Additional measures announced by the Government on 28 May 2020 for the support of businesses and households impacted by COVID-19
Subsidy of interest rate on new business and housing loans

1. Subsidy of interest rate of new Business Loans

- Subsidy of interest rate for new loans to self-employed and businesses that were not “problematic”¹ as at 31 December 2019 and were negatively impacted by COVID-19

- Subsidised new loans for working capital needs and investments only (not be used to repay existing ones)

- Subsidy of interest rate for 4 years as follows:
  - up to 3.5% in the first two years
  - 2% for SMEs and 1.5% for large corporates in years 3-4

- Restriction so that staff reduction shall not exceed 2% of total employees as at the date of the Plan announcement (28 May 2020)

- Total aid per business must not exceed €800,000

- No ceiling on the loan amount

- Loan amount for which interest rate is subsidised cannot exceed:
  - The double of the annual wage bill of the business or
  - 25% of the total turnover of the business in 2019

- Applicable to new business loans granted between 1 March 2020 and 31 December 2020

- Scheme subject to approval by European Commission

2. Subsidy of interest rate of new Housing Loans

- Government subsidy of interest for 4 years up to 1.5%

- Loan amount for which interest rate is subsidised cannot exceed €300,000

- Applicable to new housing loans granted between 1 March 2020 and 31 December 2020

- New housing loans cannot be used to repay existing ones

¹ As defined in Article 2 (18) of the Commission Regulation (EU) No 651/2014; Please refer to https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014R0651
Additional governmental measures to enhance liquidity

3. Pan-European Guarantee Fund

- Liquidity support to businesses that employ up to 3,000 employees, through the Pan-European Guarantee Fund of EIB Group for an amount up to €300 mn- €400 mn\(^1\)

- Fund guarantee to the banks of up to 80%\(^1\)

- The Fund will become operational once the Member States of EU accounting for at least 60% of the total EIB capital (€25 bn) have signed their contribution agreements

4. Financing of SMEs through CYPEF\(^2\)

- Liquidity support of up €800 mn to SMEs via 50%-50% risk sharing between the Government and the participating banks

- Eligible businesses are SMEs with up to 250 employees

- Loan amount should not exceed €1.5 mn and duration of loan should not exceed 12 years

- Low Interest rates will vary subject to the risk profile of client:
  - 2.55%-3.85% for low risk clients
  - 3.375%-4.5% for high risk clients

5. Government Guarantee to EIB

- Plan already in place since 2014

- Injection for an additional funding of €500 mn

- Businesses with up to 3,000 employees, registered and operating in Cyprus are eligible

- Reduction of interest rates by at least 0.5% due to EIB participation

- Additional 0.5% reduction in interest rate for businesses in compliance with “jobs for youth” criteria

- Loan duration of up to 12 years

---

1) In accordance with the press release of Ministry of Finance dated 28 May 2020
2) The Cyprus Enterprise Fund