



11th December 2023

## Financing of firms – France • October 2023

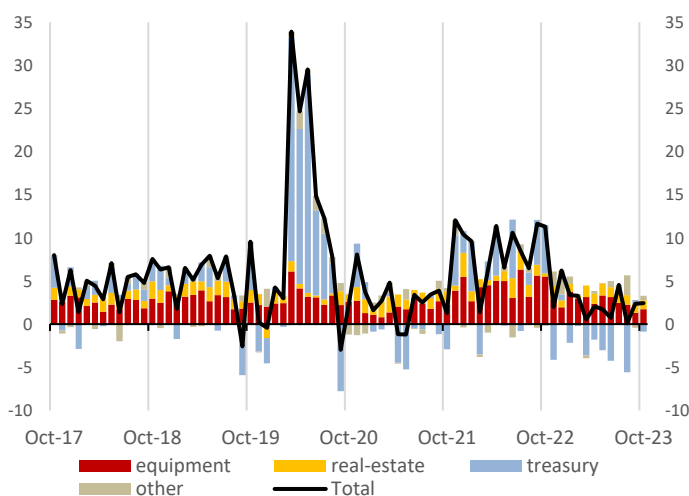
### Growth in bank loans to NFCs stands at 2.1%

- In October 2023, the growth of bank loans granted to non-financial companies (NFCs) continues to slow down (+2.1% year-on-year, after +2.9% in September), but the annual growth rate of equipment loans remains sustained (+5.5%, after +6.2% in September).
- This slowdown is more marked for large companies than for SMEs and ISEs. In parallel, debt securities financing rises again (+1.7% in October year-on-year, after +0.7% in September).
- The cost of bank credits to NFCs increases (4.76%, after 4.56% in September), whatever the size of the companies, while that of debt securities is almost stable (4.32%, after 4.37% in September).

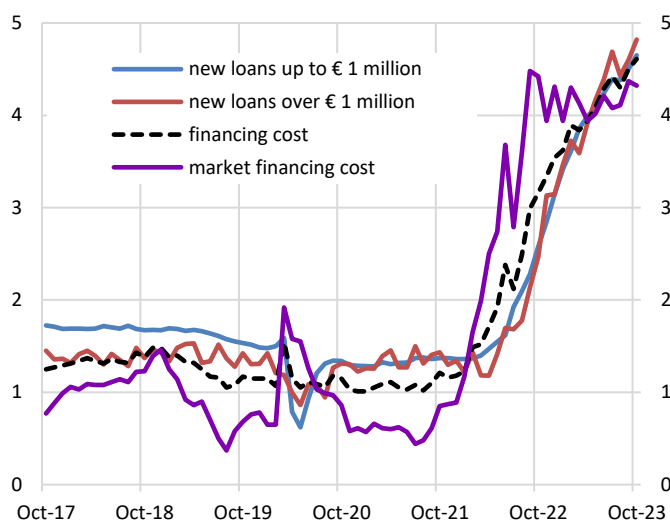
#### 1 - Overview of NFCs : Outstanding amounts and flows in € Bn, annual growth rate and cost in % (non-seasonally adjusted) <sup>W</sup>

	Oct-23			Annual growth rate			Cost (annual interest rate)		
	Outstanding amounts	Transactions (cumulative over 12 month)	New business (cumulative over 12 month)	Aug-23	Sep-23	Oct-23	Aug-23	Sep-23	Oct-23
<b>NFC's global financing</b>	<b>2,046.9</b>	<b>39.7</b>		<b>2.0</b>	<b>2.2</b>	<b>2.0</b>	<b>4.30</b>	<b>4.50</b>	<b>4.61</b>
<b>Loans</b>	<b>1,344.4</b>	<b>28.2</b>	<b>319.3</b>	<b>3.6</b>	<b>2.9</b>	<b>2.1</b>	<b>4.41</b>	<b>4.56</b>	<b>4.76</b>
Investment	951.7			5.8	5.3	4.9			
Equipment	604.3			7.0	6.2	5.5			
Real-estate	347.4			3.8	3.7	3.9			
Treasury	319.2			-4.3	-5.3	-7.3			
Other lending	73.5			12.7	12.9	14.2			
Loans up to € 1 million			115.0				4.38	4.50	4.65
Loans over € 1 million			204.3				4.43	4.60	4.82
<b>Securities other than shares</b>	<b>702.5</b>	<b>11.5</b>		<b>-1.0</b>	<b>0.7</b>	<b>1.7</b>	<b>4.11</b>	<b>4.37</b>	<b>4.32</b>

#### Monthly changes in outstanding loans by purpose (seasonally adjusted data in € Bn) <sup>W</sup>



#### Cost by financing sources (in %) <sup>W</sup>



-1-



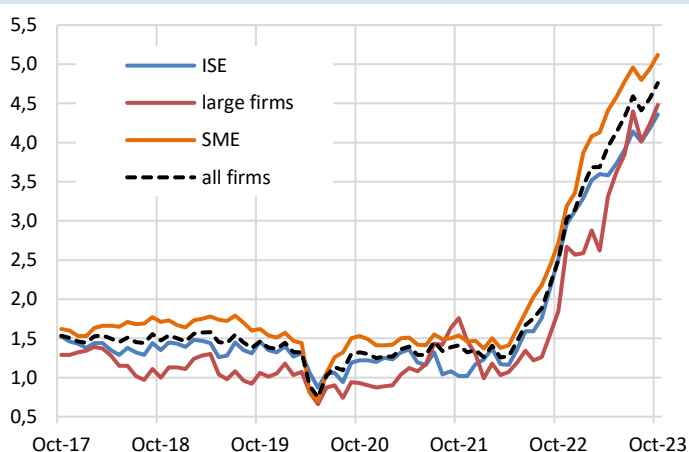
## 2 – Loans to firms by size <sup>W</sup>

- In October 2023, credit growth remains at +2.0% for SMEs and +2.5% for ISEs (after +2.2% for SMEs and +2.3% for ISEs). Growth in credit to large firms is negative (-2.5%) due to a base effect.
- The cost of credit is rising again for all sizes of firms, averaging in October an annual interest rate of 5.12% for SMEs, 4.36% for ISEs and 4.48% for large firms.

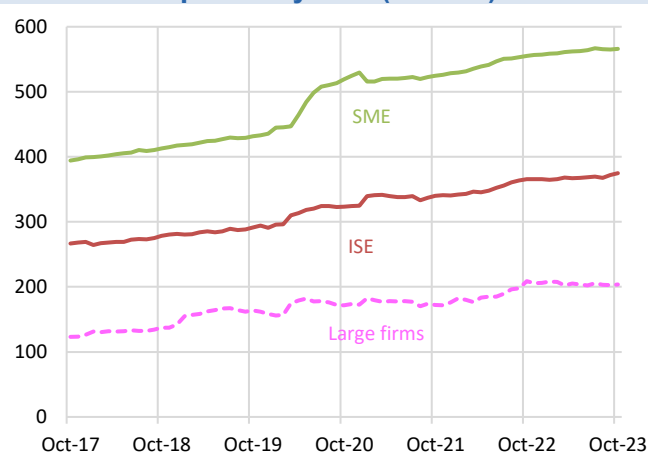
	Outstanding amounts (in Bn€) Oct-23	Annual growth rate in %			Cost in % (annual interest rate)		
		Aug-23	Sep-23	Oct-23	Aug-23	Sep-23	Oct-23
<b>All firms</b>	1,344.4	3.6	2.9	2.1	4.4	4.6	4.8
<i>Of which:</i>							
- SME	566.1	2.5	2.2	2.0	4.80	4.94	5.12
- ISE	374.8	2.0	2.3	2.5	4.01	4.18	4.36
- Large firms	203.5	3.6	2.3	-2.5	4.02	4.23	4.48

*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 %) <sup>W</sup>



### Outstanding amounts of loans to resident enterprises by size (in € Bn) <sup>W</sup>





### 3 – Outstanding amounts by sector\*\* (stocks in € Bn, annual growth rate in %) <sup>W</sup>

- Growth in outstanding amount of mobilized credits is still very differentiated depending on the economic sectors. It remains strong for advisory & business support activities (+10.3%) and dynamic for real estate activities (+4%) and information and communication (+4.4%). Compared to its October 2022 level, the outstanding amount of mobilized credits, however, continues to decrease for industry (-2.7%) and for accomodation and food service activities (-2.3%).
- Compared to its October 2022 level, outstanding construction credit is down 5.7% but up 1.9% for the Manufacturing sub-sector.

	Drawn credits			Drawn and undrawn credits		
	Outstanding amounts	Annual growth rate in %		Outstanding amounts	Annual growth rate in %	
		Oct-23	Sep-23		Oct-23	Sep-23
Agriculture, forestry and fishing (AZ)	64.8	4.8	5.2	73.9	3.7	4.0
Industry (BE)	170.2	-1.1	-2.7	262.5	-2.0	-4.0
- inc. Manufacturing (C)	121.8	-1.2	-1.9	186.5	-2.8	-4.3
Construction (FZ)	73.4	2.3	-5.7	108.4	-2.8	-6.0
Wholesale and retail trade; repair of motor vehicles and motorcycles (G)	186.3	-0.1	-1.3	254.9	-3.2	-3.4
Transportation and storage (H)	62.9	0.3	0.8	79.3	0.6	0.4
Accommodation and food service activities (I)	50.6	-2.0	-2.3	55.4	-2.2	-2.4
Information and communication (JZ)	34.2	2.0	4.4	55.7	-1.3	-1.2
Real estate activities (LZ) (*)	527.1	4.1	4.0	579.9	4.3	4.1
Advisory & Business support activities (MN)	98.7	10.3	10.3	125.6	11.0	10.9
Education, human health and social work services, Art, entertainment and recreation, Other service activities (PS)	62.7	1.9	1.7	71.0	0.1	0.7
Holdings	22.8	17.7	16.4	27.6	12.9	11.9

(\*) 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) <sup>W</sup>

#### Loans to VSEs: breakdown by type of loans (1) <sup>W</sup>

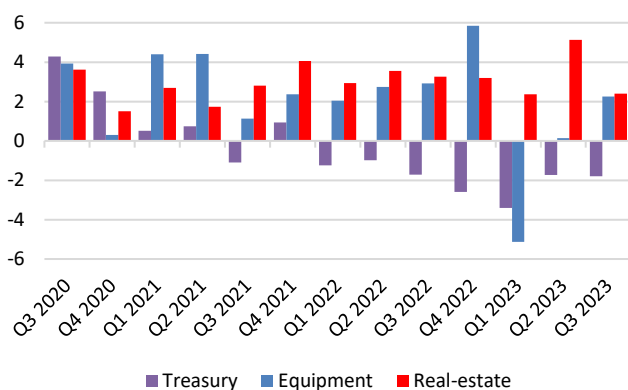
	Outstanding amounts (Billions euros)	Annual growth rate in %	
		Q3 2023	Q2 2023
			Q3 2023
Loans	357.5	2.4	1.9
Treasury	32.7	-21.5	-22.6
Equipment	162.4	2.4	1.9
Real-estate	162.3	9.6	8.8

- At the end of October 2023, outstanding loans to VSEs reaches €357.5 billion. Annual growth in loans slows down to +1.9%, compared to +2.4% in the previous quarter, mainly due to negative developments in treasury loans which decreases to €32.7 billion, after 34.6 €bn in the second quarter of 2023 (-22.6% year-on-year).
- The annual growth of equipment and real estate loans remains positive, at +1.9% and +8.8% respectively, after +2.4% and +9.6% in the previous quarter.



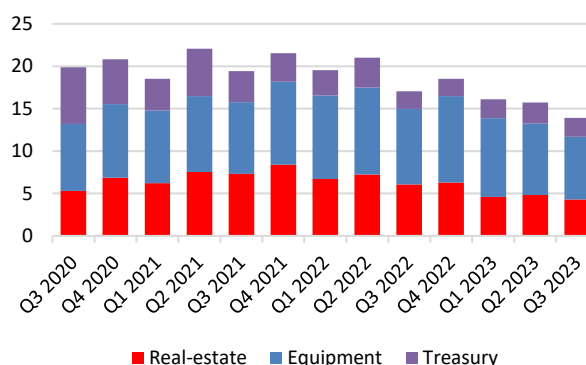
## Change in outstanding loans to VSEs

(in €bn)



## Quarterly new loans to VSEs

(in €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/communiqué-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.