KfW Special Program 2020

As part of the German Federal Government’s package of measures in the course of the Corona crisis, KfW loans will be extended through liability takeovers and working capital financing.

The Kreditanstalt für Wiederaufbau is the federal promotional bank in Germany, which can refinance itself very cheaply due to its AAA rating. KfW finances investments and resources of companies through partner banks [such as the RBI]. The lender is always the partner bank and not the KfW. Companies and projects in Germany are financed.

KfW Entrepreneurial Loan (Program 037)

Conditions:

- **Commercial enterprises** without restriction of turnover, seated in Germany, as well as investments and resources of foreign companies for the liquidity needs of the German subsidiaries. Financing of working capital of German companies (headquarters of the mother in Germany) with foreign subsidiaries can be financed. The max. amount of financing is limited to the liquidity requirements of the German parent company.
- The company is more than 5 years on the market;
- is as of 31.12.2019 **not an undertaking in difficulty** according to EU regulation 651/2014, to be confirmed by an external auditor; and
- is as of 31.12.2019 **in proper economic conditions** (e.g. no unregulated non-payments of more than 30 days, deferral agreements or material breaches of covenants), and is able to bear the loans to be borrowed;
- after the crisis – assuming a normalizing economic situation after 3 months at the latest – it is still viable beyond 31.12.2020 and is thus able to borrow appropriate follow-up financing.

Loan amount: max. EUR 100 million per group of companies, limited to max.

- 25% of annual sales in 2019 or
- Double the wage costs in 2019 or
- The current liquidity requirement for the next 12 months.
  The highest of the three amounts is the limiting factor.
- In the case of loans above EUR 25 million, the amount of the loan shall be limited to a maximum of 50% of the group’s total debt or 30% of the balance sheet total, whichever is the higher amount.
**Purpose of financing, maturities, terms and conditions**

- Investments up to 6 years (max. 2 years grace)
- Working Capital either 2 years bullet or up to 6 years (max. 2 years grace)
- For loans up to EUR 800,000 a maximum loan term of 10 years with up to 2 grace years is possible.

- **80% KfW risk coverage** (Haftungsfreistellung) for the bank
  - Maximum fixed interest rate for the final borrower of 2.12% p.a.; depending on the credit rating of the borrower and the quality of the collateral (both in the discretion of the financing bank).

- Fixed repayment structure with quarterly instalments after grace period
- KfW financings always have fixed interest rates; this can lead to breakage costs in the case of prepayments.
- KfW commitment period and commitment fee: max. 1 year from KfW commitment; free of charge up to 2 bank working days and 1 month, thereafter 0.15% per month.
- Loan agreement with the bank must be signed before 31.12.2020.

**Exclusion criteria, among others**

- Debt restructuring and repayments of drawn credit lines (for 18 months). Contractually pre-agreed repayments are allowed.
- Profit and dividend distributions are not permitted during the term of the KfW-loan; excluded from this are normal remunerations for managing directors and managing partners (natural persons).
- Post-financing of already completed projects as well as follow-up financing and prolongations.

**Risk assessment:**

- In order to speed up the execution of the procedures, KfW undertakes the risk assessment of the financing partners for loan amounts of up to EUR 3 million and will refrain from carrying out its own risk assessment.
- For loan amounts between EUR 3 and 10 million, KfW undertakes the risk assessment of the bank under certain conditions, to be confirmed by bank in its own discretion (KfW’s Fast track).
- For loan amounts of more than EUR 10 million per company, KfW’s usual credit process will be applied.

Further information can be found on the KfW Corona landing page:
https://www.kfw.de/KfW-Konzern/Newsroom/Aktuelles/KfW-Corona-Hilfe-Unternehmen.html

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