

Coronavirus Information Hub: FAQ

Financings / Financial Restructurings

1. Which types of COVID-19 bridge loans are there?

As a rule, there are two so called COVID-19-Credits:

- i. Ordinary COVID-19-Credit up to CHF 500'000 (100% guaranteed by the Swiss Confederation); and
- ii. COVID-19-Credit-Plus for amounts in excess of CHF 500'000 up to CHF 20 million (85% guaranteed by the Swiss Confederation).

2. Who may render a COVID-19 credit request?

Basically, all companies and self-employed persons (i) being domiciled in Switzerland; (ii) being severely economically affected by the COVID-19 pandemic; (iii) being fully-funded before 1 March 2020 and (iv) having an annual turnover not exceeding CHF 500'000'000, may render such credit request.

In addition thereto, applicants would not be entitled to a COVID-19-Credit if they already received services under the emergency-programs for sports and cultural organizers.

3. Which interest rate for COVID-19 bridge loans applies?

The interest rate for ordinary COVID-19-Credits up to CHF 500'000 is 0% per annum.

The interest rate for a COVID-19-Credit-Plus up to CHF 20 million is 0.5% per annum. However, this only holds true as to the 85% guaranteed by the Swiss Confederation. For the remaining 15% credit risk, borne by the respective financial institution, an appropriate interest rate will be agreed between the respective financial institution and the borrower in question.

4. Which financial institutions are participating in the COVID-19 bridge loans?

In addition to PostFinance Ltd., various banks are participating in the COVID 19 bridge loans. A complete, continuously updated list can be found at: <https://covid19.easygov.swiss/banken/>

As a rule, the COVID-19 credit request should be submitted to the financial institution, the company or the self-employed person already has banking relations with.

5. When must COVID-19 credit requests be applied for at the latest?

A COVID-19 credit request may be rendered between 26 March 2020 and 31 July 2020.

6. May financial institutions decline COVID-19 credit requests?

Yes, financial institutions may decline such credit request, e.g. on grounds of incorrect or incomplete credit requests (as example in case of a COVID-19-Credit) or on grounds of an insufficient credit check (as example in case of a COVID-19-Credit-Plus).

7. How does COVID-19 bridge loan applications work, briefly summarized?

There are two different procedures:

- i. COVID-19-Credit (CHF 1 to CHF 500'000):
 - Visit <https://www.easygov.swiss/easygov>
 - Download the [credit request](#) or use the [online form](#)
 - Fill in information, sign and dispatch such credit request to a participating bank (via scan or post)
 - Evaluation as to completeness of credit request by the bank
 - Submission of the credit request to a guarantors' cooperative (*Bürgschaftsgenossenschaft*) by the bank
 - Funding of the facility
- ii. COVID-19-Credit-Plus (CHF 500'000 to CHF 20'000'000)
 - Visit <https://www.easygov.swiss/easygov>
 - Download the [credit request](#) or use the [online form](#)
 - Fill in information, sign and dispatch such credit request to a participating bank (via scan or post)
 - Evaluation as to completeness of credit request by the bank and additional evaluation in accordance with a market standard credit check by the bank

- Submission of the credit request to a guarantors' cooperative (*Bürgschaftsgenossenschaft*) by the bank
- Sign-off by guarantors' cooperative (*Bürgschaftsgenossenschaft*)
- Funding of the facility

8. Where can detailed information on COVID-19 bridge loans be found; e.g. forms, etc.?

Details regarding COVID-19 bridge loans including forms can be found under the following link: <https://covid19.easygov.swiss/>

9. Is it possible to apply for more than one COVID-19 bridge loan per company?

Companies and self-employed persons may only apply for one COVID 19 bridge loan up to CHF 500'000 (ordinary COVID-19-Credit). Any amount in excess requires a separate COVID-19-Credit-Plus request.

10. Do the COVID-19 bridge loans have to be repaid? If yes, how long is the repayment period?

Yes, all COVID-19 bridge loans have to be repaid.

The repayment period is basically 5 years. However, in hardship cases an extension by another 2 years (to a total term of up to 7 years) is possible.

11. Are there restrictions (if any) for companies having received COVID-19-bridge loans?

Yes, in accordance with the respective ordinance (the **Solidary Guarantee Ordinance**), there are several restrictions on the use of funds; e.g. the prohibition of (i) the distribution of dividends and bonuses and the reimbursement of capital contributions; (ii) the granting of loans or the refinancing of personal and shareholder loans, with the exception of the refinancing of overdrafts incurred since 23 March 2020 with the bank granting the loan guaranteed under this Solidary Guarantee Ordinance; (iii) the repayment of intra-group loans; and (iv.) the transfer of loans secured by a solidary guarantee under the Solidary Guarantee Ordinance to a group company in-/directly affiliated with the applicant which is not domiciled in Switzerland. In other words, the loans are intended to cover immediate liquidity needs. They are not a means to finance the growth or expansion of a company.

12. May a company or a self-employed person benefit from assistance offers by both the Swiss Confederation and the different Swiss Cantons?

Yes, this is possible. COVID-19 Credits and credits guaranteed by cantons supplement each other (the cantonal measures are often in addition to the Federal measures and are subject to the condition that Federal Credits are not sufficient to cover the liquidity needs).

13. May companies also obtain bridge loans elsewhere?

Yes, self-employed persons and small and mid-sized enterprises can also apply for loans at the cantonal level. The canton of Zurich, for instance, has granted a credit guarantee of CHF 425 million, which shall cover 85% of a total of CHF 500 million in bridge loans.

Corresponding loans, that can be obtained from several commercial banks of the canton of Zurich participating in the lending process, are paid out in addition and subsidiary to the COVID-19-Credits guaranteed by the Swiss Confederation as well as other cantonal measures (e.g., short-time working compensation or unemployment benefits).

In addition, various Swiss cantons as well as larger Swiss cities provide a range of additional financial assistance (cf. our [News-letter 136](#) on this subject with reference to the canton of Zurich).

14. Can start-up companies also apply for bridge loans and are there further planned support measures for such start-up companies?

As a rule, start-up companies (**start-ups**) are also entitled to COVID-19-bridge loans guaranteed by the Swiss Confederation, provided they were founded before 1 March 2020. The amount of such bridge loan, however, is limited to 10% of sales revenues from the 2019 financial year if the start-up already has annual financial statements. In the event the company started its business operations on or after 1 January 2020, or in case of an extended financial year due to its incorporation in 2019, the turnover shall be deemed to be 3 times the net wage of a financial year, up to a maximum of CHF 500,000. Accordingly, access to COVID-19-Credits for start-up companies is limited.

Start-up companies may, however, apply for bridge loans at cantonal level (cf. question 13). In the canton of Zurich in particular, the granting of bridge loans is focusing on start-ups.

Moreover, the Federal Council announced on 22 April 2020 that there will be new support measures as to start-ups. It is planned to create a new procedure for such start-ups under the existing guarantee system by 30 April 2020 (65% guaranteed by the Swiss Confederation, 35% by the cantons). Each canton is to decide whether it wishes to offer such guarantee facility, originally intended for small and middle-sized enterprises, to their start-ups. Also by 30 April 2020, the State Secretariat for Economic Affairs (SECO) is going to set out the criteria for using this support instrument and is going to publish a list of participating cantons as well as the further details.

Contributed by [Theodor Härtsch](#) (Partner), [Bastian Heinel](#) (Associate) and [Edi Bollinger](#) (Associate).

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Walder Wyss is committed to supporting our clients through the challenges the pandemic presents. We will be publishing regular insights on this Information Hub.

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