

Corona virus: financial aid

In the course of the corona pandemic, the German Federal Government and the Bavarian State Government have initiated extensive measures to cushion the financial consequences of the corona pandemic for the economy.

Emergency aid has been made available and existing promotional loans have been expanded and newly created to meet needs.

Corona emergency aid and basic financial security

Emergency aid - A grant for companies in Bavaria with up to 250 employees

The Bavarian state government and the federal government are currently providing emergency aid for companies with liquidity shortages. Both emergency aid measures will be offset against each other. Bavarian companies can apply for emergency aid via the government of Middle Franconia.

www.ihk-nuernberg.de/soforthilfe-corona

Basic financial security

The Federal Government is providing an additional 3 million EUR to ensure that self-employed individuals have easier access to basic financial security. This will enable them to secure their livelihood and accommodation in the crisis despite loss of earnings, ensuring individuals can stay in their own homes. In the coming months, applicants for basic financial security will have to neither disclose their financial circumstances nor touch their assets.

These exceptions apply for six months. In order to ensure that benefits can be paid out quickly, applications for basic financial security will be granted provisionally. A financial means assessment will be carried out afterward.

www.arbeitsagentur.de/corona-grundsicherung

Corona fast loans - without sureties

Corona fast loan from the KfW for companies with more than 10 employees

Who can apply for the loan?

- Companies with more than 10 employees
- Companies must have been on the market at least since January of 2019
- Companies must have made a profit in the sum of the years 2017-2019 or in 2019
- Companies must not be in economic hardship on 31.12.2019

What can the loan be used for?

- Acquisitions (investments)
- recurring costs (resources and supplies)

What is the scope of the loan?

- Max. credit amount: up to 3 monthly sales for the year 2019
- Companies with up to 50 employees can receive a maximum of 500,000 EUR
- Companies with more than 50 employees can receive a maximum of 800,000 EUR

What special features apply?

- 100% risk will be taken by the KfW
- No risk with your primary bank
- Time period of up to 10 years
- early repayment can be possible without penalties
- You can apply for the KfW Fast Loan now and it is available until 32.12.2020

Further information from the KfW:

www.kfw.de/corona

Corona fast loan from the LfA for companies with up to 10 employees**Who can apply for the loan?**

- Companies with up to ten employees.
- Companies must have a permanent establishment or a branch in Bavaria
- Companies must have been active and on the market since the 1st of October 2019 (date of first revenue).
- The company made a profit in the sum of the years of 2017 to 2019 or in 2019. For companies that were not active on the market for the entire period of 2017 to 2019, the condition applies to the correspondingly shorter period.
- Company must not be in economic hardship on 31 December 2019 and must show on that date a stable economic condition.
- At the time of filing, there must be no bankruptcy proceedings that have been opened or applied for in respect of the company's assets. Neither any application for bankruptcy been rejected for lack of assets. Nor other proceedings for the liquidation of the company are pending.

What can the loan be used for?

- The financing of investments and working capital is eligible for aid.
- In principle, this covers the entire liquidity requirements of the company until the 31st of December 2020. For example: current operating costs, wages and salaries, scheduled debt service (including final repayments), customary market compensation to business owners (individual person).

What can be the scope of the loan?

- Max. loan amount: up to 3 monthly sales from 2019.
- Max. loan amount for companies with up to 5 employees: EUR 50,000.
- Max. loan amount for companies with up to 10 employees: EUR 100,000.
- In addition, the loan amount may not exceed the sum of 25% of the applicant company's annual revenue in 2019. For companies that have not been active or on

the market since the 1st of January 2019, the revenue achieved in 2019 may be projected to the annual revenue of 2019.

What special features apply?

- Always the same interest rate
- Term of up to 10 years.
- The loan cannot be split into several projects.
- An early full repayment of the outstanding loan amount can be made once by the borrower on the interest dates without penalty.
- 100% liability exemption from your primary bank.
- The final borrower does not have to provide any collateral.
- The LfA Fast Loan can be combined with other public financial aid (loans/grants/allowances), i.e. with other LfA support programs. Other financial assistance based on the "Bundesregelung Kleinbeihilfen 2020" or the "Geänderte Bundesregelung Kleinbeihilfen 2020" must be added to the maximum funding limit of EUR 800,000.
- The presented conditions shown have not been finalized and are subject to change. It is not possible to submit an application at the moment. The LfA is working on the possibility for you to apply for the Corona fast loan at your primary bank as soon as possible.

Further information from the LfA:

https://lfa.de/website/de/aktuelles/_informationen/Coronavirus/index.php

Further subsidies from the Bavarian State Government

LfA's corona protection screen loan - 90 percent liability release

Who can apply for the loan?

- Small and medium-sized enterprises (SME's)
- Larger companies up to and including 500 million euros in annual sales (corporate sales)
- Freelancers
- Companies must not be in economic hardship on 31.12.2019
- according to the assessment of the primary bank, it must be expected that the company will be able to repay the loan as planned once the current problems, caused by the Corona crisis have been resolved

What can the loan be used for?

- Acquisitions (investments)
- recurring costs (resources and supplies)

What is the scope of the loan?

- Minimum loan amount: 10.000 EUR
- Max. credit amount: 10 million EUR per business venture, limited to:
 - 25% of the total sales from 2019 or
 - double the payroll total from 2019 or
 - Liquidity requirements for the next 18 months for SME's or 12 months for non-SME's (based on a self-disclosure which remains with the primary bank).

What special features apply?

- 90% risk will be taken (release from liability) by the LfA
- customary bank securities, will be agreed upon after a risk assessment by the primary bank part of the loan negotiations
- Flexible time period of up to 6 years
- Non-scheduled repayment is possible against a payment of a penalty
- There is an accelerated verification procedure for LfA risk of up to 500.000 EUR

Further information from the LfA:

https://lfa.de/website/de/aktuelles/_informationen/Coronavirus/index.php

LfA's universal credit - 80 percent liability release

Who can apply for the loan?

- Small and medium-sized enterprises (SMEs)
- Larger companies up to and including 500 million EUR annual sales (corporate sales)
- Freelancers
- Companies must not be in economic hardship on 31.12.2019
- according to the assessment of the primary bank, it must be expected that the company will be able to repay the loan as planned once the current problems, caused by the Corona crisis have been resolved

What can the loan be used for?

- Acquisitions (investments)
- recurring costs (resources and supplies)

What is the scope of the loan?

- Minimum loan amount: 25.000 EUR
- Max. loan amount: up to 10 million EUR
- It is possible for the LfA to take over default risk:
 - 80% release from liability for loans up to 4 million EUR
 - Loans of 4 million EUR to 5 million EUR, a surety from the LfA or Bürgschaftsbank Bayern GmbH can be applied for if there is not sufficient coverage. State sureties are also possible.

What special features apply?

- 80% of risk will be taken (release from liability) by the LfA is possible (see above)
- customary bank securities, will be agreed upon after a risk assessment by the primary bank as part of the loan negotiations
- Flexible time period of 3 to 20 years. Up to 10 years for equipment
- Non-scheduled repayment is possible against a payment of a penalty
- There is an accelerated verification procedure for LfA risk of up to 500.000 EUR
- Alternatively, the LfA acute loan can be applied for, in which case the submittal of a consolidation plan is waived in the course of the Corona crisis.

Further information from the LfA:

https://lfa.de/website/de/aktuelles/_informationen/Coronavirus/index.php

LfA sureties

Who can apply for sureties?

- Commercial enterprises and freelance professionals in Bavaria
- Companies must not be in economic hardship on 31.12.2019
- according to the assessment of the primary bank, it must be expected that the company will be able to repay the loan as planned once the current problems, caused by the Corona crisis have been resolved

What can be guaranteed?

- Loans to finance investments
- Loans to finance the takeover of an existing business
- Working capital loans
- Guarantee credits, in particular in the case of necessary security deposits in connection with the acceptance and processing of orders
- Loans for consolidation measures with the exception of rescheduling of existing bank liabilities
- As well as in the context of De minimis aid:
 - working capital loans, guarantee credits, rescheduling of supplier credits and replacement investments. Regardless of the size of the company
 - Takeover of an existing business
 - Investments by large companies

What is the scope of the loan?

- Up to a 30 million EUR in LfA sureties are available. In addition, state sureties are also possible.
- The maximum surety rate shall be increased to a standard 90% of the loan amount for working capital, rescue and reorganization sureties and consolidation loans.

What special features apply?

- For LfA sureties of up to 500,000 EUR: the simple application and processing procedure applies to releases from liability of up to 500,000 EUR.
- A joint personal liability can be waived if not agreement is reached without problems.
- The guarantor's liability may not exceed 90% of the loan amount.
- In order to process the application, the LfA charges a one-time processing fee of 0.5% of the guaranteed amount (minimum of 250 EUR and maximum of 25,000 EUR) plus a commission of 1-3 % per year from the respective surety amount.

Further information from the LfA:

https://lfa.de/website/de/aktuelles/_informationen/Coronavirus/index.php

Further funding by the Federal Government

KfW Business Loan for companies of 5+years – 90% exemption from liability

Who can apply for the loan?

- Small and medium-sized enterprises (SME's) of 5+ years
- 5+ years for larger companies without sales limitation
- 5+ years for Freelancers

- Companies must not be in economic hardship on 31.12.2019
- according to the assessment of the primary bank, it must be expected that the company will be able to repay the loan as planned once the current problems, caused by the Corona crisis have been resolved

What can the loan be used for?

- Acquisitions (investments)
- Recurring costs (resources and supplies)

What can be the scope of the loan?

- Max. loan amount: up to 1 billion EUR

What special features apply?

- 90% of risk will be taken (release from liability) by the KfW and will be available for small and medium-sized companies that have been active on the market for 3 years. 80% risk will for larger companies
- customary bank securities, will be agreed upon after a risk assessment by the primary bank as part of the loan negotiations
- Up to a 5 year time-period
- Non-scheduled repayment is possible against a payment of a penalty
- The KfW will waive its own risk assessment for loan amounts of up to 3 million EUR per company. For loan amounts of up to and including 10 million EUR per company, the KfW will conduct a simplified risk assessment

Further information from the KfW:

www.kfw.de/corona

KfW Start-up universal loan for companies up to 5 years – 90% exemption from liability

Who can apply for the credit?

- Small and medium-sized enterprises (SMEs) up to 5 years
- Larger companies without sales limitation up to 5 years
- Freelancers up to 5 years
- Companies must not be in economic hardship on 31.12.2019
- according to the assessment of the primary bank, it must be expected that the company will be able to repay the loan as planned once the current problems, caused by the Corona crisis have been resolved

What can the credit be used for?

- Acquisitions (investments)
- Recurring costs (resources and supplies)

What can be the scope of the loan?

- Max. loan amount: up to 1 billion EUR

What special features apply?

- 90% of risk will be taken (release from liability) by the KfW and will be available for small and medium-sized companies that have been active on the market for 3 years. 80% risk will for larger companies
- customary bank securities, will be agreed upon after a risk assessment by the primary bank as part of the loan negotiations

- Up to a 5 year time-period
- Non-scheduled repayment is possible against a payment of a penalty
- The KfW will waive its own risk assessment for loan amounts of up to 3 million EUR per company. For loan amounts of up to and including 10 million EUR per company, the KfW will conduct a simplified risk assessment
- For companies up to three years, an exemption from liability of 80% from the KfW is possible within the scope of the KfW start-up loan

Further information from the KfW:

www.kfw.de/corona

Funding for larger companies

Bavaria funds

Who is eligible for Bavaria funds?

- The Bavaria funds is targeted in particular for medium-sized companies which are not covered by the German government's economic stabilization fund for capital procurement.

How will Bavaria funds be developed?

- The Bavarian state government has decided to set up a special fund of 20 billion EUR named the Bavaria Fund.
- A new finance agency will be set up to manage the assets of the Bavaria funds.
- Depending on the situation, the company investments will be managed by Bayerische Beteiligungsgesellschaft or LfA Förderbank.
- If necessary, the Free State of Bavaria itself may also invest in companies when appropriate. For example in cases of strategic interest.
- Appropriate steps for the corresponding laws will be taken with of the European Commission.

<https://www.bayern.de/bericht-aus-der-kabinettsitzung-vom-24-maerz-2020>

Direct participation by KfW for syndicated financing

Who is eligible for syndicated financing?

- Medium and large companies
- The special program is aimed at companies that have experienced temporary financial hardship as a result of the Corona crisis from 1st of January 2020.
- Companies must not be in economic hardship on 31.12.2019
- The company shows stable economic conditions as of 31.12.2019. The syndicate bank is not aware of any default payments of more than 30 days and no existing extensions or breaches of covenant by the applicant.
- At the time of application, according to existing projections, the company was expected to be fully financed until the 31st of December 2020 (based on the assumption that the overall economic situation would return to normal, pre-crisis).
- At the time the application is submitted, the company has a positive forecast for the continuation of the company as a going concern, assuming that the overall economic situation would returns to normal (pre-crisis).

What can the participation be considered for?

- Acquisitions (investments)
- Recurring costs (resources and supplies)

How high can the participation be?

- Minimum: 25 million EUR
- Maximum: KfW invest in debt financing with risk participations, the amount of which does not exceed twice the annual payroll of 2019, 25% of the total sales of 2019 or the liquidity requirements of the next 12 months.

What special features apply?

- The KfW participates in financing in a manner that is in line with market conditions and on the same terms as other banks.
- The KfW bears part of the credit risks of the financed company. The financial structures are tailored to the individual needs of the borrower.
- The KfW's assumed risk can amount to a maximum of 80% of the project financing.
- In order to ensure an adequate risk partnership between KfW and the financing partners, the KfW's share of the company's total debt is limited to a maximum of 50%.
- Up to a 6 year time period
- The program is valid until 31.12.2020.

Further information from the KfW:

www.kfw.de/corona

Economic Stabilization Fund (WSF)

Who is the eligible for WSF?

- The WSF serves to stabilize companies in the real economy whose existence would be threatened by considerable effects on the business location or the labor market in Germany.
- Companies must have met at least two of the following three criteria in the last two financial years before 1st of January 2020:
 - Balance sheet total of more than 43 million EUR
 - more than 50 million EUR in sales revenues and
 - more than 249 employees on an average over the year

What does the WSF cover?

- The Economic Stabilization Fund cushions the economic impact of the pandemic for companies whose existence would be threatened by a major impact on the business location or the labor market in Germany.
- It is also intended to eliminate liquidity shortages, supports refinancing on the capital market and strengthen the capital base of companies.
- The Economic Stabilization Fund consists of:
 - 400 billion EUR in government sureties for liabilities. These state sureties are intended to help companies to refinance on the capital market. The Economic Stabilization Fund can provide sureties for debt obligations issued and liabilities of companies from 28 March 2020 to 31 December 2021. The term of the sureties and the liabilities to be covered may not exceed 60 months. A consideration in line with market conditions will be charged for the assumption of guarantees.

- 100 billion EUR for direct state participation. These recapitalization measures are designed to strengthen the capital base of companies in order to ensure their sustainability. They include the acquisition of subordinated debt, hybrid bonds, profit participation certificates, silent partnerships, convertible bonds, acquisition of shares in the company and the assumption of other components if necessary for the stabilization of the company. The recapitalization is carried out at market Conditions.
- 100 billion EUR for the refinancing of the KfW special program. The KfW Corona loans (see above) and KfW syndicated financing (see above)

What special features apply?

- The companies must not have access to other financing options.
- The stabilization measures must provide clear independent prospects of continuation after the pandemic has been resolved.
- Companies applying for a measure under this law must not have met the EU definition of "companies in financial hardship" by 31 December 2019.
- Companies that make use of sureties or recapitalisation measures under the Economic Stabilization Fund must guarantee a sound and prudent business policy. In particular, they should contribute to stabilizing production lines and securing jobs.
- The specific conditions of the Economic Stabilization Fund will be determined by framework regulations in the near future and announced on this website.
- The contact for companies is the Federal Ministry of Economics and Energy. Applications can be submitted shortly under www.wirtschaftsstabilisierungsfonds.bmwi.de as well as under www.wsf.bmwi.de.
- There is no legal claim to support from the Economic Stabilization Fund. In principle, the Federal Ministry of Finance decides on stabilization measures in agreement with the Federal Ministry of Economics and Energy upon application by the company at its due discretion. In cases of particular importance, the Economic Stabilization Fund Committee may also decide. The decision on applications can also be transferred to the Kreditanstalt für Wiederaufbau by statutory order. Decisions will be made under consideration of
 - the importance of the company for the German economy,
 - of urgency
 - the impact on the labor market and competition; and
 - the principle of the most economical and economical use of WSF funds

Further information:

www.wsf.bmwi.de

Contact with the business development banks as well as tips for the conversation with your primary bank

KfW-Corona-Hilfe: Advice on subsidies

Companies wishing to take out corresponding promotional loans for investments and working capital of KfW should contact their local bank directly. KfW's hotline for commercial loans is 0800 539 9001.

www.kfw.de/corona

LfA-Corona-Hilfe: Subsidy advice and task force

Consulting on subsidies of the LfA

For questions about public financial aid and or request information and material, the staff of the LfA Subsidy Advice Service are available to answer your inquiries.

You can reach the general LfA Subsidy Advice Service at:

Telephone: 089 / 21 24 - 10 00
Monday - Thursday 8:00 am to 18:00 pm
Friday 8:00 am to 15:00 pm

https://lfa.de/website/de/aktuelles/_informationen/Coronavirus/index.php

Delinquency of repayment from the loans exempted from liability

Furthermore, in the case of the loans currently being granted from the LfA (with or without exemptions of liability) during the Corona crisis, a suspension of repayment can be applied for. This means that the suspension of repayments can be applied for in a quick and easy way for up to four installments of LfA loans with liability exemptions.

Task Force of the LfA Förderbank Bayern in Middle Franconia

In addition, LfA Förderbank Bayern supports Bavarian SME's with a team of experts in dealing with an economic crises.

The LfA Task Force helps quick, non-bureaucratic way and is free of charge for the companies.

Experts will analyze your economic situation. Through personal discussions, they will identify operational weaknesses and work out possible solutions. They use their experience in discussions with your primary bank or when applying for development loans.

<https://lfa.de/website/de/beratung/taskforce/index.php>

LfA contact person of the task force for companies in Middle Franconia
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Conversation tips with your primary bank

We kindly ask you to take note of our extensive information on applying for development loans from the LfA and the KfW so that you may be better prepare in your meeting with your bank

<https://www.ihk-nuernberg.de/de/corona-virus/corona-virus-finanzielle-hilfen/tipps-fuer-bankgespraeche-in-der-corona-krise/>

Before doing so, please make use of other possibilities for creating liquidity in your company, such as immediate aid, short-time work, tax deferrals, deferrals of social security contributions and our further information on the Corona pandemic and economic consequences

Further funding

Corona emergency program for the advisory program "Promotion of the Entrepreneurial Know-How"

The Federal Ministry of Economics has launched an emergency program for small and medium-sized businesses that have fallen into economic hardship due to the Corona crisis as part of the program "Promotion of Entrepreneurial Know-How". The emergency program came into effect on the 3rd of April 2020.

The "Promotion of Entrepreneurial Know-How" program is a nationwide consultancy support program for small and medium-sized businesses. The subsidy is normally 50% for young and existing companies and 90% for companies in financial hardship.

NEWS: 100% subsidy for consultations on ways out of the Corona crisis

For companies in financial hardship as a result of the Corona crisis, **100% of the consultation costs, up to 4 000 EUR will be subsidized**. The companies do not have to make advance payments, as the subsidy is paid directly to the consultants.

The funding guidelines for the program have been adapted accordingly. Among other things, the following changes were decided:

- The companies involved will receive a subsidy for a consultation amounting to 100%, up to a maximum of 4 000 EUR, of the consultation invoice (full financing).
- Affected companies can apply for several consultations under the new quota until the maximum subsidy amount is reached.
- The subsidy is paid directly into the account of the consultation firm by BAFA as the granting authority. The companies entitled to apply will therefore be relieved of the burden of pre-financing the consultancy costs.
- Affected companies do not have to hold an information meeting with the regional contact person before submitting an application.
- Applications for funding to provide consultation services under these provisions can initially be submitted up to and including the 31st of December 2020.

The Federal Office of Economics and Export Control (BAFA) is responsible for implementing the program. The IHK Nuremberg is a regional partner and informs its member companies about the course of the support program.

<https://www.ihk-nuernberg.de/de/Geschaeftsbereiche/Standortpolitik-und-Unternehmensfoerderung/gruendung/coaching/>

Subsidies for advice on setting up home office workplaces

Small and medium-sized companies (SME's) and Handicraft businesses can now receive financial support if they create home office jobs in the short term. Up to 50% of the costs of a consultation by a consulting firm authorized by the BMWi will be reimbursed. The BMWi's

"go-digital" support program provides for a special, fast and non-bureaucratic procedure for this purpose.

<https://www.innovation-beratung-foerderung.de/INNO/Redaktion/DE/Kurzmeldungen/Aktuelles/2020/200320-go-digital-homeoffice.html>

Digital bonus for digitization initiatives

With the digital bonus, the Free State of Bavaria is helping small and medium-sized companies to prepare for the challenges of the digital world. The digital bonus enables companies to use modern IT systems, develop digital products, processes or services and improve IT security.

The subject of the Digital Bonus are from the following areas:

- Development, introduction or improvement of products, services and processes through ICT hardware, ICT software and migration and porting of ICT systems and ICT applications in the company.
- Introduction or improvement of IT security in the company.

You can find further information from your local representative at the responsible district authority below:

<https://www.digitalbonus.bayern/>

Checklist for companies to secure liquidity in the Corona crisis

An overview of further measures such as emergency aid, deferral of taxes, social security contributions, short-time work, compensation in accordance with the Infection Protection Act and much more.

www.ihk-nuernberg.de/corona-checkliste

Concluding note on this checklist

This checklist has been prepared with the upmost care. However, it is not final and must always be adapted to the individual company's situation. In addition, the general conditions are changing daily so we ask for your understanding that this content may not be correct nor complete.

If you have any additional questions, the **IHK Customer Service** is available at:

Telephone: +49 911 1335 1335, email: kundenservice@nuernberg.ihk.de

The **AAU e.V. Nuremberg** in the IQ-Landesnetzwerk Bayern MigraNet provides consulting services on this complex topic in native or other foreign languages. You can find your foreign language contact person here:

<https://www.aauev.de/2020/04/08/beratung-des-aauev-zu-corona-hilfen/>