



**NON-BANKING DEPOSIT AND CREDIT INSTITUTION**

**Credit Guaranty Agency**

**AS A KEY ELEMENT**

**OF THE NATIONAL GUARANTY SYSTEM**

**OF THE RUSSIAN FEDERATION**

## Current Situation of SME Sector. Timeliness of Support Measures and Implementation of Guaranty Mechanisms

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- SME lending growth rates in 2013 lagged behind 2012 growth rate.
- Forecast: In case of persistent tendency in 2014, growth of lending to SMEs will not exceed 10%.
- High credit risks. Only 7-10% of the loans granted to SMEs for more than 3 years.
- Additional demand for SMEs in long-term loans for investment purposes, by various evaluations, ranges from 9,6 EUR to 17,7 EUR bln per year.

## Background

The Agency is a financial institution for development of small and medium enterprises (SME), providing bank guarantees for loans and other debts, splitting credit risks with banks and other financial institutions.

Sharing some of SME financial risks, the Agency expands capabilities for entrepreneurs' access to long-term credit resources for development and also encourages banks to improve SME lending conditions.

- The Agency was established by the Government Resolution №740-r dated May 6, 2014.
- License of the Central Bank of the Russian Federation №3526-D dated 26.07.2014

100% of the Agency's shares are property of the Russian Federation, represented by the Federal Agency for State Property Management. Registered capital – EUR 980 mln

## Agency's Key Objectives



Improve conditions and increase the amount of long-term lending to SME

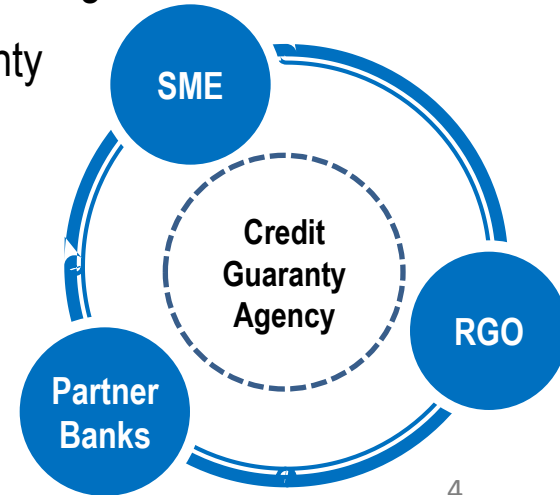


Develop and implement common standards for guarantee support and risk management



Develop the National Guaranty System (NGS)

**The Credit Guaranty Agency as a center of competence standardizes guarantee procedures within the National Guaranty System**



## Agency's Key Performance Indicators

**At least EUR 8 bln by 2019**

Increased investment into SME equity with loans, secured by the Agency's guaranties

**At least EUR 300 mln by 2017**

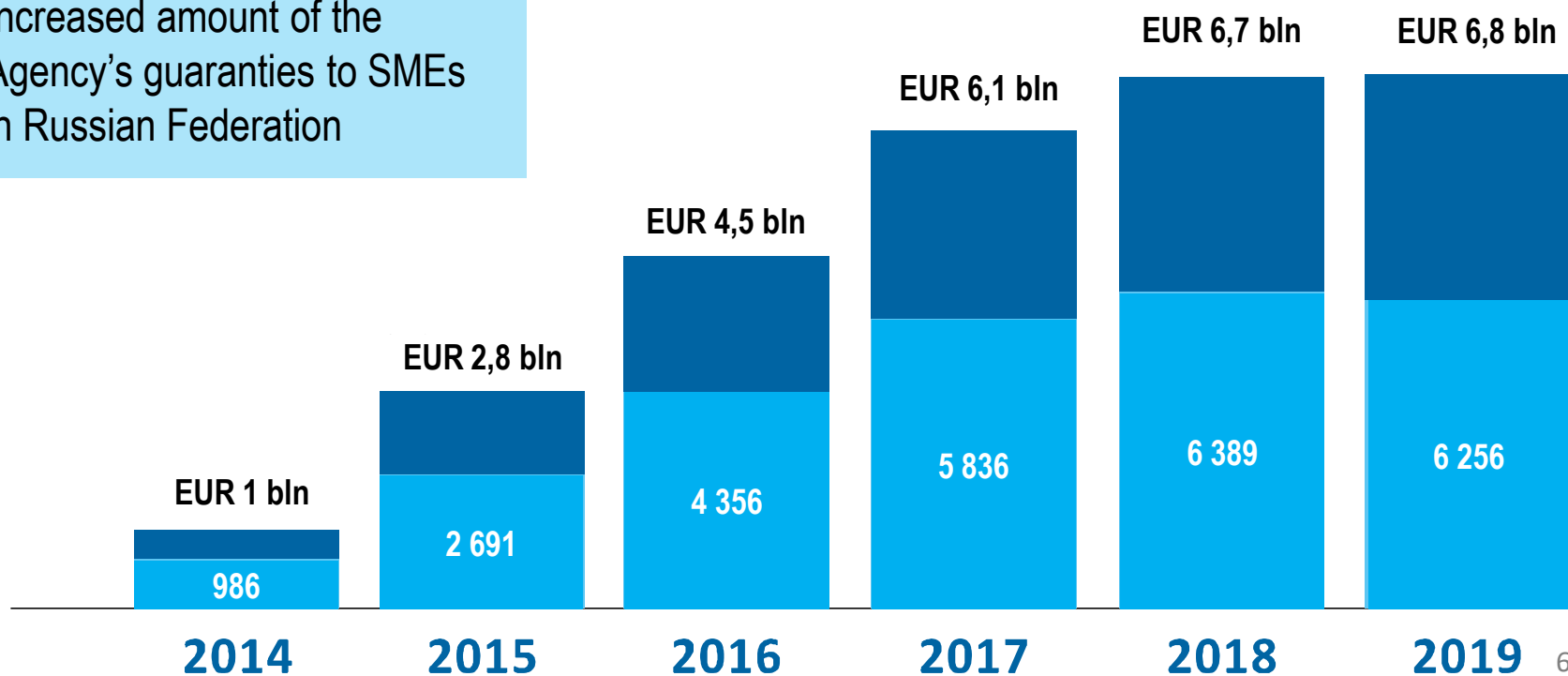
Amount of bank guaranties and counter-guaranties for agricultural businesses (farmers), SMEs

**Up to 120 thousand jobs in 5 years**

Growth of high-performance jobs in SMEs

## Guaranty Growth Dynamics

Increased amount of the Agency's guaranties to SMEs in Russian Federation

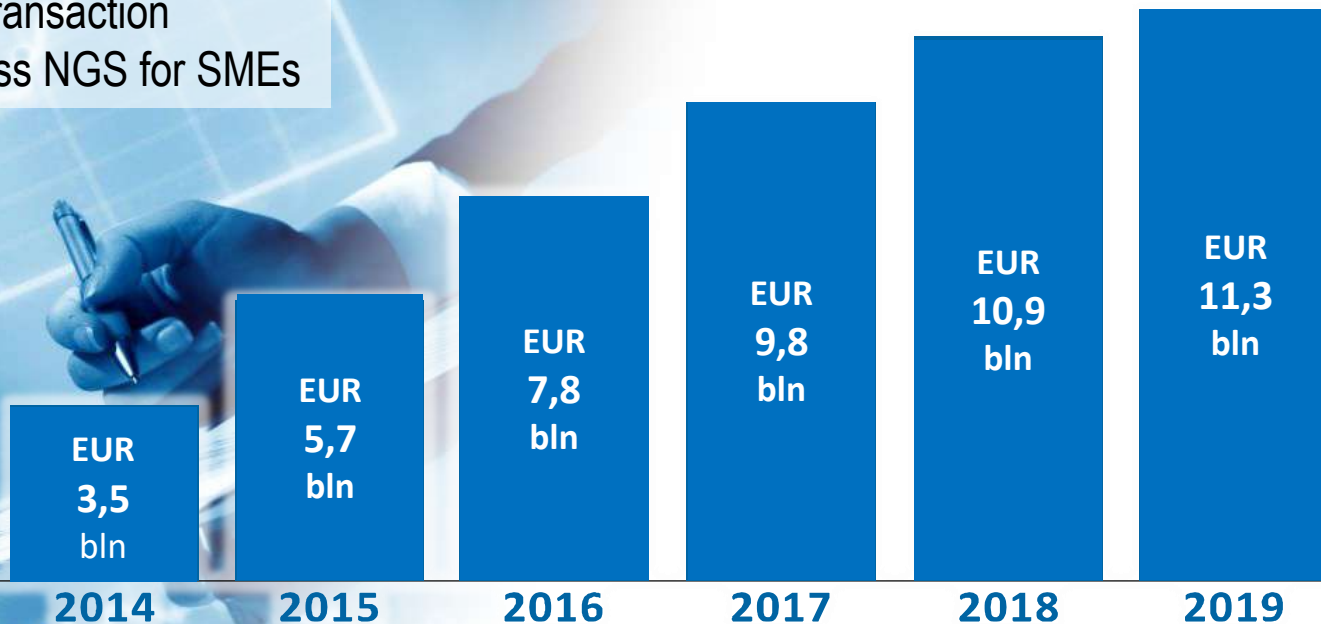


## Objectives within the National Guaranty System

- Increased availability of loans given to SME
- Adjust and secure financial stability of the guaranty system
- Organizational development of the system and improvement of its performance
- Development of SME finance and planning competencies
- Assist development of efficient environment for SME growth

## NGS Development Targets

Growth of guaranty transaction volumes overall across NGS for SMEs



Volume growth of guaranteed and secured investment loans up to **EUR 19,6 bln**



## Agency's Bank Guaranty

Bank guaranty of the Agency is an unsecured liability, provided by the Agency without any property or other security and providing SME with an opportunity to get a bank loan, when there is a lack of own capital or security.

### **Benefits:**

- Transparency criteria assurance and evaluation of SME
- Quickness of decision making on provision of guaranties
- Guaranties securing up to 70% of loan amount
- Option to pay Agency's fees in installments

## Agency's Customer Profile

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- Borrower – a commercial institution or an individual businessman with no corporate status, agricultural companies (farmers) with annual revenue of up to EUR 19,6 mln
- Registered and operating in the Russian Federation
  - Not engaged in gambling business, excisable goods, extraction and sales of natural resources

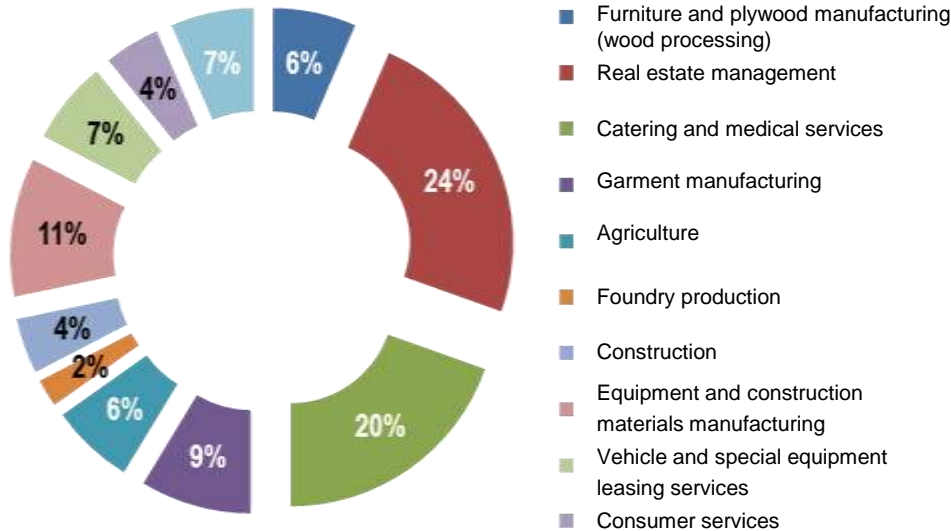
## Customer Loan Requirements

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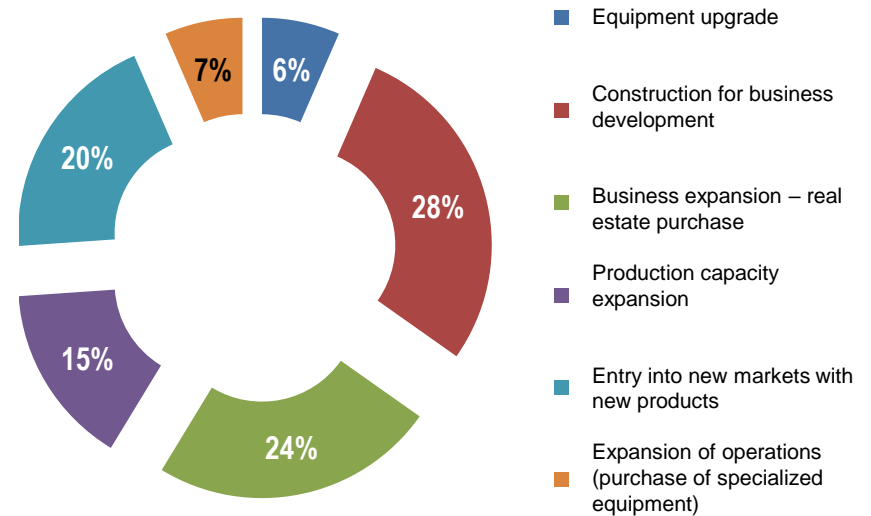
- Loans are to be investment-focused - purchase, creation, upgrade of plant, property and equipment, reconstruction or repairs, and also innovative targets;
- For retail enterprises, loans can only be used for non-retail investment purposes

## Customer Profile. Lending Targets and Industries

Industry Breakdown of Applications to the Agency, number; %



Loan Purpose Breakdown, number; %



The majority of the existing borrowers of the Agency are small businesses with annual revenues below **EUR 7,8 mln.** Approved guaranties has enabled SMEs to raise the total amount of loans up to **EUR 35,3 mln.** SMEs with guaranty support made available to them by the Agency are planning to create about **350** additional jobs.

## Agency's Guaranty Products. Key Characteristics

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### Direct Bank Guaranty

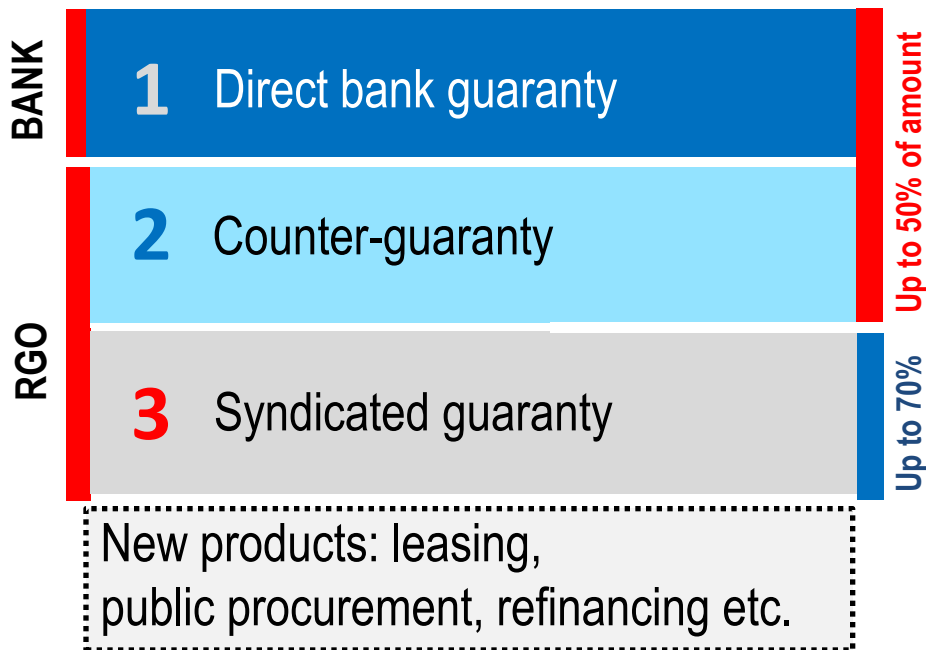
### Counter-Guaranty

### Syndicated Guaranty

- Term is no more than 15 years + 120 days;
- Maximum amount is up to 70% of loan amount;
- Value is 1,25% per annum for the entire duration of the guarantee;
- Secured liability include credit agreements and other credit-related contracts;
- Loan and guaranty currency is Russian rubles;
- Guarantor's liability started in 90 days after occurrence of the delay on the principal debt;
- Participation of the Agency may be requested at any stage of the credit transaction.

## Agency's product line

**Credit targets:** Investments, Modernization, Innovations



### Simplified review procedure\*



Provision of guaranties > EUR 19,6 mln  
by Board approval

\* - individual accreditation required for banks



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«Credit Guaranty Agency»**

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