

PRESS RELEASE**Launch of the Stimulus Equity Loans:
A tool to help the recovery by investing in SMEs and Mid-cap companies**

On 4 March, the terms of the Stimulus equity loans were presented. These loans were jointly developed by the State, French banks and investors, notably insurers. These Stimulus equity loans are an original tool for companies with development projects that require boosting their balance sheet. They will be available from the start of May 2021 in the banking networks. This scheme, involving banks and investors, with a State guarantee, is based on a balanced calibration for the stakeholders while remaining simple for the companies.

This financing instrument, which is exceptional and available until the end of June 2022, has been specially designed to enable SMEs and Mid-cap companies¹ to consolidate their balance sheets in order to find investment capacity and the means to finance their projects. This support scheme will represent an alternative for companies that do not have access to market instruments and do not wish to change their governance, and this at an attractive cost for companies thanks in particular to the State guarantee.

Through this initiative, these businesses will be able to enjoy enhanced domestic growth, improve their future competitiveness, and participate in the recovery of the French economy as they forge ahead with their digital and ecological transformation.

Business owners can contact their bank advisors to access this product that boosts the balance sheet. Banks are thus reaffirming their full commitment to providing appropriate financing solutions to meet the needs of businesses.

The Stimulus equity loan will also make it possible to mobilise part of long-term savings through investors subscribing to the fund.

For Philippe Brassac, Chairman of the FBF: *"Since the beginning of the health crisis, French banks have been supporting their customers, particularly SMEs and Mid-caps. The Stimulus equity loans once again underline the commitment of French banks and the mobilisation of their local networks to help revive the economy. In the context of a health crisis impacting companies, the possibility of strengthening the structure of balance sheets is essential. With the involvement of the State and investors, this scheme is based on a principle of shared efforts and support for companies and between companies, which will make the recovery a success."*

Bruno Le Maire states: *"This first raising of €11 billion from institutional investors marks the start of the Stimulus equity loans, a flagship and unprecedented measure of France's stimulus package to support business investment. I know I can count on the full commitment of the banks to distribute these loans to SMEs and Mid-cap companies in France."*

CONTACT

Benoît Danton: +33 06 73 48 80 40 – bdanton@fbf.fr
[@FBFFrance](https://www.facebook.com/FBFFrance)

¹ SMEs with a turnover of €2 million or more and Mid-caps of all sizes

Presentation of how the Stimulus equity loan scheme works

Who can benefit from the Stimulus equity loans?

Companies with the following characteristics can apply for a Stimulus equity loan:

- Being an **SME with a 2019 turnover of €2M or more or a Mid-cap company**
- Presenting a **business or investment plan** justifying that the funds lent will be used to boost investment and not to cover cash needs to pay current bills
- Having a credit rating of at least **BB- (or equivalent) as assessed by the bank** at the time the equity loan is granted

What are the characteristics of the Stimulus equity loan?

Stimulus equity loans are intended to **finance investment**.

They have a **maturity of 8 years** and **4-year deferred repayment**. The minimum amount is €200,000, but it can go up to €100 million.

They thus make it possible to boost the company's balance sheet, without modifying its capital or governance.

How is the amount of a Stimulus equity loan that a company can take out calculated?

The Stimulus equity loan can represent **12.5% of the annual turnover for an SME or 8.4% for a Mid-cap**.

A company that has taken out a **state-guaranteed loan** can also apply for an equity loan. If the overall common upper limit of 25% of annual turnover is exceeded, the maximum Stimulus equity loan amount is then set at:

- 10% of turnover for SMEs (instead of 12.5%)
- 5% of turnover for Mid-cap companies (instead of 8.4%)

What is the cost of a Stimulus equity loan?

This scheme for boosting long-term financing has been designed in such a way as to present an **attractive cost for companies, thanks in particular to the State guarantee** (remunerated at 0.9% for SMEs and 1.8% for Mid-cap companies).

The rate will be set by each bank.

How to obtain a Stimulus equity loan? Who to contact?

Banks will distribute equity loans from the **start of May 2021 until 30 June 2022**. Companies can contact their bank advisors for this purpose.

Banks are the company's contact for the entire duration of the financing.

How does the scheme and the state guarantee work between banks and investors?

Banks keep 10% of the debt on their balance sheets and sell 90% to a fund of investors, to which insurers subscribe in particular. **The State provides a guarantee for up to 30% of the investment fund, but not for the 10% share of the equity loans carried solely by the banks.**

Under the Stimulus Plan, the Stimulus equity loans are part (with the Stimulus Bonds) of an overall scheme that can go up to €20 billion. To date, €12.2 billion in Stimulus equity loans has already been financed (with €11 billion subscribed by investors).