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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 features of the 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 29 February and 29 March 2012 on behalf of the European Central Bank (ECB). The total sample size for the euro area was 7,511 firms, of which 6,969 (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, during the preceding six months, i.e. the period from October 2011 to March 2012.[2] In addition, it provides an overview of developments in SME access to finance across euro area countries.

1 THE FINANCIAL SITUATION OF EURO AREA SMES

In the period from October 2011 to March 2012 (H2 2011), which was characterised by a weakening of economic activity in the euro area, a net[3] 2% of euro area SMEs reported a contraction in **turnover**. This was mainly driven by SMEs in the construction sector where a net 17% reported a decrease in turnover, only partially offset by SMEs in the industry sector, where on balance 10% reported an increase 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 an increase in turnover (9% in H1 2011; see **Chart 1**). In addition, on balance, a higher percentage (27%) than in the previous survey period (15%) of euro area SMEs reported a deterioration of their **profits**, in particular in the construction (44%) and the trade (30%) sectors. In line with this, a higher net percentage of SMEs mentioned increased **labour and other costs** (46% and 67% respectively, up from 43% and 59%), likely reflecting in particular increases in energy prices.

1 See Annex 2 for details on the weighting scheme.
2 The reference period for the previous survey round (H1 2011) was April to September 2011.
3 Net percentages refer to the difference between firms reporting an increase and those reporting a decrease.

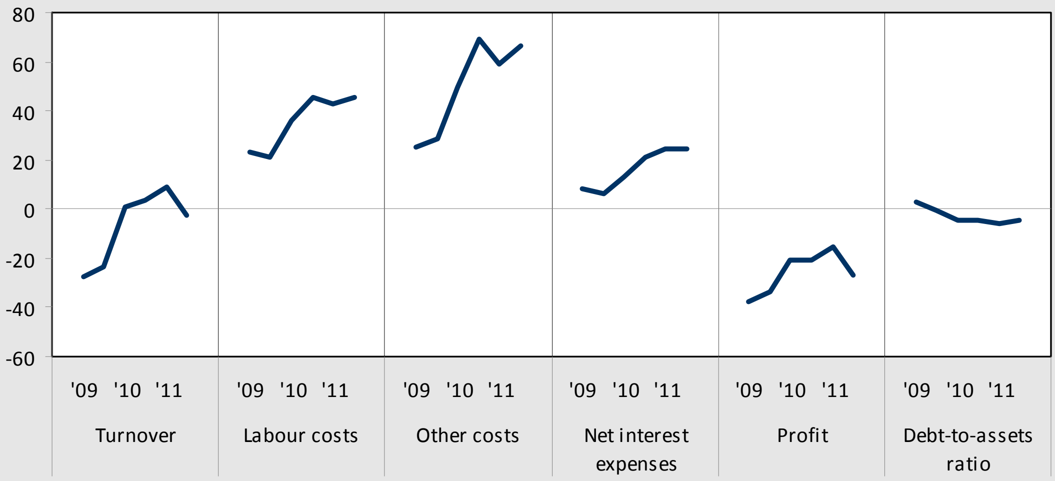
Euro area SMEs reported a slight further decline in their leverage (ratio of **debt to assets**), similar to the net percentage in the previous six-month period (5%, compared with 6%), with the exception of the construction sector where firms reported an increase in leverage (on balance 7%). This decline reflects the continued need to deleverage from substantial levels of debt, but also a decline in the availability of debt financing in the survey period (see below). At the same time, SMEs' leverage developments were heterogeneous across euro area countries (see country section below). Notwithstanding their deleveraging, and as in the previous survey period, SMEs reported on balance similar **net interest expenses** to those in the previous wave (24%, compared with 25%).

Large firms also reported, on balance, a decline in their profits, for the first time since the second half of 2009 (4%, after a net increase of 10% in H1 2011; see **Chart 1a** in Annex 1A). However, the net percentage was much lower than for SMEs. In addition, large firms continued to report on balance an increase in turnover, although the net percentage was lower than in the previous six-month period (32%, down from 45%). Large firms' leverage continued declining (in net terms 6% of the large firms mentioned this, compared with 7% in H1 2011), similar to the situation for SMEs. Overall, for large firms, the financial situation appears to remain clearly 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)



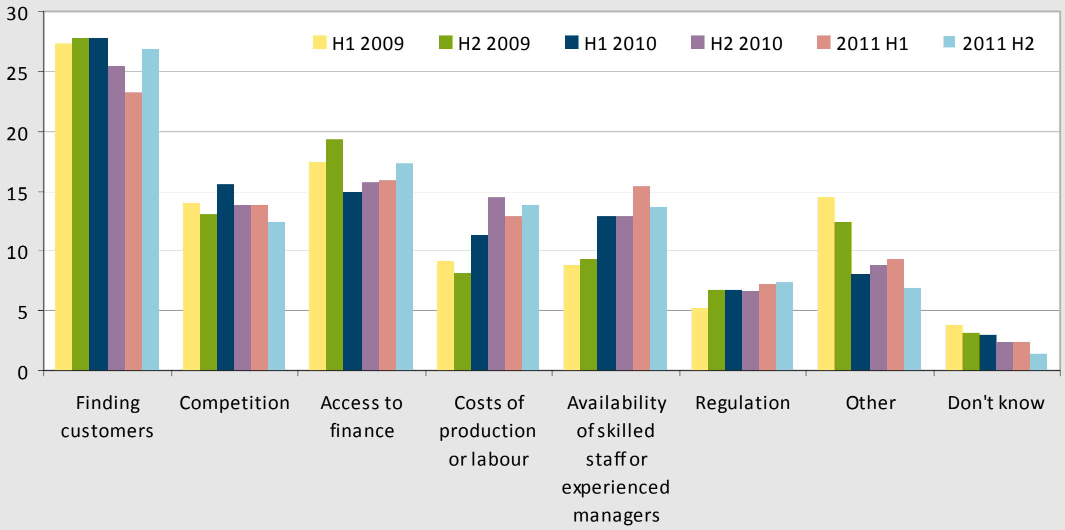
Base: All SMEs.
Note: The net percentage is the difference between the percentage of firms reporting an increase for a given factor and that reporting a decrease.

"Finding customers" remained the **dominant concern** for euro area SMEs also in this survey period (with 27% of SMEs mentioning this issue, up from 23% in H1 2011; see **Chart 2**). At the same time, the importance of "Access to finance" was broadly unchanged as a concern for euro area SMEs (17% mentioned this, after 16% in H1 2011), remaining below the peak reached in H2 2009 (19%). In line with the evidence on the financial situation, "Access to finance" was mentioned as the most pressing concern in particular in the construction sector (22%). Other areas like "Competition" and "Availability of skilled staff or experienced managers" were mentioned somewhat less frequently (12% and 14% respectively). Interestingly, SMEs up to 5 years old mentioned "Finding customers" and "Access to finance" similarly often as their most pressing problem (both around 20%). For **large firms**, "Access to finance" (mentioned by 14%, up from 11%) was less of an issue, while "Finding customers" and "Availability of skilled staff or experienced managers" were their dominant concerns (20% and 18%, broadly unchanged from 19% and 18% respectively; see **Chart 2a** in Annex 1A).

Chart 2

THE MOST PRESSING PROBLEM FACED BY EURO AREA SMES

(percentage of respondents)



Base: All SMEs.

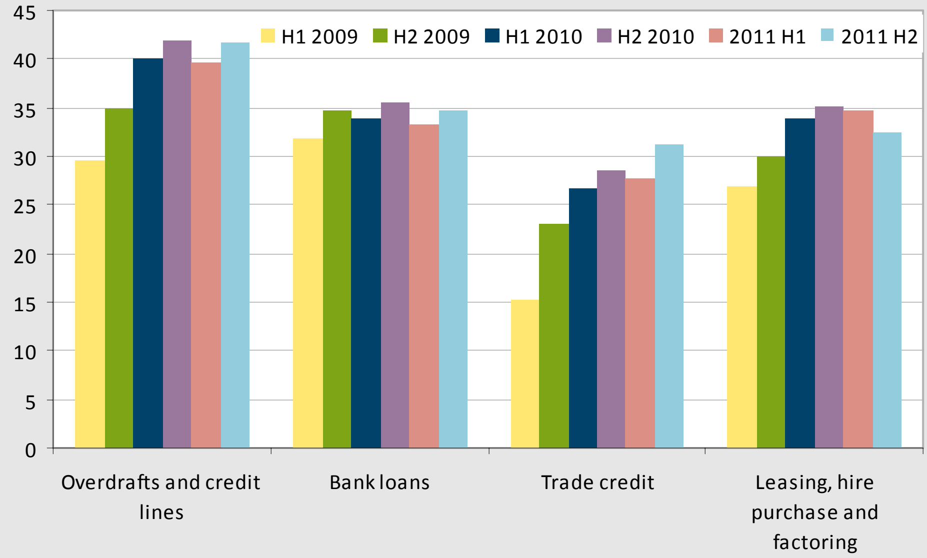
2 EXTERNAL FINANCING NEEDS AND ACCESS TO FINANCE OF EURO AREA SMES

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 October 2011 and March 2012. The percentage of euro area SMEs using bank loans (35%, up from 33% in H1 2011) and bank overdrafts or credit lines (42%, up from 40%) increased somewhat 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 increased during the survey period, whereas the importance of leasing, hire purchase and factoring appears to have declined.

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 (19%, up from 17% in H1 2011) of their **need (demand) for bank loans** than a decrease (11%, compared with 12%; see **Chart 4**).[4] In net terms, SMEs' need for bank loans and bank overdrafts

[4] Regardless of whether they have applied or not for external financing, 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).

increased somewhat compared with the previous six-month period (to 8% and 14% respectively, from 5% and 10% in H1 2011), possibly reflecting lower profits, while the change in the need for trade credit remained broadly similar (5%, compared with 4%).

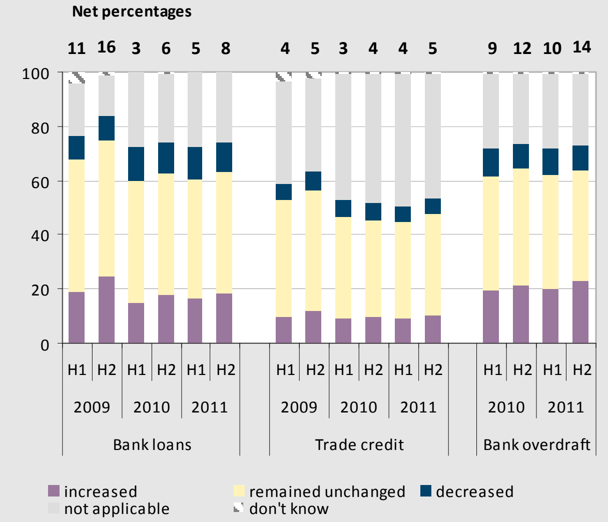
While SMEs reported on balance a higher need for external finance, this is not reflected in SMEs' financing need for **fixed investment** or for **inventory and working capital**, for which the change in the need remained similar to the previous six-month period (11%, after 12%, for both items; see **Chart 5**). At the same time, SMEs' financing need for these factors remained positive.

Besides external financing needs due to lower **internal funds** (on balance 7%, after 6% in H1 2011), the increased need for external financing mentioned by SMEs may also reflect a demand for funds out of precautionary motives, in particular as the survey period from October 2011 to March 2012 was partly characterised by high uncertainty with respect to available (bank) funding sources. Due to the high dependency of SMEs on bank loans, this may have been particularly relevant for them.

Chart 4

CHANGE IN THE EXTERNAL FINANCING NEEDS OF EURO AREA SMES

(over the preceding six months; percentage of respondents)

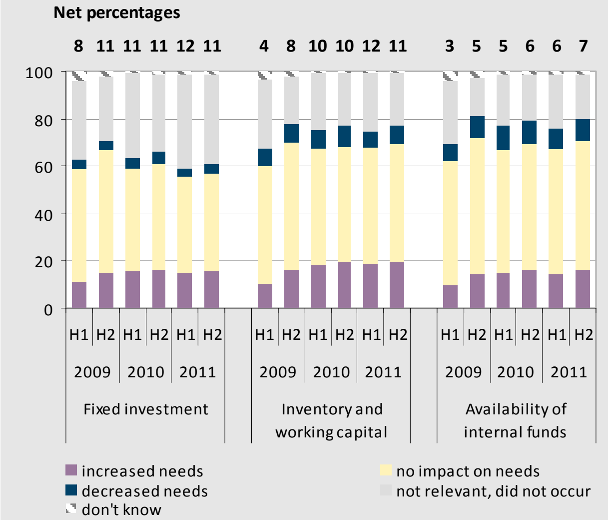


Base: All SMEs.
Note: See the note to Chart 1.

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 also reported, on balance, an increased need for bank loans (9%, up from 6%), but not for bank overdrafts and trade credit (5% and 8%, down from 7% and 9%, respectively). Their financing need for fixed investment remained broadly unchanged (on balance 24%) and declined for working capital (19%, down from 22%) compared with the previous survey period (see **Charts 4a and 5a** in Annex 1A).

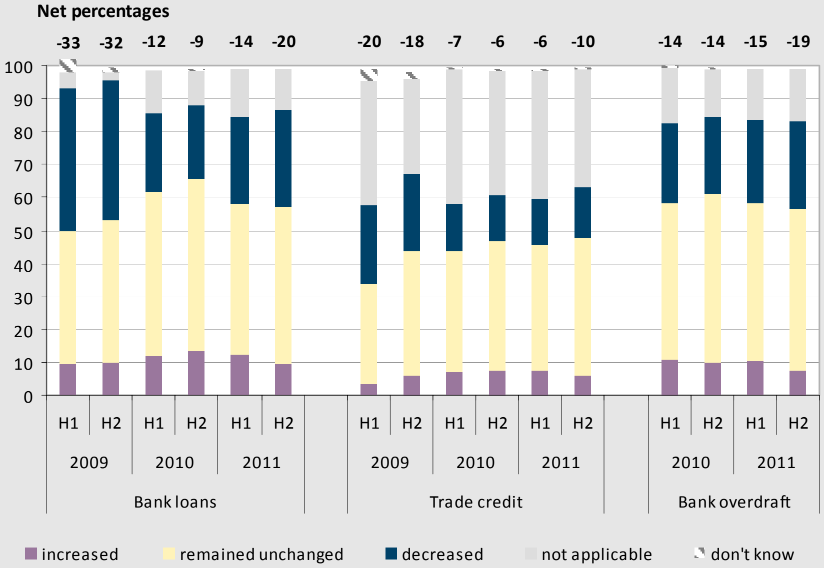
2.3 AVAILABILITY OF EXTERNAL FINANCING FOR EURO AREA SMES

SMEs perceived a further deterioration in the **availability (supply) of bank loans** between October 2011 and March 2012 (20% in net terms, up from 14% in H1 2011; see **Chart 6**). The reported deterioration is however below the levels of 2009 (around 30%), at the time after the Lehman Brothers bankruptcy. The availability of bank loans was assessed, on balance, most negatively in the construction sector (32%), while it was perceived less negatively in the industry sector (13%). In the current survey period, SMEs also reported a further deterioration in the availability of **bank overdrafts** as well as of **trade credit**, indicating an overall considerable worsening in the access to finance for euro area SMEs in the period from October 2011 to March 2012.

Chart 6

CHANGE IN THE AVAILABILITY OF EXTERNAL FINANCING FOR EURO AREA SMES

(over the preceding six months; percentage of respondents)



Base: SMEs that had applied for external financing.
Note: See the note to Chart 1.

The deterioration in the availability of bank loans was much less pronounced for **large firms** (4% in net terms, down from 10%) and lower than in the previous survey period. This may reflect a lower riskiness of bank loans to large firms and/or a stronger negotiation power of large firms, which overall avoided a stronger worsening in an environment of tightened bank financing conditions in the fourth quarter of 2011. Large firms also reported, on balance, a deterioration in the availability of bank overdrafts and trade credit (12% and 4%, compared with 9% and 4% respectively; see **Chart 6a** in Annex 1A).

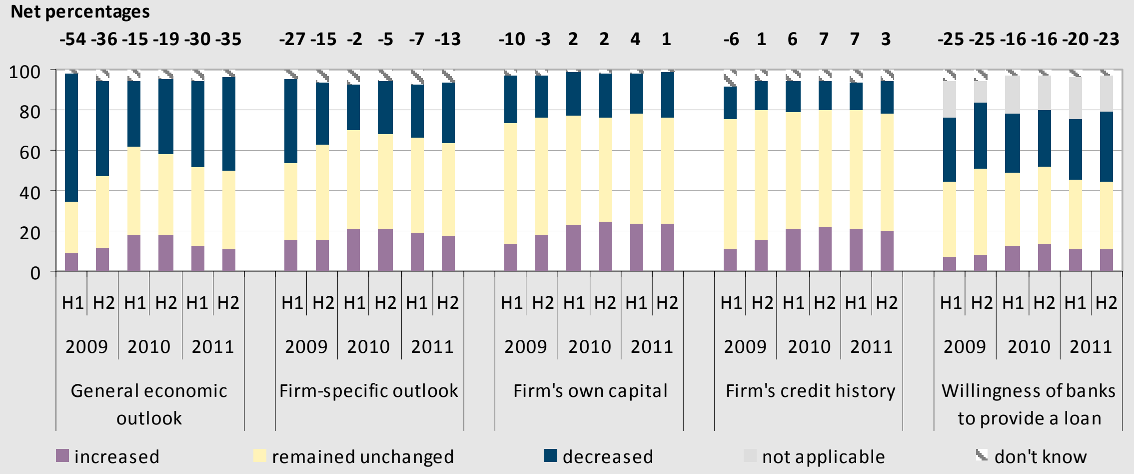
Turning to the **factors** affecting the deterioration in the availability of external financing, SMEs referred in particular to the worsening of the **general economic outlook** (35% in net terms, up from 30%; see **Chart 7**). They also reported a further worsening in their **firm-specific outlook** (13%, up from 7%). 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 (on balance 1% and 3% respectively, down from 4% and 7% in H1 2011). These factors were however less negative than in 2009, when the downturn in economic activity was much more severe.

However, **supply restrictions** in the provision of bank loans increased in the period from October 2011 to March 2012. In net terms, 23% (compared with 20% in H1 2011) of the SMEs pointed to a lower **willingness of banks to provide a loan**, which was close to SMEs' perception in 2009 (on balance 25% perceived a lower willingness at that time), i.e. in the period after the Lehman bankruptcy.

Chart 7

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

(over the preceding six months; percentage of respondents)



Base: All SMEs.
Note: See the note to Chart 1.

Large firms also attributed the deterioration in the availability of bank loans mostly to the worsening general economic outlook (36% in net terms, up from 30% in H1 2011; see **Chart 7a** in Annex 1A). In addition, they also perceived a lower willingness of banks to provide a loan (15% in net terms, up from 8%), but less than SMEs did.

2.4 APPLICATIONS FOR EXTERNAL FINANCING AND THEIR SUCCESS

Between October 2011 and March 2012, 25% of the SMEs **applied for a bank loan** (up from 22% in H1 2011), while 47% (down from 51% in H1 2011) did not apply because of sufficient internal funds (see **Chart 8**), broadly in line with the reported deteriorated profit situation of SMEs (see Section 1). The percentage of firms not applying for a loan for fear of rejection stayed broadly stable (at 7%, compared with 6% in the previous survey round).

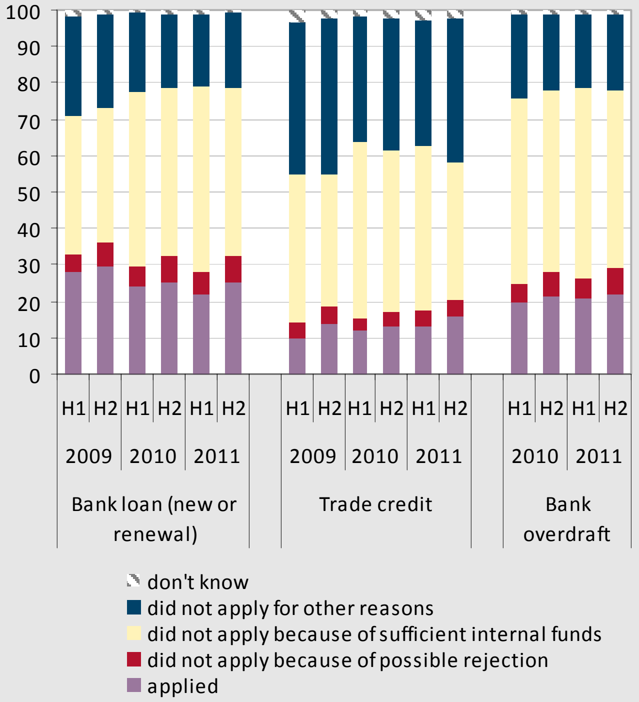
When asked about the **actual outcome** of their bank loan applications, 13% of the SMEs reported that their application had been **rejected** (up from 10% in H1 2011; see **Chart 9**). This is the highest percentage since the peak of 18% in the second half of 2009, thus reflecting SMEs' constraints in their access to bank loans in the period from October 2011 to March 2012. In particular micro firms (1 to 9 employees; see Annex 2) reported a substantial rejection rate (20%, up from 15% in H1 2011). At the same time, 62% (practically unchanged from 63% in H1 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 deterioration was more pronounced for the loans which were only granted in part, for which the percentage declined to 16%, from 18% in the previous survey round, and was the lowest percentage since the start of the SAFE in 2009. This may reflect that banks applied a very cautious lending policy in particular for riskier loans, accepting applications only in part possibly related to lacking collateral. For bank overdrafts, SMEs also reported an increase in the rejection rate (to 14%, from 10% in H1 2011).

For **large firms**, the rejection rate for bank loans remained lower (unchanged at 3%; see **Chart 9a** in Annex 1A). However, their success when applying for a bank loan declined substantially, to 68% (down from 78%), which is the lowest value since the start of the SAFE in 2009. By contrast, the percentage of bank loan applications only partly satisfied increased (to 21%, from 16%). This also tends to confirm a possible increased scrutiny of banks aiming at differentiating between loan applications.

Chart 8

APPLICATIONS FOR EXTERNAL FINANCING BY EURO AREA SMES

(over the preceding six months; percentage of respondents)

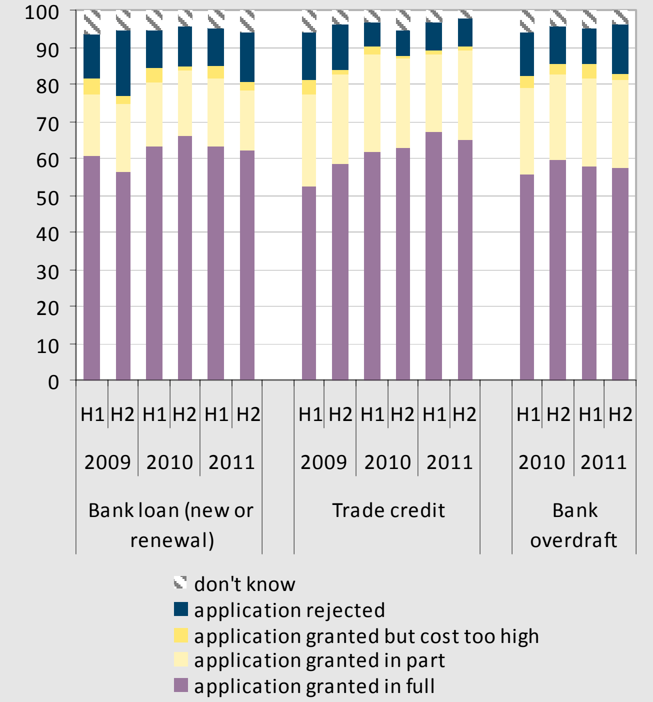


Base: All SMEs.

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

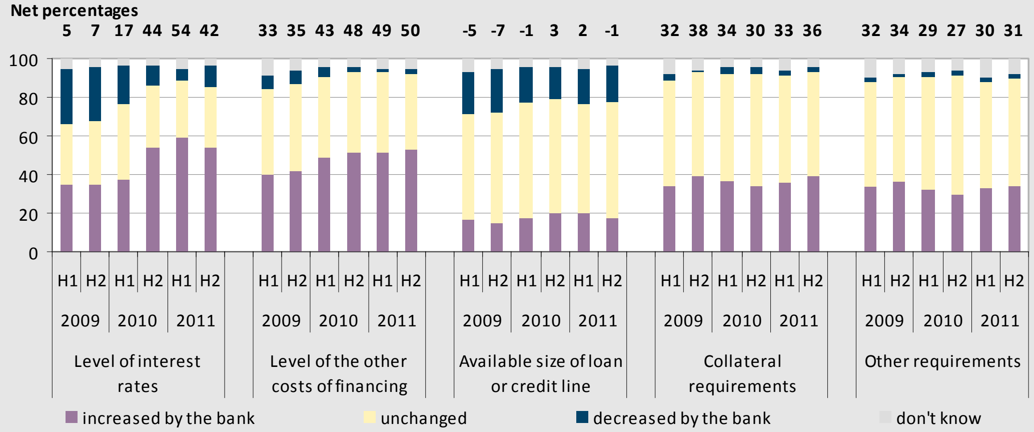
The picture with respect to the **terms and conditions of bank loan financing** is mixed. While the net percentage of SMEs reporting an increase in **interest rates** remained high (42%), it declined considerably compared with the previous six-month period (54% in H1 2011; see **Chart 10**). In addition, a broadly unchanged net percentage of 50% (from 49%) 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 lower, SMEs reported on balance a further albeit moderate increase in **collateral requirements** (36%, up from 33%) and a slight decline in the **size of the loan or credit line** (1%, down from a net increase of 2% in H1 2011), pointing to some quantitative constraints in the availability of loans.

Compared with SMEs' view, the net percentage of **large firms** reporting an increase in interest rate charges declined more substantially (to 31%, from 57% in H1 2011). In addition, compared with the previous survey period, large firms reported, on balance, a smaller increase in collateral requirements (26%, down from 29% in H1 2011; see **Chart 10a** in Annex 1A).

Chart 10

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

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



Base: SMEs 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.

2.6 EXPECTATIONS REGARDING ACCESS TO FINANCE

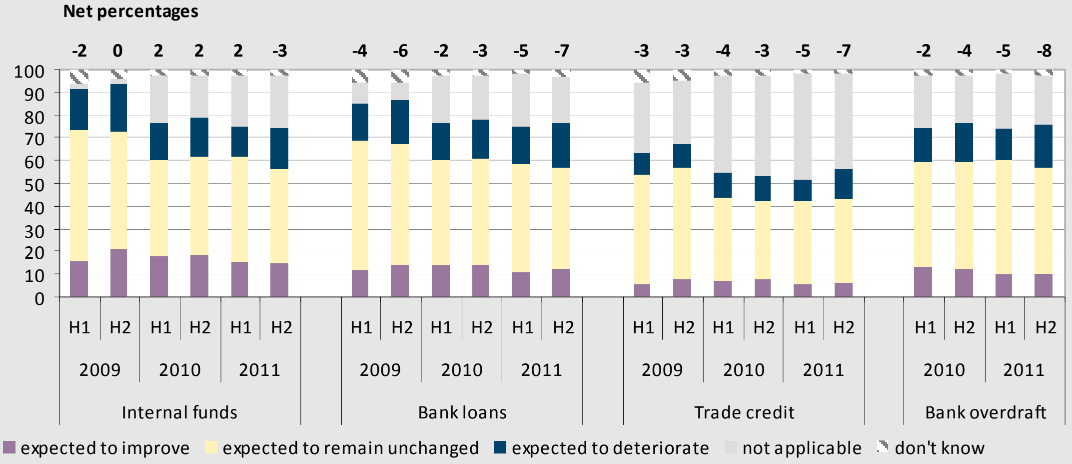
For the coming six-month period (April to September 2012), SMEs expect, on balance, a slight further deterioration of their access to bank loans and bank overdrafts (7% and 8% respectively, compared with an expected 5% for both for the period from October 2011 to March 2012; see **Chart 11**). In addition, while SMEs had expected on balance an improvement of their internal funds for H2 2011 (2%), they now expect a deterioration for the coming six months (on balance 3%), reflecting expectations of ongoing modest economic activity in H1 2012. However, sector developments were heterogeneous. While SMEs in the construction sector were most pessimistic regarding their internal funds (on balance 14% expecting a deterioration), SMEs in the industry sector expected an improvement of their internal funds in the coming six months (on balance 3%). In addition, younger SMEs expected on balance a slight increase in their internal funds over the coming six months, whereas older SMEs (10 years or older) were more pessimistic, on balance expecting a decline.

Large firms are on balance more optimistic regarding their availability of internal funds, expecting on balance an increase for H1 2012 (8%, compared with an expected 10%). However, expectations are similar to those of SMEs regarding a deterioration in the availability of bank loans (10%, after 7% in net terms) and bank overdrafts (9%, after 3% in net terms).

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 RESULTS[5]

3.1 TURNOVER, PROFITS AND COSTS

Turnover generally deteriorated for SMEs, particularly so in Greece, Spain, Italy and Portugal, in the survey period from October 2011 to March 2012 (see **Chart 12**). In Finland, Germany, Austria and France (and to a small extent also in Belgium and the

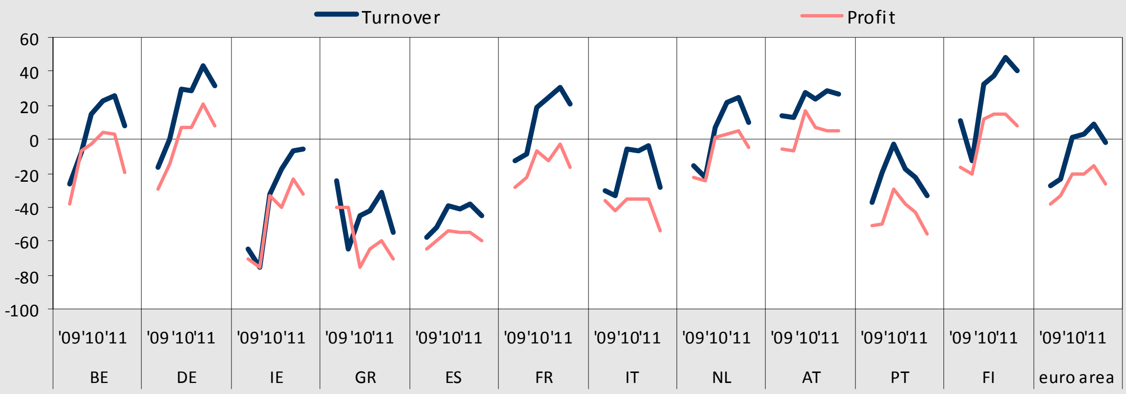
[5] Besides being representative at the euro area level, the sample is also representative for the four largest euro area countries, i.e. Germany, France, Italy and Spain where 1,000 firms were interviewed in each country (see Annex 2). The sample size in the other countries was increased in the H2 2010 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.

Netherlands), SMEs reported increased turnover in net terms, but also in these countries the percentages were lower than during spring and summer 2011.

Chart 12

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

(over the preceding six months; net percentages)

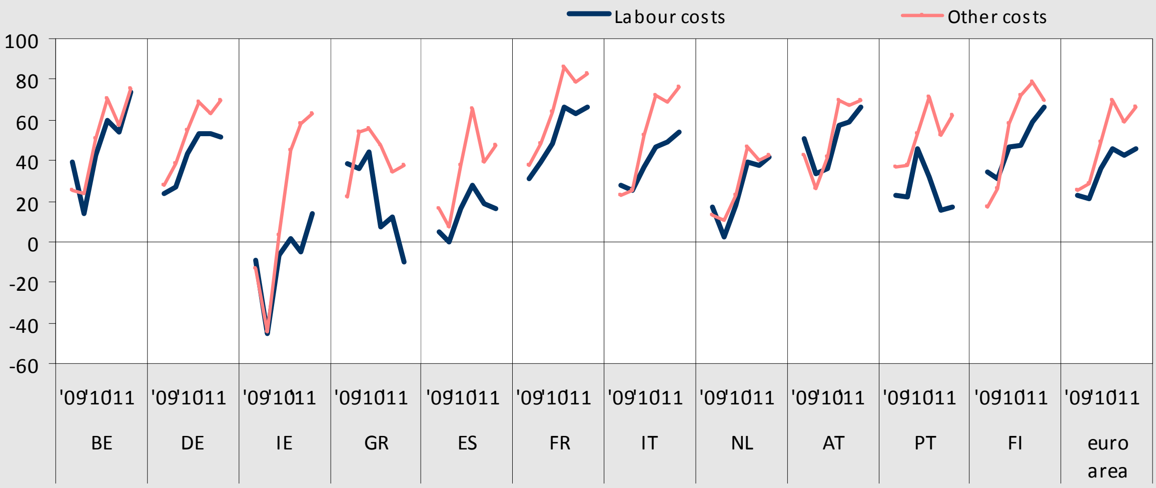


Base: All SMEs.
Note: See the note to Chart 1.

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 decrease of **profits** (with the net percentages in Spain (-60%) and Greece (-

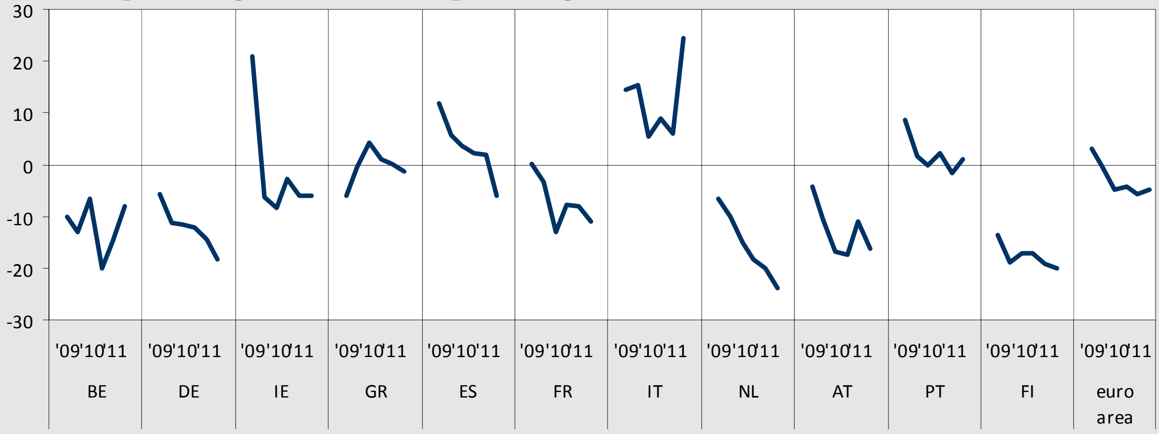
71%) being the most negative). Conversely, in net terms, 8% of German and Finnish SMEs pointed to persistent increases in their profits. In most countries, SMEs continued to report on balance rising **labour and other costs**, with the exception of Greece where labour costs were reported to be falling. The survey also suggests that labour cost increases were more contained in Ireland, Spain and Portugal (see **Chart 13**).

According to the survey results, there are signs that the deleveraging process has continued from October 2011 to March 2012, with the notable exception of Italian SMEs. The deleveraging process for the SMEs would seem more pronounced in Germany, the Netherlands and Finland, but would also seem present in most other countries with the exception of Italy and Portugal. The Italian SMEs, in particular, report increasing their leverage, with the net percentage jumping from 6% to 24% in this survey round. As recent data on loan developments show a decline in small-sized loans extended by banks to companies in Italy, one possible explanation of this result could be that this change has more to do with the asset side of the SMEs' balance sheet and a possible reduction in the amount and/or value of assets available to SMEs (see **Chart 14**).

Chart 14

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

(over the preceding six months; net percentages)



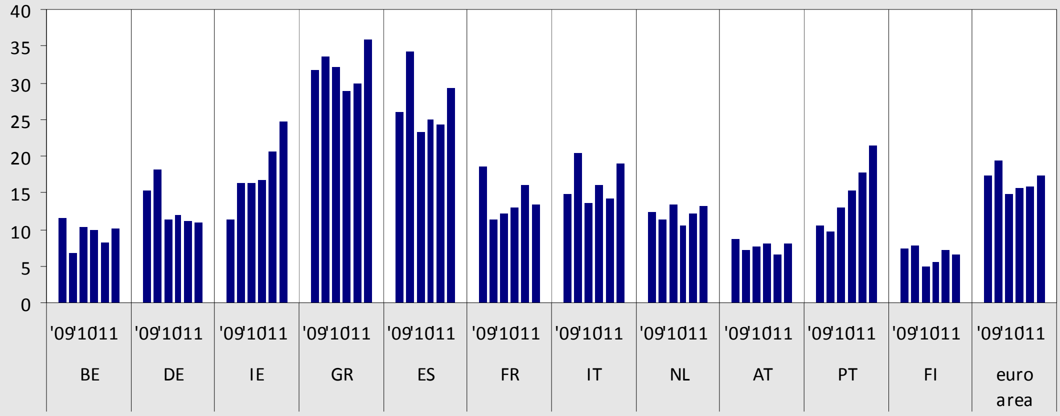
Base: All SMEs.
Note: See the note to Chart 1.

The importance of "Access to finance" increased as a concern for most euro area SMEs, except for German, French and Finnish firms (see **Chart 15**). With respect to previous survey rounds, the concern reached a peak, even higher than in H2 2009, in Greece, Ireland and Portugal.

Chart 15

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

(percentage of respondents)



Base: All SMEs.

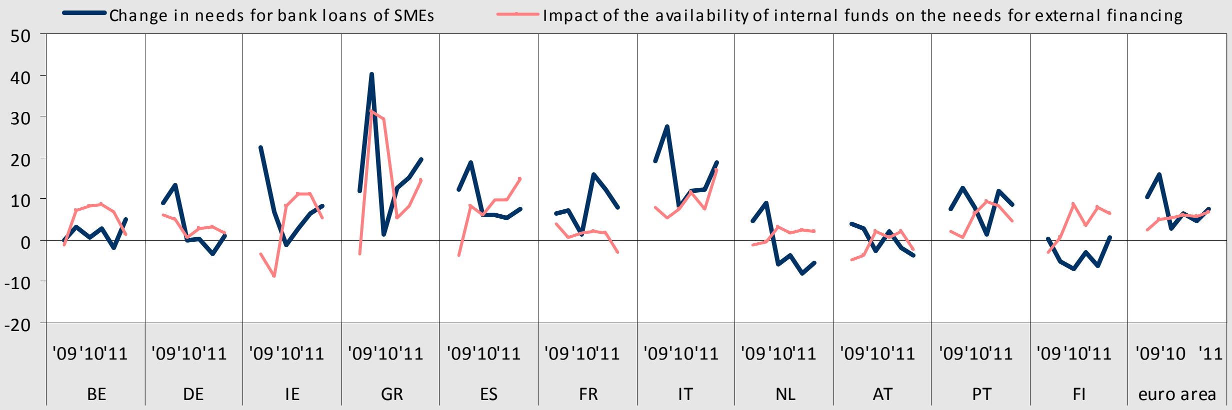
3.2 EXTERNAL FINANCING NEEDS AND ACCESS TO FINANCE

SMEs' **need** for **bank loans** increased broadly across euro area countries, most strongly so in Greece and Italy and, to a lesser extent, in Portugal. Dutch and Austrian SMEs were the only ones to report in net terms a slight decline in their needs (see **Chart 16**). While the increased needs for bank loans were attributed in general to a variety of reasons, Greek, Spanish and Italian firms, in particular, attributed this to the (lack of) internal funds at their disposal.

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.

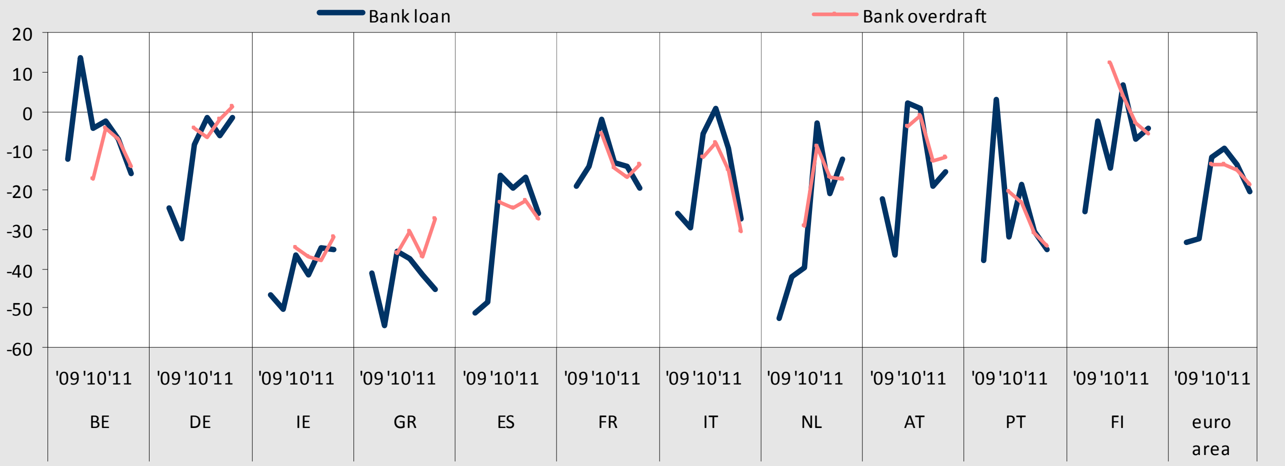
Turning to the supply of finance, survey results suggest a general deterioration of the **availability of bank credit** for SMEs in most euro area countries, with the exception of Germany (see **Chart 17**). This concerns the availability of both bank loans and bank overdraft facilities. Also here there are differences, and the net percentage of SMEs reporting a deterioration of bank loan availability is highest in Greece (45%), Ireland and Portugal (both at 35%). Compared with the previous wave, bank credit availability would seem to have worsened most in Belgium, Spain and Italy. Improvements can instead be observed (starting from negative numbers) in Germany, the Netherlands, Austria and Finland.

In most countries, SMEs perceived the general economic outlook to be the main **factor** affecting bank loan availability. SMEs in Italy, 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) would seem to have worsened further across countries, particularly in Italy if compared with the previous survey rounds. While German and Finnish SMEs reported on balance that the willingness of banks to provide loans has remained broadly unchanged or slightly improved, nearly 50% of the SMEs in Greece and Spain perceived instead a further deterioration in banks' willingness to provide a loan.

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)



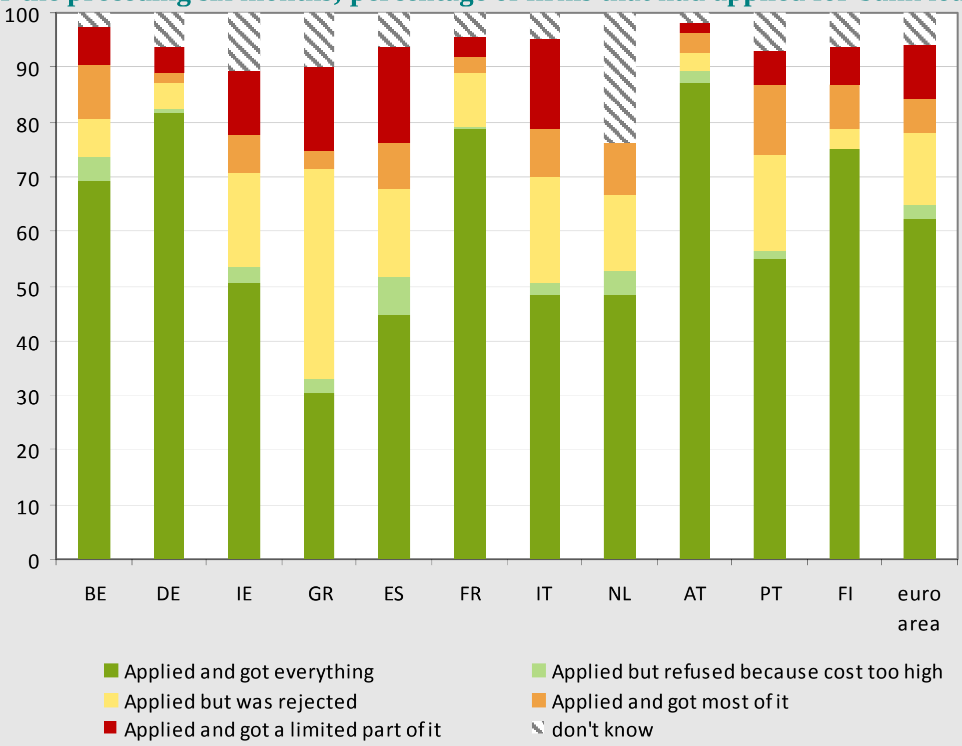
Base: All SMEs that applied for external financing. Note: See the note to Chart 1.

In line with the overall euro area picture, from October 2011 to March 2012, a slightly larger 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 reported considerably higher **rejection rates** (38%; see **Chart 18**) than SMEs in other countries. Also SMEs in Italy (19%), Spain (16%), Ireland (17%) and Portugal (18%) reported rejection rates higher than the euro area average. With respect to previous survey rounds, rejection rates have increased or remained broadly unchanged in most countries with the exception of Germany, the Netherlands and Ireland, where instead they declined.

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
H2 2011	29	20	22	24	30	32	28	13	22	17	16	25

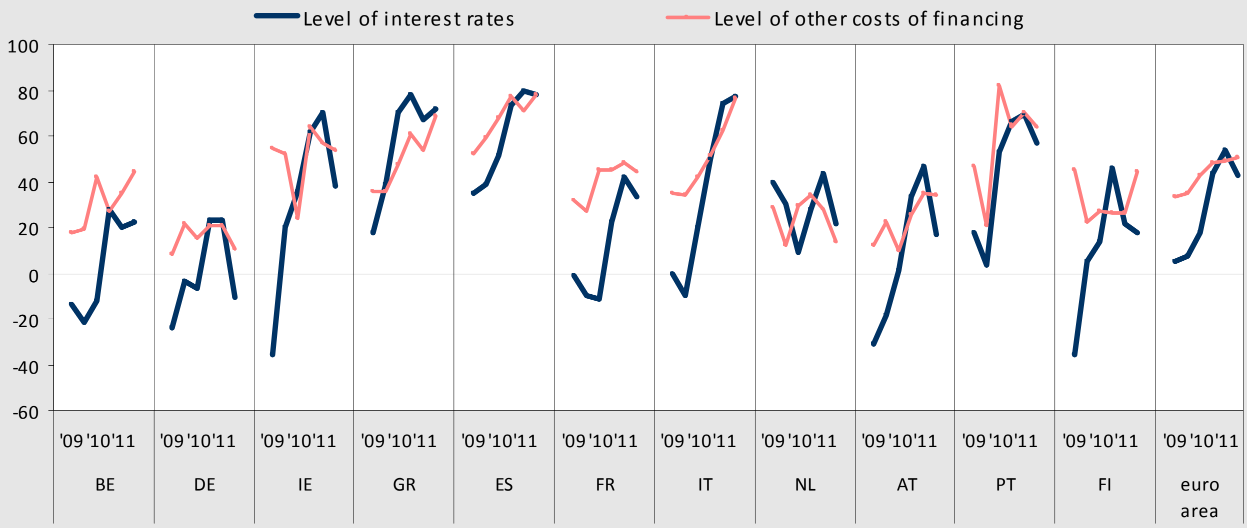
Base: All SMEs that had applied for bank loans.

Turning to 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" was positive but lower than in the previous wave. Italy, Spain, Greece and Portugal showed the highest net percentages of SMEs reporting an increase in interest rates, while German SMEs reported in net terms a decline in interest rates charged by banks. Also the increases in non-price terms and conditions (i.e. collateral requirements, covenants and other guarantees) were generally perceived as significant.

Chart 19

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

(over the preceding six months; net percentages)



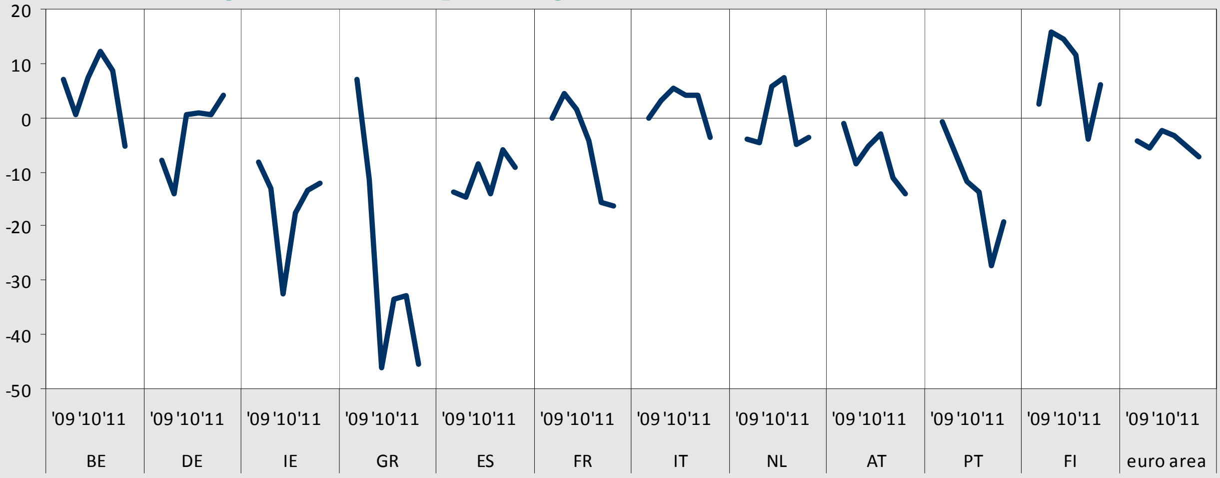
Base: All SMEs that applied for a bank loan.
Note: See the note to Chart 1.

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 deterioration in the availability of bank loans until the end of summer 2012 (see **Chart 20**). In Greece, SMEs tended to foresee a further strong deterioration, while Germany and Finland stood out as the two countries where the balance of opinion regarding the expected SME access to bank loans was slightly tilted to the upside.

Chart 20

SMES' EXPECTATIONS REGARDING ACCESS TO BANK LOANS ACROSS EURO AREA COUNTRIES

(over the following six months; net percentages)



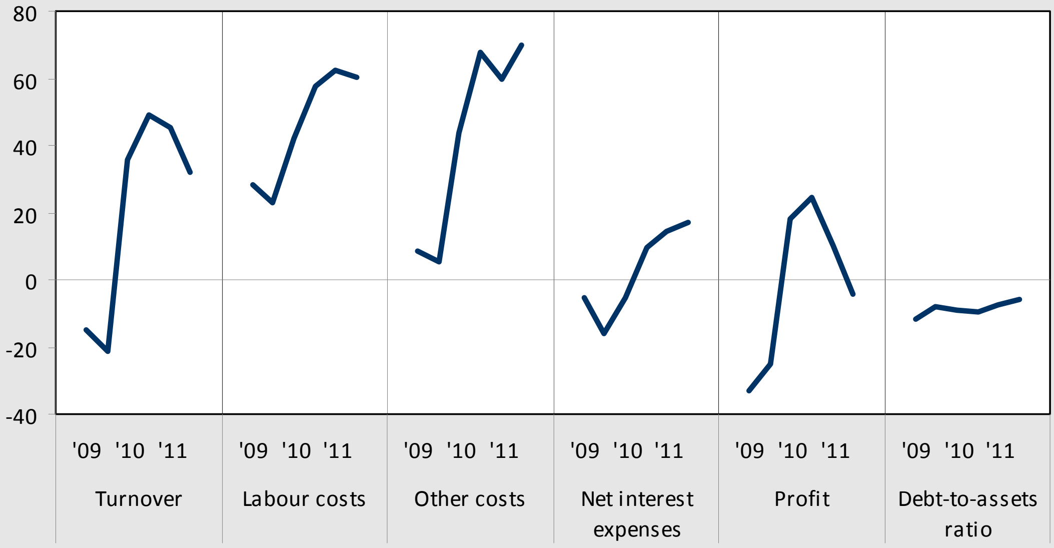
Base: All SMEs that had applied for external financing.
Note: See the note to Chart 1.

ANNEX 1: 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)

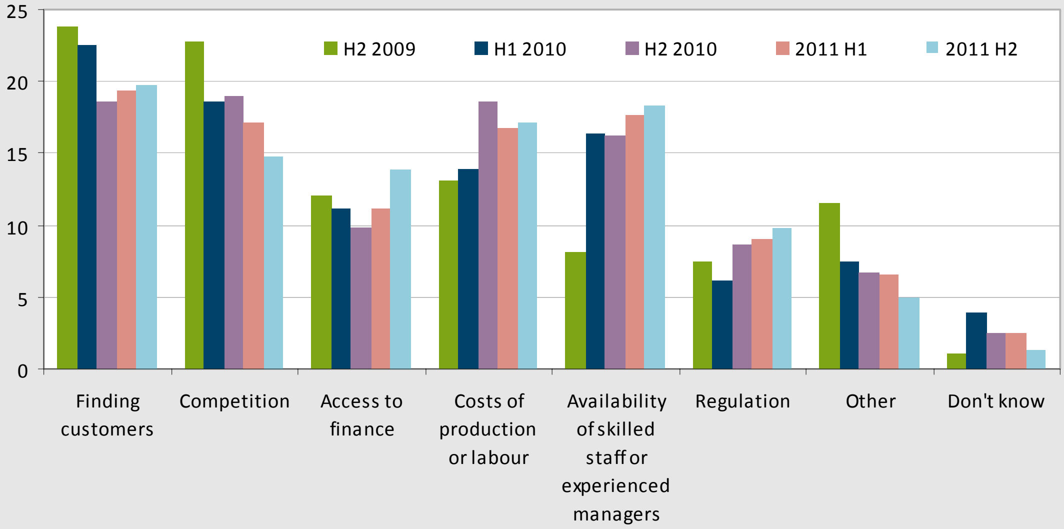


Base: All large firms.
Note: The net percentage is the difference between the percentage of firms reporting an increase for a given factor and that reporting a decrease.

Chart 2a

THE MOST PRESSING PROBLEM FACED BY LARGE EURO AREA FIRMS

(percentage of respondents)

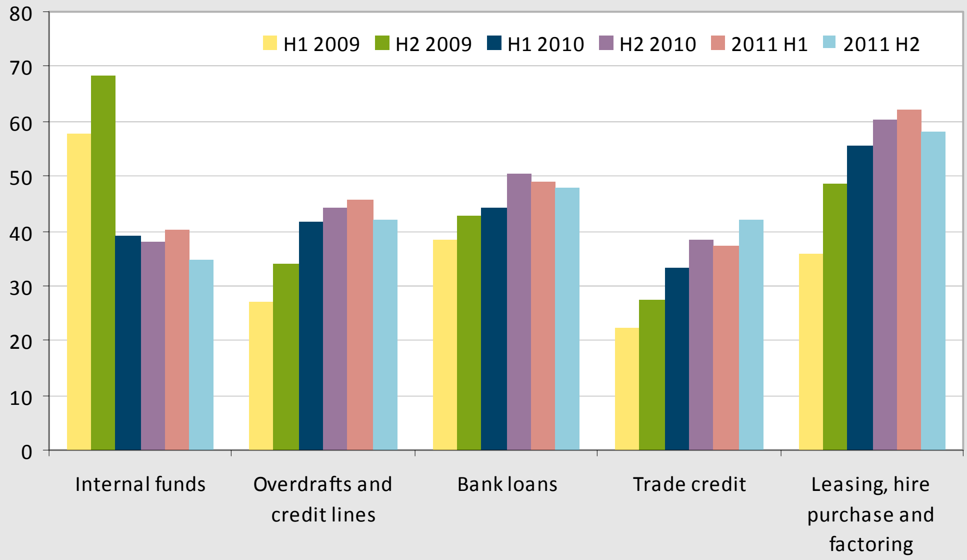


Base: All large firms.
Note: The results for H1 2009 are not comparable and therefore not shown.

Chart 3a

SOURCES OF EXTERNAL FINANCING OF LARGE EURO AREA FIRMS

(over the preceding six months; percentage of respondents)

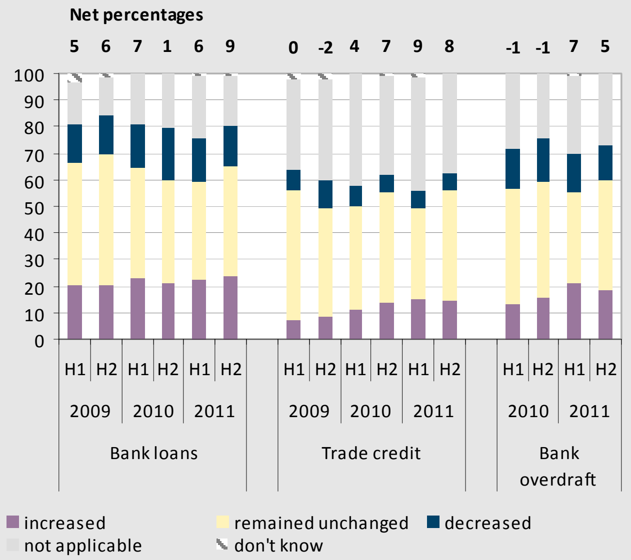


Base: All large firms.

Chart 4a

CHANGE IN THE EXTERNAL FINANCING NEEDS OF LARGE EURO AREA FIRMS

(over the preceding six months; percentage of respondents)

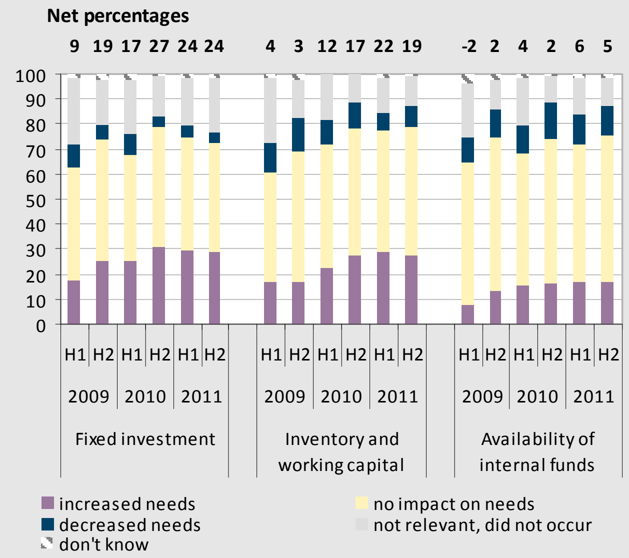


Base: All large firms.
Note: See the note to Chart 1a.

Chart 5a

CHANGE IN FACTORS AFFECTING THE EXTERNAL FINANCING NEEDS OF LARGE EURO AREA FIRMS

(over the preceding six months; percentage of respondents)

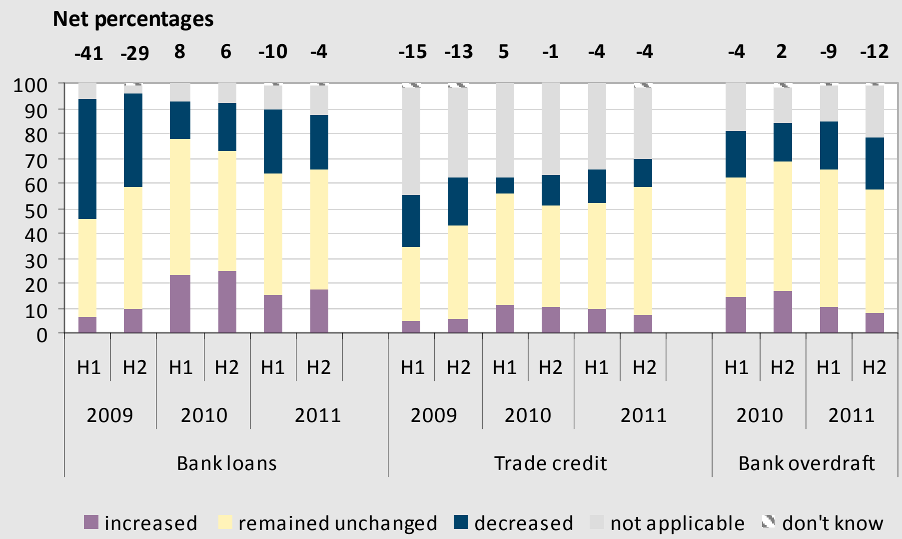


Base: All large firms.
Note: See the note to Chart 1a.

Chart 6a

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

(over the preceding six months; percentage of respondents)

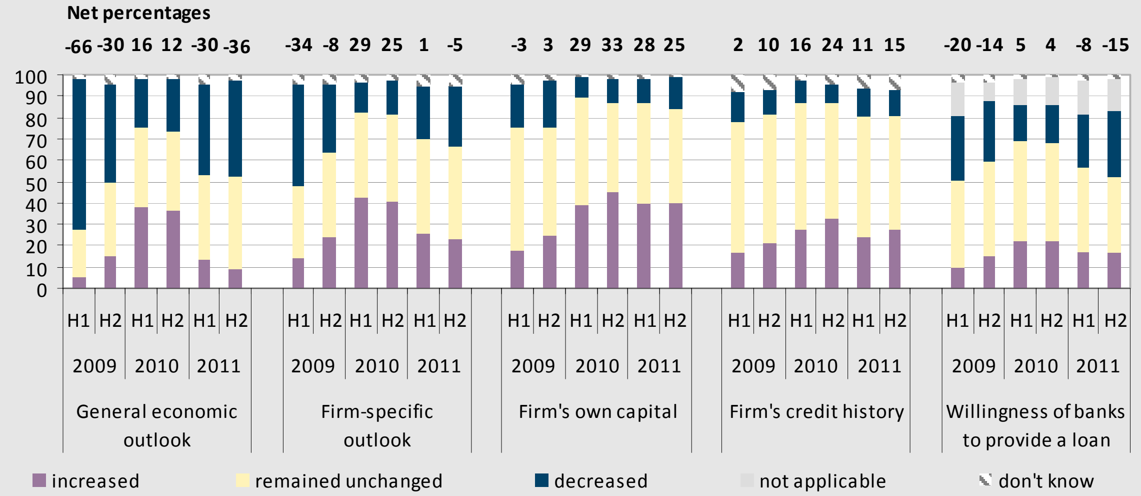


Base: Large firms that had applied for external financing.
Note: See the note to Chart 1a.

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)

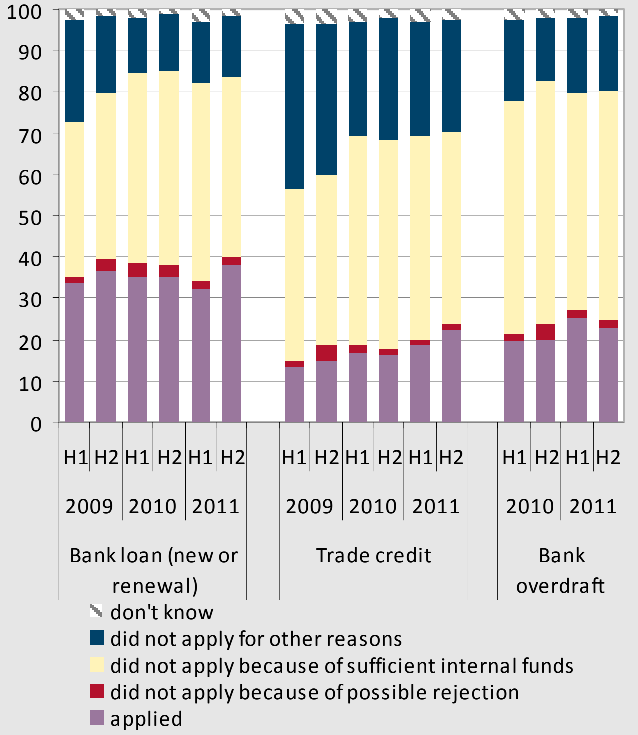


Base: All large firms.
Note: See the note to Chart 1a.

Chart 8a

APPLICATIONS FOR EXTERNAL FINANCING BY LARGE EURO AREA FIRMS

(over the preceding six months; percentage of respondents)

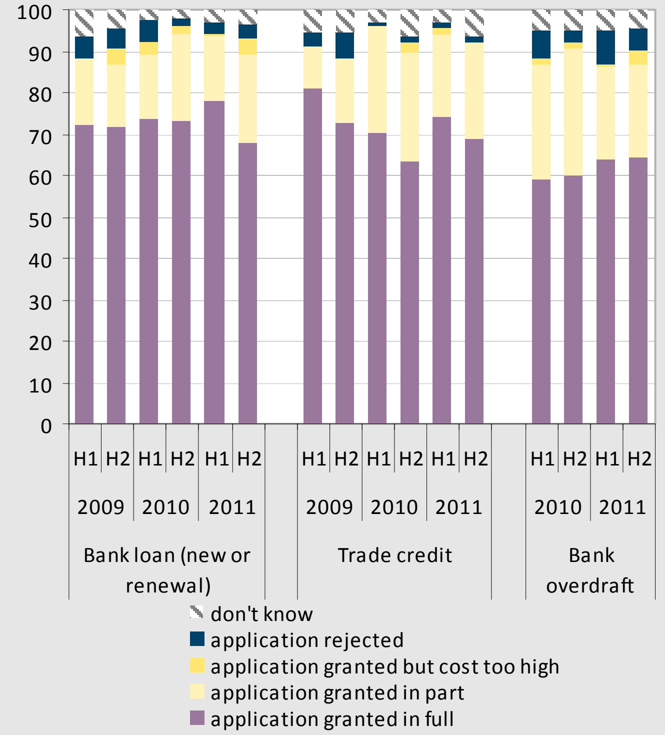


Base: All large firms.

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)

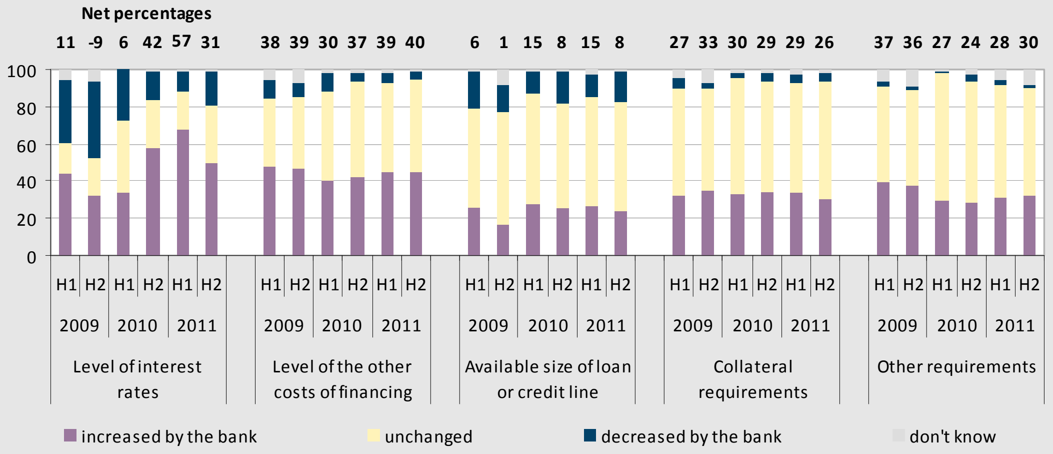


Base: Large firms that had applied for bank loans or trade credit.

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)

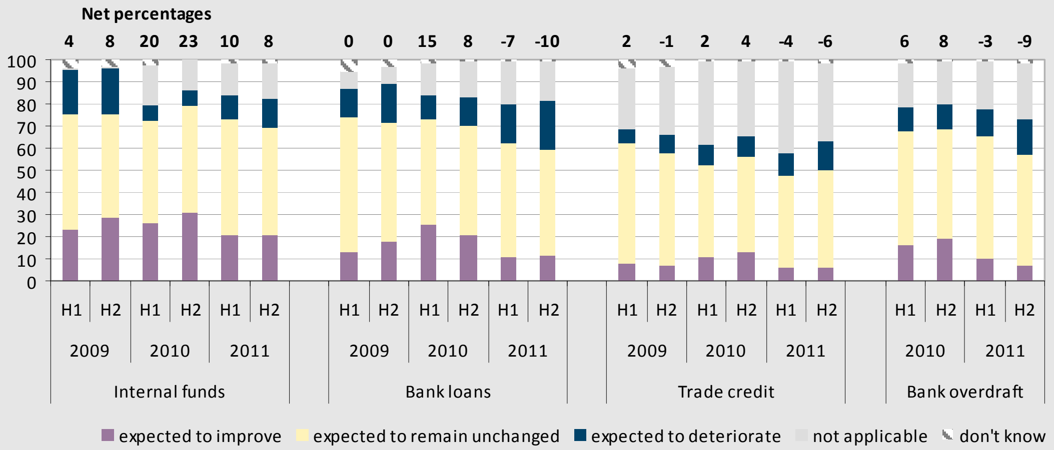


Base: Large firms that had applied for bank loans or trade credit.
Note: The net percentage is the difference between the percentage of firms reporting that the given factor has increased and the percentage reporting that it has decreased.

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. 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 29 February and 29 March 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 (as described below).

The total euro area sample size was 7,511 firms, of which 6,969 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	2,549	Medium-sized	1,873
Small	2,547	Large	542

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	2,038	Trade	2,067
Construction	782	Services	2,624

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, the 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 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
Belgium	503
Germany	1,000
Ireland	500
Greece	500
Spain	1,000
France	1,005

	Number of interviews
Italy	1,000
Netherlands	500
Austria	500
Portugal	503
Finland	500

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.[6]

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

Chart A.1

BREAKDOWN OF FIRMS INTO SIZE CLASSES

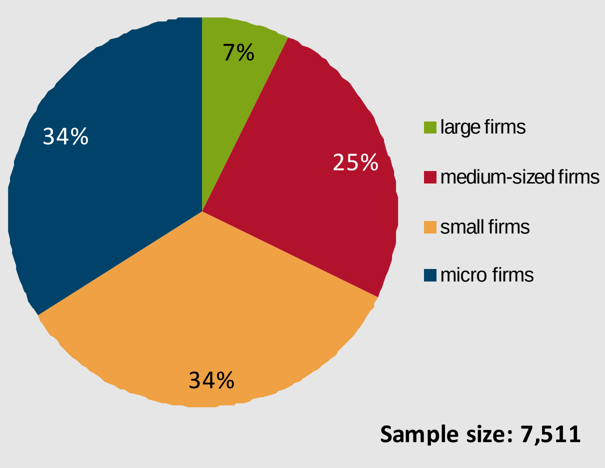
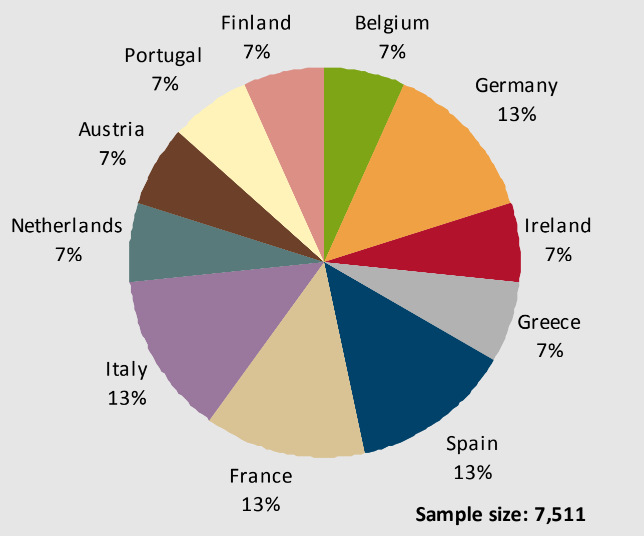


Chart A.2

BREAKDOWN OF FIRMS ACROSS COUNTRIES

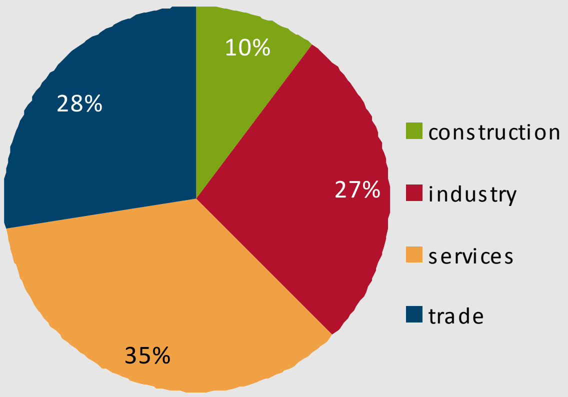


Note: Firms have been classified according to size in terms of the number of employees: micro firms have between 1 and 9 employees, small firms between 10 and 49, medium-sized firms between 50 and 249, and large firms have 250 or more.

[6] 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

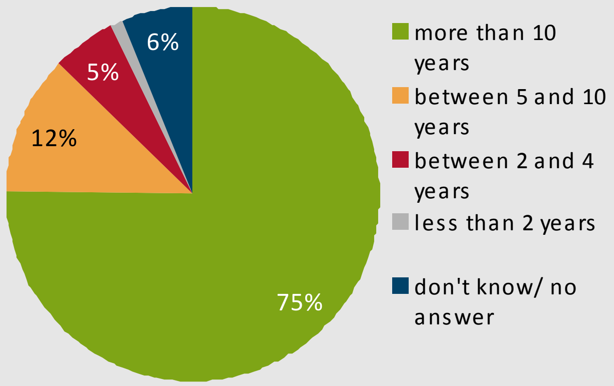
BREAKDOWN OF FIRMS ACROSS ECONOMIC ACTIVITIES



Sample size: 7,511

Chart A.4

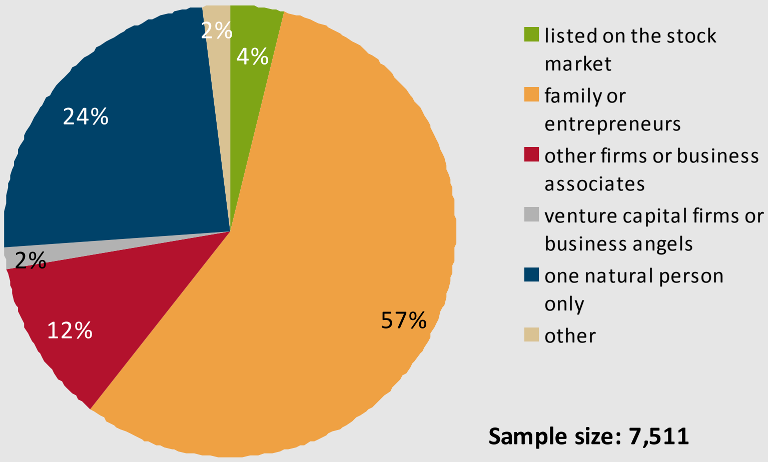
BREAKDOWN OF FIRMS BY FIRM AGE



Sample size: 7,511

Chart A.5

BREAKDOWN OF FIRMS ACCORDING TO OWNERSHIP



Sample size: 7,511