

Paris, 31 July 2020

PRESS RELEASE

Sweeping action by banks to support the recovery of the economy

Since the start of the COVID-19 crisis, French banks have rolled out strong measures to support the country's economy and their clients. Four months on, the statistics bear this out: banks have taken rapid and substantial measures. From 5 August, a seasonal government-backed loan will be proposed to companies operating in the tourism sector¹ that have been hit hard by the crisis.

From the very start of the lockdown, French banks began to implement payment deferrals on loans by up to six months. To date, deferrals have been allowed on more than two million loans, representing liquidity support of more than €20 billion.

Thus far, 555,000 companies, mainly very small companies (nearly 90%), have benefited from the state-guaranteed loan, representing a total of €114 billion. All sectors and all territories are eligible for the state-guaranteed loan. The refusal rate is 2.7%.

Since it was set up in a very short space of time, adjustments to the loan schemes are being made on an ongoing basis, based on dialogue with professionals and the authorities to achieve the best possible operational outcomes.

In this framework, French banks decided to offer a specific scheme for companies in the tourism sector that have been particularly impacted by the health crisis.

As part of the Tourism Plan announced by the government on 14 May, French banks agreed to adopted robust measures:

- companies in the tourism sector, regardless of their size, can apply to defer existing business loan repayments by up to 12 months;
- banks will propose a state-guaranteed loan tailored specifically for companies operating in tourism-related sectors (seasonal state-guaranteed loan). This loan will operate in the same fashion as the general state-guaranteed loan, and will be capped at an amount equivalent to the three best months of activity, thus taking into account the seasonal nature of the companies' activity. The texts underpinning the seasonal loan were published on 13 July, and it will be available to eligible companies via the bank networks from 5 August 2020. They can avail of it until the end of the year.

Nearly one in every six companies (15%) that have already obtained a state-guaranteed loan operates in the accommodation/catering sector, making it the second biggest category of subscribers by sector, and one of the main sectors eligible for the seasonal state-guaranteed loan. For those companies already benefiting from a state-guaranteed loan, the seasonal

¹ The list of sectors concerned can be consulted in the appendix to the amended decree of 23 March 2020 setting out the state-guaranteed loan scheme, published in the Journal Officiel on 18 July 2020.

loan will serve as a top-up loan, up to a maximum of their three best months of activity. For companies applying for the seasonal loan and which have not already applied for another state-guaranteed loan, they may obtain a maximum of their three best months of activity instead of the regulatory cap of 25% of revenue. Companies may spread out their loan requests under this scheme until the end of the year.

These additional measures reflect the commitment of French banks in supporting all their clients and helping to revive the country's economic activity.

CONTACTS

Benoît Danton: +33 (0)1 48 00 50 70 – bdanton@fbf.fr
Jenny Sensiau: +33 (0)1 48 00 50 52 – jsensiau@fbf.fr
FBFservicedepresse@fbf.fr

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