



Reacting proactively to current developments

Financial aid programmes – securing short-term liquidity supply

On 23 March 2020, the German Federal Government adopted an extensive package of measures aimed at mitigating short-term liquidity shortages faced by German companies during the coronavirus crisis. The package includes various subsidised loans provided by the German state-owned development bank, KfW, as well as guarantees provided by state-owned guarantee banks. In addition, the German federal state governments have introduced similar loan programmes through their own development banks as well as non-repayable grants for small businesses and freelancers in their respective states.

KfW loans

The loans provided by the KfW are only available to companies with liquidity issues caused directly by the coronavirus crisis (i.e., companies that were in financial distress before 31 December 2019 are not eligible for these loans). Companies cannot obtain these loans directly from the KfW, rather they must apply for them through a financing partner (e.g., a commercial bank).

KfW Entrepreneur Loan/ ERP Start-Up Loan – Universal

- These programmes are available to businesses of any size and freelancers. The KfW Entrepreneur Loan applies to companies founded more than 5 years ago, while companies less than 5 years old are eligible for the ERP Start-Up Loan – Universal.
- Each company can apply for loans of up to €100 million for the financing of investments and working capital.
- The KfW will assume the risk of up to 90% for loans made to SMEs (annual revenue of up to €50 million and less than 250 employees) and up to 80% for larger companies.
- Loans of up to €3 million will be granted without undergoing the KfW risk assessment process (only the financing partner performs a risk assessment). Loans between €3–€10 million will be eligible for a “fast-track-process” of only a few banking days.

KfW Special Programme – Direct Investments in Syndicated Loans

- The KfW will act as original lender pari passu with other lenders in syndicated loans to help companies cover investment and working capital needs.

- The KfW will assume a risk of up to 80% for syndicated loans of at least €25 million. The risk assumption by KfW is limited to 25% of a company's annual revenue in 2019, two times the labour costs in 2019, or current funding needs for the next 12 months.

KfW instant loans for medium-sized enterprises

- Loan of up to 25% of the revenue in 2019, limited to €500,000 for companies with more than 10 and up to 50 employees or €800,000 for companies with more than 50 employees
- Liability assumption of 100% from the KfW, guaranteed by the German federal government
- Companies must have registered a profit on average over the last 3 years in order to be eligible

Our multidisciplinary team of experts will be happy to support you with this challenge



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