



Corona liquidity support for clients

Basic requirements for the eligibility of companies to apply and accompanying checklist

Status: 27 Apr 2020

„Fast Track-“ Services to support the credit application in times of COVID-19-crisis

In the current coronavirus crisis, many companies need support in applying for liquidity aid (so-called "corona support") in a professional and fully prepared manner. On the following pages we have summarised the current conditions of KfW programmes specially created to support companies affected by this crisis. These programmes are now also offered almost identically by the regional promotional banks.

Before you start your "self-check", we would like to draw your attention to our supplementary services in the Corporate Finance & Advisory Services, Audit, Tax and Legal divisions.

Selected services in times of COVID-19:



- Support throughout the entire loan application process, including the creation of a teaser (summary presentation) and support in communication with your (house) banks
- Focused expert opinion on the plausibility/resilience of the company documentation to be submitted, in particular with regard to the criteria "sufficiency of financing" ("Durchfinanzierung") and "company not in financial trouble according to EU criteria" (including a brief expert opinion)
- Confirmation of financial key figures with regard to compliance with the criteria required for an application for liquidity aid (so-called "corona support") as well as quarterly reporting on the economic situation and adherence to planning in order to ensure your duty to provide information to financing banks
- Increasing liquidity by reducing tax prepayments, applying for deferrals and extensions of deadlines, especially in the areas of income tax, sales tax, wage tax / social security and property tax
- Legal advice, e.g. on current topics relating to insolvency law, labour law and infection control

Do the "self-check" - if you and/or your (house) banks are dependent on external support in the fulfilment of individual criteria, we stand at your side with our expertise and experience!

Classification of eligibility

KfW: Eligible to apply are companies that were "not in financial trouble" up to 31 December 2019 and have only got into trouble because of the Corona crisis. This must be proven / confirmed* by the client to the (house) banks and by these to the KfW.



31. December 2019

Area of tension

Applies to...	Requirement from...	Requirements / criteria for a company that is not in difficulty (until 31 Dec 2019) according to the EU directive and KfW:	Self-assessment of potential applicants
all organisations	KfW	The company had an orderly financial situation.	
all organisations	KfW	The house bank / syndicate bank had no knowledge of unregulated payment arrears of the applicant of more than 30 days.	
all organisations	KfW	There are no deferral agreements or covenant breaches (e.g. debt service coverage ratio > 100%) that lead to a loss of creditworthiness.	
Corporations (GmbH, AG, KGaA)	EU	No more than half of the subscribed share capital has been lost as a result of accumulated losses.	
Partnerships (OHG, KG)	EU	No more than half of the own funds entered in the accounts have been lost as a result of accumulated losses.	
all organisations	EU	The company is not subject of insolvency proceedings and the conditions for the opening of insolvency proceedings are not met.	
all non-small and medium-sized enterprises	EU	In the past two years, the book value-based gearing ratio was below 7.5x AND the ratio of EBITDA to interest expenses was above 1.0x. The company was in difficulty only if both criteria were met cumulatively over the last two years.	

EU: A firm is considered to be 'a firm in financial trouble' when, in the short or medium term, it will almost certainly be forced to close down its business if the State does not intervene.

Source: Official Journal of the European Union Commission Regulation No 651/2014; publication 'Supplementary information special measure Corona aid' by KfW

* Proof of the form 'Supplementary information special measure Corona aid' (No 600 000 4517)

Classification of eligibility

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Field of tension

Applies to...	Requirement from...	Requirements / criteria for a company that is not in financial trouble (until 31 Dec 2019) according to EU directive and KfW:	Self-assessment of potential applicants
all organisations	KfW	Application documents are complete (see separate checklist for documentation requirements)	
all organisations	KfW	At the time the application is submitted, the company's "sufficiency of financing" ("Durchfinanzierung") is expected to be secured until 31 Dec 2020 according to current planning (assuming that the overall economic situation returns to normal ("as before the crisis")). The company should therefore be in a position to bear the loans to cover the crisis and continue to be viable after 31 Dec 2020 so that it is in a position to take out appropriate follow-up financing. (Assumption: duration of the crisis = 3 months)	
Further criteria		Further questions (if relevant / received)	Yes / No
Rescue aid		Has the applying company received rescue aid and the loan has not yet been repaid or the guarantee has not expired?	
Restructuring aid		Has the applying company still received restructuring aid and is still subject to a restructuring plan?	

Recommendation: An early check of your eligibility to apply and a short-term compilation/preparation of your application documents (according to the checklist) will help you to apply for the KfW programmes. We will be pleased to support you!

Source: KfW publication: 'Supplementary information Special measure Corona-Aids'; Thüringer Aufbaubank 'EU definition of a firm in difficulty'
 * Proof using the form "Additional information Special measure Corona aid" (No 600 000 4517)

Company profile / liquidity requirements - classification

Criterion	small and medium-sized enterprises - Criterion**	Single company	Group
Company name / legal form	-		
Group or individual company	-		
Number of employees 2019	< 250 Employees		
Annual turnover 2019 (in EUR)	+ [< EUR 50 Mio. or < EUR 43 Mio.]		
Balance sheet total 2019 (in EUR)			
Company age (in years) <3 >3 und <5 >5	-		
Company headquarters	-		
Intended use	-		
Financing volume / liquidity requirements (in EUR)	-		
Total debt* 2019 (in EUR) (Group / individual company)	-		
Labour costs 2019	-		

The combination of your company's characteristics (e.g. date of foundation and size) and the necessary financing volume / liquidity requirement defines the type of possible corona support via subsidy loans / subsidy programmes.

If the small and medium-sized enterprises definition is met:

KfW programmes with 90% indemnity

- "KfW-Unternehmerkredit" (047)
(Company >5 years on the market)
- "ERP-Gründerkredit – Universell" (076)
(Company >3 and <5 years on the market)

Classification as large enterprise :

KfW programmes with 80% indemnity

- "KfW-Unternehmerkredit" (037)
(Company >5 years on the market)
- "ERP-Gründerkredit – Universell" (075)
(Company >3 und <5 years on the market)

* Only for financing volumes / liquidity requirements > EUR 25 million

** Threshold values refer to the last annual financial statements carried out. The applicant enterprise will acquire or lose SME status only if it falls below or exceeds the above thresholds for two consecutive financial years. An enterprise must submit a self-declaration of compliance with the SME definition to its principal bank (interlinked enterprises: Form number 600 000 0196; non-integrated enterprises: form number 600 000 0095).

KfW – “Unternehmerkredit“ (037/047)

ERP – “Gründerkredit universell“ (075/076)

Credit volume per company	Essential information & required documents	CHECK
≤ EUR 3 Mio.	KfW does not carry out its own risk assessment, but takes over this from the main bank. Documents must be agreed with the house bank (no documents for risk assessment must be submitted to KfW).	
> EUR 3 Mio. ≤ EUR 10 Mio.	The following criteria are met (verification by the (house) bank):	
	<ul style="list-style-type: none"> • Debt service capacity on an actual basis and taking into account the new project is given 	
	<ul style="list-style-type: none"> • 1-year probability of default (PD) for the applicant / possibly the group is max. 2.80 % (reporting date 31 Dec 2019) 	
	<ul style="list-style-type: none"> • Applicant / group had no liquidity problems before the start of the so-called Corona crisis (cut-off date 31 Dec 2019), no significant decline in sales / earnings (as a rule max. 10%) and its economic situation had not deteriorated significantly 	
	<ul style="list-style-type: none"> • Applicant / group shows no significant changes in the group of shareholders within the last 12 months before or with application; applicant / group does not wish to finance a company takeover within the scope of the loan application 	
	<ul style="list-style-type: none"> • The 3 most important customers account for a maximum of 60 % of the total turnover of the applicant / group 	
	Reduced "fast-track document package":	
	<ul style="list-style-type: none"> • Submission of the form "Supplementary Information Special Measures Corona Aid" for the transitional procedural regulation from 23 Mar 2020 	

KfW – “Unternehmerkredit“ (037/047) ERP – “Gründerkredit universell“ (075/076)

Credit volume per company	Essential information & required documents	CHECK
> EUR 10 Mio.	If the loan amount per group exceeds EUR 10 million or the conditions of the modified fast track are not met, the following documents must be submitted to KfW for risk assessment:	
	<ul style="list-style-type: none"> • The last two annual financial statements, including statement of liabilities or income statement 	
	<ul style="list-style-type: none"> • If the last available annual accounts are older than 3 months: current BWA 	
	<ul style="list-style-type: none"> • Qualified calculation of debt service 	
	<ul style="list-style-type: none"> • If available: planning 	
	<ul style="list-style-type: none"> • Submission of the form "Supplementary Information Special Measures Corona Aid" for the transitional procedural regulation from 23 Mar 2020 	
	Additional documents for groups of companies or in case of splitting into a holding and operating company:	
	<ul style="list-style-type: none"> • Consolidated financial statements or own consolidation of the house bank 	
	<ul style="list-style-type: none"> • Group / group scheme / organisation chart 	
	<ul style="list-style-type: none"> • The last two annual financial statements, including statement of liabilities or income statement of the main group companies 	
<ul style="list-style-type: none"> • If the last available annual financial statements are older than 3 months: current BWA at group level 		
<ul style="list-style-type: none"> • Qualified debt service calculation, BWA, debt service capability and planning (if available) on group / group level 		

KfW – “Unternehmerkredit“ (037/047) ERP – “Gründerkredit universell“ (075/076)

Credit volume per company	Essential information & required documents	CHECK
> EUR 10 Mio.	Documents and information on other risk-relevant issues:	
	<ul style="list-style-type: none"> • If the total risk associated with lending, including old loans to KfW, exceeds EUR 10 million per group: standard banking documents for the valuation of collateral 	
	<ul style="list-style-type: none"> • Internal credit decision of the (house) bank incl. vote, but at least a risk-oriented statement on the applicant and possibly existing / planned covenant agreements 	
	<ul style="list-style-type: none"> • If further information used by the (house) bank for credit decisions that had an influence on the vote (e.g. due diligence reports) is available: corresponding documents or suitable presentation of the relevant facts 	
	<ul style="list-style-type: none"> • If there are significant customer / supplier dependencies: corresponding evaluative statement on current dependencies and perspective 	
	<ul style="list-style-type: none"> • If profit transfer agreements exist, corresponding explanations 	

KfW – “Schnellkredit“

Credit volume per company	Essential information & required documents	CHECK	
<p>< EUR 0,5 Mio.</p> <p>< EUR 0,8 Mio.</p>	<p>General criteria:</p> <ul style="list-style-type: none"> As of 31 Dec 2019, the company is in an orderly financial situation* Credit volume equals max. 25% of annual turnover in 2019 The company has been on the market at least since January 2019 The company has made a profit on average over the years 2017 to 2019 - or in a shorter period if you have not yet been on the market since 2017 The company has between 10 and 50 employees The company has more than 50 people 		
	<p>Further notes:</p> <ul style="list-style-type: none"> No profits or dividends will be distributed during the repayment period. However, customary market distributions or withdrawals by the business owners (natural persons) are possible The remuneration of managing directors and managing partners may not exceed EUR 150,000 during the term of the loan, including bonuses, non-cash benefits and other profit-related remuneration components There is a prohibition of cumulation, i.e. parallel applications for other KfW loans from the special programmes are excluded (but later replacement is possible) No commitment commission and no prepayment penalty in the event of premature repayment of the loan 		
	<p>Interest rate:</p> <p>3.00% p.a.</p>	<p>Duration</p> <p>10 years (of which 2 years can be redemption-free)</p>	<p>Employee calculation:</p> <p>Employees...</p> <ul style="list-style-type: none"> - up to 20 hours: factor 0,50 - up to 30 hours: factor 0,75 - above 30 hours/trainees: factor 1 - on a EUR 450 basis: factor 0,30
	<p>Intended use:</p> <p>For purchases (investments) and running costs (operating resources)</p>	<p>Release of liability:</p> <p>100% - no risk assessment by house bank / KfW</p>	

* Orderly financial circumstances exist if there are no unregulated payment arrears of more than 30 days; there was no obligation to file for insolvency on 31 Dec 2019 and this is planned for the next 3 months.
 Note: Companies in which private equity investors have a stake are also eligible, but distributions or capital withdrawals during the credit period are excluded here as well.

Example: State guarantee of North Rhine-Westphalia

Essential information & required documents	CHECK
Structural diagram, especially with regard to several independent financing and liability associations, if necessary, and the distribution of the workforce globally and nationally among the individual federal states	
Annual financial statements for the last three years of the group and the (major) individual companies, as well as current trading	
Certificate from the tax office according to the form available there for the applicant, the personally liable partners and other persons who can exercise significant influence as partners	
Medium-term planning (if necessary, including consideration of corona effects), otherwise short-term planning Corona reflective planning in addition scenario considerations and qualitative and quantitative explanation of planning premises	
Information on working capital: payment targets (status of trade credit insurer), advance payments received (status of guarantee availability), forfeiting / factoring possibilities and utilisation	
Presentation of the existing collateralisation potential (quantification of values if possible)	
Presentation of the current financing situation with regard to sustainable availability and possible follow-up financing risks	
In some federal states: Personally signed list of private assets, their encumbrances and private debts of the owners or partners who can exercise significant influence on the company, and their spouses	
Confirmation from the lender and the borrower that no deferred repayments have accrued up to 31 Dec 2019	
<p>Classification of the State guarantee</p> <p>Credit requirements < EUR 3,125 Mio. guarantee bank North Rhine-Westphalia Guarantee bank > EUR 3,125 Mio. state guarantees</p> <p>Guarantees are provided for loans and revolving cash and guarantee credits.</p>	<p>Duration</p> <p>The maximum duration of the guarantee is 6 years.</p>
<p>Deficiency guarantee</p> <p>Increase to 90% due to the corona crisis (as of 30 Mar 2020).</p>	<p>Note</p> <p>It is strongly recommended to contact an advisor or bank that may accompany the application process.</p>

Note: According to PwC a processing time of 2 weeks is required. All documents should be submitted digitally/by e-mail, if possible in Excel format.

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