

AWS GUARANTEES FACTSHEET

The measures and restrictions taken by the Austrian government to limit the spread of Sars-CoV-2 (CoVid-19) not only affect millions of people but also have a severe impact on the Austrian economy. At the moment the lockdown of thousands of businesses and companies results in a large number of liquidity shortages, which subsequently leaves many companies fighting for their economic survival.

In order to address and mitigate the negative economic implications of CoVid-19, the Austrian government announced to support affected companies and businesses by various means, e.g. via the CoVid-19 short-time working scheme (*Kurzarbeit*) or via financial aid that shall be provided by a newly-established COVID-19-Crisis Management-Fund or via the ABBAG - Abbaumanagementgesellschaft des Bundes. Another state-provided measure that shall mitigate negative financial effects of CoVid-19 is the AWS Bridge Guarantee (AWS Guarantee, AWS *Überbrückungsgarantie*).

AWS BRIDGE GUARANTEES

The AWS Guarantees intend to support commercial and industrial small and mid-sized enterprises (SME) and businesses or natural persons active in a liberal profession (*Freiberufler*) in times of CoVid-19 related liquidity shortages and are issued by the state-owned Austria Wirtschaftsservice Gesellschaft mbH (AWS).

The new AWS Guarantee regime is based on the 2nd COVID-19-Act (2. COVID-19-Gesetz) by which the scope of the SME-Promotion Act (*KMU-Förderungsgesetz*) was expanded. In order to support the implementation of the new AWS Guarantees the Ministry for Digital and Economic Affairs has updated the guidelines on guarantees issued by AWS, which now contains a separate chapter with details on the AWS Guarantees.

Under the new regime loans as well as loan deferrals can be secured by AWS Guarantees. The banks, as beneficiaries of the AWS Guarantees, may call on the AWS Guarantees in case i) insolvency proceedings are opened against the CoVid-19 affected SME, business or natural person, or ii) insolvency proceedings could not be opened due to the lack of cost-covering assets.

The new regime for AWS Guarantees is characterized by the following positive key points:

- » Generally, AWS does not charge any handling or guarantee fees.
- » AWS does not require any planning calculations or business plans during the application process.
- » No collateral is required.
- » Freelancers are also eligible for an application for an AWS Guarantee.
- » AWS Guarantees can also provide collateral for the deferral of existing credit lines.
- » An accelerated application procedure shall ensure an immediate guarantee commitment.

WHO CAN APPLY FOR AWS GUARANTEES?

All Austrian companies with fewer than 250 employees, a turnover of up to 50 million or a balance sheet total of up to EUR 43 million are qualified as SME and can apply for an AWS Guarantee, provided that i) they are active in the commercial or industrial sector and ii) they are not overindebted (*überschuldet*) and/or illiquid (*zahlungsunfähig*) or were in need of a re-organization under the Austrian Company Reorganization Act (URG, *Unternehmensreorganisationsgesetz*) according to the financial statements of the previous financial year.

SMEs active in the tourism or export sector are supported by the Hotel and Tourism Bank (ÖHT) and the Oesterreichische Kontrollbank (OeKB) and cannot benefit from the AWS Guarantees. Furthermore, credit and financial institutions and insurance companies are excluded from the AWS Guarantee regime.

SCOPE OF AWS GUARANTEES

AWS Guarantees can be issued as collateral for credit facilities that finance the running costs (e.g. personnel costs, material costs) of SMEs or for the deferral of existing credit lines. AWS Guarantees can cover up to 80% of the credit facility commitment up to a maximum amount of EUR 2.5 million. The maximum AWS guarantee period is 5 years.

In general, no guarantee fee (which would start at 0.3% p.a.) is charged on AWS Guarantees. In a very limited number of cases a

guarantee fees will be charged due to mandatory EU state aid law provisions.

WHAT ARE THE REQUIREMENTS FOR A SUCCESSFUL APPLICATION?

Applications for AWS Guarantees may be submitted to AWS by the financing banks of the applicants. Applications can only be submitted online on the homepage of AWS and must include the following enclosures:

- » A bank promess (*Bankpromesse*) on the underlying credit facility or on the deferral of an existing credit line;
- » A rating of the bank on the one-year probability of default; and
- » A confirmation issued by the bank that the applicant is not in need of a re-organization under the URG.

More questions? Get in touch!

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