Financial Support for Polish Companies: Export and Expansion

Warsaw, 2016
BGK’s strategic role is to organise a financial support system for Polish companies based, among others, on Government Programme Financial Support for Exporters.

- Funds provided by BGK might be used, among others, on:
  - execution of short-/long-term export contracts,
  - foreign projects execution,
  - acquisitions of foreign companies and/or foreign assets.

Polish International Development Fund (FEZ) co-finances international expansion projects of Polish companies, on commercial terms.

- FEZ shares project risks with Polish companies investing equity and non-recourse loans directly into their foreign subsidiaries.
- More information on pages 13-14
Support for Polish companies on high-risk markets, disregarded by most commercial banks (including Africa, Russia, Belarus, Kazakhstan, the Balkans and many others).

Experience in financing projects, among others, in: Canada, India, China, Russia.

Tailored-made financial structures (tenor, security package) for specific needs and purposes.

Attractive pricing reflecting the actual cost of capital and undertaken risk.

The variety of financing structures.

Possible financing in USD, EUR, GBP, CHF, CAD, PLN.
Financial support for exports/ foreign expansion

Product range

Polish trade/production enterprises seeking for:

- increase of transaction`s security by accepting the risk of insolvency of the counterparty,
- improvement of liquidity as a result of receiving payment at sight for the sold goods,
- financial support for foreign buyers (both commercial and public),
- financing of investments in which a Polish company acts as the general contractor or a main subcontractor,
- support for foreign expansion projects (M&As, construction of production plants / distribution centres).

Financial support

For whom?

Products

Our Clients’ transactions
Financial support for exports/ foreign expansion
Offered products

Range of products

- Buyer’s bank credit
- L/C postfinancing
- Purchase of export receivables
- Buyer’s credit
- L/C discounting
- Polish International Development Fund
- Credit for financing foreign expansion
- L/C confirmation
- Guarantees

Financial support
For whom?
Products
Our Clients’ transactions
Financing based on documentary letter of credit

Basic parameters

<table>
<thead>
<tr>
<th>Letter of credit</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Main characteristics</strong></td>
</tr>
<tr>
<td><strong>Type</strong></td>
</tr>
<tr>
<td><strong>Maximum repayment period</strong></td>
</tr>
</tbody>
</table>
| **Available structures** |  ▪ discounting  
▪ confirming  
▪ postfinancing |
| **Countries** | Majority of countries |
| **Currency** |  ▪ PLN  
▪ EUR  
▪ USD |

Financial support  
For whom?  
Products  
Our Clients’ transactions
## Financing based on letter of credit

### Costs of financing

<table>
<thead>
<tr>
<th>Example</th>
<th>Azerbaijan, Nigeria, Russia, Tunisia,</th>
<th>Belarus, Georgia, Mongolia, Pakistan, Serbia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tenor of financing: 360 days</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Annual cost of credit and insurance (%)</strong> *</td>
<td>EUR 1.10 – 1.35 USD 2.75 – 3.0</td>
<td>EUR 1.55 - 1.85 USD 3.15 - 3.50</td>
</tr>
<tr>
<td><strong>Confirmation commission for each quarter of validity period (%)</strong></td>
<td>EUR 0.3 – 0.32</td>
<td>EUR 0.35 - 0.37</td>
</tr>
<tr>
<td><strong>L/C receivables payment commission (%)</strong></td>
<td>EUR 0.2</td>
<td></td>
</tr>
</tbody>
</table>

rate for buyer = rate for buyer’s bank + buyer’s bank margin

Costs of L/C are usually born by both sides.

* Calculation as of 09.02.2016
Buyer’s bank credit

Basic parameters

<table>
<thead>
<tr>
<th><strong>Buyer’s Bank Credit</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Type of credit</strong></td>
</tr>
<tr>
<td><strong>Minimum repayment period</strong></td>
</tr>
<tr>
<td><strong>Amount of credit</strong></td>
</tr>
<tr>
<td><strong>Countries</strong></td>
</tr>
<tr>
<td><strong>Cost of credit</strong></td>
</tr>
<tr>
<td><strong>Purpose</strong></td>
</tr>
</tbody>
</table>
| **Currency**           | ▪ PLN  
                         ▪ EUR  
                         ▪ USD |
## Buyer’s bank credit

### Costs of financing

<table>
<thead>
<tr>
<th>Example</th>
<th>Disbursement period: 1 year</th>
<th>Repayment period: 5 years</th>
<th>Azerbaijan, Nigeria Russia, Tunisia</th>
<th>Bielarus, Georgia, Mongolia, Pakistan, Serbia</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>EUR</td>
<td>USD</td>
</tr>
<tr>
<td>Fixed rate – CIRR (%) – p.a.</td>
<td></td>
<td></td>
<td>0.53</td>
<td>1.90</td>
</tr>
<tr>
<td>Administration commission (paid annually) (%)</td>
<td></td>
<td></td>
<td>0.7</td>
<td>0.7</td>
</tr>
</tbody>
</table>

rate for buyer = rate for buyer’s bank + buyer’s bank margin

CIRR rate valid from 15.03.2016 till 14.04.2016
## Purchase of receivables

### Basic parameters

<table>
<thead>
<tr>
<th>Type of credit</th>
<th>Financing based on:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>▪ Importer’s balance sheet – no recourse</td>
</tr>
<tr>
<td></td>
<td>▪ Exporter’s balance sheet – recourse to the Exporter</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Amount of credit</th>
<th>Minimum EUR 2 m</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Period of financing</th>
<th>Up to 5 years</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Currency</th>
<th>▪ PLN</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>▪ EUR</td>
</tr>
<tr>
<td></td>
<td>▪ USD</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Countries</th>
<th>Majority of countries</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Pricing conditions</th>
<th>Terms determined individually based on transaction risk profile</th>
</tr>
</thead>
</table>
### Buyer`s credit

#### Main parameters

<table>
<thead>
<tr>
<th><strong>Purpose</strong></th>
<th>Financing of export contracts between a Polish exporter and importer</th>
</tr>
</thead>
</table>
| **Financing structures** | 1. Project finance  
2. Corporate finance based on Importer`s balance sheet  
3. Sovereign finance  
4. Joint Venture |
| **Credit amount** | Minimum EUR 10 m (not more than 85% of the export contract value). There is a possibility of financing of the KUKE Premium within the Credit |
| **Tenor** | Up to 15 years* (including 3 years of availability period) |
| **Currency** | PLN, EUR, USD, CAD, GBP |
| **Pricing** | To be agreed individually according to risk profile of the transaction |
| **Security** |  
- Project assets  
- Insurance of the Polish ECA (KUKE) / other ECA |

*Tenor of financing and repayment profile should be in line with to OECD regulations*
# Foreign investments of Polish Companies

## Main parameters

<table>
<thead>
<tr>
<th>Financing of a Polish company in order to execute foreign investments / foreign acquisitions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Purpose</strong></td>
</tr>
<tr>
<td><strong>Type of credit</strong></td>
</tr>
<tr>
<td><strong>Credit amount</strong></td>
</tr>
<tr>
<td><strong>Tenor</strong></td>
</tr>
</tbody>
</table>
| **Currency** | - PLN  
- EUR  
- USD  
- CAD  
- GBP |
| **Pricing** | To be agreed individually according to risk profile of the transaction |
| **Security** | Foreign assets of a project / a target company (others, if needed) |
Foreign investments of Polish Companies
Polish International Development Fund (FEZ) – basic information

- Fund co-invests with Polish companies in their subsidiary companies abroad which does not dilute the ownership of the Polish company.
- Risk sharing in the foreign project - no recourse to the Polish Partner.
- Exit from the investment after a few years - after the foreign project company has reached satisfactory results.
- Nearly all sectors of the economy and nearly all countries worldwide are eligible.
- Co-financing for greenfield projects and for further expansion, as well as for acquisitions of existing companies.
- Polish Partner can assume full operational control of a foreign company with a part of the payment deferred for several years.
### Foreign investments of Polish Companies

**Polish International Development Fund (FEZ) – financial instruments**

<table>
<thead>
<tr>
<th><strong>Polish International Development Fund</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Purpose</strong></td>
</tr>
<tr>
<td><strong>Type of financing</strong></td>
</tr>
<tr>
<td><strong>Financing amount</strong></td>
</tr>
<tr>
<td><strong>Maturity</strong></td>
</tr>
<tr>
<td><strong>Exit</strong></td>
</tr>
<tr>
<td><strong>Pricing</strong></td>
</tr>
<tr>
<td><strong>Collaboration with the Partner</strong></td>
</tr>
</tbody>
</table>
Financial Support for Polish Companies: Export and Expansion

Selected transactions

- **EUR 10 m**
  - Construction of production plants
  - China, India, Mexico

- **EUR 21.8 m**
  - Construction of production plant
  - Germany

- **PLN 111.3 m**
  - M&A Financing
  - Great Britain

- **EUR 48.2 m**
  - Mineral Wax plant
  - Belarus

- **EUR 7.1 m**
  - M&A Financing
  - Italy

- **16 m EUR**
  - Ship financing
  - Netherlands

- **USD 19 m**
  - Mining equipment
  - Mexico

- **CAD 150 m**
  - Exploration of hydrocarbons
  - Canada

- **EUR 18.7 m**
  - Mining Equipment
  - Russia

- **EUR 15.9 m**
  - M&A Financing
  - France

- **EUR 44 m**
  - Hotel construction
  - Belarus

- **EUR 2.2 m**
  - Vacuum furnaces
  - Ukraine

- **EUR 8 m**
  - Mining equipment
  - Kazakhstan

- **USD 36.7 m**
  - Parcel lockers
  - Canada

- **EUR 1.5 m**
  - Construction machines
  - Serbia

---

Financial support  For whom?  Products  Our Clients’ transactions
Bank Gospodarstwa Krajowego
Al. Jerozolimskie 7, 00-955 Warszawa
www.bgk.pl

Trade Finance Department
Tel: +48 22 522 92 75
e-mail: dfhz@bgk.pl

Structured Finance Department
Export Finance Team
Tel: +48 22 522 91 05
e-mail: sekretariatDFS@bgk.pl

Polish International Development Fund
www.tfibgk.com.pl
ul. Ludna 2, 00-406 Warszawa
Tel: +48 22 341 70 00
e-mail: fez@tfibgk.com.pl