



SUMMARY OF AID MEASURES PROVIDED FOR BY THE SO-CALLED FINANCIAL SHIELD

(the ACT of 16 APRIL 2020 r.)





The PFR Financial Shield

(of the Polish Development Fund)

The Polish Development Fund launches the PFR Financial Shield for Companies and Employees - a new aid programme within the framework of the Anti-Crisis Shield addressed to over 670 thousand Polish enterprises.

Due to its investment expertise and financial background, the PFR shall be able to efficiently and effectively provide entrepreneurs with financing on preferential terms, limit the effects of the slowdown on the Polish economy and contribute to the return of Polish companies to the development path.

- ❑ Start dates and programme rules

The "PFR Financial Shield" programme for **Micro, Small and Medium Enterprises is going to be operated through the electronic banking systems of selected banks**, the list of which is going to be published soon according to information provided on the PFR website.

The programme for **Large Companies** is going to be operated **through a special application form**. The submission of an initial application is already possible and detailed qualification rules and the rules of the possible financing shall be provided to companies individually by the PFR after an in-depth analysis of their financial situation and needs.

- ❑ The application submission deadlines and the detailed rules of the programme shall be provided after obtaining the approval of the European Commission for the implementation of the programme.



THE FINANCIAL SHIELD FOR MICRO COMPANIES

1. For whom?

- For an entrepreneur **employing at least 1 employee excluding the owner and no more than 9 employees and with their annual turnover or balance sheet total not exceeding EUR 2 million.**
- For an entrepreneur who **experiences a decrease in economic turnover** (sales revenue) **of at least 25% in any month after 1 February 2020** compared to the previous month or the same month of the previous year due to disturbances in the functioning of the economy resulting from COVID-19 (decrease in sales of goods or services within the meaning of art. 15g par.9 of the Act of 2 March 2020 on special solutions related to the prevention, counteracting and combating of COVID-19, other infectious diseases and crisis situations caused by them).
- **No bankruptcy or liquidation proceedings or restructuring proceedings** have been initiated against the company.
- The beneficial owner benefiting from financial support under the Programme has their **tax residence on the territory of the Republic of Poland** and settled taxes for the last 2 financial

	<p>years (if applicable) on the territory of the Republic of Poland. A departure from this principle is only possible in the situation of the Programme Beneficiary's undertaking to transfer their tax residence on the territory of the Republic of Poland within 9 months from granting the loan.</p> <ul style="list-style-type: none"> • The Entrepreneur conducted business activity as at 31 December 2019. • As at 31 December 2019 or as at the date of granting financing, the Entrepreneur was not in arrears with regards to payments of taxes and social security contributions, however, the distribution of payments in instalments or their deferment is not considered as arrears. 																																																							
<p>2. What are the financing conditions?</p>	<p>The financial instrument of the Programme are repayable subsidies of the Polish Development Fund, earmarked for:</p> <ul style="list-style-type: none"> • covering costs of the conducted business activity, excluding allocation of funds for acquisition (takeover) directly or indirectly of another entrepreneur (prohibition of acquisition); • acceptable repayment of loans: a possibility to use the subsidy for an early repayment of loans up to a maximum of 25% of the loan; • settlements with related parties: prohibition of allocating the funds from subsidies for payments to the owner, to persons or entities related to the owner of the enterprise; • repayment: under the conditions set out in the Programme and the subsidy agreement. <p>The detailed conditions of the financial support and obligations of the Programme Beneficiary shall be set out in a subsidy agreement.</p> <p>The Polish Development Fund shall apply a procedure of granting financing as simplified as possible, and the procedure of granting financial support shall be as automatic as possible and, in particular, implemented through electronic channels (e.g. banks) with the use of declarations made by the Programme Beneficiary</p>																																																							
<p>3. What is the amount of the financial support provided?</p>	<ul style="list-style-type: none"> • The maximum amount of the repayable subsidy under the Financial Support Programme PFRF Financial Shield for Micro Companies is calculated as the product of the number of employees and the base amount of the subsidy. • The base amount of the repayable subsidy per employee depends on the size of the decrease of the microenterprise's revenue. Such solution aims at adjusting the amount of financial support to the scale of potential loss of income due to the drop in revenue due to COVID-19. <table border="1" data-bbox="335 1568 1564 1971"> <thead> <tr> <th colspan="2">Financial support in Polish zloty</th> <th colspan="9">The amount of the financial subsidy depending on the number of employees (without the owner)</th> </tr> <tr> <th>Scale of the decrease in the revenue</th> <th>The base amount of the subsidy per employee</th> <th>1</th> <th>2</th> <th>3</th> <th>4</th> <th>5</th> <th>6</th> <th>7</th> <th>8</th> <th>9</th> </tr> </thead> <tbody> <tr> <td><25;50%)</td> <td>12 000</td> <td>12 000</td> <td>24 000</td> <td>36 000</td> <td>48 000</td> <td>60 000</td> <td>72 000</td> <td>84 000</td> <td>96 000</td> <td>108 000</td> </tr> <tr> <td><50;75%)</td> <td>24 000</td> <td>24 000</td> <td>48 000</td> <td>72 000</td> <td>96 000</td> <td>120 000</td> <td>144 000</td> <td>168 000</td> <td>192 000</td> <td>216 000</td> </tr> <tr> <td><75;100%)</td> <td>36 000</td> <td>36 000</td> <td>72 000</td> <td>108 000</td> <td>144 000</td> <td>180 000</td> <td>216 000</td> <td>252 000</td> <td>288 000</td> <td>324 000</td> </tr> </tbody> </table>	Financial support in Polish zloty		The amount of the financial subsidy depending on the number of employees (without the owner)									Scale of the decrease in the revenue	The base amount of the subsidy per employee	1	2	3	4	5	6	7	8	9	<25;50%)	12 000	12 000	24 000	36 000	48 000	60 000	72 000	84 000	96 000	108 000	<50;75%)	24 000	24 000	48 000	72 000	96 000	120 000	144 000	168 000	192 000	216 000	<75;100%)	36 000	36 000	72 000	108 000	144 000	180 000	216 000	252 000	288 000	324 000
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<p>4. What are the conditions of the subsidy write-off?</p>	<p>The preferential loan received by a micro-entrepreneur may be written-off up to the amount of 75% of the loan at the end of the 12th calendar month from the date of disbursement of the loan according to the following rules:</p> <ul style="list-style-type: none"> • 25% of the value of the subsidy is non-refundable provided that the business activity is continued during the 12 months of granting of the subsidy; • an additional 50% of the subsidy is non-refundable, depending on the level of maintenance of average employment over the period of 12 months. In the case of a reduction in employment, the percentage of subsidy reimbursement is accordingly higher, which provides a strong incentive for the beneficiaries to maintain the number of job positions. <p>Detailed rules for reimbursement shall be specified in the agreement between the Polish Development Fund and the Ministry of Development.</p>
<p>5. How to apply for a subsidy?</p>	<p>The PFR Financial Shield for Micro Companies shall be launched in April 2020, and shall be operated within the electronic banking services by selected banks, a list of which shall be available at www.pfr.pl</p>



THE FINANCIAL SHIELD FOR SMALL AND MEDIUM SIZED ENTERPRISES

<p>1. For whom?</p>	<ul style="list-style-type: none"> • For an entrepreneur employing between 10 and 249 employees and with their annual turnover not exceeding EUR 50 million or a balance sheet total not exceeding EUR 43 million. • For an entrepreneur who experiences a decrease in economic turnover (sales revenue) of at least 25% in any month after 1 February 2020 compared to the previous month or the same month of the previous year due to disturbances in the functioning of the economy resulting from COVID-19 (decrease in sales of goods or services within the meaning of art. 15g par.9 of the Act of 2 March 2020 on special solutions related to the prevention, counteracting and combating of COVID-19, other infectious diseases and crisis situations caused by them. • No bankruptcy or liquidation proceedings or restructuring proceedings have been initiated against the enterprise. • The beneficial owner benefiting from financial support under the Programme has their tax residence on the territory of the Republic of Poland and settled taxes for the last 2 financial years (if applicable) on the territory of the Republic of Poland. A departure from this principle is only possible in the situation of the Programme Beneficiary's undertaking to transfer their tax residence on the territory of the Republic of Poland within 9 months from granting the loan. • The Entrepreneur conducted business activity as at 31 December 2019. • As at 31 December 2019 or as at the date of granting financing, the Entrepreneur was not in arrears with regards to payments of taxes and social security contributions, however, the distribution of payments in instalments or their deferment is not considered as arrears.
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<p>2. What are the financing conditions?</p>	<p>The financial instrument of the Programme are repayable subsidies of the Polish Development Fund, earmarked for:</p> <ul style="list-style-type: none"> covering costs of the conducted business activity, excluding allocation of funds for acquisition (takeover) directly or indirectly of another entrepreneur (prohibition of acquisition); acceptable repayment of loans: a possibility to use the subsidy for an early repayment of loans up to a maximum of 25% of the loan; settlements with related parties: prohibition of allocating the funds from subsidies for payments to the owner, to persons or entities related to the owner of the enterprise; reimbursement: under the conditions set out in the Programme and the subsidy agreement. <p>The detailed conditions of the financial support and obligations of the Programme Beneficiary shall be set out in a subsidy agreement.</p> <p>The Polish Development Fund shall apply a procedure of granting financing as simplified as possible, and the procedure of granting financial support shall be as automatic as possible and, in particular, implemented through electronic channels (e.g. banks) with the use of declarations made by the Programme Beneficiary.</p>																																		
<p>3. What is the amount of the financial support provided?</p>	<p>The maximum amount of the repayable subsidy under the Financial Support Programme PFRF Financial Shield for SME is calculated as the percentage of the amount of the entrepreneur’s sales revenue for the financial year 2019. The amount of support expressed as a percentage of sales revenues additionally depends on the scale of the decrease in turnover due to COVID-19.</p> <table border="1" data-bbox="343 1243 1556 1724"> <thead> <tr> <th rowspan="2">Decrease in revenue</th> <th rowspan="2">Amount of the subsidy as % of the revenue</th> <th colspan="2">SME on Average</th> <th colspan="2">SME Maximum</th> </tr> <tr> <th>Average revenue SME</th> <th>The amount of the subsidy</th> <th>Maximum revenue for calculating the amount of the subsidy</th> <th>Maximum amount of the subsidy</th> </tr> </thead> <tbody> <tr> <td><0;25%)</td> <td>0%</td> <td>31 300 000</td> <td>0</td> <td>225 000 000</td> <td>0</td> </tr> <tr> <td><20;50%)</td> <td>4%</td> <td>31 300 000</td> <td>1 252 000</td> <td>225 000 000</td> <td>3 500 000</td> </tr> <tr> <td><50;75%)</td> <td>6%</td> <td>31 300 000</td> <td>1 878 000</td> <td>225 000 000</td> <td>3 500 000</td> </tr> <tr> <td><75;100%)</td> <td>8%</td> <td>31 300 000</td> <td>2 504 000</td> <td>225 000 000</td> <td>3 500 000</td> </tr> </tbody> </table>	Decrease in revenue	Amount of the subsidy as % of the revenue	SME on Average		SME Maximum		Average revenue SME	The amount of the subsidy	Maximum revenue for calculating the amount of the subsidy	Maximum amount of the subsidy	<0;25%)	0%	31 300 000	0	225 000 000	0	<20;50%)	4%	31 300 000	1 252 000	225 000 000	3 500 000	<50;75%)	6%	31 300 000	1 878 000	225 000 000	3 500 000	<75;100%)	8%	31 300 000	2 504 000	225 000 000	3 500 000
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	<ul style="list-style-type: none"> • 25% depending on loss of sales incurred by the company; • Additionally, 25% depending on maintaining average employment over a 12-month period. <p>In the case of a reduction in employment, the percentage of subsidy reimbursement is accordingly higher, which provides a strong incentive for the beneficiaries to maintain the number of job positions.</p> <p>Detailed rules for reimbursement shall be specified in the agreement between the Polish Development Fund and the Ministry of Development.</p>
<p>5. How to apply for a subsidy?</p>	<p>The PFR Financial Shield for SME shall be launched in April 2020, and shall be operated within the electronic banking services by selected banks, a list of which shall be available at www.pfr.pl.</p>



THE FINANCIAL SHIELD FOR LARGE ENTERPRISES

<p>1. For whom?</p>	<ul style="list-style-type: none"> • For enterprises with at least 250 employees and turnover exceeding EUR 50 million or the balance sheet total exceeding EUR 43 million. <p>For entrepreneurs who:</p> <ul style="list-style-type: none"> • experience a decrease in economic turnover (sales revenue) of at least 25% in any month after 1 February 2020 compared to the previous month or the same month of the previous year due to disturbances in the functioning of the economy as a result of COVID-19 (decrease in sales of goods or services within the meaning of art. 15g par.9 of the Act of 2 March 2020 on special solutions related to the prevention, counteracting and combating of COVID-19, other infectious diseases and crisis situations caused by them; • have lost the production ability or the ability to provide services or the receipt of products or services by the contracting entities due to the lack of availability of components or resources in connection with COVID-19; • do not receive payments in respect of sales as a result of COVID-19 in the amount exceeding 25% of the receivables; • due disruptions in the functioning of the financial markets, do not have access to the capital market or credit limits in connection with new contracts; • are participants in the Sectoral Programmes; • no bankruptcy or liquidation proceedings or restructuring proceedings have been initiated against the enterprise; • the beneficial owner benefiting from financial support under the Programme has their tax residence on the territory of the Republic of Poland and settled taxes for the last 2 financial years (if applicable) on the territory of the Republic of Poland. A departure from this principle is only possible in the situation of the Programme Beneficiary's undertaking to transfer his tax residence on the territory of the Republic of Poland within 9 months from granting the loan; • the Entrepreneur conducted business activity as at 31 December 2019;
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	<ul style="list-style-type: none"> • as at 31 December 2019 or as at the date of granting financing, the Entrepreneur was not in arrears with regards to payments of taxes and social security contributions, however, the distribution of payments in instalments or their deferment is not considered as arrears.
<p>2. What are the financing conditions?</p>	<p>Financing of the Polish Development Fund available for large companies may take the form of:</p> <ul style="list-style-type: none"> • Liquidity financing in the form of loans or bonds for a period of 2 years with an option to extend by one year up to PLN 1 billion. • Preferential financing in the form of preferential loans for a period of 3 years partly non-refundable and dependent on financial loss and maintenance of employment of up to PLN 750 million per entity. • Investment financing in the form of acquired capital instruments (shares or stocks) on market terms or as part of public aid up to PLN 1 billion per entity. <p>The detailed conditions of financial support and the obligations of the Programme Beneficiary shall be specified in the agreement.</p>
<p>3. How to apply for a subsidy?</p>	<p>The Programme Beneficiary has the right to receive financial support from the Polish Development Fund under the conditions specified therein, provided that an appropriate application for funding is submitted directly to the Polish Development Fund or via an application form.</p>



Financial instrument supporting entrepreneurs in fighting the crisis caused by COVID -19



LOANS

<p>1. PLN 5,000 Microloan</p>	<ul style="list-style-type: none"> ❑ The loan is addressed to micro-entrepreneurs and self-employed persons operating before 1 March 2020.
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	<ul style="list-style-type: none"> <input type="checkbox"/> An application for a one-off loan of PLN 5,000 for the costs of conducting business activity may be submitted to the Poviast employment office, after the announcement of the intake of applications by the director of the Poviast employment office. <input type="checkbox"/> The loan is subject to redemption provided that the micro-entrepreneur shall conduct business activity for a period of 3 months from the date of disbursement the loan. <input type="checkbox"/> The application may be submitted electronically by the praca.gov.pl platform or in paper form to the office (by post). If sent by the praca.gov.pl platform, the application will have to be signed with a qualified electronic signature or with the trusted profile (profil zaufany). <input type="checkbox"/> The use of additional funds by the entrepreneur does not exclude the simultaneous use of the exemption from social security contributions.
<p>2. Loan from POIR (Smart Growth Operational Programme)</p>	<ul style="list-style-type: none"> <input type="checkbox"/> A new loan fund - this is another measure, prepared by the Ministry of Funds and Regional Policy and Bank Gospodarstwa Krajowego (BGK – the Polish national development bank), in the fight against the pandemic and its undesirable impact on the economy in the SME sector. <input type="checkbox"/> PLN 400 million from the Intelligent Development Programme (POIR) shall be allocated for this purpose. <input type="checkbox"/> The intake of applications is going to start at the end of April. <input type="checkbox"/> The loans can be used to cover current financial needs, such as payment of employees' salaries, repayment of short-term liabilities (invoices from suppliers of products or external services, etc.), as well as optional investment expenditure. <input type="checkbox"/> The amount to be granted shall be determined individually on the basis of one of the following three criteria: <ul style="list-style-type: none"> ➤ 25% of the turnover for 2019, ➤ the double value of the annual salary statement for 2019 or for the last available year (for companies operating for a shorter time this shall be the forecasted salary amount), ➤ the amount sufficient to secure liquidity for the next 18 months, which shall be declared and verified by an intermediary. <input type="checkbox"/> The repayment period shall be no more than 6 years. <input type="checkbox"/> A grace period of up to 6 months with the possibility of "payment holiday" once a year for 2 months in the first and second year of the repayment period (grace period and holidays extend the repayment period of the loan accordingly). <input type="checkbox"/> Only the borrowed capital shall be repaid - no fees or commissions. <input type="checkbox"/> The collateral in this case shall be a blank bill of exchange up to PLN 100 thousand. In the case of higher values, the bill of exchange and supplements according to the Intermediary's policy.



GUARANTEES

1. Biznesmax guarantee with subsidy

- ❑ Financed from the funds of the Intelligent Development Programme enabling SME entrepreneurs to access not only investment loans, but also working capital loans in the unfavourable economic conditions caused by the COVID-19 pandemic.
- ❑ **Changes in the Biznesmax guarantee programme:**
 - the possibility to cover with the guarantee a revolving working capital loan, including a revolving overdraft facility for providing financial liquidity to innovative or environmentally efficient companies (the guarantee constitutes de minimis aid);
 - the catalogue of eligible investment costs and the borrower's obligation to submit a plan of the investment project does not apply to working capital loans - the loan is granted on the basis of the bank's procedure;
 - working capital loans are also covered by the interest subsidy system, apart from the loan with the Biznesmax guarantee, the entrepreneur shall receive a non-refundable subsidy to pay off part of the loan interest;
 - extension until the end of 2021 (before the changes until 2020) of the period of validity of the 5% the annual rate for the calculation of the loan interest rate subsidy.
- ❑ Loan repayment guarantee is granted under the Guarantee Fund for support of innovative enterprises of the Operational Programme Intelligent Development (FG POIR)
- ❑ Obtaining of the guarantee entails the possibility of receiving a **subsidy to the interest rate of the guaranteed loan. It is a subsidy refunding the interest paid.**

2. De minimis guarantees

- ❑ BGK introduced some changes to the de minimis guarantee scheme to reduce the impact of the coronavirus pandemic:
 - increasing the scope of the guarantee to 80% of the amount of the loan taken out from a commercial bank
 - no commission for the guarantee - for the first one-year guarantee period,
 - extension of the guarantee period to 39 months for a working capital loan,
 - purpose of the loan - financing of obligations resulting from business activity.
- ❑ In addition, BGK waives the collection of commissions on guarantees already existing and due by 31 December 2020.
- ❑ The guarantee shall be available to companies which as at 1 February 2020 were not in arrears with the Social Insurance Institution and the Tax Office.
- ❑ The financial situation of companies is assessed by lending banks.
- ❑ De minimis guarantees shall be granted according to the amended rules until the end of 2020.



3. Liquidity Guarantee Fund

As part of the so-called government anti-crisis shield, BGK has launched the Liquidity Guarantee Fund, from which are granted guarantees to medium and large companies affected by the COVID-19 pandemic.

Entrepreneurs can obtain guarantees from lending banks - both commercial and co-operative - which have signed relevant co-operation agreements with BGK.

Basic conditions of the guarantee:

- collateral - up to 80% of the loan amount (guarantee amount from PLN 3.5 million to PLN 200 million),
- amount of the guaranteed loan - up to PLN 250 million,
- guarantee period - up to 27 months and not longer than the loan period + 3 months,
- purpose of the loan - providing financial liquidity,
- for new, or renewed after 1 March 2020, overdraft facilities and credit lines,
- The guarantee shall be available to companies which as at 31 December 2019 were not in a difficult financial situation, and as at 1 February 2020 were not in arrears with the Tax Office, Social Insurance Institution(ZUS) / Agricultural Social Insurance Fund (KRUS) or the lending bank (in the case of debt in a bank of more than PLN 3 thousand).

4. Guarantees from the European Investment Bank

- The European Fund for Strategic Investments (EFIS) is intended to help mitigate the impact of the epidemic.
- Funds for SMEs shall be distributed by national banks.
- Guarantees shall be made available to Polish banks, lenders or institutions from the banking sector, enabling these entities to grant preferential loans.
- The funds from EFIS are to encourage banks to lend money to companies, entrepreneurs who have liquidity problems due to coronavirus downtime.
- They are to cover up to 80% of potential losses on individual loans to companies.
- Entrepreneurs shall be able to use the loans to finance the working capital, and the most affected companies should also be able to prolong their loan commitments, regular settlement of which is going to be difficult in the current situation.
- The access to guarantees and loans is to be fast and in accordance with a simplified procedure.



SUBSIDIES FOR LOANS

- BGK is working on a system of interest rate subsidies on bank loans for entrepreneurs affected by the COVID-19 pandemic.
- The bill on interest rate subsidies on bank loans granted to provide liquidity to entrepreneurs affected by the COVID-19 pandemic can be found on the following page:

<https://bip.kprm.gov.pl/kpr/bip-rady-ministrow/prace-legislacyjne-rm-i/prace-legislacyjne-rady/wykaz-prac-legislacyjny/r891763856545,Projekt-ustawy-o-doplatach-do-oprocentowania-kredytow-bankowych-udzielanych-na-z.html>

Planned solutions:

- interest rate subsidies,
- type of credit - working capital loan,
- the period of the loan being subject to subsidies - we assume the maximum of 12 months.
- Interest subsidies shall be applied to revolving and non-revolving working capital loans, granted in Polish zloty, in order to ensure financial liquidity, in particular in the short and medium term, lost or threatened with loss in connection with COVID-19.
- The subsidies shall be applied to loans granted on the basis of credit agreements concluded from the date of entry into force of the act, as well as to loans granted before the date of entry into force of the act, if these agreements are adjusted to the conditions set out in the act. In order to implement the act, Bank Gospodarstwa Krajowego (BGK) shall establish an Interest Rate Subsidy Fund.



GRANTS

Currently, work is underway on a regulation introducing public aid for micro, small, medium and large enterprises for both current and investment purposes, provided that the aid is aimed at mitigating the effects of the COVID-19 pandemic.

Forms of public aid:

- grant,
- repayable aid.

The total value of aid granted with regards to one entrepreneur may not exceed the equivalent of EUR 800 thousand gross.

The aid granted may be cumulated with public aid granted on other legal bases, e.g. de minimis aid.

Entities granting aid:

- Managing, intermediary and implementing institutions.