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SURVEY ON THE ACCESS TO FINANCE OF SMALL AND MEDIUM-SIZED ENTERPRISES IN THE EURO AREA

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This report presents the main results of the sixth round of the survey on the access to finance of small and medium-sized enterprises in the euro area (SAFE), conducted between 3 September and 11 October 2012 on behalf of the European Central Bank (ECB). The total sample size for the euro area was 7,514 firms, of which 6,959 (93%) had less than 250 employees.¹ The report provides evidence mainly on the change in the financial situation, financing needs and access to external financing of small and medium-sized enterprises (SMEs) in the euro area, compared with large firms. The reference period is the preceding six months, i.e. the period from April to September 2012.² In addition, it provides an overview of developments in SMEs' access to finance across euro area countries.

I THE FINANCIAL SITUATION OF EURO AREA SMEs

In the period from April to September 2012 (H2 2012), which was characterised by weakening economic activity in the euro area, a net³ 10% of euro area SMEs reported a contraction in **turnover**. This represented a further deterioration compared with the previous six-month period when SMEs reported a contraction, for the first time since 2010 (see **Chart 1**). The decline in turnover was widespread across sectors, but mainly driven by SMEs in the construction sector and the trade sector where a net 28% and 13%, respectively, reported a decrease in turnover. In addition, the turnover contraction occurred particularly in the segment of older firms (10 years and older), while younger SMEs continued to report, on balance, an increase in turnover during the survey period. The development for euro area SMEs represented a deterioration compared with the previous six-month period when SMEs reported, on balance, a small decline in turnover (-2% in H2 2011; see **Chart 1**). In addition, on balance, a higher percentage (-34%) of euro area SMEs than in the previous survey period (-27%) reported a deterioration in their **profits**, particularly in the construction (-47%) and trade (-36%) sectors. A high percentage of SMEs mentioned increased **labour and other costs** affecting their income

¹ See Annex 2 for details on the weighting scheme.

² The reference period for the previous survey round (H2 2011) was October 2011 to March 2012.

³ Net percentages refer to the difference between firms reporting an increase and those reporting a decrease.

generation (although broadly unchanged from the previous survey round, at 45% and 69% respectively, compared with 46% and 67%).

Euro area SMEs reported a slowdown in their deleveraging process as a slightly smaller percentage of firms reported a net reduction in their **leverage** (as the ratio of debt to assets) of -3%, compared with -5% in H2 2011, with the exception of the construction sector where firms reported an increase in leverage (on balance, 3%). The decline in leverage reflects the ongoing adjustment in the balance sheets of enterprises in an environment of heightened risk aversion, but also a decline in the availability of debt financing in the survey period (see below). Developments in SMEs' leverage were heterogeneous across euro area countries (see country section below). In line with the reduction of interest rates on loans, SMEs reported, on balance, a decline in **net interest expenses** (19%, compared with 24%).

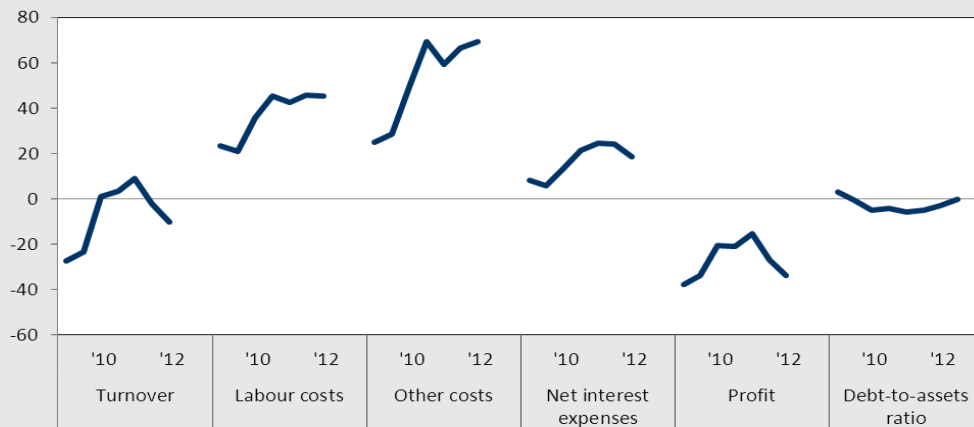
Large firms also reported, on balance, a decline in their profits, for the second time since H2 2009 (-10%, compared with -4% in H2 2011, see **Chart 1a** in Annex1). In addition, they continued to report, on balance, an increase in turnover, although the net percentage was lower than in the previous six-month period (22%, compared with 32%). For the first time since the start of the survey, large firms reported an increase in net terms in their leverage (from -6% to 1%). It is not excluded that, in an environment of weak loan developments, the reported increase in the debt-to-assets ratio is more related to the asset side of the firms' balance sheet and possibly to a reduction in the amount and/or value of assets available to them.

Overall, for large firms, the financial situation appears to remain more favourable than for SMEs.

Chart 1

CHANGE IN THE INCOME AND DEBT SITUATION OF EURO AREA SMEs

(over the preceding six months; net percentage of respondents)



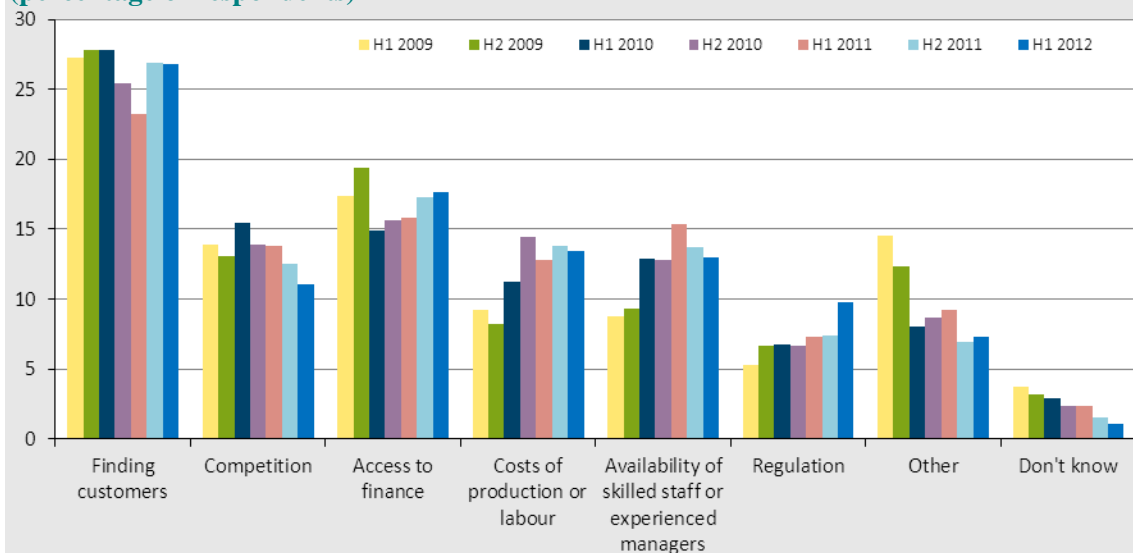
Base: All SMEs.

Note: The net percentage is the difference between the percentage of firms reporting an increase for a given factor and that reporting a decrease.

“Finding customers” remained the **dominant concern** for euro area SMEs in this survey period as well (27% of SMEs mentioned it this issue, the same percentage as in H2 2011; see **Chart 2**). The importance of “Access to finance” was broadly unchanged as a concern for most euro area SMEs (18% mentioned this, compared with 17% in H2 2011), close to the peak reached in H2 2009 (19%). Other areas such as “Competition” and “Availability of skilled staff or experienced managers” were mentioned somewhat less frequently (11% and 13%, respectively). Both the economic and financial situations seem more difficult for younger firms: SMEs up to 5 years old mentioned “Finding customers” and “Access to finance” similarly often as their most pressing problem. For large firms, “Access to finance” (mentioned by 14%, unchanged from the previous round) was less of an issue, while “Finding customers” (22%) and “Competition” and “Cost of production or labour” (16%) were their dominant concerns (see **Chart 2a** in Annex 1A).

Chart 2**THE MOST PRESSING PROBLEM FACED BY EURO AREA SMEs**

(percentage of respondents)

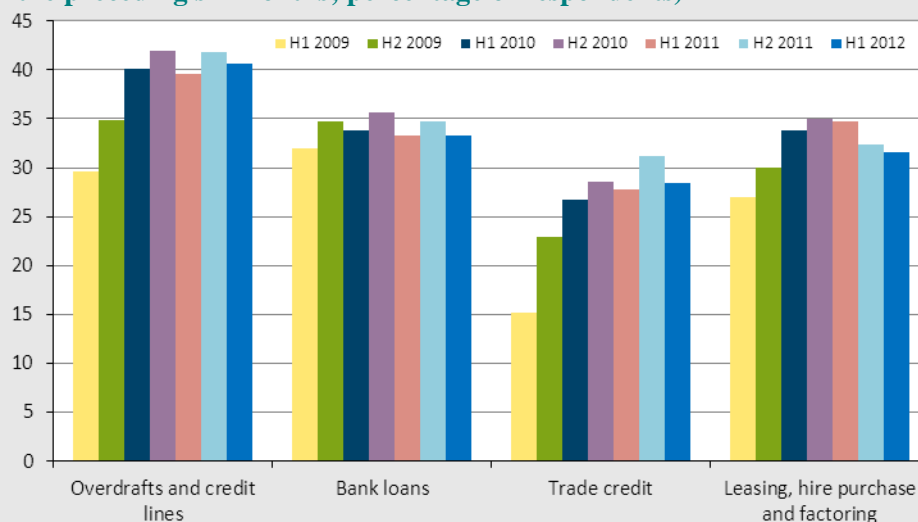


Base: All SMEs.

2 EXTERNAL FINANCING NEEDS AND ACCESS TO FINANCE OF EURO AREA SMEs

2.1 SOURCES OF EXTERNAL FINANCING OF EURO AREA SMEs

Compared with the previous survey round, the composition of SMEs' **sources of external financing** changed little between April and September 2012. The percentage of euro area SMEs using bank loans (33%, down from 35% in H2 2011) and bank overdrafts or credit lines (41%, down from 42%) declined slightly in comparison with the previous round, bank financing remaining their most important source of external financing (see **Chart 3**). The use of trade credit also declined during the survey period, whereas the importance of leasing, hire purchase and factoring remained unchanged.

Chart 3**SOURCES OF EXTERNAL FINANCING OF EURO AREA SMEs****(over the preceding six months; percentage of respondents)**

Base: All SMEs.

2.2 EXTERNAL FINANCING NEEDS OF EURO AREA SMEs

As in the previous survey round, more SMEs reported an increase (18%, compared with 19% in H2 2011) in their **need (i.e. demand) for bank loans** than a decrease (12%, compared with 11%). On balance, SMEs reported a somewhat lower net percentage compared with the previous survey (5%, compared with 8%) (see **Chart 4**)⁴. SMEs' need for bank loans and bank overdrafts declined somewhat, on balance, compared with the previous six-month period (5% and 12%, respectively, compared with 8% and 14%), while the change in the need for trade credit remained unchanged (5%).

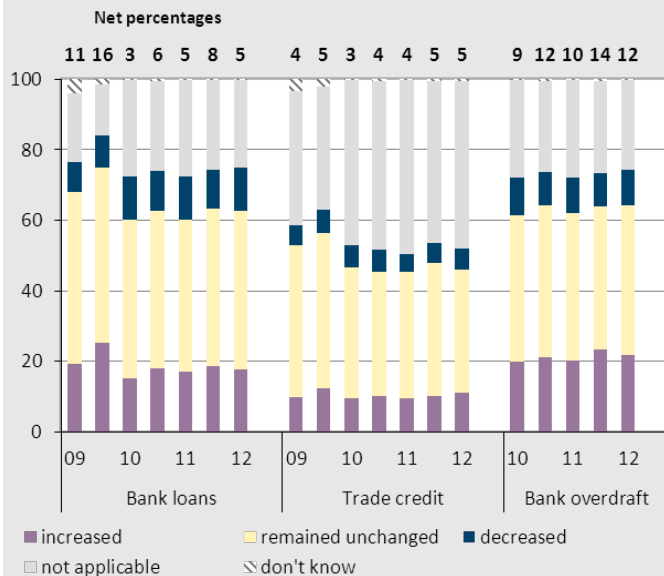
The lower need for external finance is reflected in the indications of SMEs that their financing need for **fixed investment** or for **inventory and working capital** remained positive but broadly unchanged from the previous six-month period (at 10% and 11%, respectively; see **Chart 5**). At the same time, the availability of **internal funds** remained positive (on balance 5%, down from 7% in H2 2011) and contributed less to the external financing needs.

⁴ Regardless of whether they have applied for external financing or not, all survey respondents are asked about their needs for each source of external financing (i.e. bank loans, bank overdrafts and credit lines, trade credit, equity and debt securities issuance).

Chart 4

CHANGE IN THE EXTERNAL FINANCING NEEDS OF EURO AREA SMEs

(over the preceding six months; percentage of respondents)



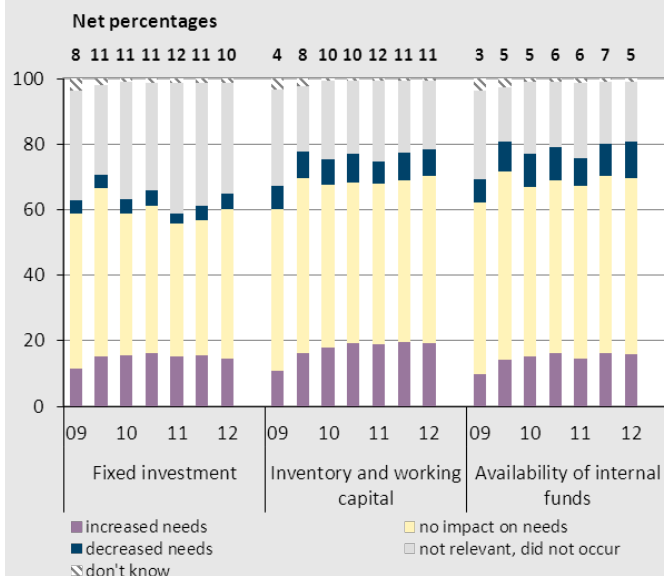
Base: All SMEs.

Note: See the note to Chart 1.

Chart 5

CHANGE IN FACTORS AFFECTING THE EXTERNAL FINANCING NEEDS OF EURO AREA SMEs

(over the preceding six months; percentage of respondents)



Base: All SMEs.

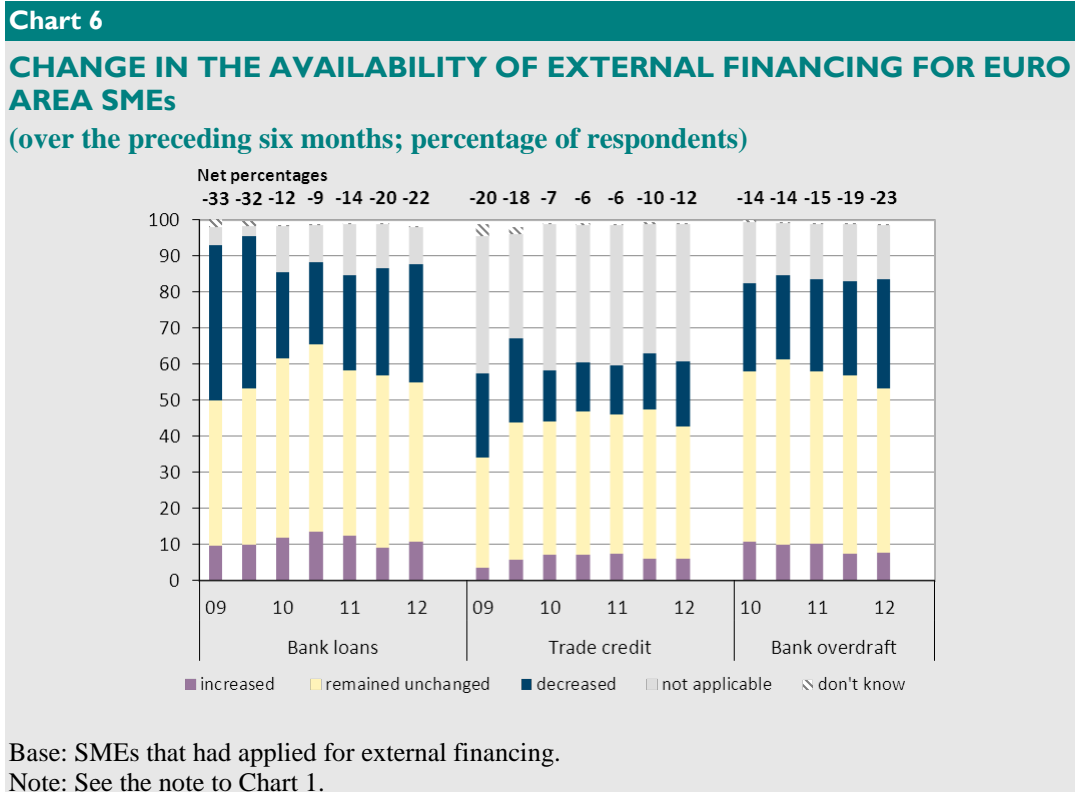
Note: See the note to Chart 1.

Large firms reported, on balance, a decreased need for bank loans (4%, compared with 9%) and trade credit (6%, compared with 8%), but this was not the case for bank overdrafts (8%, up from 5%). The financing need for fixed investment increased (on balance, 28%, up from 24%) and declined for working capital (16%, down from 19%) compared with the previous survey period (see **Charts 4a and 5a** in Annex 1A).

2.3 AVAILABILITY OF EXTERNAL FINANCING FOR EURO AREA SMEs

SMEs perceived a further deterioration in the **availability (i.e. supply) of bank loans** between April to September 2012 (-22% in net terms, compared with -20% in H2 2011; see **Chart 6**). The reported deterioration is, however, far from the levels of 2009 (around -30%) following the bankruptcy of Lehman Brothers. The availability of bank loans was assessed, on balance, most negatively in the construction sector (-34%), while it was perceived less negatively in the industry sector (-17%). In the current survey period, SMEs also reported a further deterioration in the availability of **bank overdrafts** and

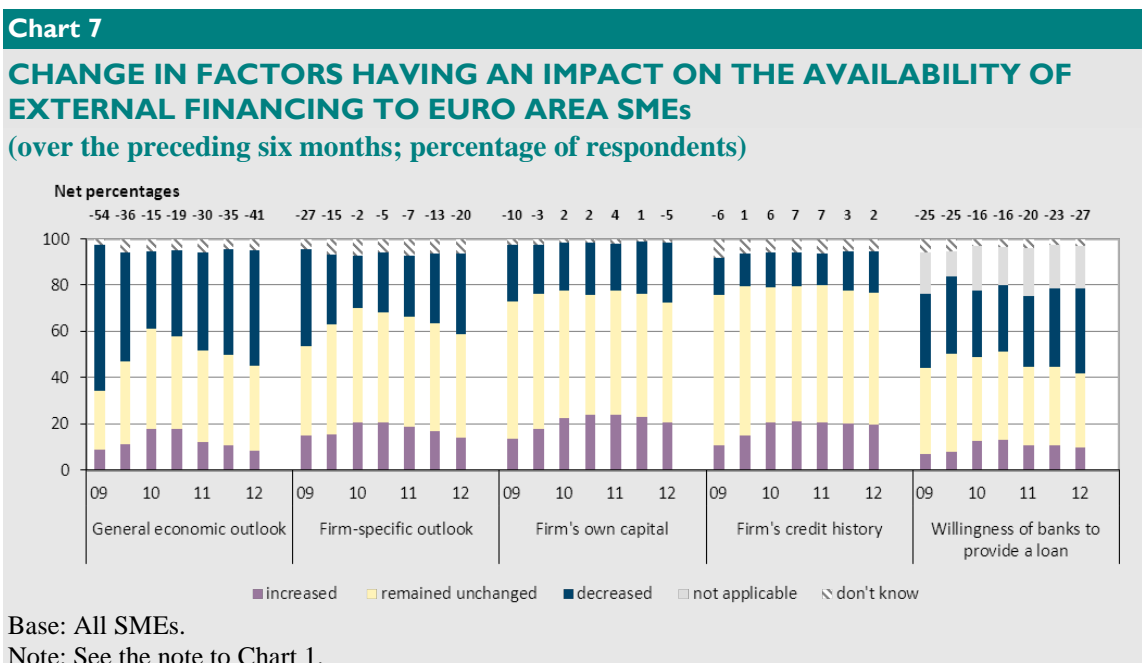
trade credit, indicating overall a considerable worsening in access to finance for euro area SMEs in the period from April to September 2012.



There was also a deterioration in the availability of bank loans for **large firms** (-17% in net terms, compared with -4%), although the net percentage remains smaller than for SMEs. Large firms also reported, on balance, a deterioration in the availability of trade credit (-9%, compared with -4%), while bank overdrafts remained unchanged at -12% (see **Chart 6a** in Annex 1A).

Regarding the **factors** affecting the deterioration in the availability of external financing, SMEs referred in particular to the worsening of the **general economic outlook** (-41% in net terms, compared with -35%; see **Chart 7**). They also reported a further worsening in their **firm-specific outlook** (-20%, compared with -13%). These demand-driven factors may reflect higher risks related to the weakening economic activity, which banks take into account in their lending policy. Such higher risks may also be reflected in SMEs' somewhat less positive assessment of their own capital and credit history (-5% and 2%, respectively, compared with 1% and 3% in H2 2011). These factors were, however, less negative than in 2009, when the downturn in economic activity was much more severe.

At the same time, the survey suggests that **supply restrictions** in the provision of bank loans increased in the period from April to September 2012. In net terms, 27% (compared with 23% in H2 2011) of the SMEs pointed to a **lower willingness of banks to provide a loan**, a clear deterioration also in comparison with the replies in 2009, i.e. in the period after the bankruptcy of Lehman Brothers, when the net percentage was 25%. Hence, in this survey round, both business-cycle and supply-side factors played an important role in the decline in the availability of bank loans for SMEs.



Large firms also attributed the deterioration in the availability of bank loans mostly to the worsening general economic outlook (-52% in net terms, compared with -36% in H2 2011), but also to a deterioration of their firm specific outlook (-14%, compared with 5%) (see **Chart 7a** in Annex 1A). In addition, they also perceived that the willingness of banks to provide a loan was slightly improving but remained still negative (-11% in net terms, compared with -15%) and assessed the change in the willingness as not being as negative as in H1 2009 (-20%).

2.4 APPLICATIONS FOR EXTERNAL FINANCING AND THEIR SUCCESS

Between April and September 2012, 24% of the SMEs **applied for a bank loan**, while 46% did not apply because of sufficient internal funds (see **Chart 8**), unchanged from H2

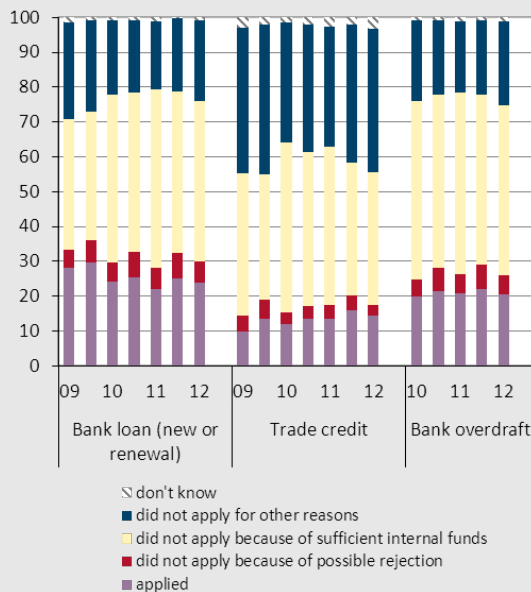
2011. The percentage of firms not applying for a loan for fear of rejection stayed broadly stable (at 6%, compared with 7% in the previous survey round).

When asked about their **actual success** of their bank loan applications, 15% of the SMEs reported that their application had been rejected (compared with 13% in H2 2011; see **Chart 9**). This is the highest percentage since the peak of 18% in H2 2009. In particular, micro firms (1 to 9 employees; see Annex 2) reported a substantial rejection rate (24%, up from 20% in H2 2011). At the same time, 60% (slightly lower than 62% in H2 2011) of the SMEs reported that they had received the full amount of their loan application (compared with the low of 56% in H2 2009). The reduction was partially compensated for by a small increase in the percentage of loans granted only in part (17%, compared with 16%). This may reflect the fact that banks continued to apply a very cautious lending policy, in particular for riskier loans. For bank overdrafts, SMEs reported no changes in the rejection rate (at 14%) in H1 2012.

For **large firms**, the success when applying for a bank loan increased to 72% (from 68%; see **Chart 9a** in Annex 1A), while the percentage of applications granted only in part declined from 21% to 17%. At the same time, there are indications of a possible increased scrutiny of banks aiming at differentiating between loan applications as the rejection rate increased marginally (5%, compared with 3%).

Chart 8

APPLICATIONS FOR EXTERNAL FINANCING BY EURO AREA SMEs
(over the preceding six months; percentage of respondents)

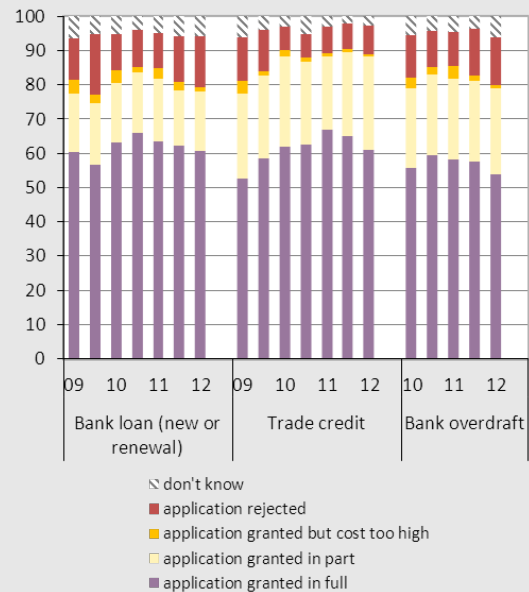


Base: All SMEs.

Chart 9

OUTCOME OF THE APPLICATIONS FOR EXTERNAL FINANCING BY EURO AREA SMEs

(over the preceding six months; percentage of firms that had applied for bank loans or trade credit)



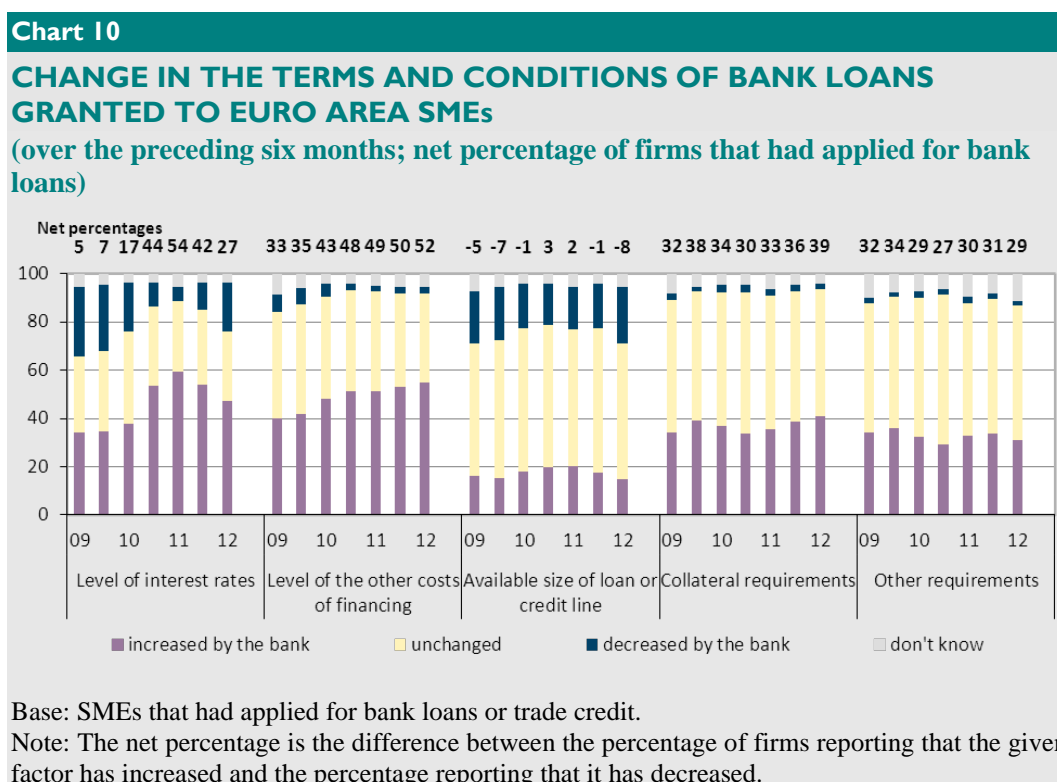
Base: SMEs that had applied for bank loans or trade credit.

2.5 TERMS AND CONDITIONS OF LOAN FINANCING

The picture with respect to the **terms and conditions of bank loan financing** is mixed. In net percentages, fewer SMEs reported an increase in **interest rates** (27%, down from 42% in the previous survey, see **Chart 10**), possibly reflecting the slight moderation in aggregate short-term and variable bank lending rates on small-sized loans since April 2012.⁵ In addition, a broadly unchanged net percentage of SMEs (52%, compared with 50%) reported an increase in the **other costs of financing** (which include charges, fees and commissions). With respect to non-price terms and conditions, for which the degree of deterioration was generally higher, SMEs reported, on balance, a further increase in **collateral requirements** (39%, compared with 36%) and a strong decline in the **size of the loan or credit line** (-8%, down from -1% in H2 2011), pointing to some quantitative constraints in the availability of loans.

⁵ Between April and August 2012, the euro area average interest rate on small loans (<250,000 euro) declined by 18 bps, that of loans below 1 million euro by 28 bps while that on large loans (<1 million euro) by 38 bps.

Compared with the SMEs' view, the net percentage of **large firms** reporting an increase in interest rate charges declined more substantially (to 5%, compared with 31% in H2 2011), possibly reflecting the relatively stronger decline in short-term and variable bank lending rates on large-sized loans since April 2012. In addition, compared with the previous survey period, large firms reported, on balance, smaller increases in the other non-price factors, such as collateral and other requirements (27% and 24%, respectively; see **Chart 10a** in Annex 1A).



2.6 EXPECTATIONS REGARDING ACCESS TO FINANCE

For the coming six-month period (October 2012 to March 2013), SMEs expect, on balance, a further deterioration of their access to bank loans and bank overdrafts (-15% and -13%, respectively, from an expected -7% and -8% for H1 2012; see **Chart 11**). In addition, SMEs expect, on balance, a deterioration of their internal funds for H2 2012 (-10%, compared with -3%), reflecting expectations of weak economic activity in H2 2012. The expected deterioration was widespread across sectors. SMEs in the construction sector were the most pessimistic regarding their expectations on internal funds (on balance, -20% expected a deterioration), followed by SMEs in the trade sector (-11%). In

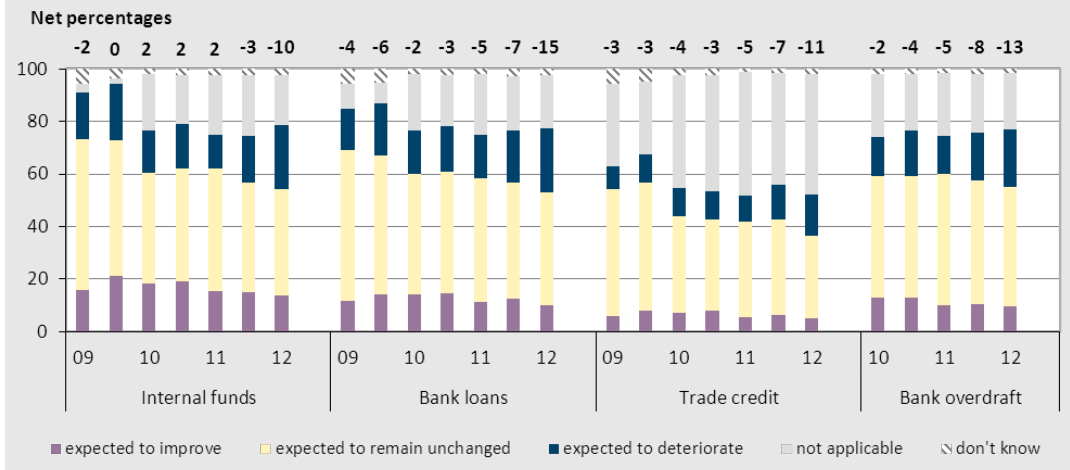
addition, younger SMEs were less pessimistic than older firms on the future developments of their internal funds over the coming six months.

Large firms are, on balance, more optimistic regarding their availability of internal funds, expecting, on balance, an increase for H2 2012 (3%, compared with an expected 8%). However, expectations are similar for SMEs regarding the availability of bank loans and bank overdrafts (-9% for both in net terms, compared with -10% and -9%, respectively).

Chart 11

CHANGE IN EURO AREA SMEs' EXPECTATIONS REGARDING ACCESS TO FINANCE

(over the following six months; net percentage of respondents)



Base: All SMEs.

Note: The net percentage is the difference between the percentage of firms expecting an improvement in the source of financing and the percentage expecting a deterioration.

3 OVERVIEW OF MAIN COUNTRY RESULTS⁶

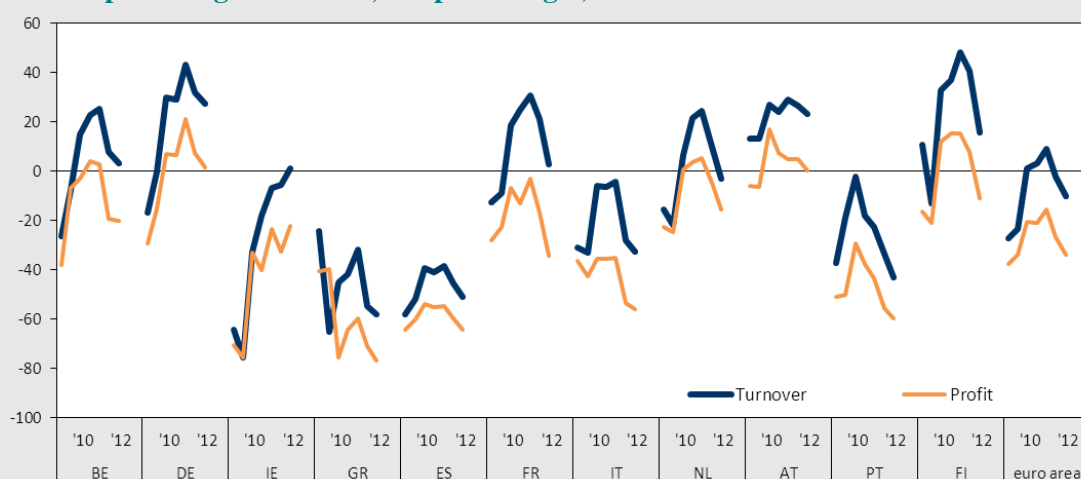
3.1 TURNOVER, PROFITS AND COSTS

Turnover has generally continued to decline for SMEs, particularly in Greece, Spain, Italy and Portugal, in the survey period from April to September 2012 (see **Chart 12**). In the remaining countries, a lower percentage of SMEs reported increases in turnover in net terms; the reduction has been particularly strong in Finland, France and the Netherlands.

Chart 12

CHANGE IN THE TURNOVER AND PROFIT OF SMEs ACROSS EURO AREA COUNTRIES

(over the preceding six months; net percentages)



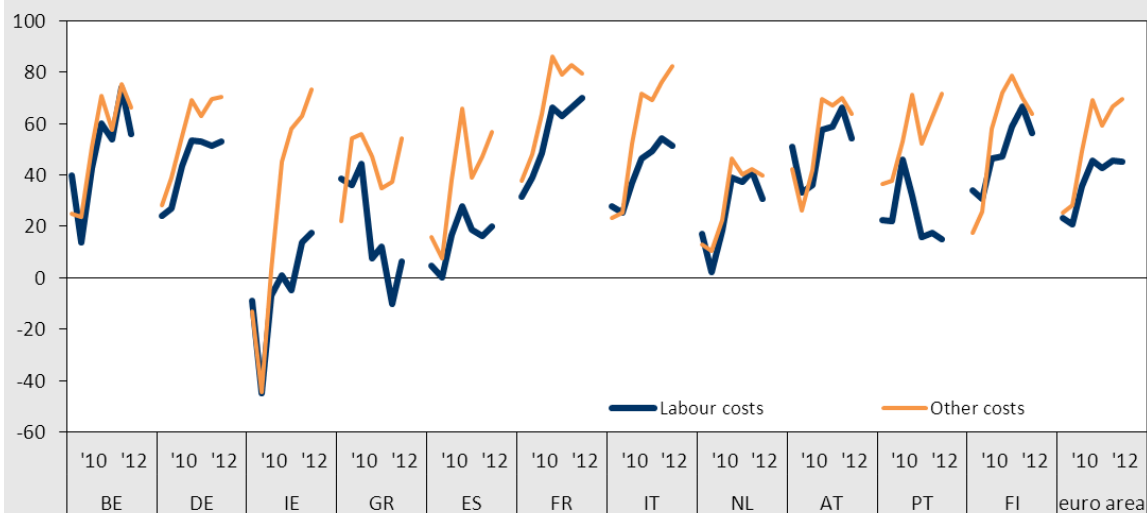
Base: All SMEs.

Note: See the note to Chart 1.

⁶ Besides being representative at the euro area level, the sample is also representative for the four largest euro area countries, i.e. Germany, France, Italy and Spain where 1,000 firms were interviewed in each country (see Annex 2). The sample size in the other countries was increased in the H2 2010 survey round to 500 firms, enabling significant comparisons to be made across countries. Comparisons for the small countries over time should be made with some caution as the sample has changed and may be less precise for the first three rounds of the survey.

Chart 13

CHANGE IN LABOUR AND OTHER COSTS (RAW MATERIAL AND OTHER INPUT COSTS) OF SMEs ACROSS EURO AREA COUNTRIES
(over the preceding six months; net percentages)



Base: All SMEs.

Note: See the note to Chart 1.

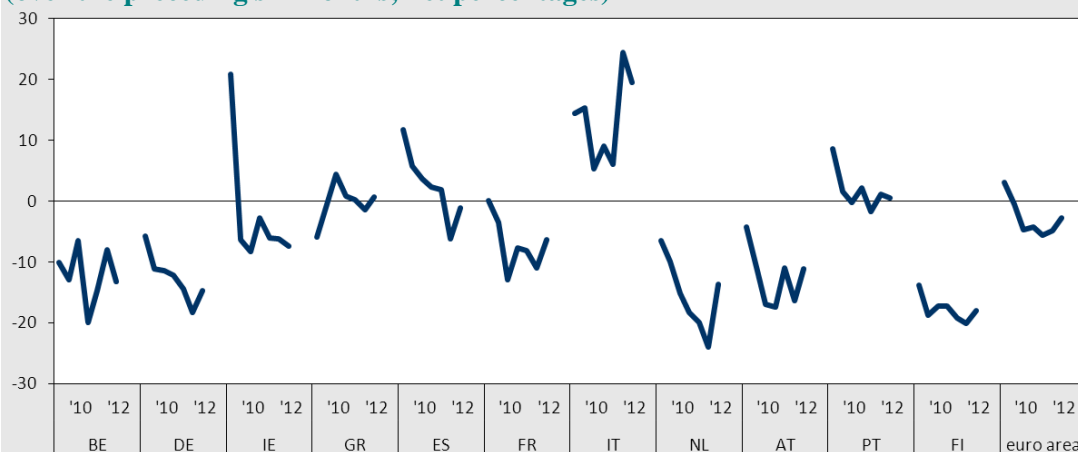
Together with the deterioration in turnover, SMEs in most euro area countries reported, on balance, a further decrease of **profits**. In virtually all countries, firms reported a decrease in their profits in net terms, with the most negative net percentages still being in Spain (-64%) and Greece (-77%). The net percentages were marginally positive among German and Austrian SMEs. In the period under analysis, most firms considered **labour and other costs** to have increased (see **Chart 13**). While in some countries (Belgium, Austria, the Netherlands and Finland) the balance of opinions on labour cost decreased compared with the previous period, in other countries (Greece, Spain, Ireland and France) it started or continued to increase with respect to H2 2011.

According to the survey results, there are signals that the deleveraging process slowed down between April and September 2012 (see **Chart 14**). The slowdown was widespread across countries, and particularly for SMEs in the Netherlands, possibly also because the deleveraging process had been more pronounced in the previous periods. Italian SMEs continued to report increasing levels of leverage with respect to other euro area countries; although, in net terms, the percentage had declined with respect to the previous period.

Chart 14

CHANGE IN THE RATIO OF DEBT TO TOTAL ASSETS OF SMEs ACROSS EURO AREA COUNTRIES

(over the preceding six months; net percentages)



Base: All SMEs.

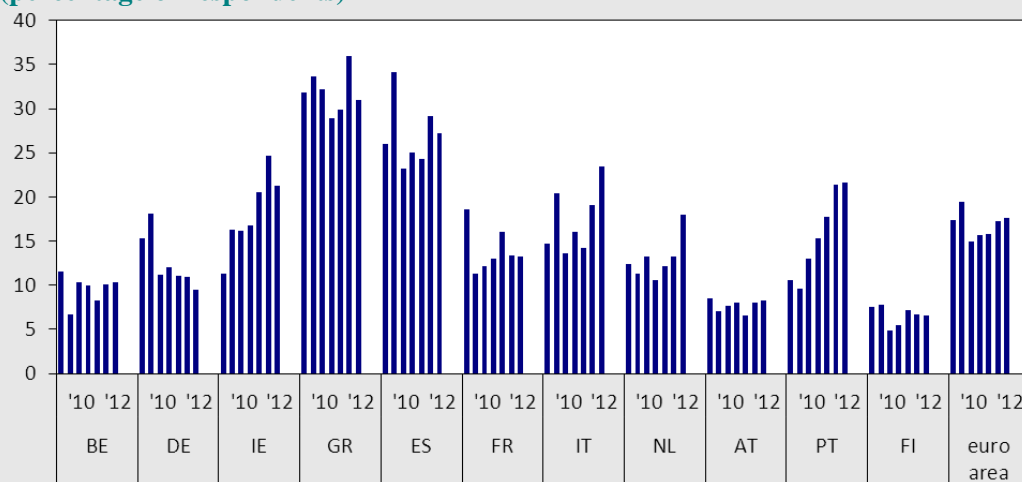
Note: See the note to Chart 1.

The importance of “Access to finance” as a concern declined or remained stable for most euro area SMEs, except for Italy, the Netherlands and, to a lesser extent, Portugal, where the concern reached a peak that was even higher than in H2 2009 (see **Chart 15**).

Chart 15

ACCESS TO FINANCE AS THE MOST PRESSING PROBLEM FACED BY EURO AREA SMEs

(percentage of respondents)



Base: All SMEs.

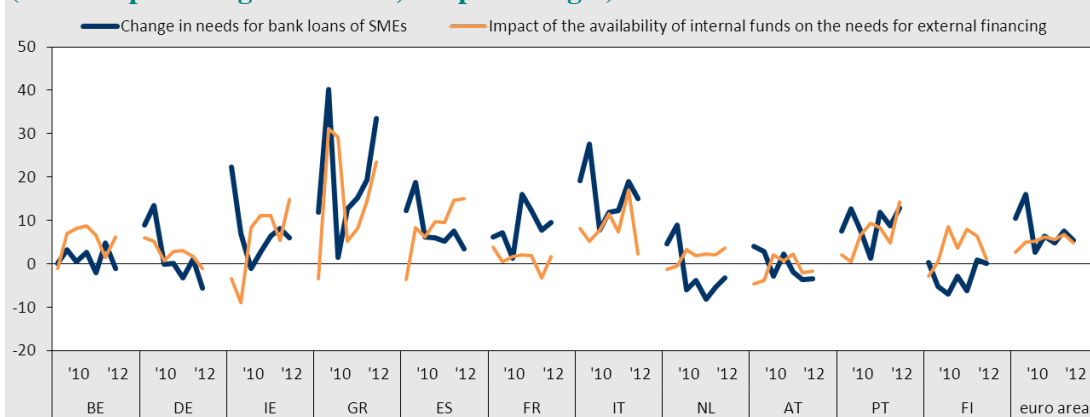
3.2 EXTERNAL FINANCING NEEDS AND ACCESS TO FINANCE

SMEs' need for bank loans varied across euro area countries, as it decreased in net terms in Belgium and Germany but increased in Portugal and Greece (see **Chart 16**). For those two countries, this increase depended mostly on the lack of internal funds.

Chart 16

CHANGE IN THE NEED FOR BANK LOANS AND THE IMPACT OF INTERNAL FUNDS ON THE NEED PERCEIVED BY SMEs ACROSS EURO AREA COUNTRIES

(over the preceding six months; net percentages)



Base: All SMEs.

Note: See the note to Chart 1.

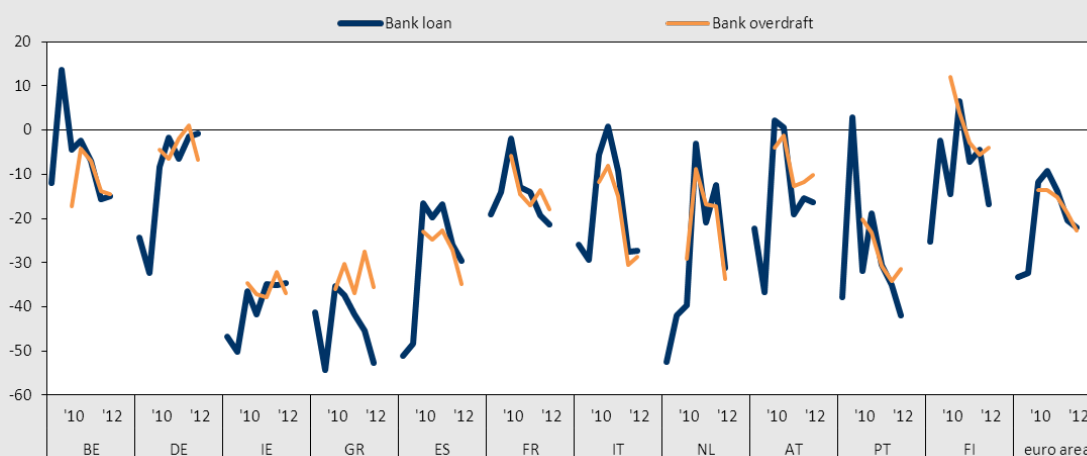
Regarding the supply of finance, survey results suggest a general deterioration of the **availability of bank credit** for SMEs in most euro area countries, with the exception of Germany (see **Chart 17**). The concerns about the availability were stronger for bank loans than for bank overdraft facilities. When compared with the previous wave, the availability of bank credit worsened most in Finland and the Netherlands, while the net percentage changes remained particularly low in Greece (-53%), Ireland (-35%) and Portugal (-42%). In most countries, SMEs continue to perceive the general economic outlook as being the main **factor** affecting the availability of bank loans. SMEs in Portugal, Spain and Greece reported as an additional important explanatory factor the deterioration of their firm-specific outlook with respect to their sales and profitability or business plans. Pure supply-side factors (i.e. the willingness of banks to provide loans) seem to have worsened further across countries when compared with the previous survey round, particularly in Finland and the Netherlands. Only German SMEs reported, on balance, that the willingness of banks to provide loans had remained broadly unchanged, whereas nearly 50% of the

SMEs in Greece and Spain perceived a further deterioration; the net percentage changes also remained high in Italy and Portugal (42% for both).

Chart 17

CHANGE IN THE AVAILABILITY OF BANK LOANS AND OVERDRAFTS, AS PERCEIVED BY SMEs ACROSS EURO AREA COUNTRIES

(over the preceding six months; net percentages)



Base: All SMEs that applied for external financing.

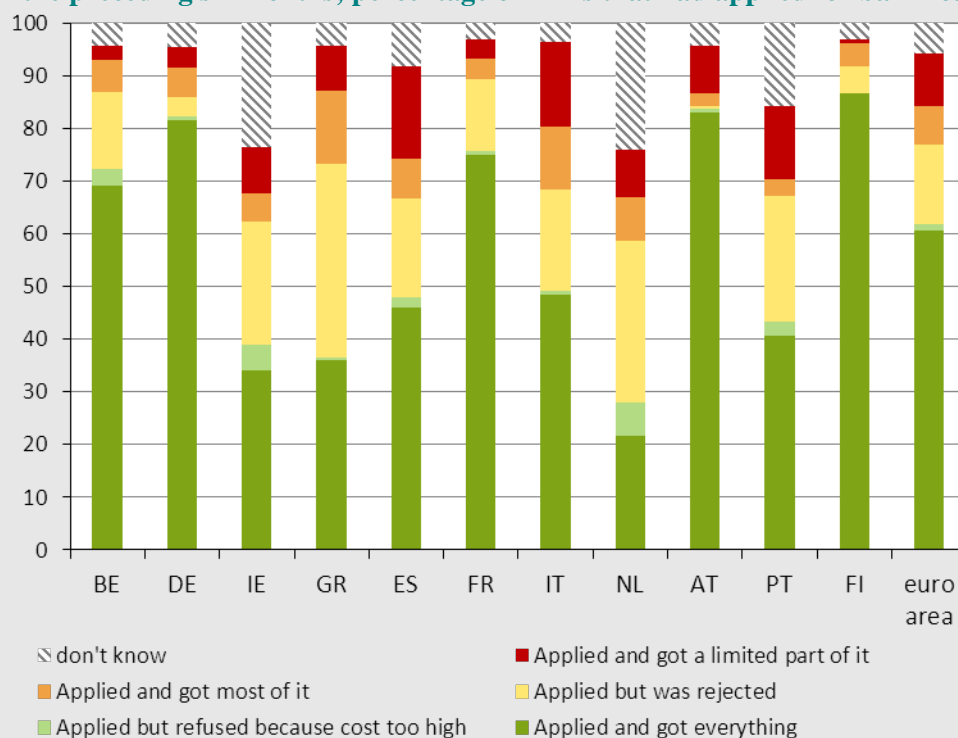
Note: See the note to Chart 1.

In line with the overall euro area picture, from April to September 2012, a similar percentage of SMEs across countries applied for a bank loan than in the previous survey. Looking at the success of these applications, SMEs in Greece and the Netherlands reported considerably higher **rejection rates** (37% and 31% respectively; see **Chart 18**) than SMEs in other countries. Furthermore, SMEs in Portugal (24%) and Ireland (23%) reported rejection rates well above the euro area average (15%). With respect to previous survey rounds, rejection rates have increased or remained broadly unchanged in most countries with the exception of the Netherlands, Ireland, Belgium and Portugal, where instead they increased.

Chart 18

OUTCOME OF APPLICATIONS FOR BANK LOANS BY SMEs ACROSS EURO AREA COUNTRIES

(over the preceding six months; percentage of firms that had applied for bank loans)



FIRMS THAT APPLIED FOR A BANK LOAN (NEW OR RENEWAL; EXCLUDING OVERDRAFTS AND CREDIT LINES)

(over the preceding six months; percentages)

	BE	DE	IE	GR	ES	FR	IT	NL	AT	PT	FI	euro area
H1 2012	24	19	16	13	27	31	30	14	19	16	15	24

Base: All SMEs that had applied for bank loans.

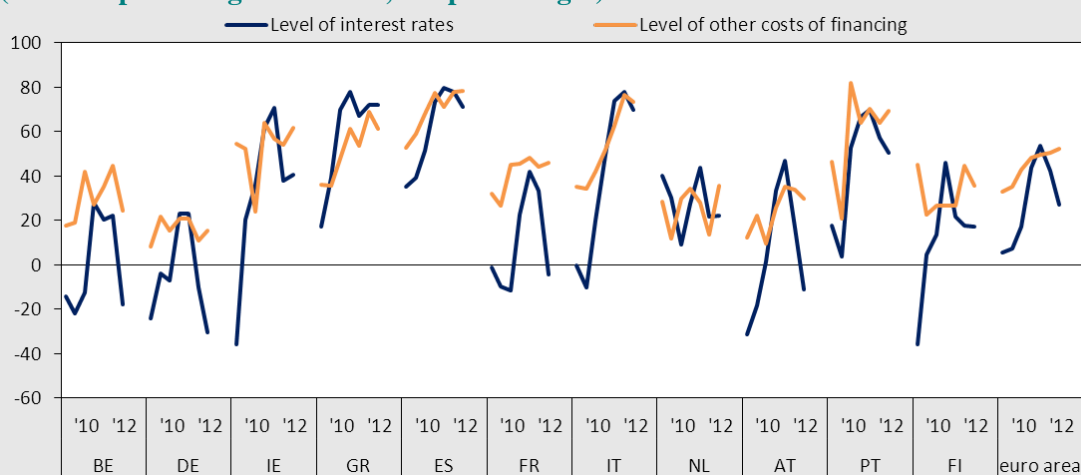
Regarding the **terms and conditions of bank financing** (see **Chart 19**), in most countries the net percentage of firms reporting an increase of lending rates and “other costs of financing” remained positive but lower than in the previous wave: the decrease in the net percentage is stronger in terms of lending rates. Italy, Spain, Greece and Portugal continued to show the highest net percentages of SMEs reporting an increase in interest rates, while SMEs in Belgium, Germany, Austria and France reported, in net terms, a strong decline in interest rates charged by banks. Results were broadly in line with recent developments in the MIR statistics, which point to marked decreases in small-sized bank

lending rates in Germany and France and, to a lesser extent, in Austria, the Netherlands and Portugal between April and August 2012.

Chart 19

**CHANGE IN THE TERMS AND CONDITIONS OF BANK LOANS TO SMEs
ACROSS EURO AREA COUNTRIES**

(over the preceding six months; net percentages)



Base: All SMEs that applied for a bank loan.

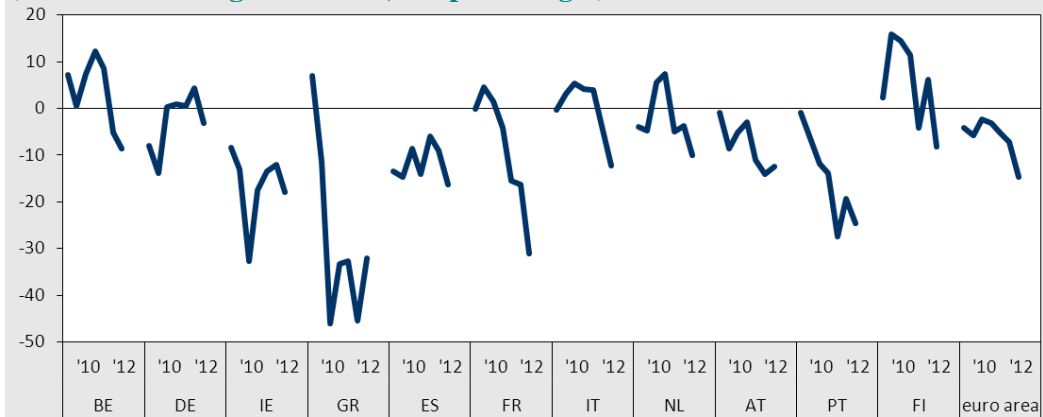
Note: See the note to Chart 1.

Regarding **expectations of future developments in access to finance** for the coming six months, SMEs in most euro area countries were, in net terms, expecting a further deterioration in the availability of bank loans (see **Chart 20**). With respect to previous expectations, the predicted deterioration is stronger in Finland and France. The only notable exception in the expected access to bank loans is Greece, where the net percentage remains the lowest of all countries.

Chart 20

**SMEs' EXPECTATIONS REGARDING ACCESS TO BANK LOANS
ACROSS EURO AREA COUNTRIES**

(over the following six months; net percentages)



Base: All SMEs that had applied for external financing.

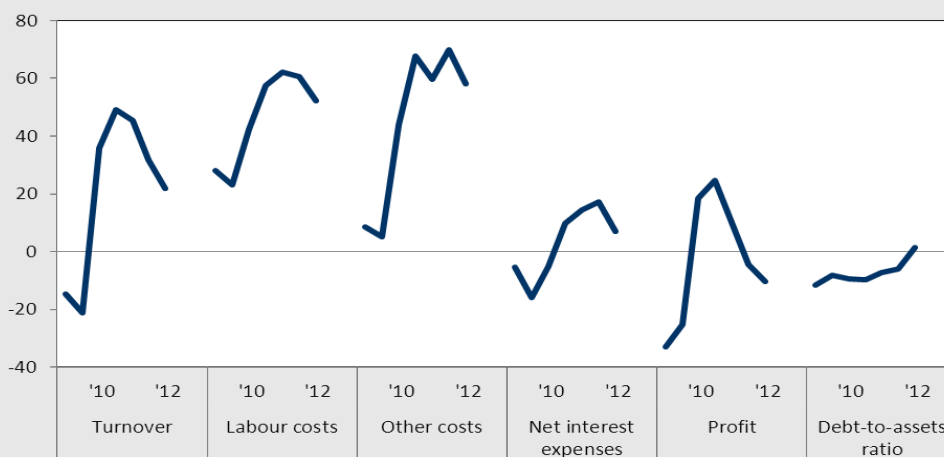
Note: See the note to Chart 1.

ANNEX I: LARGE FIRMS – OVERVIEW OF THE SURVEY REPLIES

Chart 1a

CHANGE IN THE INCOME AND DEBT SITUATION OF LARGE EURO AREA FIRMS

(over the preceding six months; net percentage of respondents)



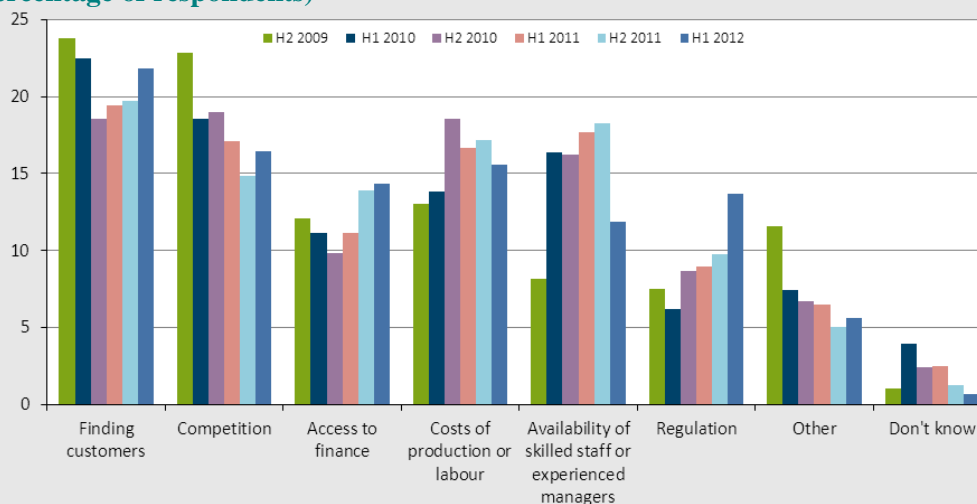
Base: All large firms.

Note: The net percentage is the difference between the percentage of firms reporting an increase for a given factor and that reporting a decrease.

Chart 2a

THE MOST PRESSING PROBLEMS FACED BY LARGE EURO AREA FIRMS

(percentage of respondents)

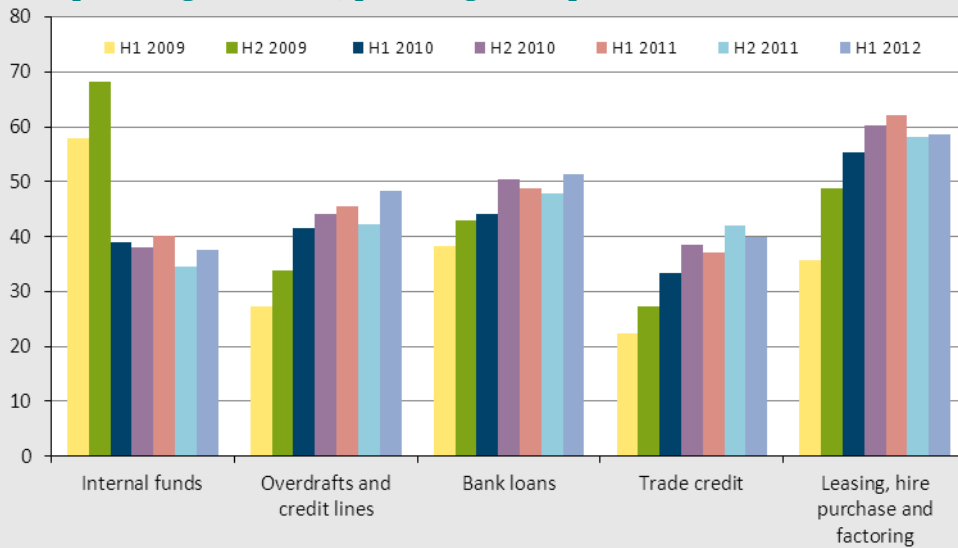


Base: All large firms.

Note: The results for H1 2009 are not comparable and therefore not shown.

Chart 3a

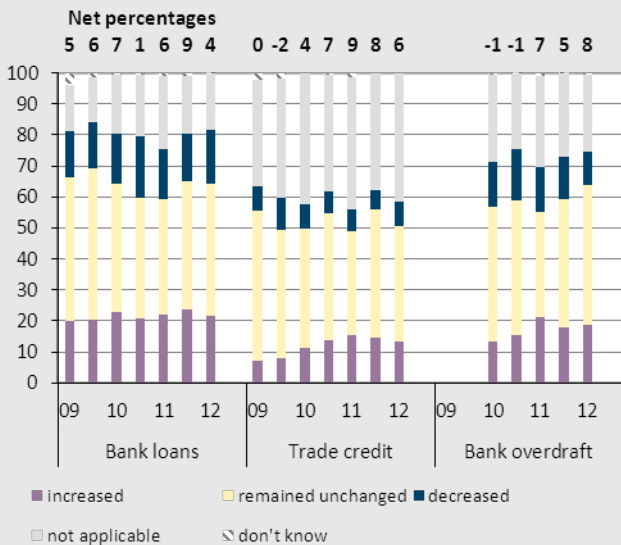
SOURCES OF EXTERNAL FINANCING OF LARGE EURO AREA FIRMS
(over the preceding six months; percentage of respondents)



Base: All large firms.

Chart 4a

CHANGE IN THE EXTERNAL FINANCING NEEDS OF LARGE EURO AREA FIRMS
(over the preceding six months; percentage of respondents)

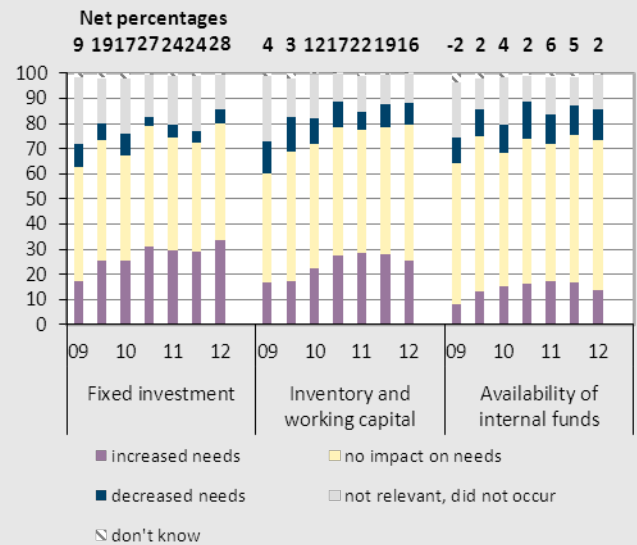


Base: All large firms.

Note: See the note to Chart 1a.

Chart 5a

CHANGE IN FACTORS AFFECTING THE EXTERNAL FINANCING NEEDS OF LARGE EURO AREA FIRMS
(over the preceding six months; percentage of respondents)



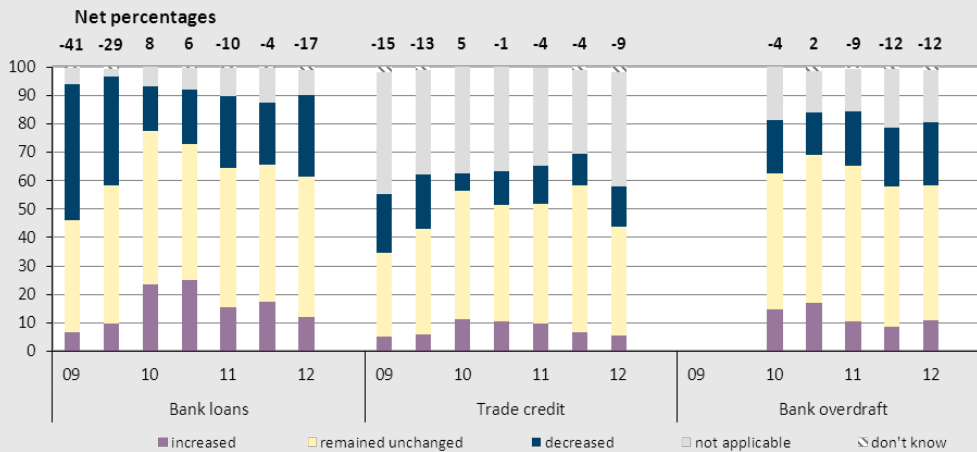
Base: All large firms.

Note: See the note to Chart 1a.

Chart 6a

CHANGE IN THE AVAILABILITY OF EXTERNAL FINANCING FOR LARGE EURO AREA FIRMS

(over the preceding six months; percentage of respondents)



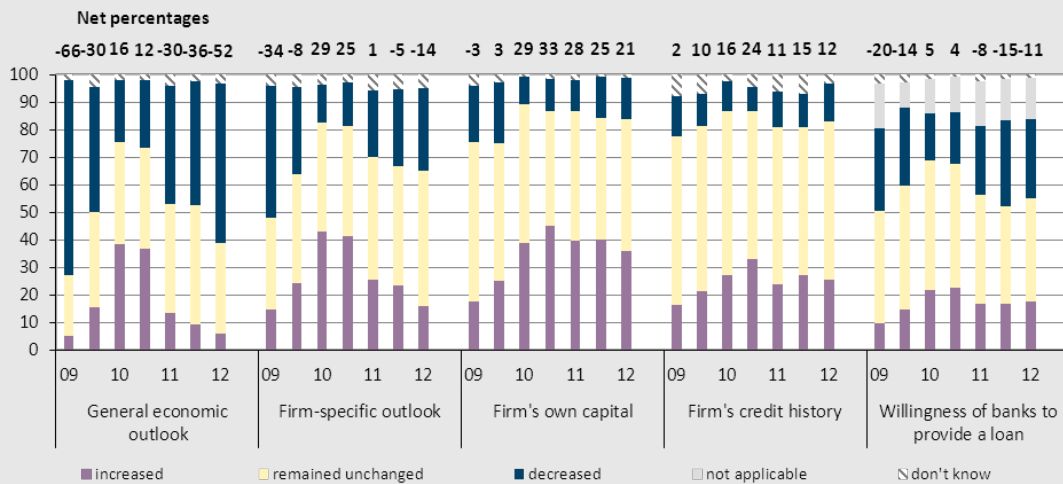
Base: Large firms that had applied for external financing.

Note: See the note to Chart 1a.

Chart 7a

CHANGE IN FACTORS HAVING AN IMPACT ON THE AVAILABILITY OF EXTERNAL FINANCING TO LARGE EURO AREA FIRMS

(over the preceding six months; percentage of respondents)

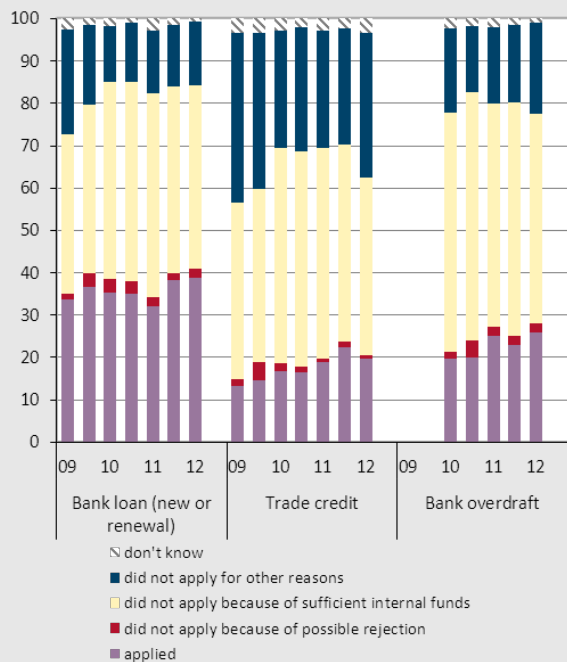


Base: All large firms.

Note: See the note to Chart 1a.

Chart 8a

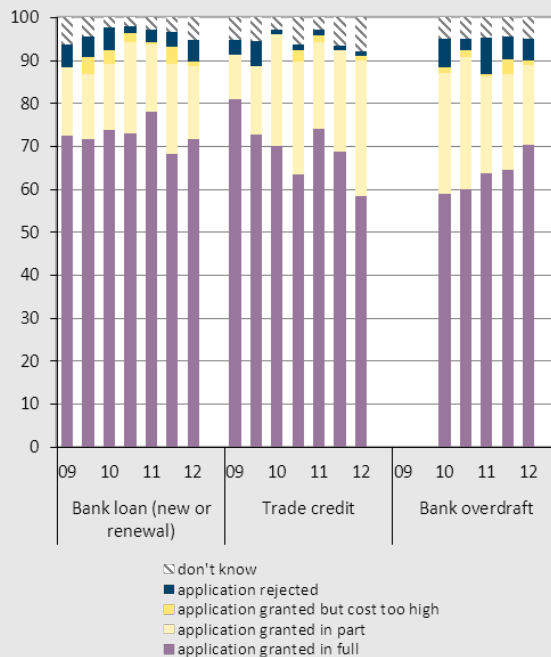
APPLICATIONS FOR EXTERNAL FINANCING BY LARGE EURO AREA FIRMS
(over the preceding six months; percentage of respondents)



Base: All large firms.

Chart 9a

OUTCOME OF THE APPLICATIONS FOR EXTERNAL FINANCING BY LARGE EURO AREA FIRMS
(over the preceding six months; percentage of firms that had applied for bank loans or trade credit)

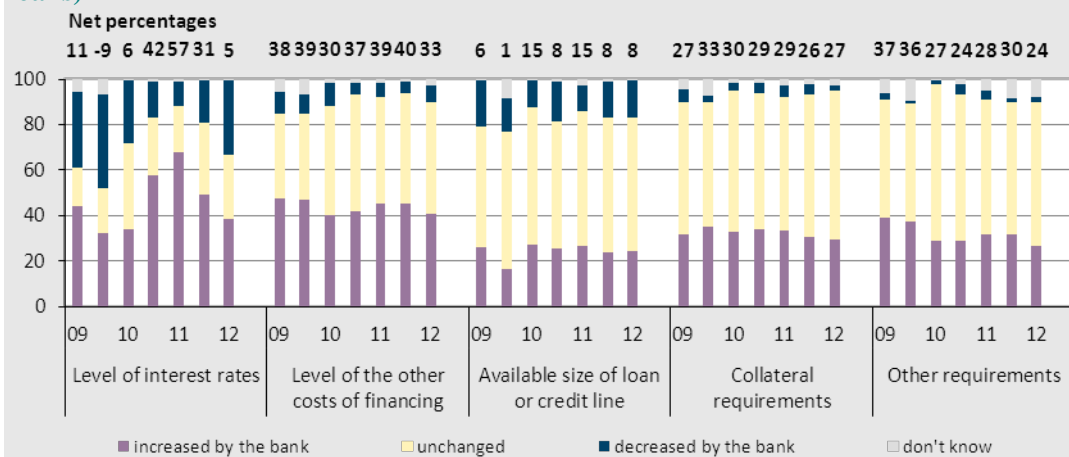


Base: Large firms that had applied for bank loans or trade credit.

Chart 10a

CHANGE IN THE TERMS AND CONDITIONS OF BANK LOANS GRANTED TO LARGE EURO AREA FIRMS

(over the preceding six months; net percentage of firms that had applied for bank loans)



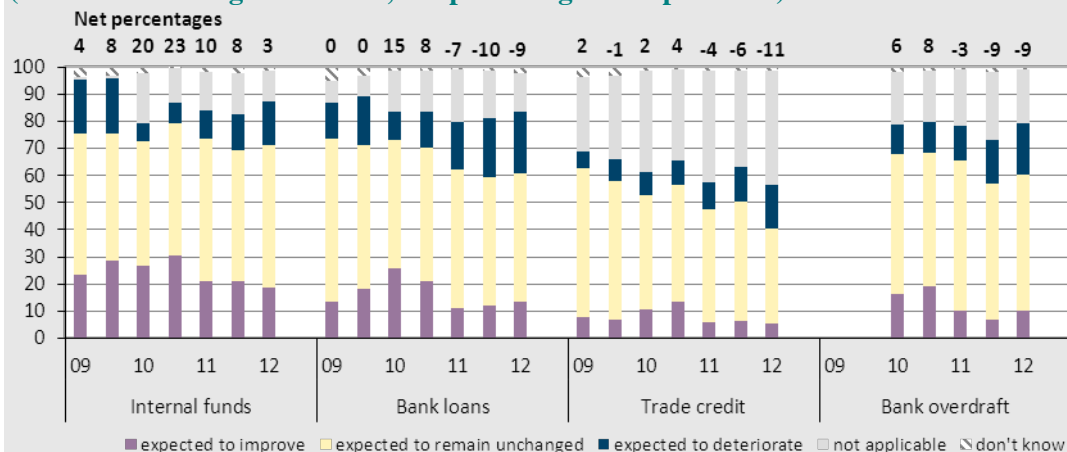
Base: Large firms that had applied for bank loans or trade credit.

Note: The net percentage is the difference between the percentage of firms reporting that the given factor has increased and the percentage reporting that it has decreased.

Chart 11a

CHANGE IN LARGE EURO AREA FIRMS' EXPECTATIONS REGARDING ACCESS TO FINANCE

(over the following six months; net percentage of respondents)



Base: All large firms.

Note: The net percentage is the difference between the percentage of firms expecting an improvement in the source of financing and the percentage expecting a deterioration.

ANNEX 2: METHODOLOGICAL INFORMATION ON THE SURVEY AND GENERAL CHARACTERISTICS OF THE FIRMS IN THE SAMPLE

This annex presents an overview of the methodology of the survey and the general characteristics of the euro area firms that participated in this survey.

BACKGROUND

The data presented in this report were collected through a survey of companies in the euro area. The first two survey rounds were carried out by Gallup, while the following rounds were carried out by IPSOS MORI, in cooperation with the IPSOS network of national research agencies in the various Member States. To the best of our knowledge, there were no breaks attributable to the change of provider. However, some changes in the questionnaire (for instance, the change to the wording of “internal funds” and “equity”, and additional questions on bank overdrafts) may have caused a break in the series between the H2 2009 and H1 2010 rounds.

The survey interviews for this round were conducted between 3 September and 11 October 2012.

SAMPLE SELECTION

The companies in the sample were selected randomly from the Dun & Bradstreet database of firms. The sample was stratified by firm size class, economic activity and country. The number of firms in each of these strata of the sample was adjusted to increase the accuracy of the survey across activities and size classes. For example, the proportion of small firms selected for the sample was higher than their economic weight. The results were then corrected using the appropriate weights (see the section “Weighting” below).

The total euro area sample size was 7,514 firms, of which 6,959 had fewer than 250 employees.

As regards the stratification by firm size class, the sample was constructed to offer the same precision for micro (1 to 9 employees), small (10 to 49 employees) and medium-sized (50 to 249 employees) firms. In addition, a sample of large firms (250 or more employees) was included in order to be able to compare developments for SMEs with those for large firms.

Table A.1**NUMBER OF INTERVIEWS CONDUCTED WITH EURO AREA FIRMS,
BROKEN DOWN BY FIRM SIZE CLASS**

	Number of interviews		Number of interviews
Micro	2,539	Medium-sized	1,864
Small	2,556	Large	555

The sample sizes for each economic activity were selected to ensure sufficient representativeness across the four major activities: industry, construction, trade and services. The statistical stratification was based on economic activities at the one-digit level of the European NACE classification (Rev. 1.1). Enterprises from mining and quarrying (C), manufacturing (D), and electricity, gas and water supply (E) were combined into “industry”. “Construction” is simply construction (F). “Trade” includes wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods (G). “Services” includes enterprises in hotels and restaurants (H), transport, storage and communication (I), real estate, renting and business activities (K), education (M), health and social work (N) and other community, social and personal service activities (O).

Agriculture, hunting and forestry (A), fishing (B), financial intermediation (J), public administration (L), activities of households (P), extra-territorial organisations and bodies (Q), holding companies (NACE 74.15) and private non-profit institutions were excluded from the sample.

Table A.2**NUMBER OF INTERVIEWS CONDUCTED WITH EURO AREA FIRMS,
BROKEN DOWN BY ECONOMIC ACTIVITY**

	Number of interviews		Number of interviews
Industry	1,961	Trade	1,985
Construction	745	Services	2,823

Finally, the sample sizes in the different countries were selected on the basis of a compromise between the costs of the survey at the euro area level and representativeness at the country level. Besides being representative at the euro area level, the sample is also representative for the four largest euro area countries, i.e. Germany, France, Italy and

Spain (see the section entitled “Weighting” below for information on the weights used). The sample size in the seven other euro area countries that are included in the survey every six months (Belgium, Ireland, Greece, Netherlands, Austria, Portugal and Finland) was increased in the H2 2010 round to 500 firms in each country, enabling some significant results to be drawn from these countries. The six smallest countries in the euro area (Estonia, Cyprus, Luxembourg, Malta, Slovenia and Slovakia) were not included in the sample. Since they represent less than 3% of the total number of employees in the euro area, this had only a very marginal impact on the results for the euro area as a whole. In terms of euro area countries, the sample structure for this survey round was as follows:

Table A.3
NUMBER OF INTERVIEWS CONDUCTED WITH EURO AREA FIRMS, BROKEN DOWN BY COUNTRY

	Number of interviews		Number of interviews
Belgium	500	Italy	1,000
Germany	1,006	Netherlands	500
Ireland	500	Austria	506
Greece	500	Portugal	500
Spain	1,001	Finland	500
France	1,001		

FIELDWORK

All interviews were conducted by telephone (CATI). The person interviewed in each company was a top-level executive (general manager, financial director or chief accountant).

QUESTIONNAIRE

The questionnaire used for the survey is available on the ECB’s website. It was translated into the respective languages for the purposes of the survey. In this round, as is the case every two years, it included additional questions on loan financing, as well as growth expectations and perceived obstacles to growth aspirations.

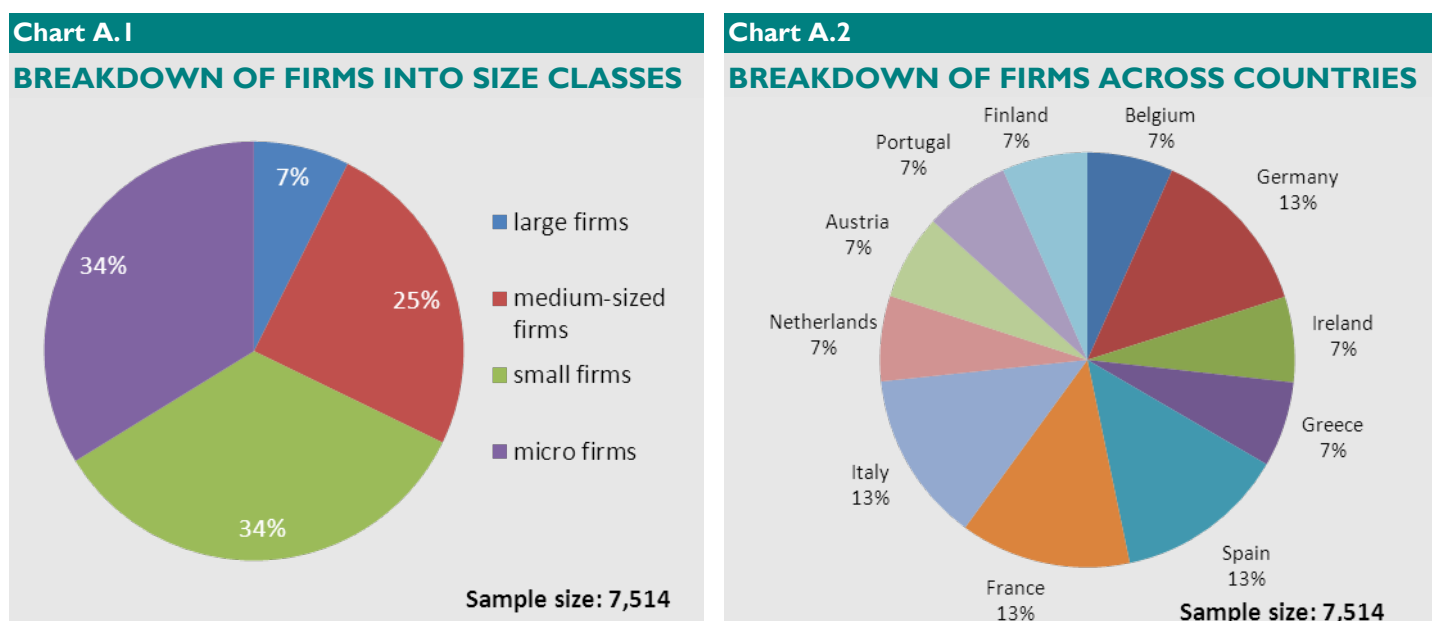
WEIGHTING

In order to restore the modified proportions, with regard to company size and economic activity (see the section “Sample selection” above), calibrated weights were used. Since the economic weight of the companies varies according to the size of the company, there are two main classes of weights which can be used: (i) weights that restore the proportions

of the number of firms in each size class, economic activity and country; and (ii) weights that restore the proportions of the economic weight of each size class, economic activity and country. In this report, the second set of weights is used, as the objective is to measure the effect of access to finance on economic variables. The number of persons employed is used as a proxy for economic weight.⁷

The calibration targets were derived from the latest figures of Eurostat’s Structural Business Statistics in terms of the number of persons employed, by economic activity, size class and country, with figures from national accounts and from different country-specific registers to cover for activities not included in the Structural Business Statistics regulations, as well as from figures from the SME performance review, prepared by EIM for the European Commission.

DESCRIPTIVE STATISTICS OF THE SAMPLE OF FIRMS

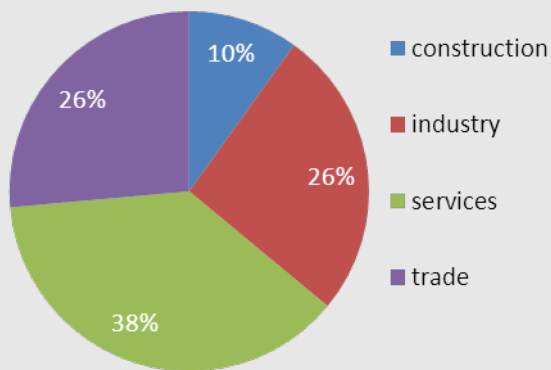


Note: Firms have been classified according to size in terms of the number of employees: micro firms have between 1 and 9 employees, small firms between 10 and 49, medium-sized firms between 50 and 249, and large firms have 250 or more.

⁷ According to official statistics, 92% of firms in the euro area are micro firms (with 1 to 9 employees), 7% are small firms, 1% are medium-sized firms and 0.2% are large firms. However, in terms of economic weight, as measured by the number of persons employed, micro firms represent 31%, small firms 22%, medium-sized firms 16% and large firms 30% of all firms.

Chart A.3

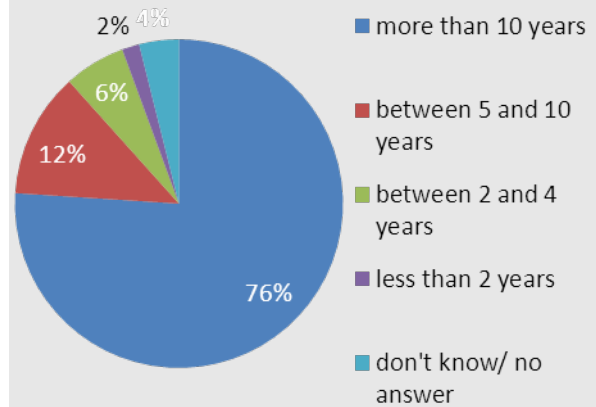
BREAKDOWN OF FIRMS ACROSS ECONOMIC ACTIVITIES



Sample size: 7,514

Chart A.4

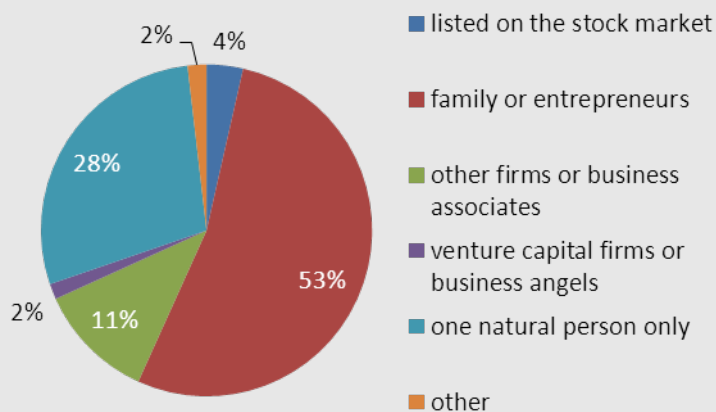
BREAKDOWN OF FIRMS BY FIRM AGE



Sample size: 7,514

Chart A.5

BREAKDOWN OF FIRMS ACCORDING TO OWNERSHIP



Sample size: 7,514