



9th August 2024

## Financing of firms – France • June 2024

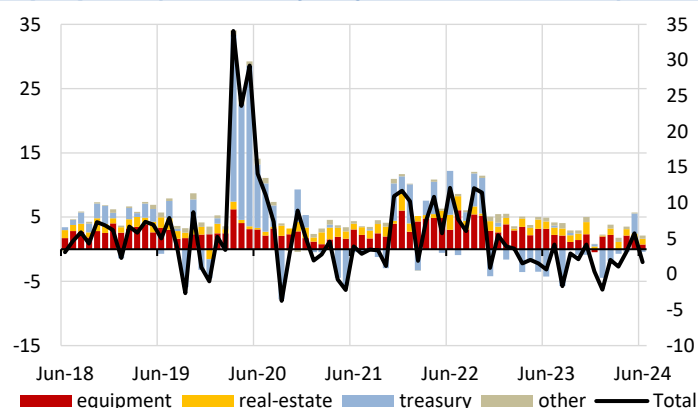
### Growth in financing to NFCs accelerates in June

- In June, outstanding financing granted to non-financial companies (NFCs) rose by +2.5% year-on-year (after +1.8% in May and +1.6% in April), thanks to growth in both debt financing (+3.7%, up sharply on May (+1.9%)) and bank loans (+2.0% after +1.7% in May). Among the latter, the contraction in cash loans continues to moderate (-3.2%, after -5.0% in May), while investment loans continue to grow (+3.1% after +3.4% in May).
- The overall cost of new financing (4.37%) is back at a slightly lower level than in April (4.44%) and the 1<sup>st</sup> quarter, following a sharp drop in May (to 4.16%) due to an exceptional transaction by a major company. The cost of debt securities falls slightly to 3.83% from 3.89% in May.

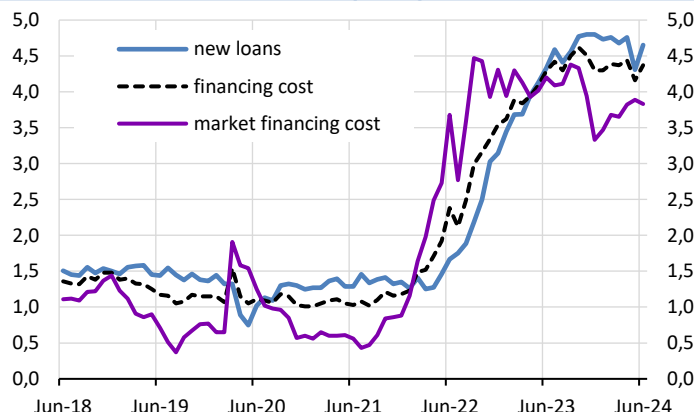
#### 1 - Overview of NFCs : Outstanding amounts and flows in € Bn, annual growth rate and cost in % (non-seasonally adjusted) <sup>W</sup>

	Jun-24			Annual growth rate			Cost (annual interest rate)		
	Outstanding amounts	Transactions (cumulative over 12 month)	New business (cumulative over 12 month)	Apr-24	May-24	Jun-24	Apr-24	May-24	Jun-24
<b>NFC's global financing</b>	<b>2,074.5</b>	<b>51.5</b>		<b>1.6</b>	<b>1.8</b>	<b>2.5</b>	<b>4.44</b>	<b>4.16</b>	<b>4.37</b>
<b>Loans</b>	<b>1,359.9</b>	<b>26.1</b>	<b>311.7</b>	<b>1.4</b>	<b>1.7</b>	<b>2.0</b>	<b>4.76</b>	<b>4.31</b>	<b>4.65</b>
Investment	969.7			3.7	3.4	3.1			
Equipment	608.6			3.7	3.4	3.0			
Real-estate	361.1			3.6	3.4	3.3			
Treasury	314.6			-6.9	-5.0	-3.2			
Other lending	75.6			10.4	10.6	10.3			
Loans up to € 1 million			112.0				4.57	4.47	4.44
Loans over € 1 million			199.7				4.88	4.23	4.75
<b>Securities other than shares</b>	<b>714.5</b>	<b>25.4</b>		<b>1.9</b>	<b>1.9</b>	<b>3.7</b>	<b>3.82</b>	<b>3.89</b>	<b>3.83</b>

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



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





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

- In June 2024, bank lending to NFCs accelerated to 2.0% (after +1.7% in May). This growth is particularly dynamic for ISEs (2.5% after 2.3% in May). It was also up for large firms, due in particular to a significant credit outstanding granted to one of them. For SMEs, however, growth seems to be slowing (+1.3% after +1.6% in May).
- After a sharp one-off fall in May, the average cost of credit has risen for all company sizes, and in particular for large companies (4.66% after 3.88% in May and 4.75% in April), while remaining on a downward trend.

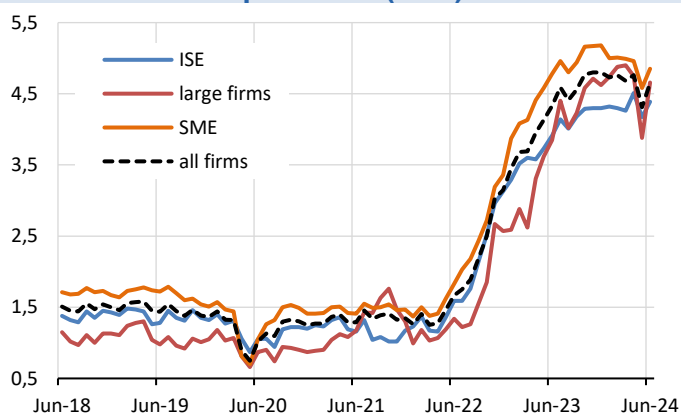
	Outstanding amounts (in Bn€) Jun-24	Annual growth rate in %			Cost in % (annual interest rate)		
		Apr-24	May-24	Jun-24	Apr-24	May-24	Jun-24
<b>All firms</b>	1,359.9	1.4	1.7	2.0	4.8	4.3	4.7
<i>Of which:</i>							
- SME	503.3	-0.6	-0.9	-1.4	4.96	4.58	4.85
- ISE	384.8	2.7	2.3	2.5	4.51	4.17	4.39
- Large firms	202.7	-3.2	0.5	1.9	4.75	3.88	4.66

Note on methodology:

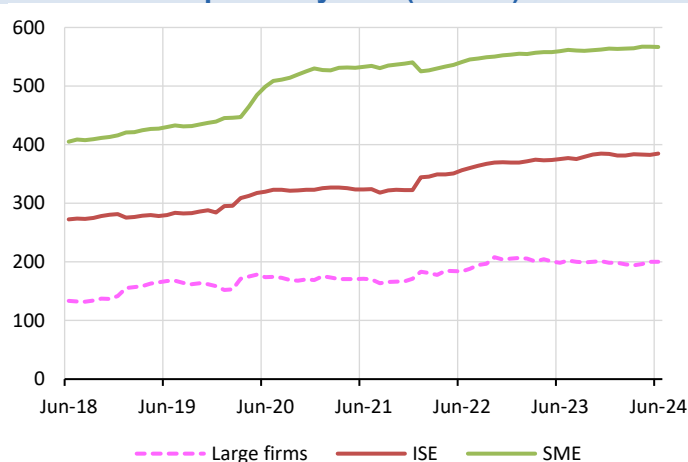
The scope of SME credit outstandings includes companies of indeterminate size (e.g., companies created during the year, etc.), which may be reclassified in another category as and when available information on sales, workforce, balance sheet size or financial links is updated.

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 (all maturities combined) 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>

- The growth in outstanding loans mobilized is still very differentiated according to the economic sectors. It remains strong for the advisory & business support activities (+10.1%), for information and communication (+9.7%), for transportation and storage (+7.4%), and significant for real estate activities (+3.6%) and agriculture, forestry and fishing (+2.8%). On the other hand, the outstanding loans mobilized continue to contract for industry (-3.7%), wholesale and retail trade (-2.9%) and the accommodation and food service activities (-2.5%).
- Compared to its level in June 2023, the outstanding construction credit is contracting (-2.8%), but it is growing for the real estate development sub-sector (+6.1%).

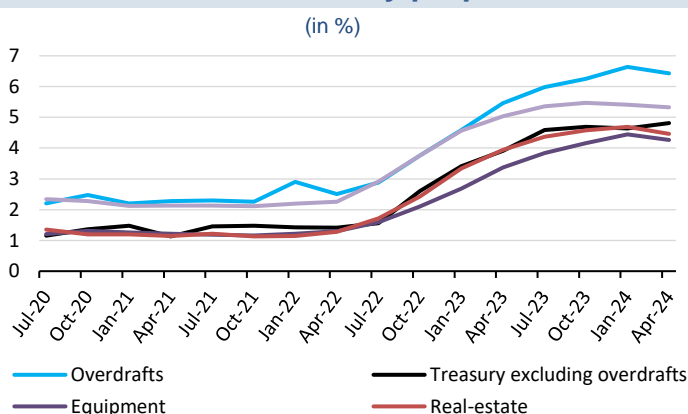
	Drawn credits			Drawn and undrawn credits		
	Outstanding amounts	Annual growth rate in %		Outstanding amounts	Annual growth rate in %	
		Jun-24	May-24		Jun-24	May-24
Agriculture, forestry and fishing (AZ)	66.5	3.1	2.8	74.6	1.2	1.0
Industry (BE)	164.8	-5.0	-3.7	266.1	-0.7	0.5
- inc. Manufacturing (C)	115.9	-3.2	-2.5	186.5	0.8	1.2
Construction (FZ)	70.7	-2.8	-2.8	104.6	-4.5	-4.3
Wholesale and retail trade; repair of motor vehicles and motorcycles (G)	184.7	-2.2	-2.9	255.2	-2.7	-2.3
Transportation and storage (H)	63.7	7.3	7.4	81.6	4.8	4.3
Accommodation and food service activities (I)	52.2	-2.1	-2.5	57.7	-1.6	-2.2
Information and communication (JZ)	35.7	9.1	9.7	56.6	4.2	3.1
Real estate activities (LZ) (*)	539.5	4.0	3.6	591.8	3.9	2.9
Advisory & Business support activities (MN)	104.8	9.1	10.1	133.0	8.7	10.3
Education, human health and social work services, Art, entertainment and recreation, Other service activities (PS)	62.7	-0.4	0.0	72.1	0.1	0.5
Holdings	18.5	11.3	11.0	21.9	7.1	7.1

(\*) including non-trading real estate companies

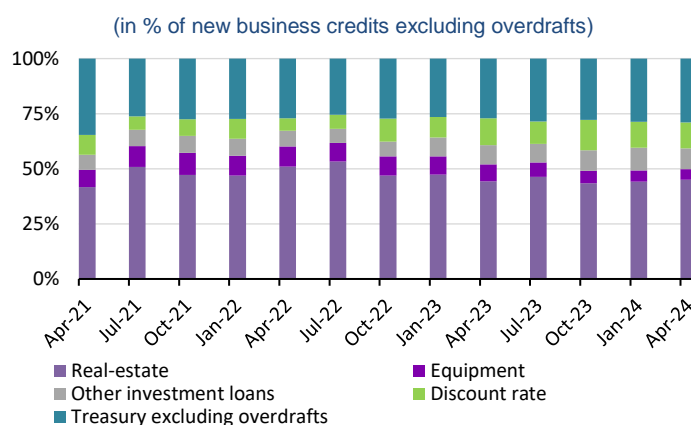
(\*\*) For the difference between total firms and total, see the method note

### 4 – Quarterly additional information about loans to NFCs rates (1) <sup>W</sup>

#### Cost of new loans by purpose <sup>W</sup>



#### Breakdown of new loans by purpose <sup>W</sup>





## Characteristics of new loans to NFC

	Average rate (en %)		Average maturity (in month)	Share of loans fixed rate (in %)
	Jan-24	Apr-24	Apr-24	Apr-24
Overdrats	6.64	6.43		
Treasury excluding overdrafts	4.64	4.81	28	20
Equipment	4.69	4.46	109	78
Real-estate	4.45	4.27	197	91
Other investment loans	5.41	5.33	63	98

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).

- (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 business credit rates is now integrated quarterly into Stat Info Financing of firms.