

Eurosystem



SME Market Overview

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- 1. Introduction
- 2. CBI Credit Money and Banking Statistics
- 3. CBI Loan-Level Data
- 4. DoF Red C Credit Demand Survey
- 5. ECB SAFE Survey
- 6. Interest Rates & Market Concentration
- 7. Conclusion



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Introduction

CBI SME Market Report

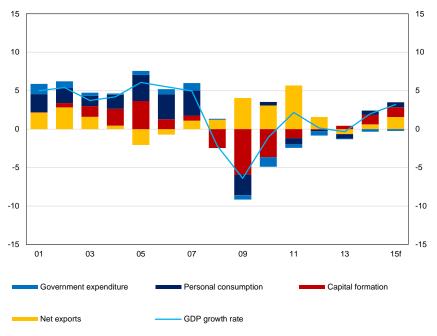
- Twice yearly snapshot:
 - New lending
 - Credit demand
 - Loan conditions
 - Loan Defaults
 - Lending Market Concentration

SME Market Report	Banc Ceannais na hÉiteann Central Rank of Ireland
2014 H2	function (1)
The Central Bank of Ireland's SME Marker Report is com Division and aims to collate information from a wide ran up-to-date picture of developments in the Irish Small and M Report provides information on credit demand, credit ac- interest rates and credit market concentration. The Report i Data use to populate this report come from Central Bank of Interest Rates aggregate statistics, the Red C SME Credit Deet Humopean Commission (EC) Survey on the Access to Fina and Loan-Level data collected by the Central Bank of Itelan the 2011 Financial Measures Program. The data sources as SME used in each data source is detailed in Appendix 2.	downima and external sources to give an doction Enterprise (SME) credit market. ¹ The cess, toan terms and conditions, toan default, a released twice yearly. I relead Credit, Money and Banking and Reteil mand Survey, the European Central Bank (PCP).
Overview	the detinition of an
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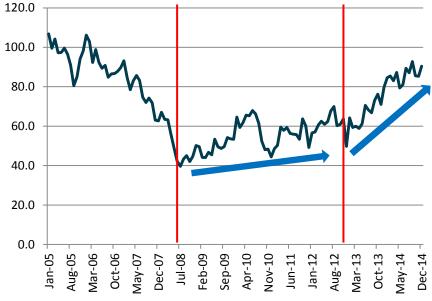


Introduction – Economic Backdrop

Contributions to GDP Growth



Consumer Sentiment Index

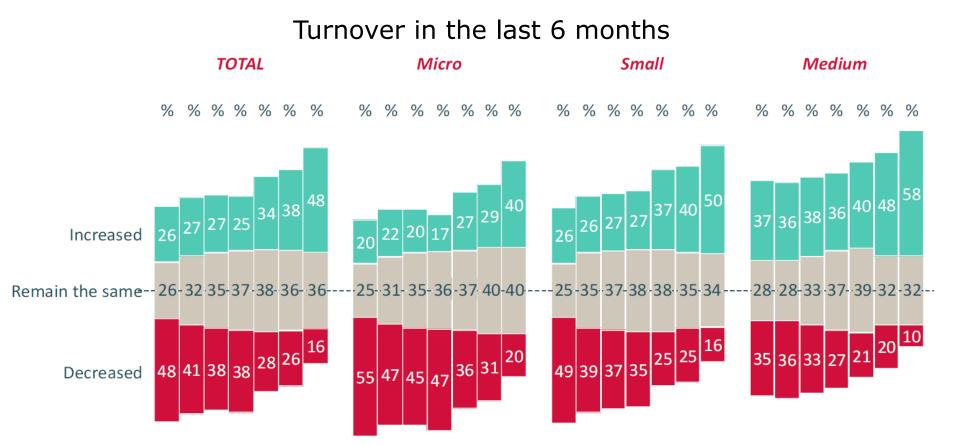


- Domestic Demand improving
- Impact on SMEs...



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Introduction – Economic Backdrop





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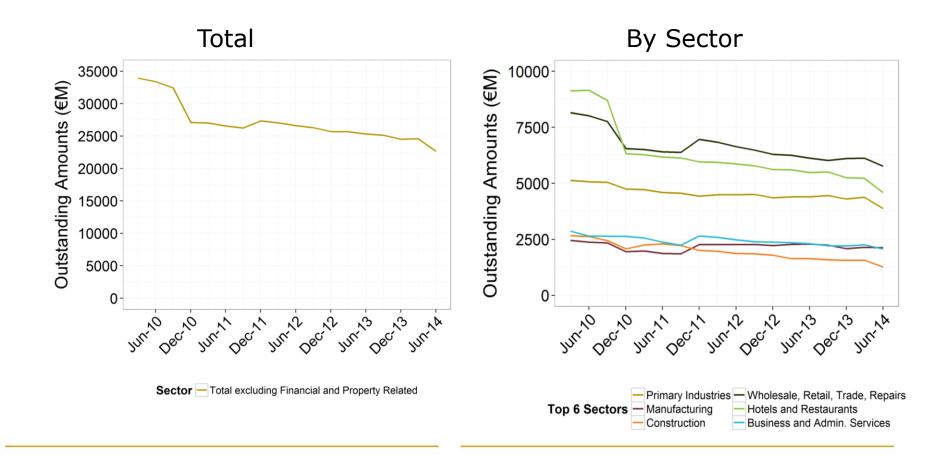




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CBI Credit Money and Banking Statistics

Outstanding SME Credit (quarter):

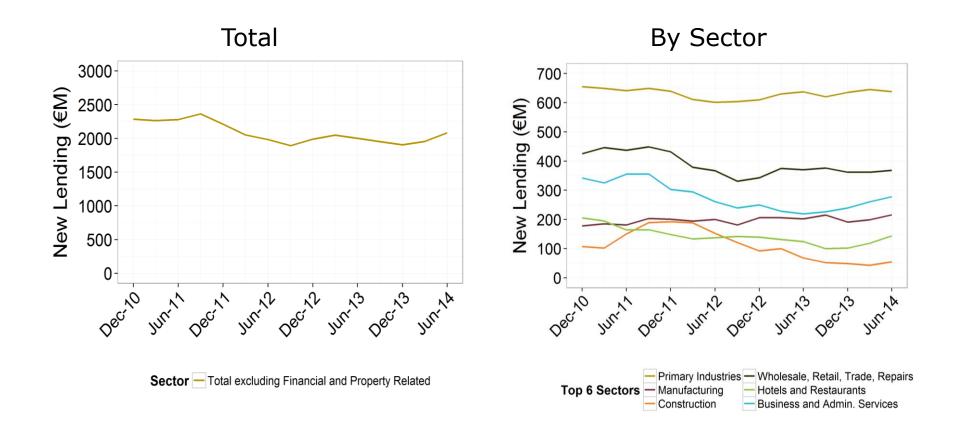




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CBI Credit Money and Banking Statistics

New SME lending (annual):





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CBI Loan-Level Data

LLD Description:

	Dec. 2013	Jun. 2014
Total Balance (€M)	21,042	20,684
Average Balance (€)	71,102	67,423
Median Balance (€)	9,954	9,897
Average Interest Rate (%)	6.41	6.50
Default Rate by Count (%)	26.05	25.37
Default Rate by Balance (%)	41.38	41.22

SME loan Transitions:

	Performing	Default	Total
	Jun '14	Jun '14	
By Count	%	%	Number
Performing Dec '13	97.2	2.8	267,907
Default Dec '13	2.9	97.1	70,653
By Balance	%	%	€M
Performing Dec '13	95.4	4.6	11,298
Default Dec '13	2.9	97.1	8,070

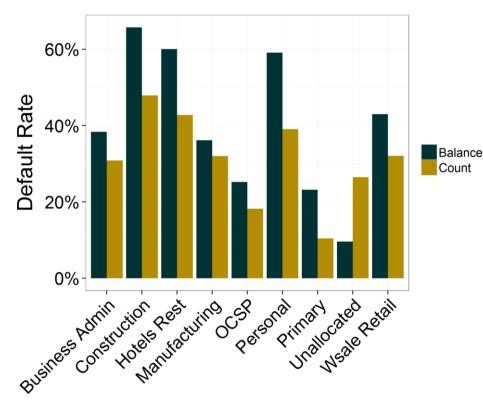




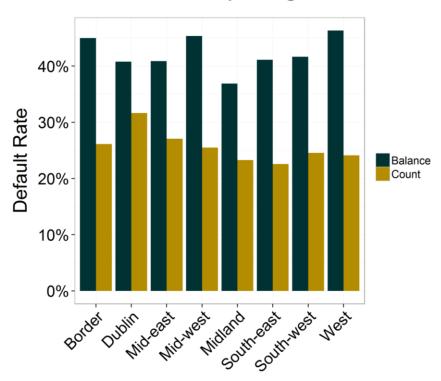
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CBI Loan-Level Data

Defaults by Sector

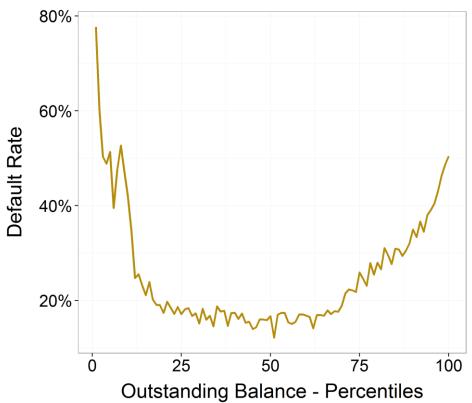


Defaults by Region





CBI Loan-Level Data



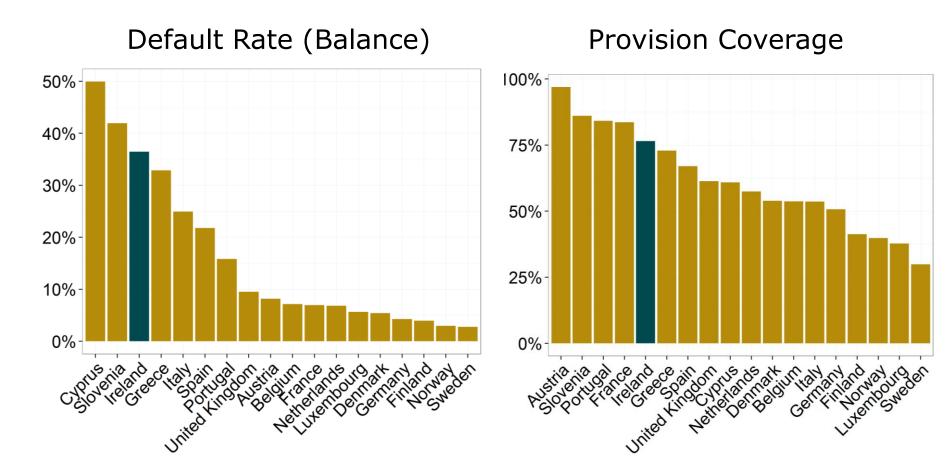
Default by Loan Size





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EBA Stress Test Results



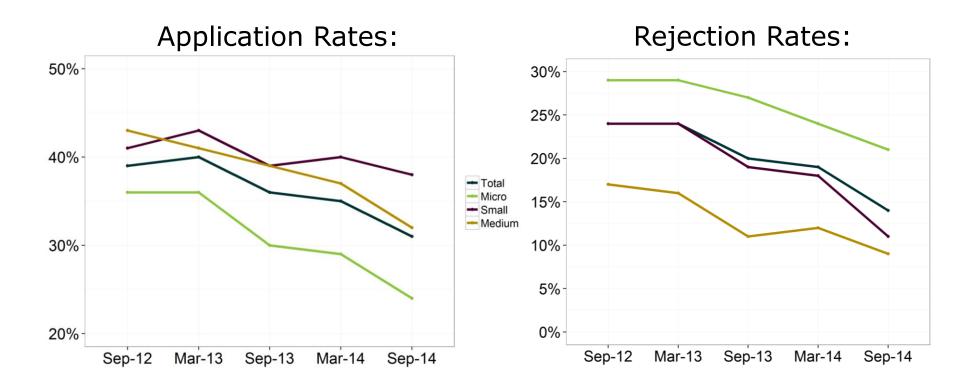


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Red-C Credit Demand Survey

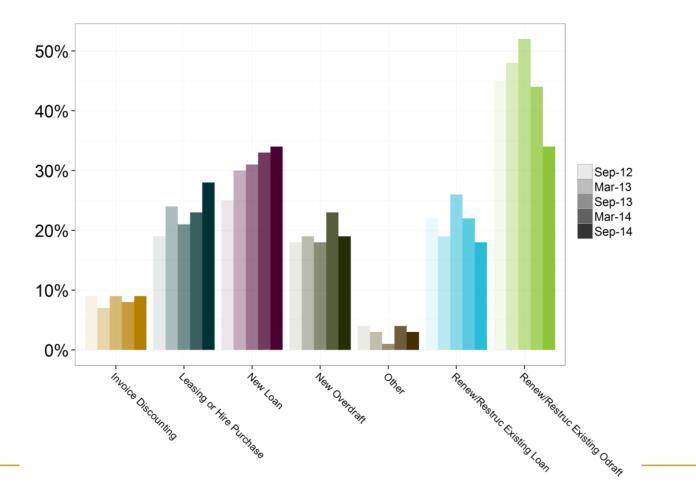






Red-C Credit Demand Survey

...driven by declining applications for renewals/restructures:

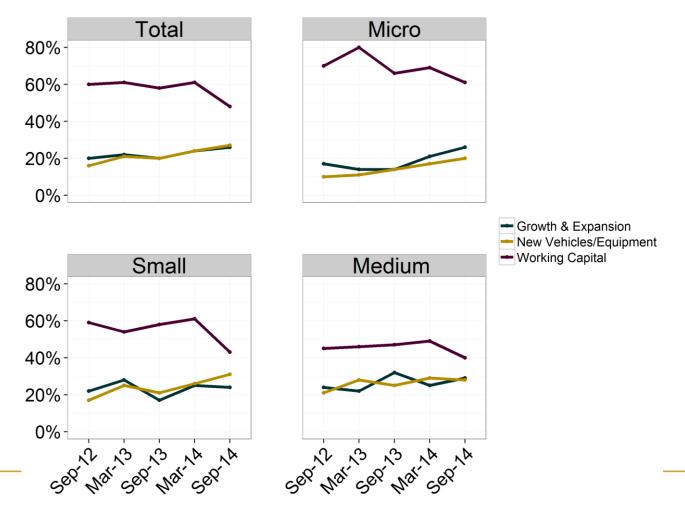




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Red-C Credit Demand Survey

Reason for Credit Applications

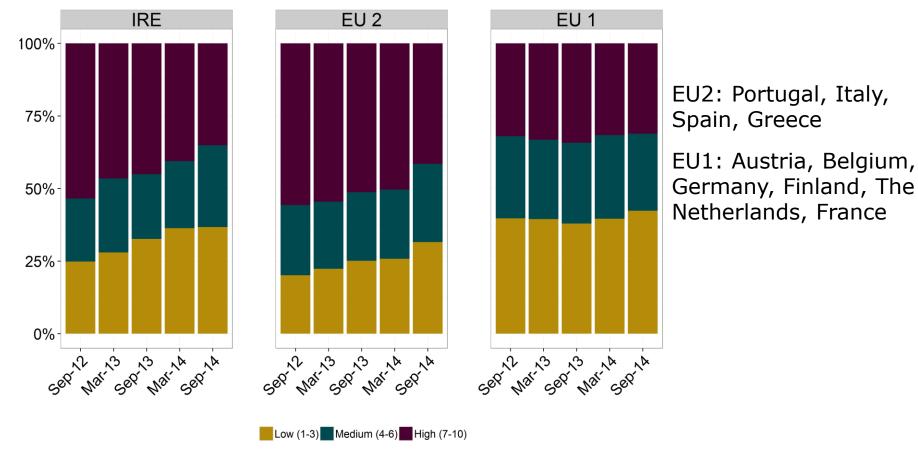




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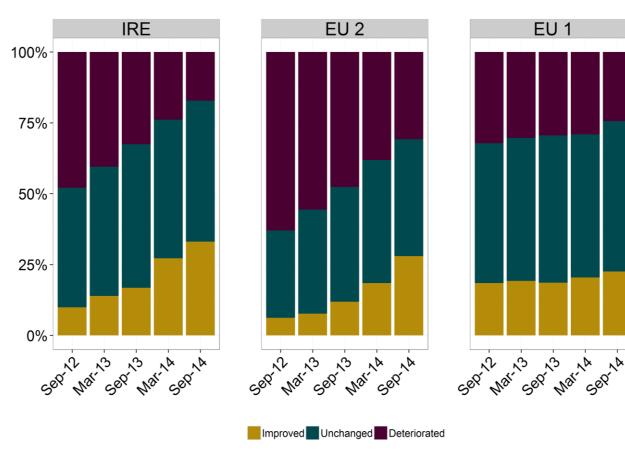


How 'pressing' is access to finance (firm perception):





Bank willingness to provide credit (firm perception):

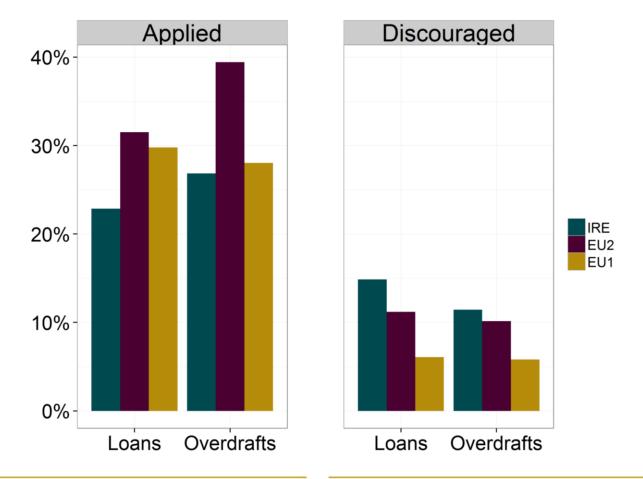


EU2: Portugal, Italy, Spain, Greece

EU1: Austria, Belgium, Germany, Finland, The Netherlands, France



Application/Discouraged Borrower Rates Sept. 2014

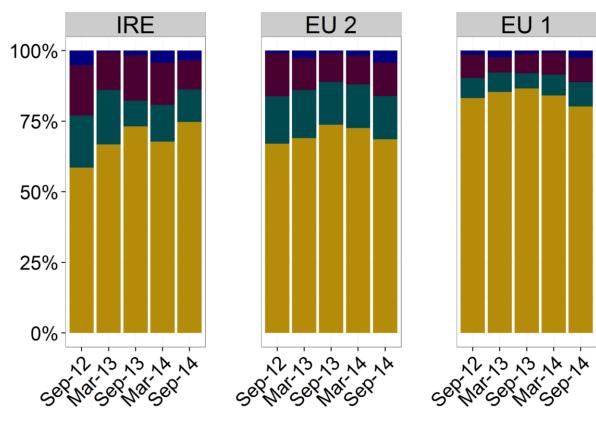




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ECB SAFE Survey

Outcome of Loan/Overdraft Applications

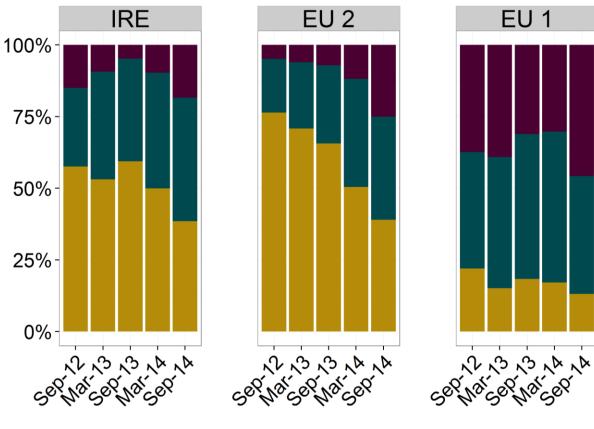


EU2: Portugal, Italy, Spain, Greece

EU1: Austria, Belgium, Germany, Finland, The Netherlands, France



Credit Conditions: Interest Rates

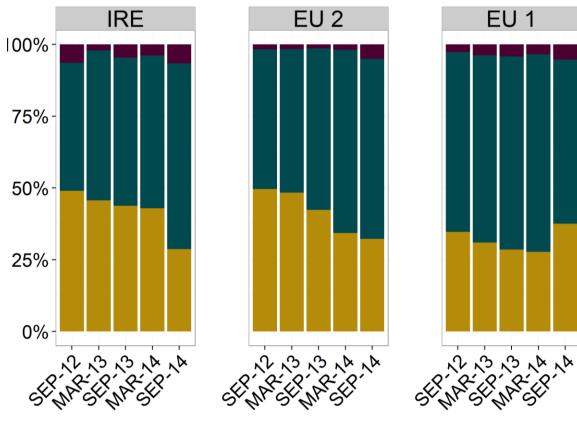


EU2: Portugal, Italy, Spain, Greece

EU1: Austria, Belgium, Germany, Finland, The Netherlands, France



Credit Conditions: Collateral Requirements



EU2: Portugal, Italy, Spain, Greece

EU1: Austria, Belgium, Germany, Finland, The Netherlands, France

Increased By Bank Unchanged Decreased By Bank

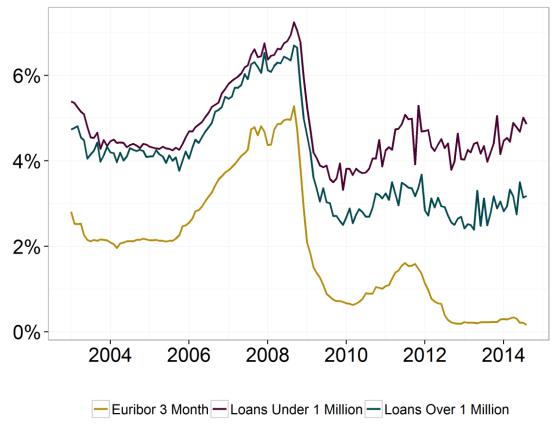


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Interest Rates and Credit Market Concentration

Interest rate on NFC loans and EURIBOR



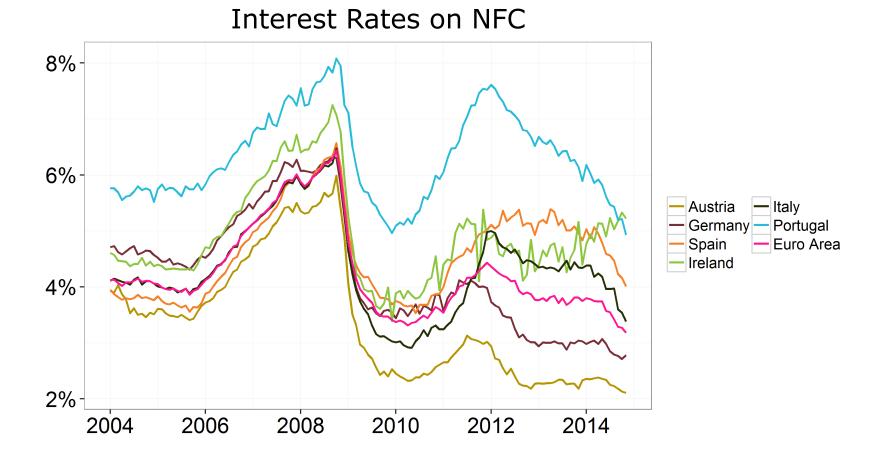
Source: ECB, MFI data.





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Bank Financing – Market Overview



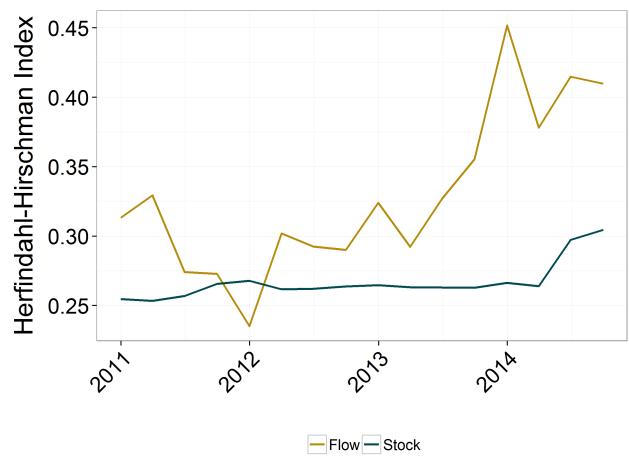
Source: ECB, MFI data.





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Bank Financing – Market Overview



Credit Concentration



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Conclusion

- Outstanding credit falling
- New lending steady (signs of slight upturn)
- Application and Rejection rates falling
- But increased application for loans & leasing/hire purchase
- Borrowing for 'Growth and Expansion' increasing
- SME defaults 41% overall (3rd highest in EU), and higher for Construction and Hotel/Restaurants
- Access to finance less 'pressing' a concern, but still a high concern for 35% of SMEs (similar to EU)
- Rejection/Approval Rates now similar to EU
- Interest Rates rising and now among highest in EU
- Credit Concentration Increasing