



Financial needs in the agriculture and agri-food sectors in Poland

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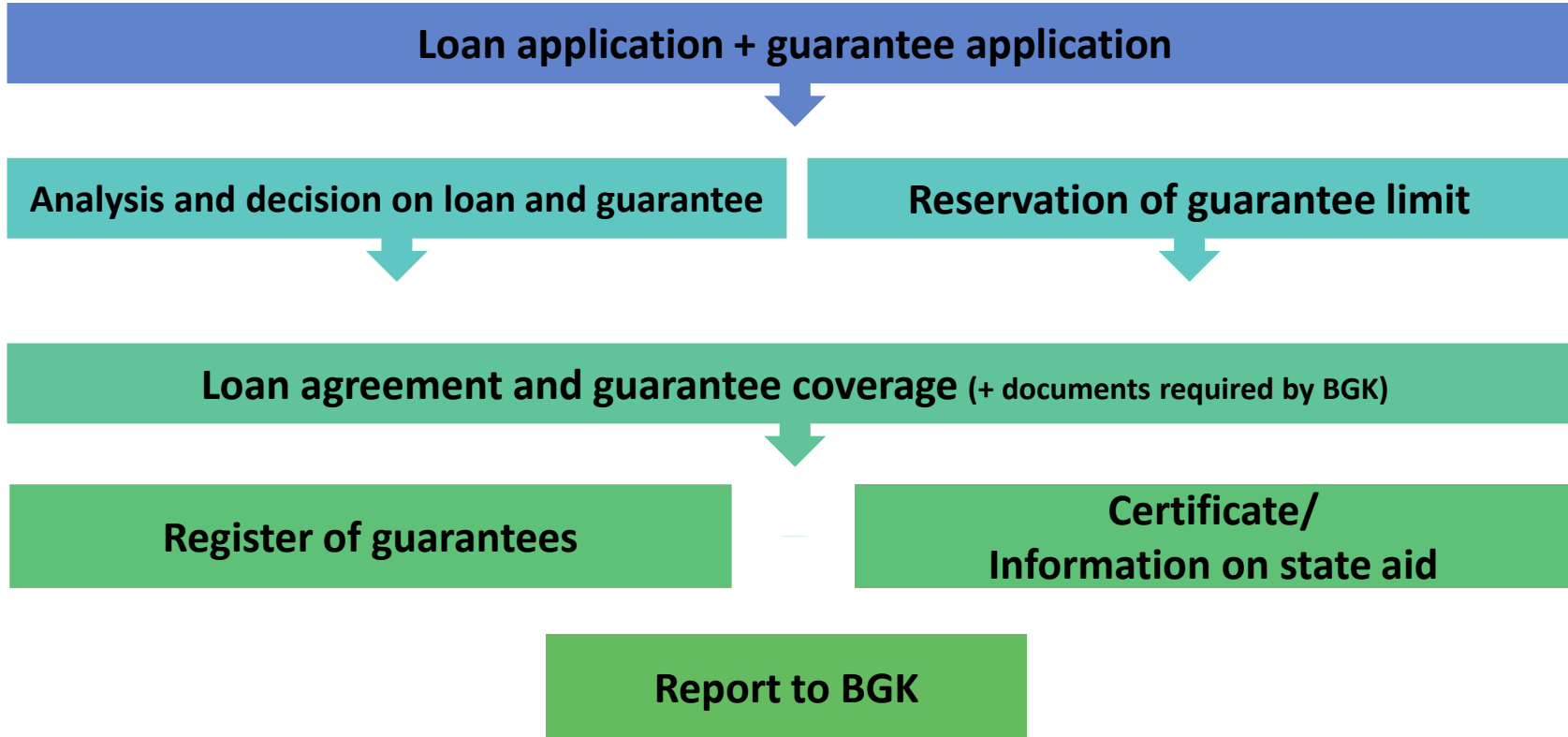
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SGB-BANK S.A. AND SGB CO-OPERATIVE BANKS AS LEADERS IN THE USE OF AGF GUARANTEES

- Support for farms and agri-food processing enterprises (SMEs) in accessing finance through AGF guarantees and interest-rate subsidies on working capital loans covered by these guarantees.
- Accession of 165 SGB Co-operative Banks to the AGF guarantee programme.
- The dynamics of sales growth indicates a growing interest in this form of securing loans. The most numerous group using the AGF guarantees are currently micro-entrepreneurs - 99%.
- SGB banks, as the unquestionable leader in promotional loans for agricultural producers (loans with interest-rate subsidies from the Agency for Restructuring and Modernisation of Agriculture, ARMA), use their competence in offering AGF guarantees, which are an attractive collateral for loan repayment.
- Promotional activities in SGB:
 - ✓ On-line trainings/workshops for SGB Bank employees organised in cooperation with BGK;
 - ✓ Providing training materials in the form of presentations and video recordings, as well as supporting information on the Intranet and website concerning the principles and benefits of using the AGF guarantee.

PROCESS OF GRANTING A LOAN WITH AGF GUARANTEE



PROCESS OF GRANTING A LOAN WITH AGF GUARANTEE



Loan application + guarantee application



- *Loan application (in accordance with the requirements of the Lending Bank (LB));*
- *Application for granting a loan repayment guarantee by BGK under the AGF guarantee portfolio line (including attachment)*
- *Application for granting by BGK of an interest-rate subsidy for a loan under AGF guarantee portfolio line - state aid*
- *Conditions for obtaining a loan repayment guarantee from BGK under the AGF guarantee portfolio line*

Analysis and decision on loan and guarantee

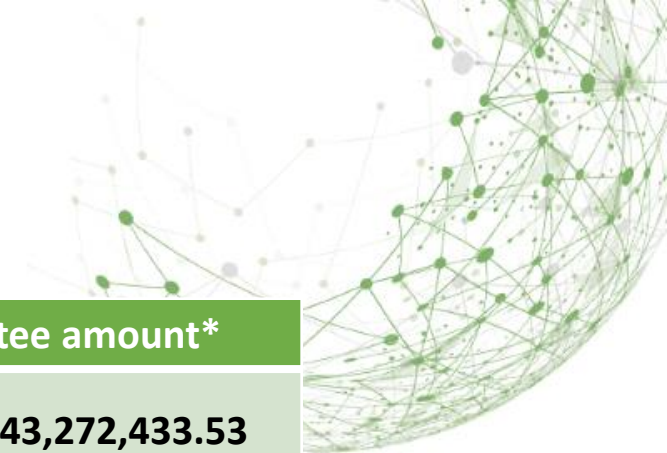


- Credit rating the Borrower (in accordance with the LB regulations as of the day of the credit decision);
- Investment project plan (in case of investment loan);
- Positive credit decision;
- Checklist;
- Transfer of benefits (as indicated in the decision).

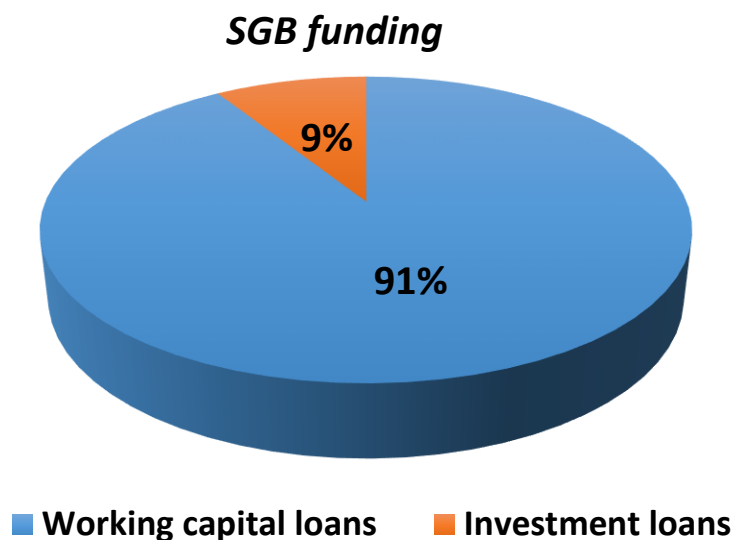
Analysis and decision on loan and guarantee

- Reservation of guarantee limit;
- Acceptance of a blank promissory note along with a promissory note declaration;
- Signing the loan agreement (considering the provisions of the loan agreement in accordance with the provisions of 5/PLG-FGR/2019 agreement);
- Entering the loan into the registry (IT system dedicated to handling AGF guarantees before the loan is initiated);
- Issuing of a certificate on the amount of de minimis aid received or Information on the amount of state aid received.

LOANS WITH AGF GUARANTEE IN SGB GROUP



Bank	Number of loans*	Loan amount*	Guarantee amount*
SGB-Bank S.A. + Co-operative Banks	834	PLN 179,661,670.20	PLN 143,272,433.53



BENEFITS FROM PARTICIPATION IN THE BGK'S GUARANTEE PROGRAM IMPLEMENTED UNDER AGF



BENEFIT TO THE BORROWER:

- **Lower total cost of loan** as compared to a loan for which the credit risk assessment is estimated at the same level, but which does not benefit from the collateral in the form of a guarantee,
- **Availability** to entrepreneurs without sufficient assets to secure the loan,
- **Ensuring flexibility of disposal of own property** - within the part covered by the BGK's guarantee, the entrepreneur does not have to encumber it either for the benefit of the Bank granting the loan or for the benefit of BGK,
- **Time saving** - all formalities are dealt with directly in the lending bank at the same time as obtaining the loan itself,
- **No costs of establishing collateral** - no fee for granting the guarantee,
- **Stability,**
- **Easy and quick process** (minimum formalities).

BENEFITS FROM PARTICIPATION IN THE BGK'S GUARANTEE PROGRAM IMPLEMENTED UNDER AGF

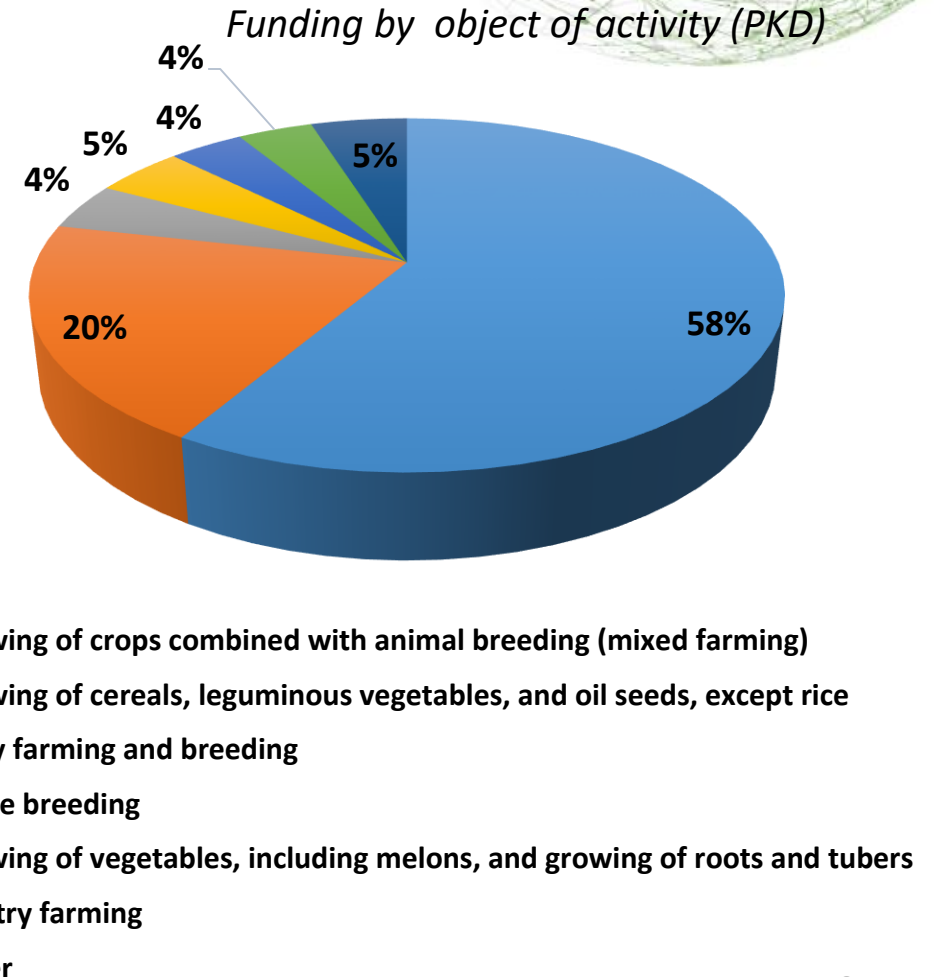


BENEFITS FOR THE BANK:

- **Release of capital** - possibility of additional credit growth
- **Cost reduction:**
 - ✓ exemption from provisioning
 - ✓ lack of assessment and collateral monitoring
 - ✓ rapid settlement of claims
- **Building a safe portfolio**
- **Easy and quick process**

INVESTMENTS MOST FREQUENTLY COVERED BY AGF GUARANTEE IN SGB

- **Ongoing funding of economic activities** not linked to the implementation of an investment supported by the EAFRD;
- **Construction, reconstruction, renovation of buildings** used for agricultural production;
- **Purchase of machinery, devices and equipment** for agricultural production (storage, drying, warehousing, preparation of agricultural products for sale);
- Construction or purchase of **technical infrastructure components** which influence the conditions of agricultural activity;
- **Acquisition of used items** (not more than 5 years old), **farmed animals, and plants**;
- **Land purchase up to 10% of the loan amount.**



COVID-19 RELATED LIQUIDITY FUNDING AND AGF GUARANTEED INVESTMENT FINANCING

- Working capital loan amount: **PLN 100,000.00**
- Guarantee amount: **PLN 80,000.00**
- Crediting period: **28.12.2020 - 30.11.2022** (guarantee until **28.02.2023**)
- Objective: **Funding of day-to-day business expenditures. The object of the activity is the production and sale of cucumbers and tomatoes.**

Due to the necessary cost reductions, productivity increase and modernisation of production, as well as adapting the direction of the business changes to market requirements, the AGF-guaranteed loan allowed to obtain high quality yields. New production technologies have been introduced on the farm. Currently, cucumber cultivation is carried out in greenhouses with a usable area of 1.62 ha. Greenhouses are equipped with heating with thermal-insulation curtains, climate control system, computerized drip irrigation and fertilization system, computerised shading system, and ventilation mechanisms.



COVID-19 RELATED LIQUIDITY FUNDING AND AGF GUARANTEED INVESTMENT FINANCING

- Investment loan amount: **PLN 6,000,000.00**
- Guarantee amount: **PLN 4,800,000.00**
- Crediting period: **04.09.2020 - 31.07.2035** (guarantee until **31.10.2035**)
- Objective: **Purchase of agricultural buildings at the amount of PLN 5,510,000.00 and land at the amount of PLN 490,000.00.**

The entrepreneur is engaged in poultry farming. The investment consisted in the purchase of an agricultural real property with poultry farm buildings. The investment will increase economic stability and lay the foundation for further capital expenditure in the agricultural real property.



AGF-GUARANTEED LOANS



- Loans are granted for a **shorter term** (for on-going business purposes);
- The **amounts of working capital loans are lower than the amounts** of other loans, which is also a result of the amount limits, i.e. EUR 200 thousand;
- **The total cost of an AGF-guaranteed loan is lower** compared to other loans;
- An additional bonus for the Borrower in the form of an **interest-rate subsidy** on non-investment working capital loans of **2% for 12 months**.



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