



## KfW Entrepreneur Loan (037/047)

In response to the COVID-19 pandemic, KfW has extended the Entrepreneur Loan programme to enable more companies to access it. These loans are not accessible directly from Germany's KfW development bank; instead, companies must apply through a financing partner (e.g., a commercial bank). For loans to SMEs, the KfW will assume up to 90% of the financing partner's risk and for loans to larger companies, up to 80% (this indemnity against liability is referred to as "Haftungsfreistellung" in the programme).

### Who is eligible for funding?

- Commercial companies with majority private ownership that are based in Germany, foreign companies with subsidiaries in Germany as well as freelancers.
- The loan is also explicitly available to private-equity-owned businesses.
- There are no size restrictions, but eligible companies must have been founded more than 5 years ago.
- Companies facing liquidity problems due to the pandemic are also eligible, if they are structurally healthy and competitive in the long term. In other words, companies that were in financial distress as defined by the EU ("undertakings in difficulty") before 31 December 2019 are not

eligible (e.g., if the company's book debt to equity ratio was greater than 7.5 and the company's EBITDA interest coverage ratio was below 1.0 during the preceding 2 years).

### What can be funded?

- Capital expenditure expected to have a sustainable economic benefit for the company
- Working capital
- Acquisitions of assets or shares in companies

### Projects not funded (amongst others)

- Refinancing or restructuring of loans (excluding loans under the "KfW Schnellkredit" programme)
- Refinancing of revolving credit facility drawdowns
- Follow-up refinancing of projects that have already been completed as well as prolongations
- Self-dealing transactions ("In-sich-Geschäfte"), e.g., share buy-backs

### Loan amount

- Up to €100 million per company, limited to:
  - 25% of the company's annual revenue in 2019;

- double the labour costs in 2019;
- current funding requirements for the next 18 or 12 months, for SMEs and larger companies respectively

- For loans higher than €25 million, the loan amount is limited to 50% of a company's total debt or 30% of its total assets.

### Conditions

- A term of up to 6 years is granted for loan amounts over €800,000 and up to 10 years for loans up to €800,000.
- Repayment can be waived for up to 2 years at the beginning of the term.
- The interest rate is fixed over the entire term of the loan. The rates vary according to the company's credit rating and available collateral.
- Profit distribution and dividend payments are not permitted over the entire term of the loan.

**Our team of experts is standing by to support you with this challenge**



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