

CHART OF THE WEEK

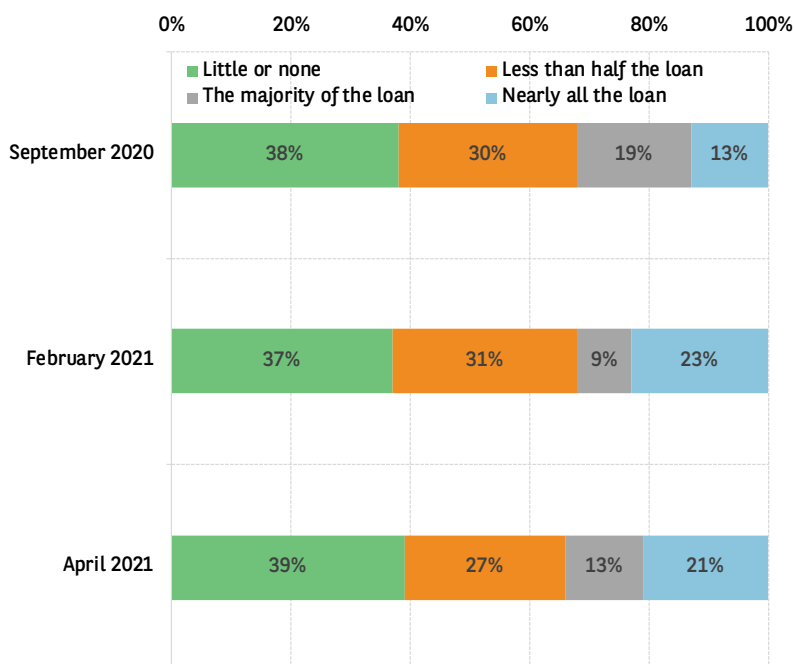


9 June 2021

FRANCE: A MAJORITY OF STATE-GUARANTEED LOANS TO SMES WERE TAKEN ON A PRECAUTIONARY BASIS

Thomas Humblot

Share of State-Guaranteed Loans used (% of SMEs having taken a SGL)



Source: BPI France, BNP Paribas

One year after the introduction of State-Guaranteed Loans (SGLs), 39% of managers of the SMEs that took them out have indicated that they have made little or no use of the funds, whilst barely one-third stated that they had used the majority of their loan. This precautionary behaviour led companies to hoard all or part of their SGL in order to build up a liquidity reserve under favourable terms.

Meanwhile, the share of managers who expect to repay their loans in full over several years has increased (41% in September 2020 to 56% in April 2021), whilst the proportion expecting to make at least partial repayment in 2021 has decreased (from 36% to 23% respectively).

The proportion of companies considering that they will not be able to repay their loan in full has remained fairly stable since the mechanism was introduced (5% in April 2021). With the final subscription date set at 30 June 2021, the EUR 20 bn in Recovery Participatory Loans ("*prêts participatifs Relance*") and the Recovery Bonds ("*obligations Relance*") will ensure – for eligible companies and until 30 June 2022 – that there is a smooth transition to the ending of Covid support measures for company financing.

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