



COMPANY DESCRIPTION

ELKARGI, S.G.R. (Elkargi, Mutual Guarantee Company, hereinafter, Elkargi, S.G.R. or “the Company”), is a finance-oriented commercial partnership mostly comprising and serving small and medium-sized businesses. The aim of ELKARGI, S.G.R. is to enhance the structure and financial conditions of companies. This goal is carried out through two areas of activity:

- Guarantees, giving companies access to long-term back financing with advantageous interest rates, commissions and payback periods.
- Consulting and Financial Services, providing solutions for continual improvement of levels of information, training and financial management of companies, offering an integral range of financial products and services, specially adapted to the needs and concrete characteristics of each company. The Consulting and Financial Services Department at ELKARGI, S.G.R. works in the area of Financial Training as well as Financial Consulting itself.

MOST SIGNIFICANT FIGURES

ELKARGI, S.G.R. was created twenty-nine years ago and since that time has witnessed constant growth and market penetration. The table below illustrates the evolution of ELKARGI, S.G.R.’s most significant figures over the past three years:

ITEM	2006	2007	2008	
Partner Companies	9.161	9.626	10.091	Companies
Formalised Guarantees	2.633,9	2.906,4	3.231,2	Millions of euros
Current Risk	742,3	787,1	868,0	Millions of euros
Formalised Guarantees (year)	253,1	272,5	324,7	Millions of euros
Equity	75,8	84,0	86,0	Millions of euros
Delinquent payment rate	0,51%	0,34%	0,57%	Of current risk
Insolvency rate	0,62%	0,56%	0,53%	Of risk in arrears

PRODUCT DESCRIPTION

➤ **FINANCIAL GUARANTEES:**

ELKARGI, S.G.R.'s financial guarantees gives companies real access to outside financing with advantageous interest rates, commissions and payback periods, on the whole providing the best possible terms on the market. The agreements set up with the majority of the credit institutions enable ELKARGI, S.G.R. to help firms gain real access to long-term preferential financing.

➤ **TECHNICAL GUARANTEES:**

ELKARGI, S.G.R.'s technical guarantees, used for any of a number of applications, enable companies to enjoy highly competitive commissions and excellent service quality, the key to why they are so after by companies. Just like financial guarantees, ELKARGI, S.G.R.'s technical guarantees have prevailed on the market due to their advantageous cost, service quality and to ELKARGI, S.G.R.'s experience and specialization in the guarantor business.

➤ **CONSULTING AND FINANCIAL SERVICES:**

○ **FINANCIAL TRAINING:**

Financial Training provides companies with an ongoing structural training unit which offers company managers highly practical and functional continually updated financial training adapted to their needs. The following courses are taught: the Financial Classroom, including diverse courses of interest to corporate financial management; the Executive Program in Financial Management; specialized, single-subject financial courses; on site financial training...

○ **FINANCIAL CONSULTING:**

Financial Consulting is customized to fit the needs of each client-company

COMPANY REGULATION AND ACTIVITY

Company activity

The corporate purpose of Elkargi, Sociedad de Garantía Recíproca, according to its Articles of Association, is to provide personal guarantees, by means of endorsement or any other means permitted by the law other than surety bonds, in favour of its partners for operations made by the latter as part of the conducting of their company business, and the development of those other activities permitted at all times under existing law. Its company headquarters are located in San Sebastian (Gipuzkoa).

Constitution and regulation of the Company

The Company was constituted on 16 April 1980 as a Mutual Guarantee Company (MGC). As such, it is trading in nature and qualified as a financial entity. The Company is presently governed by the following regulations:

- Law 1/1994, of 11 March, concerning the Legal Framework of Mutual Guarantee Companies, the basic regulation upon which the Company is founded.
- Royal Decree 2345/1996, of 8 November, concerning administrative authorisation rules and solvency requirements of Mutual Guarantee Companies, amended by Royal Decree 216/2008, of 15 February.
- Law 26/1988, of 29 July, concerning the discipline and intervention of credit institutions by the Bank of Spain.
- Decree 178/1996, of 16 July, concerning Mutual Guarantee Companies in the Basque Country and Order of 2 September 1996, issued by the Minister of Treasury and Public Administration, concerning the providing of certain guarantees by Mutual Guarantee Companies in the Basque Country.
- Ministerial Order of 12 February 1998 concerning special regulations for the drawing up of documentation and presentation of accounting information for Mutual Guarantee Companies.
- Certain aspects of Circular 4/2004 and Circular 5/2008 issued by the Bank of Spain and other applicable circulars.
- Commercial Code, Companies Law and General Accounting Plan.
- Official Gazette of the Basque Country Order 1327/2009, of 26 May concerning special regulations for the drawing up of documentation and presentation of accounting information for Mutual Guarantee Companies.

The Company criterion when drawing up and presenting the annual accounts, in cases where one regulation was not compatible with another, was to apply the rule of using the regulation of higher rank as regards the other.

Company details

- Date of constitution: 16 April 1980
- Gipuzkoa Business Register: volume 400, page 154, sheet 6,442, 1st inscription
- Special Register of Mutual Guarantee Companies, Basque Government Department of Treasury and Public Administration: No. 1
- Special Register of Mutual Guarantee Companies, Ministry of Treasury and Finance: No. 6
- Special Register of Mutual Guarantee Companies, Bank of Spain: No. 9806
- Tax ID number: V-20066411
- Company Headquarters: Paseo Mikeletegi, 50, 20009 Donostia San-Sebastián.