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Over €1.1 billion in new funding injected into the economy

The Crédit Agricole Group, European Investment Bank (EIB) and European Investment Fund (EIF) join forces to support the development of French SMEs and ISEs

The Crédit Agricole Group and EIB Group, comprised of the European Investment Bank and its subsidiary the European Investment Fund, are working together to support French SMEs and ISEs by injecting over €1.1 billion in new funding into the economy through two operations.

The EIB, EIF and Crédit Agricole have finalised the first large-scale operation under the European Investment Plan (Juncker Plan). Through a synthetic securitisation carried out by Crédit Agricole CIB, the EIB Group has provided French SMEs and ISEs with a €830 million subsidised financing package that will be disbursed over 3 years by the Crédit Agricole regional banks, consolidated by an additional €100 million refinancing package. The second operation is part of the EIF's InnovFin SME Guarantee Facility programme. This agreement between Crédit Agricole Leasing & Factoring and the EIF covers equipment lease financing and provides a guarantee facility of €200 million over two years, earmarked for innovative ISEs and SMEs.

For Dominique Lefebvre, Chairman of Fédération Nationale du Crédit Agricole and Crédit Agricole S.A., “*These major, innovative operations aimed at promoting French businesses have strengthened the ties between the Crédit Agricole Group and the EIB Group. Through the combined efforts of several Group entities, more than €1.1 billion will be added to Crédit Agricole's initiative to fund SMEs and ISEs.*”

For Ambroise Fayolle, Vice-President of the EIB, “*This large-scale partnership with Crédit Agricole reflects our strong determination to support businesses. Thanks to the European security provided by the Juncker Plan and a set of innovative and attractive financing tools, we are in a position to step up our support of French companies and their efforts to expand their business. Supporting SMEs and ISEs is a top priority for the EIB Group, as they represent a key sector of the EU economy, with 23 million companies employing some 75 million people. SMEs and ISE are responsible for creating nearly one out of every two jobs.*”

Finally, for Pier-Luigi Gilibert, Chief Executive of the EIF: “*These operations mark a major milestone in the development of the EIB Group, giving rise to the first synthetic securitisation and the first InnovFin agreement with Crédit Agricole CIB and Crédit Agricole Leasing & Factoring, respectively. The EIF welcomes this opportunity to work with the EIB and the Crédit Agricole Group, because the regulatory capital freed up will be redistributed in part to issue new loans to French SMEs-ISEs and in part allocated to innovative SMEs-ISEs. The EIF's investment and structuring expertise, combined with the efficient allocation of EFSI funds by the EIB, offers an optimal solution to the Crédit Agricole Group, which will serve to expand funding to the real economy. This cooperation between the EIF and the Crédit Agricole Group demonstrates how well the EFSI and InnovFin work together and make each other stronger, all in the interest of helping SMEs and ISEs grow and create jobs.*”

A detailed look at the operations

An unprecedented subsidised financing mechanism totalling €930 million

Within the framework of the Juncker Plan, aimed in particular at stimulating investment and promoting access to loans for SMEs and ISEs, the EIB Group has established a financing programme using new methods, including subsidised interest rates to enhance the leverage provided by the funding itself.

The mechanism, based on these two approaches, covers loans reserved for investments in tangible and intangible assets by SMEs and ISEs meeting the eligibility criteria defined by the EIB in line with European Union policy targets. The financing mechanism consists of two packages:

- **A €830m subsidised-rate package provided by the EIB** for 2-year and 5-year fixed-rate loans. This innovative transaction primarily relies on an EIB Group financial guarantee of €138 million granted by the EIF, on a mezzanine tranche of a Crédit Agricole CIB loan book with a notional amount of €3 billion reserved for Major European Clients. In exchange for this €138 million guarantee, Crédit Agricole undertakes for three years to grant €830 million in new subsidised-rate loans (i.e. loans benefiting from a 0.25% rate reduction) to the SME-ISE clients of its regional banks, generating leverage of 6x between the amount of the risk guarantee and the amount of new loans issued by the Crédit Agricole Group to SMEs-ISEs, vectors of growth and employment in France. With this synthetic securitisation, Crédit Agricole CIB is also optimising its own capital and anticipating regulatory requirements on its loan book.
- **A €100 million** conventional refinancing package from the EIB.

An additional agreement for a guarantee package of €200 million in equipment lease financing for innovative SMEs and ISEs over two years

CAL&F has just entered into a guarantee agreement with the European Investment Fund (EIF) to promote the development of innovative French small and medium-sized enterprises (SMEs) and intermediate-sized enterprises (ISEs). Under the principles of the Juncker Plan, the EIF's InnovFin SME Guarantee Facility provides support for equipment lease financing to innovative SMEs and ISEs. This two-year €200 million guarantee facility will stimulate business in the innovative SME-ISE segment. It will be available to clients of the Crédit Agricole Group (Crédit Agricole and LCL regional banking networks) eligible for a research tax credit or partner loans targeting innovative assets. Such innovative companies will also enjoy favourable lending conditions thanks to the 50% risk guarantee provided by the EIF.

Both transactions come just weeks after another massive operation carried out by Crédit Agricole Leasing & Factoring, in cooperation with the EIB and EIF. On 25 October 2017, a securitisation of PLN 1.8 billion (approximately €415 million) was finalised for EFL, a subsidiary of Crédit Agricole Leasing & Factoring in Poland. This operation will serve to further EFL's commercial development plan by securing funds at a competitive rate for the next four years.

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About the European Investment Bank (EIB) Group and the Investment Plan for Europe

Established in 1957 by the Treaty of Rome, the EIB is the bank of the European Union. Together with the European Investment Fund (EIF), a subsidiary dedicated to supporting SMEs, it forms the EIB Group.

The EIB Group is a key player in the economic recovery through investments in Europe, and particularly in France. Since 2012, drawing on extensive expertise and the financial appeal of its AAA rating, the EIB Group has doubled the volume of its activity in France (reaching €9.3 billion in 2016) with the twofold aim of promoting business and innovation, as well as funding investment in strategic sectors such as climate preservation, energy, healthcare, housing, youth education and training infrastructures. Since 2015, the EIB Group has run the Investment Plan for Europe, more commonly referred to as the Juncker Plan.

The Investment Plan for Europe, or the Juncker Plan, is one of the top priorities set by Jean-Claude Juncker. Its objective is to boost European investments in order to create jobs and drive growth by optimising the use of new and existing financial resources, while also reducing obstacles to investment, coupled with greater visibility and technical assistance on investment projects. The European Fund for Strategic Investments (EFSI), the central pillar of the Investment Plan for Europe, allows the EIB Group to invest in more projects, with high added value and incurring greater risk. The EFSI has already generated concrete results. The projects and agreements approved for financing thus far by the EFSI have mobilised an estimated total of €250 billion and supported some 528,000 SMEs across the 28 Member States.

About the Crédit Agricole Group

Crédit Agricole group is the leading financial partner of the French economy and one of the foremost European banks. The Group is not only the leading retail bank in Europe, but also the top European asset manager, the No. 1 banking and insurance group in Europe, and the No. 2 issuer of green loans in the world.

With its cooperative and mutual banking roots, 138,000 employees and 31,000 directors of local and regional banks, the Crédit Agricole Group is a valuable and responsible bank that serves 52 million customers worldwide, 9.3 million cooperative shareholders and 1 million individual shareholders.

Thanks to its universal banking model - combining close relationships between its retail banks and the specialist expertise of its different business divisions - the Crédit Agricole Group helps its customers achieve their financial objectives in France and around the world: everyday banking, home and consumer loans, savings, insurance, asset management, real estate, leasing, factoring, corporate and investment banking, and issuer and investor solutions.

Crédit Agricole's corporate social responsibility policy is central to its identity as a valuable and loyal banking partner for life. CSR is integral to the Group's offering and permeates every aspect of its businesses. Furthermore, it is a key factor in its overall performance and a powerful innovation driver.