

Annex I

The Czech Republic has implemented urgent measures to support the liquidity of companies and ensure business continuity. The applicable measures are described and compared below.

Applicable Measures	Large corporates	SMEs
Eligible Beneficiary	All export-oriented enterprises incorporated or registered in the Czech Republic of more than 250 employees regardless of their shareholder structure	Self-employed individuals and companies with registered seats in the Czech Republic and up to 500 employees regardless of their shareholder structure, provided the ultimate beneficial owner is known
COVID Plus Guarantee Scheme	<p>Type of guarantee: irrevocable and unconditional guarantee (<i>finanční záruka</i>)</p> <p>Type of financing: loans provided by any credit institutions authorized to conduct banking business in the Czech Republic</p> <p>Beneficiary: any business undertaking incorporated or registered in the Czech Republic if:</p> <ul style="list-style-type: none"> • export of goods and services constituted at least 20% of its 2019 revenues; • the group to which the business belongs had more than 250 employees in 2019; • its primary business is not transportation (including ground, air or water transportation), pipeline operations, accommodation, operation of travel agencies or reservation systems, casinos, gaming parlours or betting agencies; • it has not utilised any other public aid scheme in connection with the COVID-19 pandemic under which guarantees are provided or the interest under the same underlying loan is subsidised; • it was not in difficulty as of 31 December 2019 and provides an affidavit stating that it is experiencing a sudden liquidity shortage and that it was not insolvent as of 31 December 2019 and 12 March 2020. <p>Purpose of the financing: new and unused parts of existing loans provided for financing of operating expenses or working capital, for maintenance of business activities, or as investment loans (i.e. to finance expenses relating to innovations and improvement of an undertaking's production capabilities) and, with the prior consent of EGAP, also for a refinancing of</p>	Not available to SMEs.

	<p>the existing loans provided for such purposes.</p> <p>Maximum guaranteed amount: (i) 80% of the loan principal in case the borrower is rated by EGAP on the rating scale as “B” or higher; (ii) 70% of the loan principal in case the borrower is is rated by EGAP on the rating scale as “B-”.</p> <p>Conditions</p> <ol style="list-style-type: none"> 1. Duration of programme: Eligible loans must be granted: from 1 July 2019 until 31 December 2020 for existing loans; and from 13 March 2020 until 31 December 2020 for new loans. 2. <i>Maturity</i>: Three-year maturity for working capital loans and five-year maturity for investment loans; 3. <i>Maximum size</i>: maximum loan principal backed by the EGAP Guarantee cannot exceed CZK 2,000,000,000 per one group of economically connected persons and at the same time 25% of the beneficiary’s 2019 income from sale of goods and provision of services. 4. <i>Margin caps</i>: The margins charged by the commercial banks shall not exceed: 1.5% p.a. on loans provided for up to one year; 2.5% p.a. on loans provided for up to three years; and 3.5% p.a. on loans provided for up to five years. 5. <i>Supplier undertaking</i>: The beneficiary must commit to pay its suppliers in a due and timely manner. 6. <i>Wages undertaking</i>: The beneficiary must commit to pay wages of all employees in a due and timely manner. 7. <i>Payment of dividends and disposals</i>: The beneficiary must commit not to, without a consent of the financing commercial bank, pay dividends or make any other distributions of profits, not to sell shares in other undertakings or any tangible or intangible fixed assets and not to encumber them with any third-party right. 	
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	<p>Economic conditions: all-in commission for final beneficiaries rated “B+” and higher by EGAP:</p> <ul style="list-style-type: none"> ▪ 45 bps during the first year; ▪ 60 bps during the second and third year; and ▪ 114 bps during the fourth and fifth year. <p>Economic conditions: all-in commission for final beneficiaries rated “B” and higher by EGAP:</p> <ul style="list-style-type: none"> ▪ 90 bps during the first year; ▪ 120 bps during the second and third year; and ▪ 175 bps during the fourth and fifth year. <p>Economic conditions: all-in commission for final beneficiaries rated “B-” and higher by EGAP:</p> <ul style="list-style-type: none"> ▪ 180 bps during the first year; ▪ 200 bps during the second and third year; and ▪ 219 bps during the fourth and fifth year. 	
<p>COVID III Guarantee Scheme</p>	<p>Not available to large corporates</p>	<p>Type of guarantee: guarantee (<i>ručení</i>)</p> <p>Type of financing: loans provided by any credit institutions authorized to conduct banking business in the Czech Republic</p> <p>Beneficiary: self-employed individuals and companies with registered seat in the Czech Republic and up to 500 employees. Additional conditions include that the beneficiary was not an “undertaking in difficulty” (<i>podnik v obtížích</i>) as of 31 December 2019, was not in default of more than 30 days with repayment of a debt to the lending bank as of 31 March 2020 and the lending bank found out and published the beneficiary’s ultimate beneficial owner</p> <p>Purpose of the financing: limited to coverage of working capital requirements</p> <p>Maximum guaranteed amount: (i) 90% of the loan principal for undertakings which employ up to 250 employees; (ii) 80% of the loan principal for undertakings which employ between 251 and 500 employees; however, a portfolio cap limiting the guarantee coverage only to 30% of the</p>

		<p>given loan portfolio of the credit institution applies</p> <p>Conditions</p> <ol style="list-style-type: none"> 1. Duration of programme: <i>Loans and credit facilities must be granted until 31 December 2020.</i> 2. <i>Loan maturity:</i> no earlier than 1 January 2021. If the loan maturity exceeds three years, the loan remains unguaranteed afterwards; 3. <i>Maximum size:</i> maximum loan principal backed by the guarantee is CZK 50 million and at the same time the higher of: (i) 25% of the beneficiary's 2019 annual revenue; (ii) twice its 2019 employment cost, whereas with appropriate justification, the amount of the loan may be increased to cover the liquidity needs from the moment of granting for the coming 12 months; <p>Economic conditions: all-in commission for final beneficiaries from 251 up to 500 employees equal to:</p> <ul style="list-style-type: none"> ▪ 50 bps during the first year ▪ 100 bps during the second and third year <p>Process: The aid is channeled through credit institutions, therefore beneficiaries can access the Portfolio Guarantee through any credit institution which applied to CMZRB to participate in the programme. All credit institutions authorized to conduct banking business in the Czech Republic can apply to participate in the program.</p>
Deferment of Loan Instalments	Borrowers including consumers, self-employed business people and legal entities, may make use of a deferment of instalments on credit facilities and similar financial services until 31 October 2020 (or until 31 July 2020, with the choice being up to the borrower), by way of a unilateral notice to such effect to the lender. One requirement is that the "deferred" loan must have been drawn prior to 26 March 2020.	The following financial products are, however, excluded from the deferment measure: overdraft credit, revolving credit, financial guarantees, leases of real property (which is the subject of a separate measure), hire-purchase and leasing arrangements, bonds, notes, and other financial instruments, as well as credit facilities with interest rate hedging, and finally, credits and loans with respect to which the borrower has been in default with their payment obligations for more than 30 days as of 26 March 2020. Legal entities that make use of the deferment of instalments must, during the deferral, refrain from disposing of assets that could be used to satisfy the lender.
Insolvency Related Measures	Restriction on Insolvency Petitions	Submitting insolvency petitions has been made subject to restrictions, both on the part of creditors and with respect to the obligation of debtors to file for insolvency themselves. Creditors' petitions filed until 31 August 2020 are automatically ineffective. The obligation of debtors to file an insolvency petition if they find that they have become insolvent has

been suspended for six months from the expiry (or abolition) of the government-mandated crisis or emergency measures.

Extraordinary Moratorium

Until 31 August 2020, debtors have the option to request the declaration of an extraordinary moratorium – i.e. to seek protection from the declaration of insolvency and from foreclosure and debt enforcement against its assets. In the request for the extraordinary moratorium, the debtor shall confirm that they were not insolvent as of 12 March 2020 (i.e. that they were not already insolvent at the time at which the state of emergency was declared and the related crisis measures were rolled out), because the extraordinary moratorium is specifically intended to mitigate the consequences of the said crisis measures.

For as long as the extraordinary moratorium lasts, the debtor is permitted to satisfy preferentially its obligations that arise during this moratorium and are directly related to preserving the enterprise as a going concern, i.e. these obligations enjoy priority over obligations with an earlier maturity date. Key suppliers are prohibited from withholding deliveries or continued performance under agreements with the debtor as long as the debtor fulfills its obligations under the moratorium towards them. Financing provided during the extraordinary moratorium in order to keep the debtor's business afloat enjoys a priority claim for satisfaction during the extraordinary moratorium (and during the insolvency proceedings that may follow).

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