



8th February 2023

Financing of firms – France • December 2022

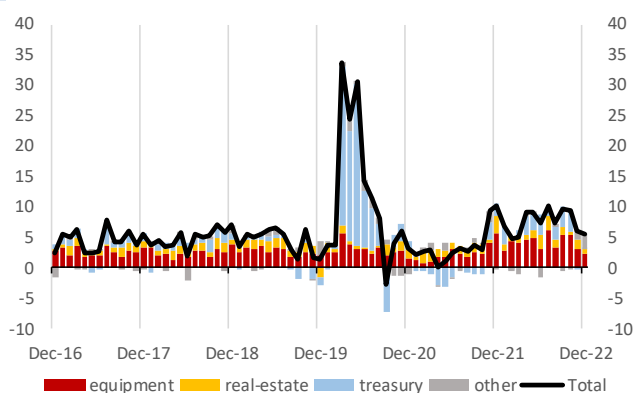
Sustained growth in credit to NFCs in 2022

- At the end of December, growth in outstanding bank loans to non-financial companies (NFCs) rose by +7.3%. As in previous months, this momentum benefited large companies (+14.9%) and, to a lesser extent, ISEs (+6.7%) and SMEs (+5.4%), mainly for investment credit. By sector, growth was again driven by all industries (+9.3%) and business consulting and services (+13.2%).
- The year 2022 is marked by a reintermediation of corporate financing. Indeed, companies favored the bank credit channel for borrowing, with a net flow over 12 months of €90.3 billion, more than double the amount observed in 2021 (€43.7 billion), to the detriment of debt securities issuance, down by €6.5 billion over the year.
- While remaining well below the cost of debt issuance (4.30% in December 2022), the interest rate on bank loans continued to rise at the end of the year, reaching 3.13% in December 2022 (after 3,3 % in November).

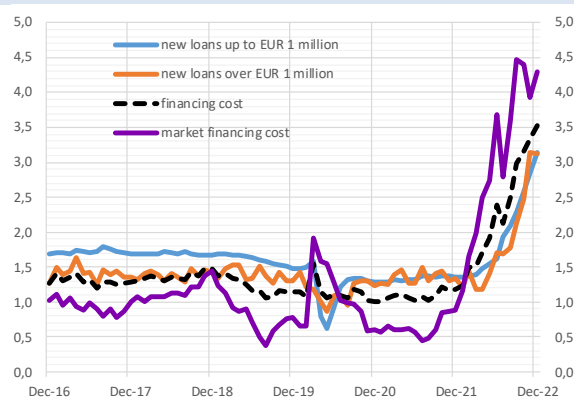
1 - Overview of NFCs : Outstanding amounts and flows in € Bn, annual growth rate and cost in % (non-seasonally adjusted) ^W

	Dec-22			Annual growth rate			Cost (annual interest rate)		
	Outstanding amounts	Transactions (cumulative over 12 month)	New business (cumulative over 12 month)	Oct-22	Nov-22	Dec-22	Oct-22	Nov-22	Dec-22
NFC's global financing	2 024.0	83.8		4.9	4.7	4.3	3.16	3.34	3.53
Loans	1 330.7	90.3	373.3	8.6	7.7	7.3	2.50	3.03	3.13
Investment	918.3			8.3	8.3	7.5			
Equipment	577.9			10.6	10.3	9.5			
real-estate	340.4			4.7	5.1	4.3			
Treasury	342.1			11.1	7.7	7.1			
Other lending	70.3			0.2	0.6	5.4			
Loans up to €1 million			125.3				2.58	2.85	3.14
Loans over €1 million			248.0				2.47	3.13	3.12
Securities other than shares	693.2	-6.5		-1.5	-0.7	-0.9	4.40	3.92	4.30

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



Cost by financing sources (in %) ^W





2 – Loans to firms by size ^W

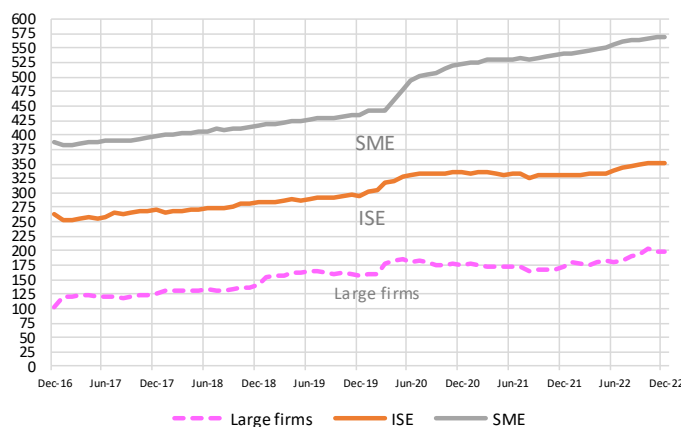
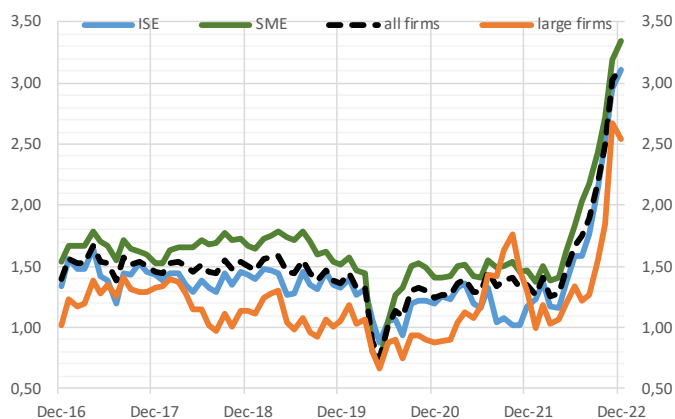
- Excluding large companies, year-on-year credit growth rates are relatively stable compared to November: +5.4% for SMEs and +6.7% for ISEs. Monthly growth in outstanding bank loans to large companies remains very positive, even though it is down on the previous two months: +14.9% in December.

	Outstanding amounts (in Bn €)	Annual growth rate in %			Cost in % (annual interest rate)		
	Dec-22	Oct-22	Nov-22	Dec-22	Oct-22	Nov-22	Dec-22
All firms	1 330.7	8.6	7.7	7.3	2.50	3.03	3.13
<i>Of which:</i>							
- SME	568.8	5.8	5.8	5.4	2.72	3.19	3.34
- ISE	352.3	6.2	6.5	6.7	2.52	2.96	3.11
- Large firms	198.3	20.4	18.5	14.9	1.85	2.67	2.54

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 was driven in particular by all industries (+9.3%, although almost zero for manufacturing at -0.2%) and business consultancy and services (+13.2%). It is still very positive in the "real estate activities" sector due to the outstandings allocated to real estate investment companies. On the other hand, outstanding loans continue to fall in the accommodation and catering sector (-1.2%), which is a major beneficiary of the state-guaranteed loan scheme (PGEs). However, the stock of loans at the end of 2022 remains 13 GEUR higher than at the end of 2019 for this sector.

	Drawn credits			Drawn and undrawn credits		
	Outstanding amounts	Annual growth rate in %		Outstanding amounts	Annual growth rate in %	
		Dec-22	Nov-22		Dec-22	Dec-22
Agriculture, forestry and fishing (AZ)	62.0	3.5	3.7	71.5	5.0	5.0
Industry (BE)	167.4	13.9	9.3	261.1	8.3	5.3
- inc. Manufacturing (C)	117.5	3.2	-0.2	185.0	2.3	0.9
Construction (FZ)	76.7	8.3	8.5	116.4	6.6	5.6
Wholesale and retail trade; repair of motor vehicles and motorcycles (G)	183.0	4.1	3.3	258.5	5.5	5.7
Transportation and storage (H)	57.4	1.2	1.0	71.4	2.5	2.8
Accommodation and food service activities (I)	49.0	-1.0	-1.2	53.8	-0.6	-0.7
Information and communication (JZ)	33.5	10.8	10.1	57.5	8.9	7.3
Real estate activities (LZ) (*)	517.5	10.5	10.6	573.5	11.2	11.1
Advisory & Business support activities (MN)	100.6	12.9	13.2	128.8	10.4	11.6
Education, human health and social work services, Art, entertainment and recreation, Other service activities (PS)	59.3	0.9	0.9	68.6	-1.1	-0.1
Holdings	20.7	32.8	26.8	24.9	30.1	24.8

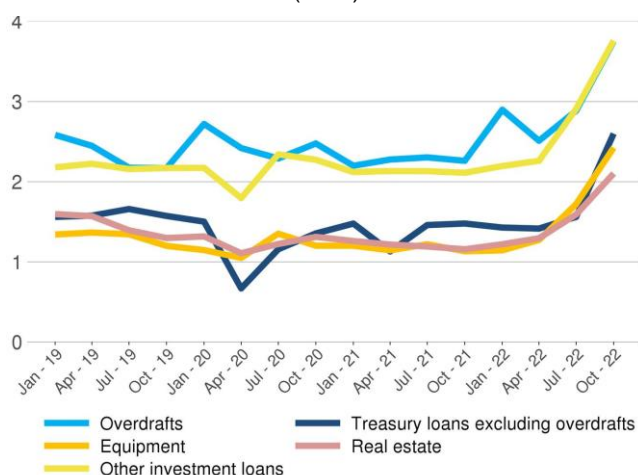
(*) including non-trading real estate companies

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

4 – Quarterly additional information ^W

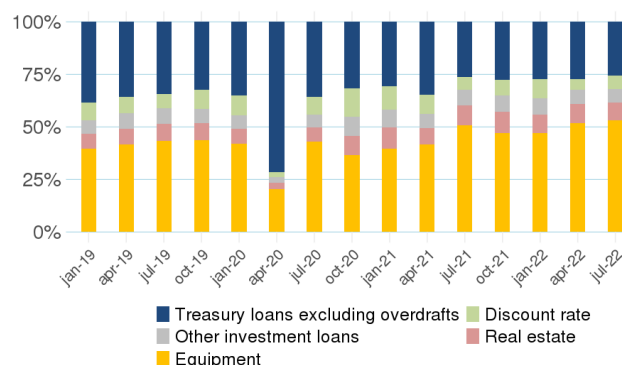
Cost of new loans by purpose ^W

(in %)



Breakdown of new loans by purpose ^W

(in % of new business credits excluding overdrafts)





Characteristics of new loans to NFC 

	Average rate (en %)		Average maturity (in month)	Share of loans fixed rate (in %)
	Jul-22	Oct-22	Oct-22	Oct-22
Overdrafts	2.89	3.75		
Treasury excluding overdrafts	1.56	2.60	28	22
Equipment	1.72	2.43	118	82
Real-estate	1.59	2.10	195	86
Other investment loans	2.91	3.76	63	96

The survey is conducted among a sample of branches and headquarters of banking institutions operating in metropolitan France. It takes into account new loans granted in the first month of each quarter to non-financial corporations. It is based on the effective rate in the narrow sense (TESE), i.e. the interest component of the overall effective rate (TEG).