

COVID-19: GUARANTEE PROGRAMME COVID III (19 May 2020)

Dear Clients and Partners,

Please, let us inform you that on 18 May 2020, by resolution no. 553, the Government of the Czech Republic approved Guarantee Programme COVID III, under which Českomoravská záruční a rozvojová banka, a.s. (hereinafter the „**Guarantee Bank**“) will provide guarantees for bank loans granted to entrepreneurs by cooperating commercial banks. This newsletter will provide you with the most important information before applications for the programme open.

1. WHO IS THE PROGRAMME INTENDED FOR?

The programme is primarily intended for employers who, as of 31 December 2019, employed no more than 500 employees and whose economic activities have been restricted in connection with the COVID-19 epidemic. The programme is only open for entrepreneurs who are licensed to do business in at least one of the selected supported industries, such as engineering, agriculture, transportation, and others. A complete list of supported industries and other conditions for applicants and final loan recipients are available at the Guarantee Bank's website.

2. LOANS FOR WHICH GUARANTEES ARE PROVIDED

The Guarantee Bank will provide guarantees for loans taken from 15 May 2020 to 31 December 2020, payable at the earliest on 1 January 2021, if the principal sum of the loan granted by the commercial bank does not exceed

- CZK 50,000,000;
- double the loan recipient's total labour costs in 2019; and
- 25 % of the loan recipient's total turn-over in 2019.

Loans may be used exclusively to cover operational costs such as labour costs, rent, utilities, supplier invoices, purchase of inventory or materials etc.

3. GUARANTEES PROVIDED BY GUARANTEE BANK

The amount of the guarantee provided depends on the size of the entrepreneur, which is based on the number of its employees. Entrepreneurs with no more than 250 employees may be provided a guarantee of up to 90 % of the principal sum of the loan granted by a cooperating commercial bank.



Entrepreneurs with 250 to 500 employees may be provided a guarantee of up to 80 % of the principal sum of the loan granted by a cooperating commercial bank.

Regardless of the number of employees, the guarantee will be provided for a maximum of 3 years.

4. APPLICATIONS FOR GUARANTEES

In order to participate in the Guarantee programme COVID III, an entrepreneur must file an application with a cooperating commercial bank with whom the Guarantee Bank has entered into a portfolio guarantee agreement. A list of cooperating commercial banks is published on the Guarantee Bank's website. As of today, applications for guarantees have not opened yet. Since finances allocated for guarantees in the previous guarantee programmes were drawn very quickly, we recommend starting negotiations with your commercial bank about a loan already today, so that when the application process opens, your loan transaction will be well prepared and documented.

We believe that our newsletter will help you consider your current options and we are ready to assist you with any solution your situation may require.

Your LTA team