

# CMZRB Guarantee Business

“Financing Energy Efficiency in Central Europe“

**Prague, 27 April 2017**

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## ČMZRBA – National Promotional Bank

Implementing governmental policies through financial instruments, mainly towards SMEs

Core business – using public funding to provide guarantees to SMEs; Municipal support

Throughout 1992-2017 ČMZRBA provided

- ❑ **25,000 guarantees** for 14,000 clients
- ❑ **7,400 loans** for 7 000 clients
- ❑ **23,000 financial contributions** for 15,000 clients
- ❑ **10,000 interest rate subsidies** for 8,000 clients in the “PANEL Programme“
- ❑ **14,000 credits** for housing and flood mitigation
- ❑ **Continual services for 25,000 clients**

Total volume of support

- ❑ **€ 3,75bn (CZK 100bn)** provided in **guarantees and preferential loans**
  - ❑ **€ 5,58bn (CZK 149bn)** disbursed in the **role of financial manager**
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## Key Indicators

		2016
Provided guarantees	number	3 974
Amount of provided guarantees	CZK mil.	8 818
	€ mil.	330
Amount of guaranteed loans	CZK mil.	12 609
	€ mil.	472
Average amount of guarantees	%	70

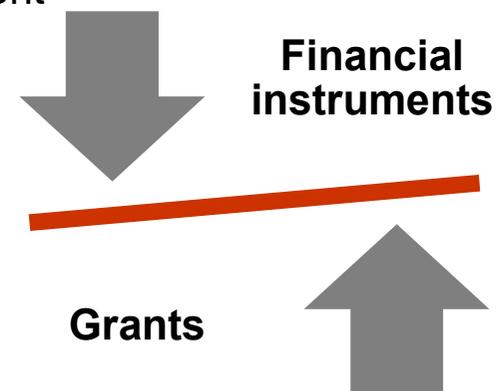
## Why Financial Instruments?

FIs: loans, guarantees, risk capital etc. supported through the government's economic policy

FIs ensure that funds will be recycled and reinvested in the future

FIs are more efficient than one-shot non-refundable grants

- ❑ **Higher leverage;** € 1 invested in financial instrument can generate a total investment of € 10
- ❑ **Lower burden on public spending**
- ❑ **Lower market distortion**
- ❑ **More transparency**
- ❑ **Weeding out unfeasible projects**



## Core Business – Programme GUARANTEE 2015-2023

### Key component: portfolio guarantee for small entrepreneurs

- National funding** (no EU Structural funds)
- Cooperation with 13 commercial banks**



### Key parameters

- Subject of guaranteed loan: **working capital or investments**
- Guarantees of **up to 70 % of the loan principal**
- Guaranteed **loan amount of up to € 150,000 (CZK 4m)**
- Credit risk assessment delegated to commercial banks**
- Maturity up to 6 years
- Free of charge** (no guarantee fee)
- State aid regime: De minimis



## Cooperation with European Investment Fund

### COSME Loan Guarantee Facility

- ❑ **Investment plan for Europe: SME Window – cooperation since August 2015**
- ❑ **Counter-guarantee of the portfolio part of the Programme GUARANTEE 2015-2023**  
The main aim: to increase the capacity of the programme (support more clients)
- ❑ **A cap of € 389m (CZK 10,5bn) on the portfolio until 2018**
- ❑ **Currently 2400 projects are supported totalling € 168m (CZK 4.5bn)**

### ČMZRB – EIF shareholder

- ❑ **February 2017: Purchasing 3 EIF shares**



## Why ČMZRB Guarantees?

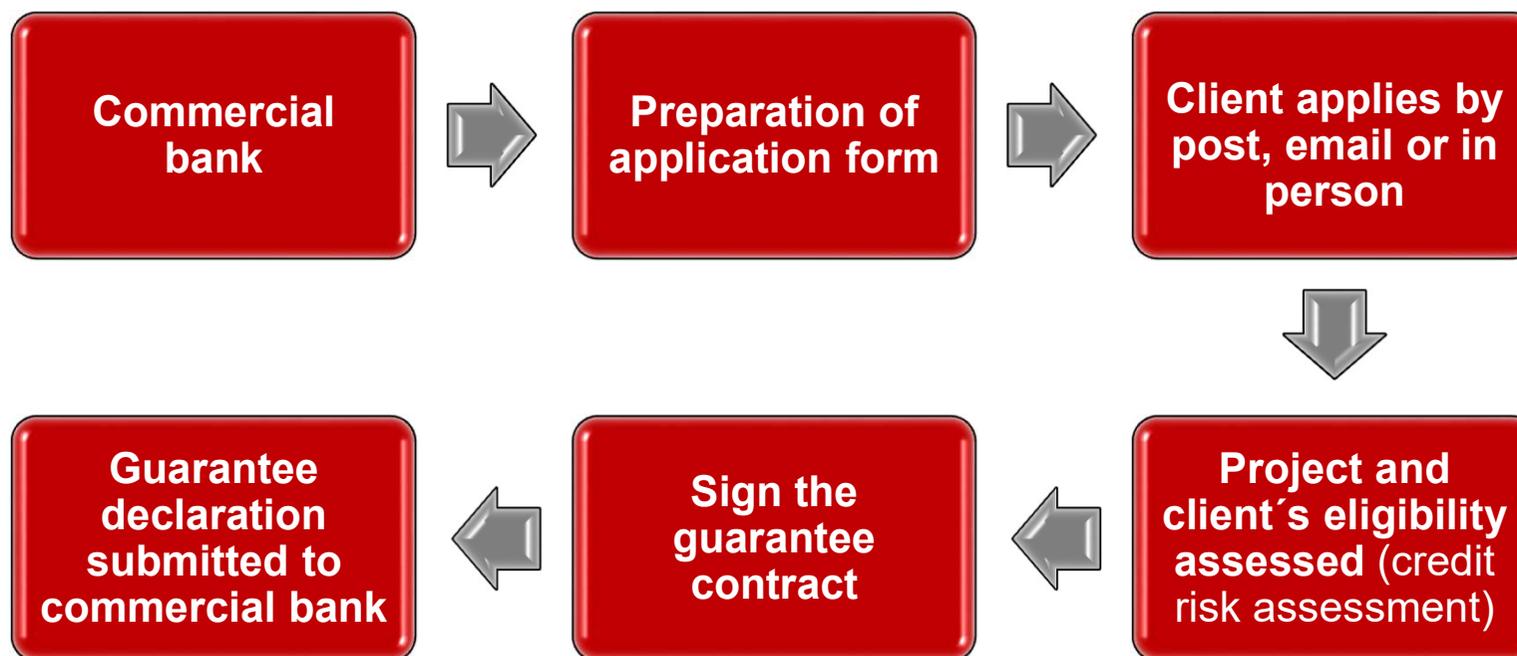
### Main advantage – complete market coverage

- ❑ CMZRB cooperates with all major commercial banks
- ❑ Enabling national or EU funding to reach (almost) all SMEs

### Demand for ČMZRB guarantees is driven by 3 key factors

- ❑ **An effective** solution for entrepreneurs with lower collateral
- ❑ **Low risk margins** which commercial banks can apply to the competitive credit market
- ❑ **High capital requirements** derived from measures aimed at increasing the stability of the European banking sector

## Process of Guarantee Provision



## National Programme ENER G (Loans)

An example of an important pilot project of financial instruments aimed at increasing energy efficiency for SMEs

2<sup>nd</sup> November 2016 – approved by the Government;  
Expected to start during this quarter

Supporting SMEs in Prague to achieve energy savings → by financing energy efficiency projects or the use of renewable energy sources

Budget: € 4.9m (CZK 130m)

### Parameters

- Interest free loans** from € 75,000 up to € 750,000 (CZK 2-20m)
- Grace period up to 2 years
- Maturity up to 10 years
- Financial contributions** up to € 3,750 (CZK 0.1m) for **energy assessment reports**
- Additional 7% bonus if energy savings are met within 3 years after the project ends

## EU Structural Funds: ENERGY SAVING LOANS

Operational Programme Enterprise and Innovations for Competitiveness

Aim of the call 1: support measures leading to final energy consumption

Aim of the call 2: support measures leading to increase of energy efficiency in centralised heating systems

Planned launch date – 2<sup>nd</sup> half 2017

3 types of support

- Preferential, interest-free loans** from, up to 50% of the project's eligible expenses (building reconstruction, new machinery purchase, intangible assets)
- Interest rate subsidies** in case of in-time reach of energy savings
- Grant on energy assessment reports**

Current product offer:  
<http://www.cmzrb.cz/products-and-services>

**Thank you for attention**

**Jiří Jirásek**  
CEO

