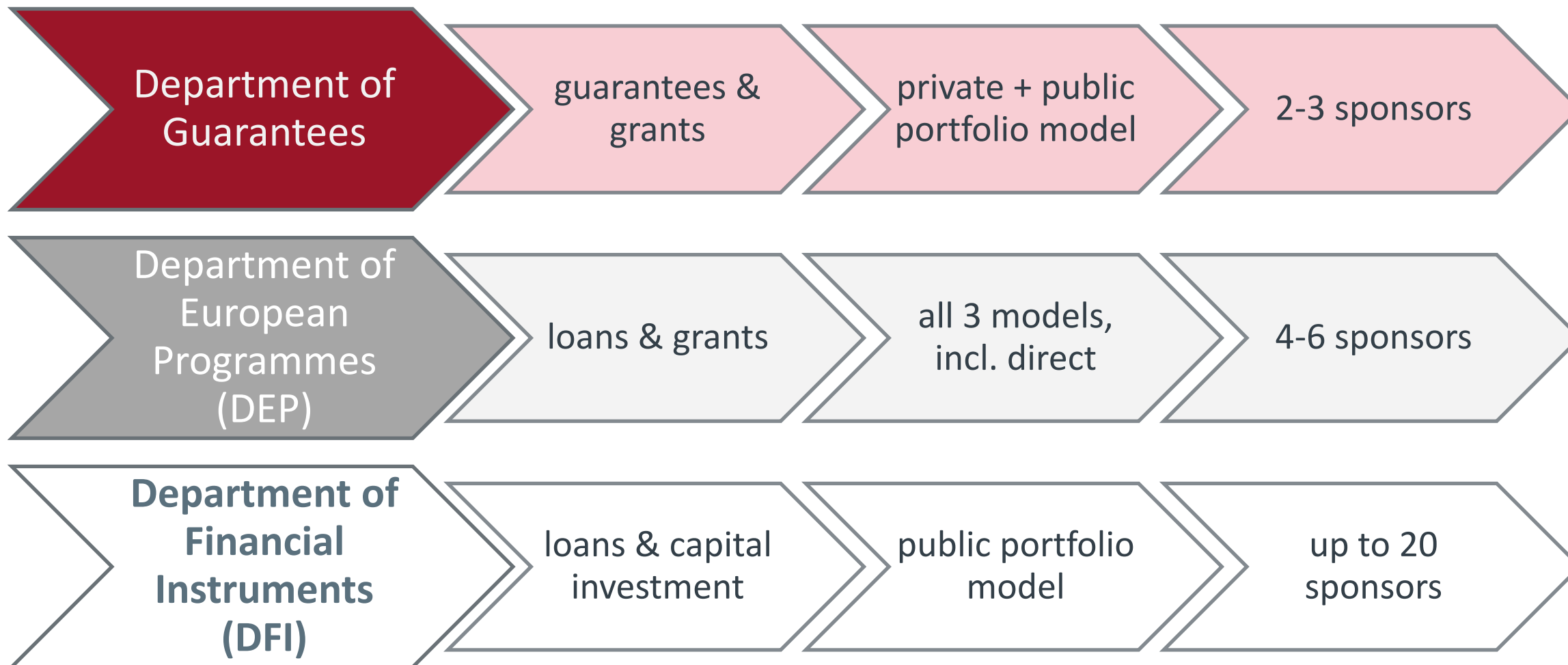
BGK provides public grants or guarantees

Commercial banks provide loans



BGK's Financial Instruments

Who we are & what we do



DFI's financial instruments

Loans & Equity

22 programmes

15 regional

3 transregional

1 national

15 regions

- similar scope
- different sponsors & products
- different parameters
- location-based target groups

4 main areas of DFI involvement

SMEs
(all)

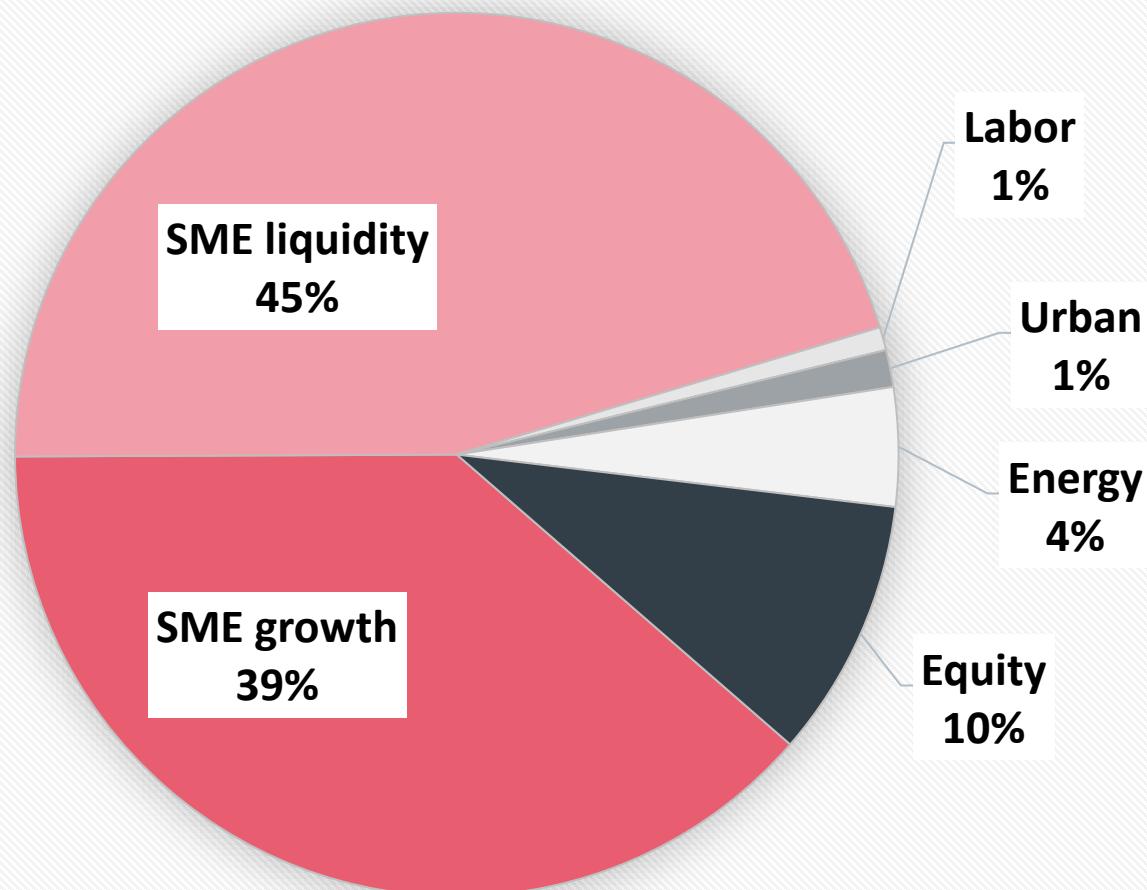
Energy
(6 reg.)

urban
revitalization
(1 reg.)

labour market
(9 reg.)

SMEs

- 40+ products
- business growth
- liquidity
- energy
- tourism
- start-ups
- innovations



PLN 10,5 bn

Case: investment / business growth loan

Wielkopolskie region

What we aim for?

- strengthen SMEs in the commercial funding gap
- capacity to grow, diversify, create new products and enter new markets

Loan amount

- PLN 500 k: big enough to make a difference for business
- small enough to not disturb the market balance

SMEs friendly

- grace period up to 6 months
- repayment up to 7 y
- interest rate: preferential (EC base rate, de minimis) or market rate

Balance

- preferential interest rate & small own contribution
- BUT control & invoices for all expenses

Risk

- economic viability & loan collateral
- permissible certain loss ratio

Additional sponsor's targets

- new jobs, startups

Case: Energy Efficiency loans for SMEs

Podlaskie region

What we aim for?

- popularizing cost&energy-effective technologies
- lower energy consumption & CO2 emissions

Challenges

- eco investments not a priority for a typical SME
- ...as well as for lending partners
- know-how deficits
- low awareness of benefits and low product recognition
- more requirements for SMEs & financial partners (energy audits)

Initial difficulties

- lack of lending partners
- low demand from SMEs

Changes

- performance bonuses for LP
- favorable loan parameters
- marketing & PR
- cooperation with stakeholders

3

Covid & economic recovery products

BGK

Swift action despite challenging conditions

Flexibility and cooperation with Lending Partners, Sponsors and SMEs (via Lending Partners)

Changes in products & loan agreements

additional grace period and credit holidays	possible change of the purpose of the loan (investment to liquidity)	lower interest rates on loans
---	--	-------------------------------

New products

- Smart Growth Liquidity Loan
- regional (semi) liquidity loans

Sponsors

Lending Partners

Consent to far-reaching changes and BGK initiatives

Bigger budgets (also loan repayments)

longer implementation of Operating Agreements,

flexible own contribution,

higher loss ratio,

remote controls

implemented product modifications

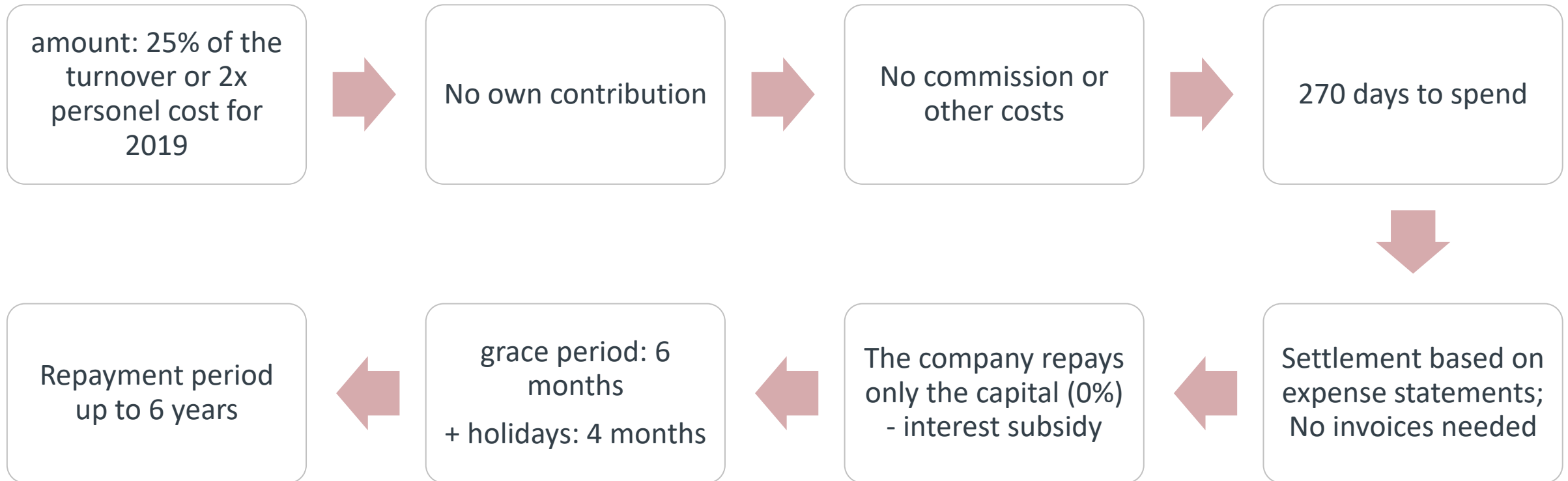
annexes of loan agreements

adjusted their products

Smart Growth Liquidity Loan | Beginnings



SG Liquidity Loan | Loan conditions



Ensuring the company's financial liquidity

salaries (employees,
self-employed)

public and legal
obligations

trade commitments

OPEN catalogue

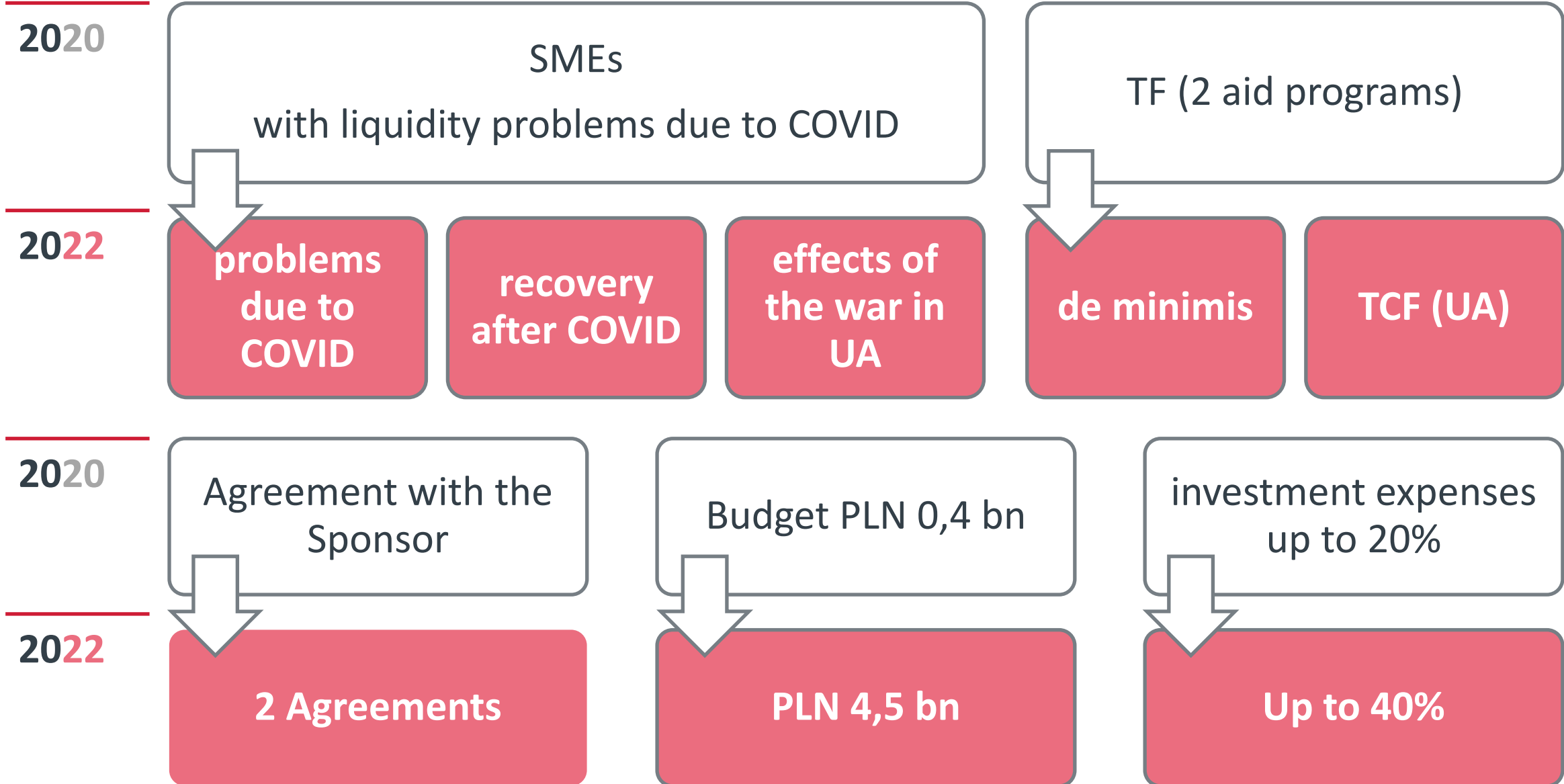
infrastructure use
costs

current liabilities

stocking, semi-
finished products

Limited capital expenditure (20%)

SG Liquidity Loan | project and product development



6,5 K
loans

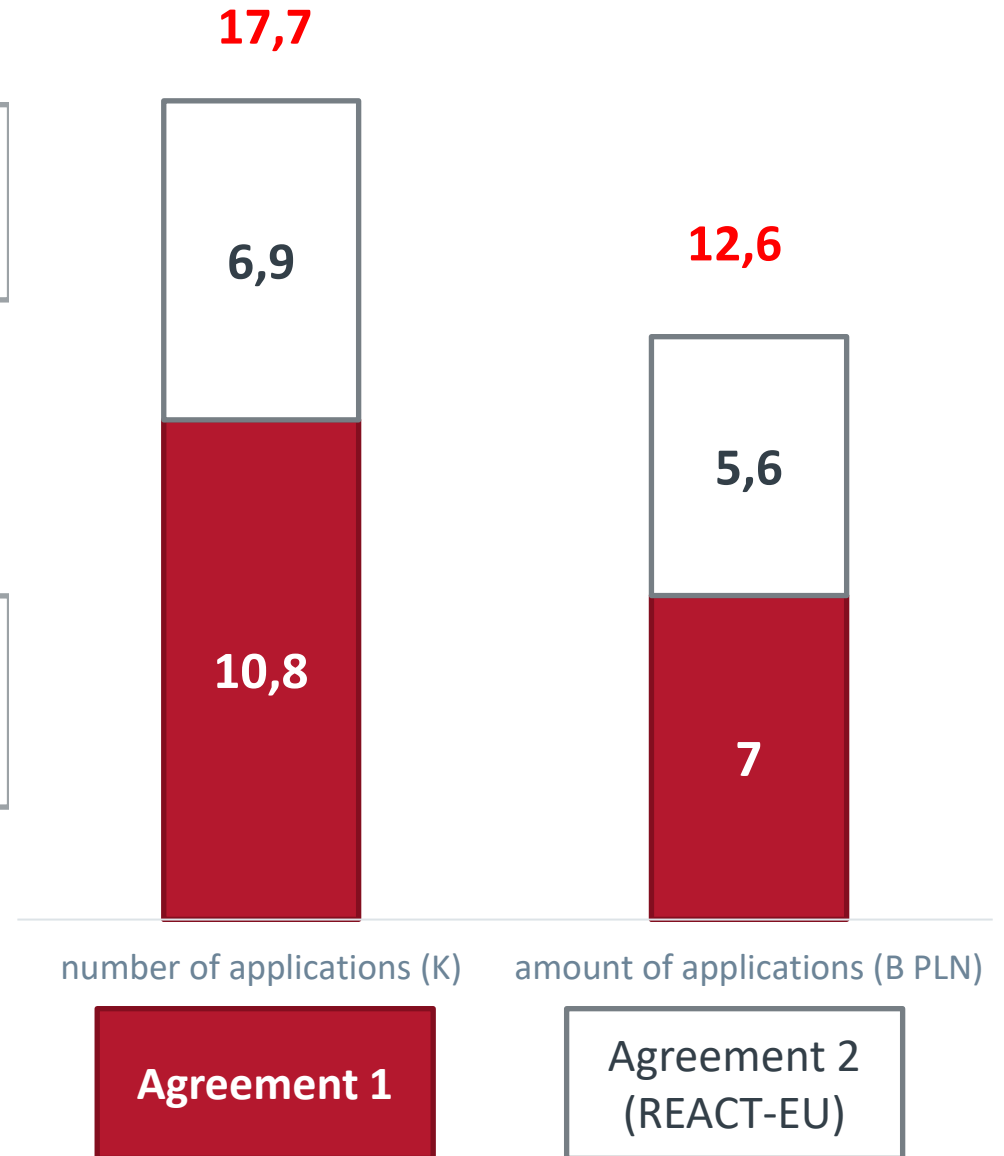
PLN
3,4 bn
value of loans

PLN
4 K
smallest
loan

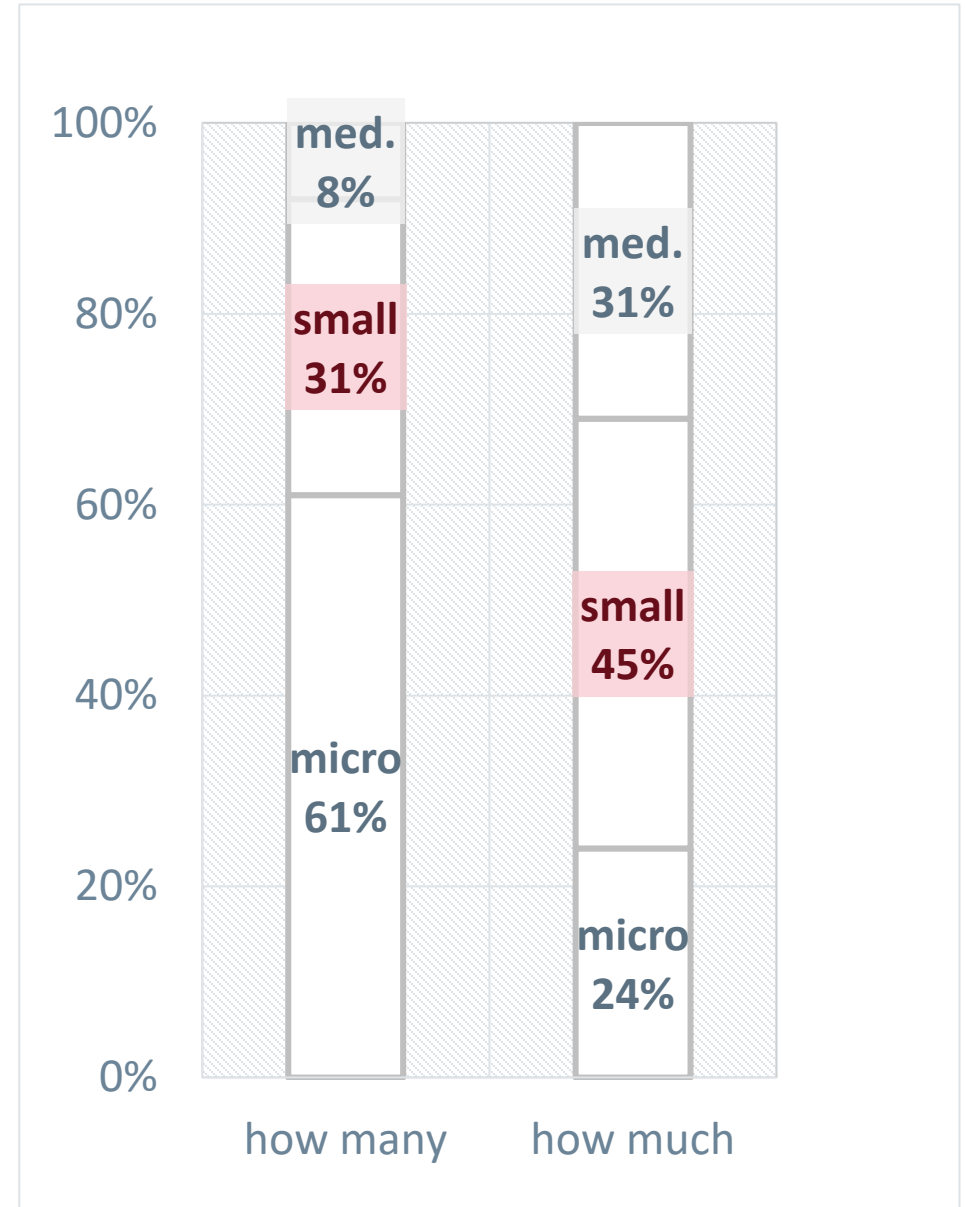
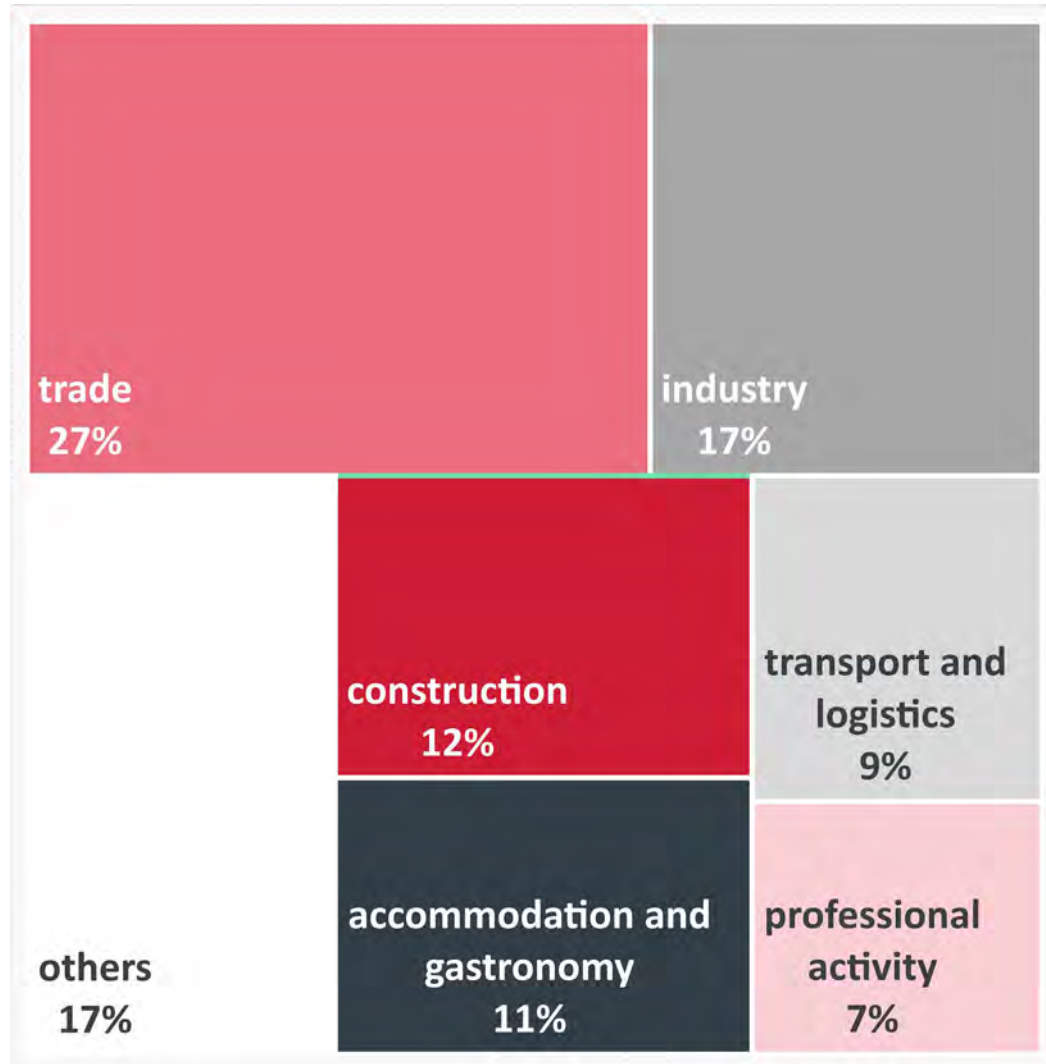
PLN
15 m
highest loan

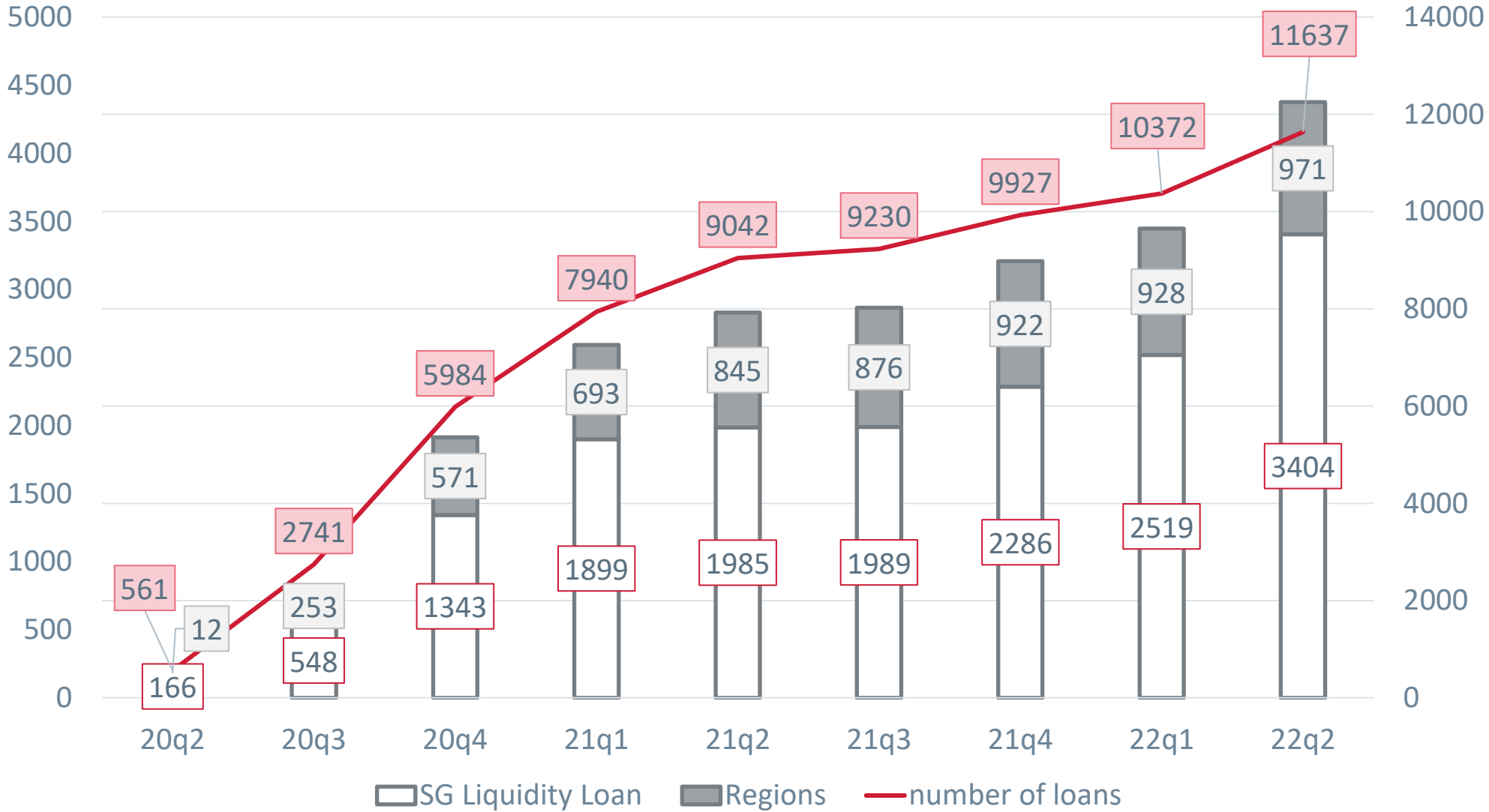
38
Lending
Partners

57
agreements
with Lending
Partners



SG Liquidity Loans | Sectors





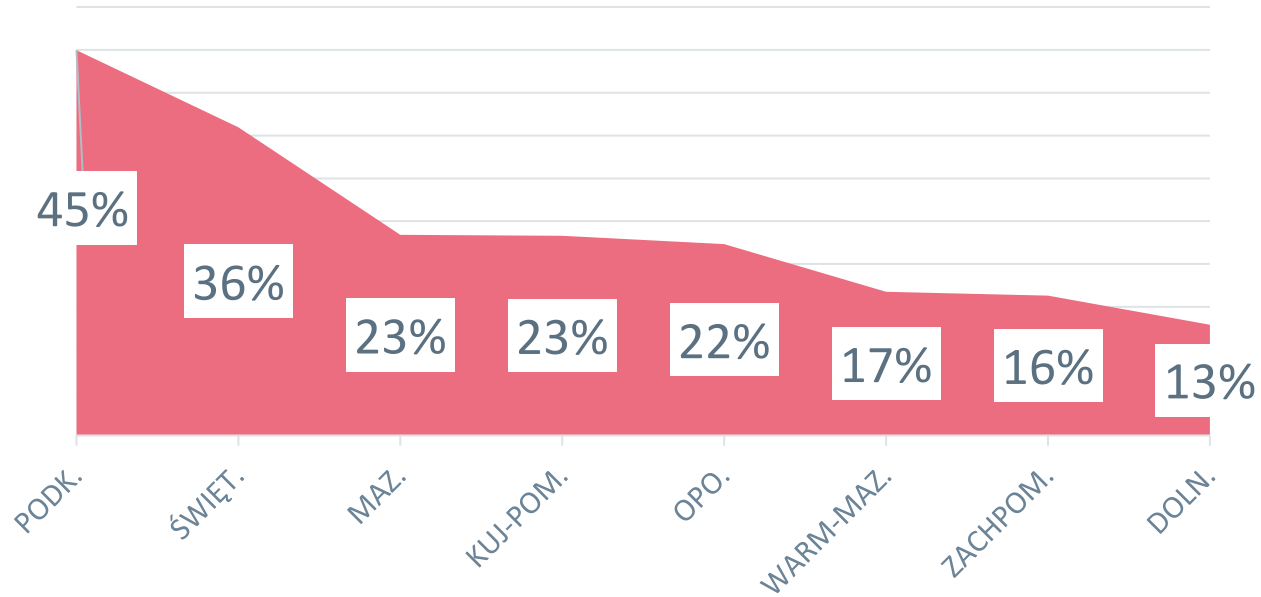
How much
(BGK+Lending Partners)

PLN 4,37 bn

How many

11,6 k

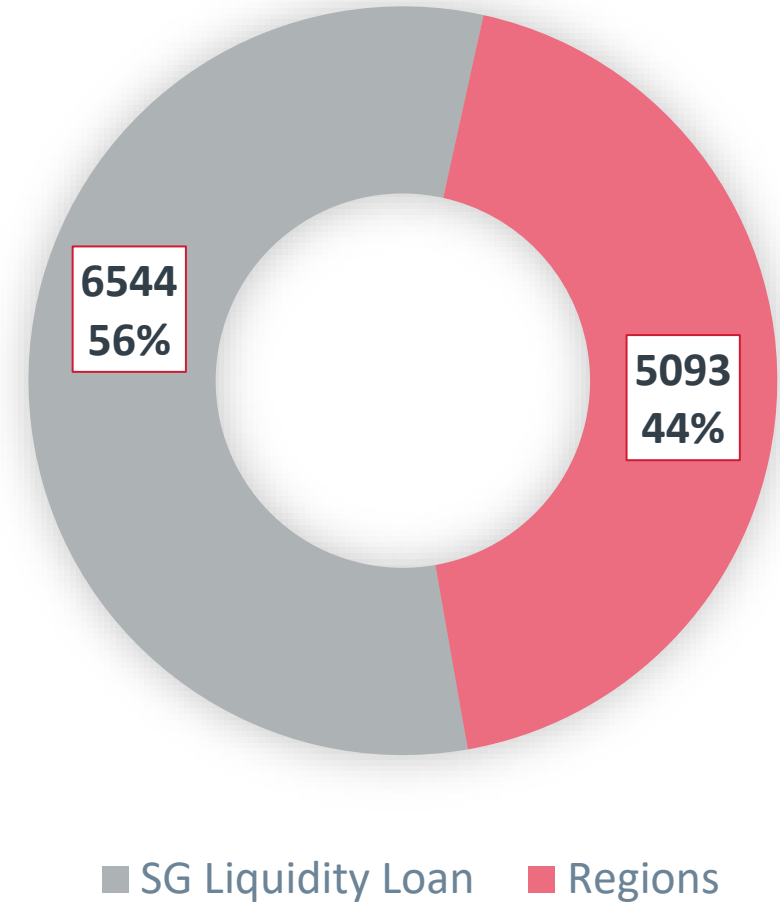
% of all loans in a given region



Changes to agreements



portfolio share



Case: Re-activate loan for SMEs

Wielkopolskie, in operation from 2023 Q 1

What we aim for?

- facilitate economic recovery by financing SMEs investment & liquidity needs
- making SMEs business profile more flexible

Similar parameteres

- up to PLN 500 k
- repayment up to 7 y
- interes rate: preferential (de minimis) or market rate

Focus on

- job creation
- transformation towards green or digital economy
- infrastructure providing basic services to citizens
- COVID-hit industries

Preferences

- even lower interest rate if SMEs in target group or target investment

Thank you!

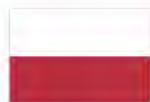
Bank Gospodarstwa Krajowego

pozyczkiunijne.bgk.pl



Fundusze
Europejskie

POLISH DEVELOPMENT BANK



Rzeczpospolita
Polska



BANK GOSPODARSTWA
KRAJOWEGO

Unia Europejska
Europejskie Fundusze
Strukturalne i Inwestycyjne

