

## Credit demand turning for mid corporates

(8<sup>th</sup> November 2010 – Australia) Demand for business borrowing, despite the harsh credit conditions experienced immediately post GFC, could be recovering for Australian mid corporates (those businesses with an annual turnover of \$20 - \$100 million) according to East & Partners' latest Commercial Credit Index.

The Index shows that, for the first time in eighteen months, the majority of businesses in this middle markets segment have experienced no change to the interest rate charged on their business loan over the past six months (38 percent, however, have reported that they continue to be re-priced upward over this period and by an average of 4.7 percent).

As a result, almost 40 percent of mid corporates are looking to increase the size of their current lending facility over the next six months by an average of 15 percent relative to their current borrowings.

"This latest Index result for October clearly shows that Australian mid corporates are looking to lift their borrowings compared to a year ago, albeit modestly and, notably, from a conservative average gearing level of 46.6 percent. This possible start to a turnaround credit appetite is reinforced by almost 40 percent of businesses now stating that there are no current major inhibitors to the growth of their business" Robert Morgan, East & Partners' head of market analysis said.

"Nevertheless, the fact that, in this latest Index, almost 1 in 3 businesses are still reporting a credit related issue as being the single biggest factor inhibiting their business growth demonstrates that access to credit does still remain a major headache for a significant number of businesses," Mr Morgan concluded.

### About East & Partners' Commercial Credit Index

East & Partners' Commercial Credit Index is based on interviews conducted each month Australia-wide with a structured sample of 260 companies turning over A\$20-100 million per annum, some over 3,000 direct interviews with business banking customers annually.

For more information please contact:

Kimberley Burgess  
Marketing Communications  
East & Partners  
t: 02 9004 7848  
m: 0405 250 796  
e: kimberley.b@east.com.au

### East & Partners Pty Ltd

Level 39, 2 Park St Sydney NSW 2000 Australia  
p: +61 2 9004 7848 f: +61 2 9004 7070  
www.east.com.au  
ABN: 76 072 374 406