



TPA Newsletter, Special Edition 7/2020

The COVIDII loan program

After significant interest in the COVID I loan program, Českomoravská záruční a rozvojová banka (“ČMZRB”) has, together with the Ministry of Industry and Commerce (MIC), decided to announce the COVID II program. These are loans for subjects whose economic activities have been limited as a result of the coronavirus infection.

In contrast to COVID I, however, there has been a change: The loan will not be provided by ČMZRB itself, but by Komerční Banka, with whom ČMZRB has closed an agreement on cooperation in this program (hereinafter to be referred to as the “Cooperating Bank”). ČMZRB will provide a guarantee and contribution to cover interests over a period of 3 years.

The program should support over seven thousand projects in a sum total of around twenty billion crowns. Requests for the COVID II program will be distributed in several rounds. The first round commenced on 2. 4. The launch of the second round is planned for 20. 4. 2020. Entrepreneurs have expressed enormous interest in the program.

Most frequently asked questions:

■ **Who can apply for the COVID II program?**

Small and medium-sized businesses (i.e. businesses which have less than 250 employees and whose turnover does not exceed EUR 50M or whose balance sheet does not exceed EUR 43M) and self-employed persons can apply for the program.

■ **Do other limitations concern applicants?**

In the first round, these loans cannot be drawn by subjects headquartered in Prague; this is due to the regional limitation of support from EU funds.

■ **What can be financed by the loan?**

The loan can be used to finance expenditures for the business’s regular activities. These include primarily operating expenses for salaries and energy, rent, supplier-customer invoices, pre-financing receivables and purchase of supplies, stock and other small property.

Investments (i.e. capital expenditures) cannot be financed from the loan.

■ **Can the guarantee be used in connection with the loan from which I am already drawing?**

The COVID II program cannot be applied for a current loan. When applying for COVID II, a new loan arises which likewise cannot be used to finance previous loans. If you are having difficulty repaying a current loan, we recommend contacting the loan-providing bank.

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■ Is there a list of Cooperating Banks provided somewhere?

We have confirmation that the Cooperating Banks include large banks such as Komerční banka a.s., Československá obchodní banka a.s., Česká spořitelna, a.s. a Moneta a.s.

■ What loan amount can be acquired?

One can receive a maximum loan of CZK 15M.

■ Are these interest-free loans?

No, the loans include interest, although ČMZRB will provide a guarantee and contribution to cover interests over a period of 3 years. The amount of this contribution will depend on the loaned amount, as follows:

- a) 30 % and max. CZK 150K if the provided guaranteed loan amount is up to and including CZK 500K,
- b) 20 % and max. CZK 200K if the provided guaranteed loan amount is from CZK 500K to and including CZK 1M,
- c) 15 % and max. CZK 1M if the provided guaranteed loan amount is from CZK 1M to CZK 15M. .

The interests will be paid to the bank, ČMZRB will then pay a contribution of interests.

Example:

Loan CZK 500K interest rate 5 % p.a., maturity period 3 years.

The interest amounts to CZK 25K Annually, i.e. CZK 75K for 3 years.

ČMZRB's contribution (according to provided information) would in this case amount to CZK 75K = the debtor would be reimbursed for all paid interests.

■ I am interested in acquiring a COVID II loan. How is it best to proceed in practice?

We recommend contacting your bank, i.e. the bank at which you have your bank accounts or from which you draw a bank loan. This bank has at its disposal your company data, and the loan process will thus be simpler. The cooperating banks are already preparing procedures on how to process requests effectively.

If your bank is not involved with the COVID II program you can, of course, contact any other bank.



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- **How can TPA aid me in loan matters?**

If we process accounting for your firm, provide tax advisory services or conduct audits, we have available data from financial statements and tax returns, which the banks will require in order to process the request.

From these data, we are ready to prepare for you the outputs which the bank will require.



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Kind regards

Your TPA Team

Contact:

TPA Czech Republic
Antala Staška 2027/79
140 00 Prague 4

Tel.: +420 222 826 311

<https://www.tpa-group.cz>
<https://www.tpa-group.com>

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