



10th March 2023

Financing of firms – France • January 2023

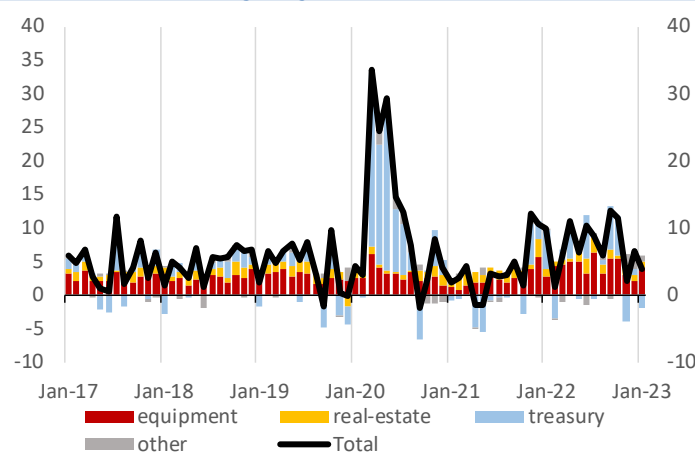
Growth in loans to NFCs remains strong

- At the end of January 2023, growth in outstanding bank loans to non-financial companies (NFCs) is +6.8% on an annual basis. This growth over 12 months remains strong but slows down gradually after +7.7% at the end of November and +7.4% at the end of December. This dynamic can be observed for all company sizes. The deceleration is more marked for treasury loans, whose annual growth falls from +7.4% at the end of December to +4.6% at the end of January, than for investment loans, whose growth remains steady (+7.6% compared to +7.5% at the end of December).
- In January, bank reintermediation of corporate financing continues, with a negative net flow of debt securities issues over the last 12 months, compared to still dynamic bank loans, while the cost differential between the two forms of funding tends to narrow.
- The average rate for bank loans rises again in January (3.45%, up from 3.14% in December), while the average rate for debt issues falls (3.94%, down from 4.33% in December). In total, the overall cost of financing for non-financial companies reaches 3.62% in January, up 7 basis points from December.

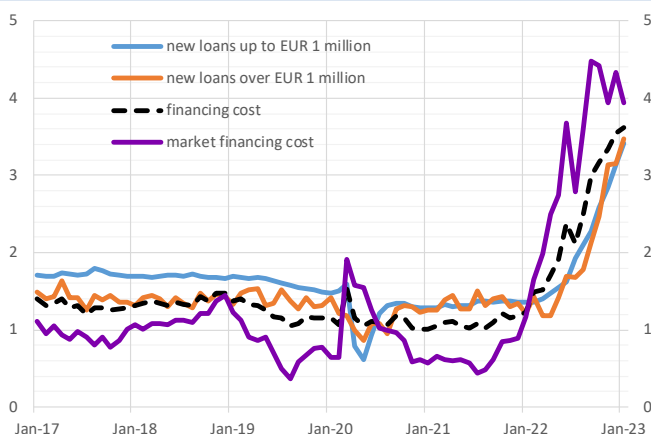
1 - Overview of NFCs : Outstanding amounts and flows in € Bn, annual growth rate and cost in % (non-seasonally adjusted) ^W

	Jan-23			Annual growth rate			Cost (annual interest rate)		
	Outstanding amounts	Transactions (cumulative over 12 month)	New business (cumulative over 12 month)	Nov-22	Dec-22	Jan-23	Nov-22	Dec-22	Jan-23
NFC's global financing	2 027.7	78.7		4.7	4.4	4.0	3.34	3.55	3.62
Loans	1 333.8	84.9	370.5	7.7	7.4	6.8	3.03	3.14	3.45
Investment	921.6			8.3	7.5	7.6			
<i>Equipment</i>	581.0			10.3	9.5	9.7			
<i>real-estate</i>	340.5			5.1	4.4	4.3			
Treasury	341.5			7.7	7.4	4.6			
Other lending	70.7			0.6	5.9	7.0			
Loans up to €1 million			125.5				2.85	3.14	3.42
Loans over €1 million			244.9				3.13	3.14	3.47
Securities other than shares	693.9	-6.2		-0.6	-0.9	-0.9	3.94	4.33	3.94

Monthly changes in outstanding loans by purpose (seasonally adjusted data in € Bn) ^W



Cost by financing sources (in %) ^W



-1-



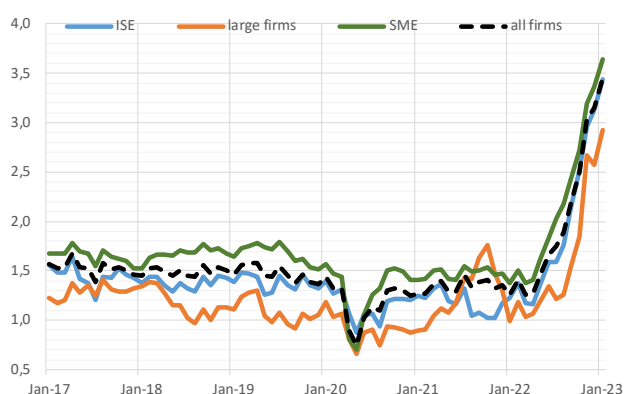
2 – Loans to firms by size ^W

- Credit growth rates remain high, although they are declining slightly over the year for SMEs, at +5.3% at the end of January 2023, compared with +5.5% at the end of December 2022, and for ISEs, at +6.1% at the end of January 2023 compared with +6.7% at the end of December 2022.
- Although still sustained, annual credit growth for large companies is declining more sharply than for SMEs and ISEs, falling from +18.5% at the end of November 2022 to +15.7% at the end of December 2022 and then to +10.6% at the end of January 2023. This overall slowdown for this category of companies masks two opposite trends, however: a decline in outstanding loans between December 2022 and January 2023 driven by a few large companies, while growth in outstanding loans is observed for all other companies.

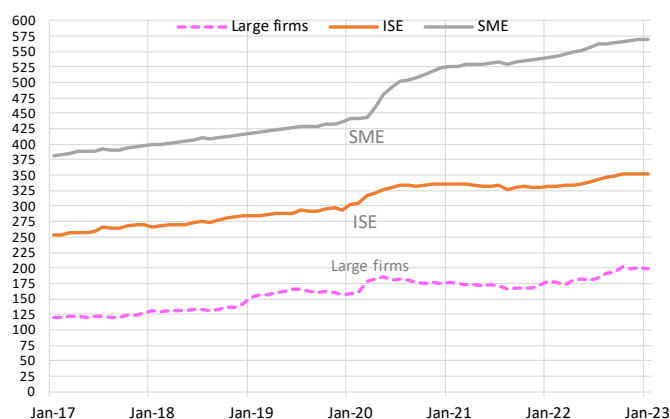
	Outstanding amounts (in Bn €)	Annual growth rate in %			Cost in % (annual interest rate)		
	Jan-23	Nov-22	Dec-22	Jan-23	Nov-22	Dec-22	Jan-23
All firms	1 333.8	7.7	7.4	6.8	3.03	3.14	3.45
<i>Of which:</i>							
- SME	569.5	5.8	5.5	5.3	3.19	3.36	3.64
- ISE	351.4	6.5	6.7	6.1	2.96	3.13	3.44
- Large firms	197.9	18.5	15.7	10.6	2.67	2.57	2.92

Note on methodology: Total loans to all firms is measured on the basis of data from bank balance sheets, which provide "macro" information, i.e., exhaustive information (all companies based on loans to the first euro), with certain breakdowns according to the nature of the loan. At the same time, on a regulatory basis, credit institutions and investment firms must declare by borrower ("micro" information) to the Central Risk Service of the Banque de France (SCR) the loans granted when they exceed €25,000. This collection is gradually being abandoned in favor of the AnaCredit collection, except for small banks which will not be subject to this declaration, in order to respect the "proportionality" between the economic importance of the bank and the constraints of its declaration obligations. This "micro" collection, which is fairly broad but not exhaustive, offers the advantage of being able to adopt the concepts of enterprise and category of enterprise defined by decree no. 2008-1354 on the criteria for determining the category of enterprise for the purposes of statistical and economic analysis (decree implementing article 51 of the law on the modernization of the economy - LME). The residual difference between the total by firm size and the total firm is essentially explained by these differences in scope and by legal units that cannot be assigned to a size category according to the criteria of the LME ("SCI and miscellaneous").

Interest rates by enterprise size (in %) ^W



Outstanding amounts of loans to resident enterprises by size (in € Bn) ^W





3 – Outstanding amounts by sector (stocks in € Bn, annual growth rate in %) ^W

- Growth in outstanding loans is still strong in the business advice and services sector (+14.3%), the information and communication sector (+10.9%) and real estate activities (+10.2%). On the other hand, outstanding loans falls in the accommodation and catering sector (- 2.3%). The increase in bank financing for industrial activities continues in January 2023 (+4.7%) but at a lower rate than in December 2022 (+9.8%).

	Drawn credits			Drawn and undrawn credits		
	Outstanding amounts	Annual growth rate in %		Outstanding amounts	Annual growth rate in %	
		Jan-23	Dec-22		Jan-23	Jan-23
Agriculture, forestry and fishing (AZ)	62.6	3.7	4.6	72.2	4.9	5.8
Industry (BE)	166.0	9.8	4.7	256.9	5.8	2.6
- inc. Manufacturing (C)	117.0	-0.1	-1.1	181.4	1.0	-0.9
Construction (FZ)	76.1	8.6	8.0	116.0	6.1	5.7
Wholesale and retail trade; repair of motor vehicles and motorcycles (G)	183.1	3.4	2.7	255.1	5.8	4.0
Transportation and storage (H)	57.5	1.7	0.0	71.3	3.4	1.2
Accommodation and food service activities (I)	49.0	-2.0	-2.3	53.7	-1.7	-2.1
Information and communication (JZ)	33.5	10.7	10.9	56.3	7.9	5.3
Real estate activities (LZ) (*)	519.2	10.5	10.2	575.1	11.0	10.8
Advisory & Business support activities (MN)	100.5	14.2	14.3	129.6	12.5	12.7
Education, human health and social work services, Art, entertainment and recreation, Other service activities (PS)	59.3	0.8	1.2	67.9	-0.1	-0.4
Holdings	21.0	26.9	28.3	25.0	24.9	25.3

(*) including non-trading real estate companies

(**) For the difference between total firms and total, see the method note

4 – Quarterly additional information : financing of VSE (1) ^W

Loans to VSEs: breakdown by type of loans ^{LE}

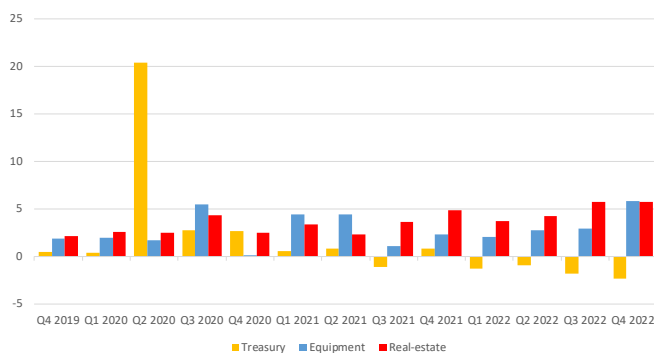
	Outstanding amounts		Annual growth rate in %	
	Q4 2022	Q3 2022	Q4 2022	
			Q3 2022	Q4 2022
Loans	399.7	7.0	7.2	
Treasury	42.5	-6.5	-13.0	
Equipment	165.1	6.7	8.9	
Real-estate	192.0	11.1	11.3	

- At the end of December 2022, outstanding loans to very small enterprises (VSEs) reaches EUR 399.7 billion, up 7.2% year-on-year. Loans to VSEs continues to grow at a sustained pace in Q4 (+EUR 8.4 billion after +EUR 6.7 billion in Q3 2022). Outstanding treasury loans decreases to EUR 42.5 billion, down from EUR 45.7 billion in Q3 2022. Annual growth in equipment loans and real estate loans remains strong at +8.9% and +11.3% respectively, up from +6.7% and +11.1% in the previous quarter.



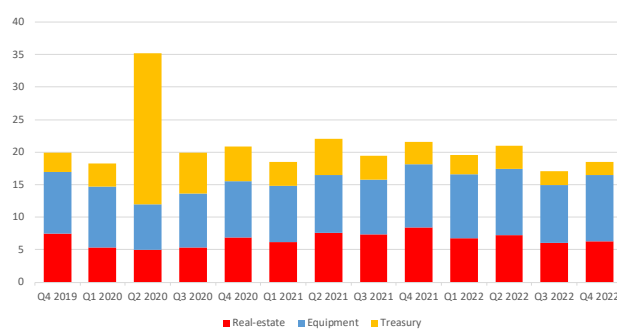
Change in outstanding loans to VSEs

(in EUR Bn)



Quarterly new loans to VSEs

(in EUR Bn)



Additional information

In this publication, the very small enterprises (VSEs) are characterized by the criteria of the 2008 LME law - legal units excluding self-employed entrepreneurs with less than 10 employees, and which have an annual turnover or balance sheet total not exceeding 2 million euros - or by default, by a turnover not exceeding 2 million euros.

VSEs are part of small and medium-sized enterprises (SMEs).

(1) Following a change in the editorial line of some Stat Info (see the press release available here <https://www.banque-france.fr/communique-de-presse/la-banque-de-france-presente-la-refonte-de-ses-stat-info>), the quarterly publication on microenterprise financing is now integrated quarterly into Stat Info Financing of firms.