



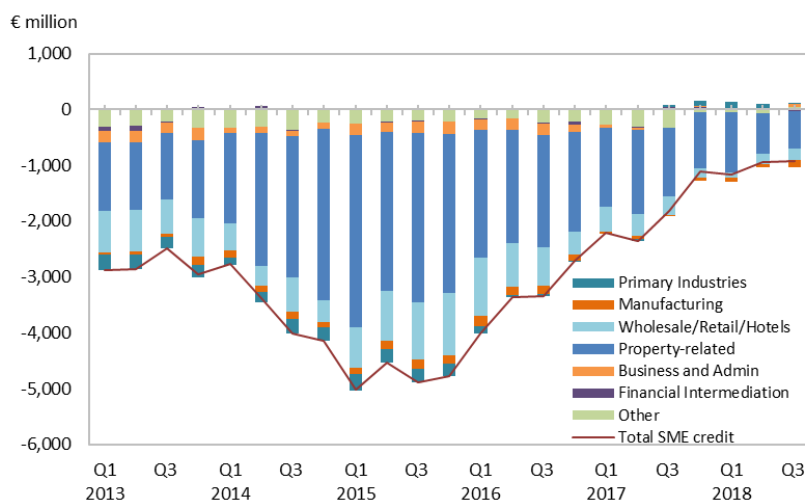
Trends in SME and Large Enterprise Credit and Deposits: Q3 2018

Net lending to Irish SMEs declined by €561 million in the quarter and €920 million over the previous four quarters.

Gross new lending to all Irish SMEs was €1.2 billion in Q3 2018, an increase of €103 million on the amount loaned in Q3 2017.

Net lending to core SMEs decreased by €420 million in the quarter; a similar decline as was seen in Q3 2017.

Annual net lending to SMEs (4-quarter moving sum)



Source: Business Credit and Deposits [Table A.14.1](#)

For further detail, see the [Business Credit and Deposits](#) tables

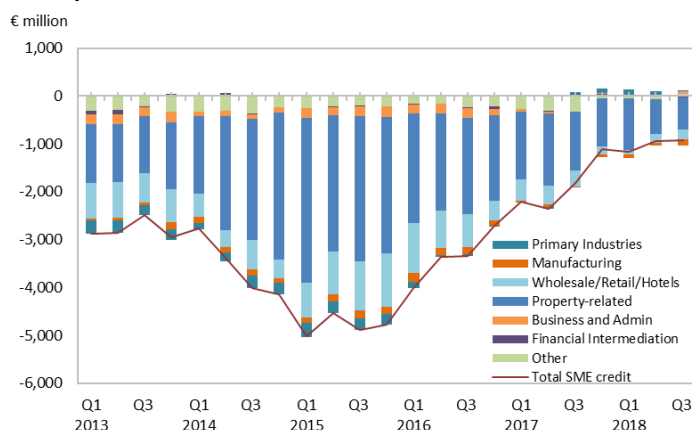
SME Credit developments

- **The outstanding stock of SME credit** was €24.3 billion at end-Q3. This included €9 billion relating to property and financial intermediation, and €15.3 billion of core credit.¹
- **Net lending to all Irish SMEs** fell by €561 million in Q3. On an annual basis, SME credit declined by €920 million, the smallest decline in the history of the series (Chart 1).
- **Gross new lending to all SMEs** was €1.2 billion during the third quarter.² The total gross new SME lending figure for the most recent four quarters was €5.4 billion, the highest value recorded in the history of the series (Chart 2).
- **Gross repayments by all SMEs** were €1.8 billion in the quarter, up by €84 million on the same period in 2017. Cumulative gross repayments for the first three quarters of 2018 are also up on 2017; however increases in gross new lending mean that net repayments are down year to date when compared with previous years (Chart 3).

Core SME Credit developments

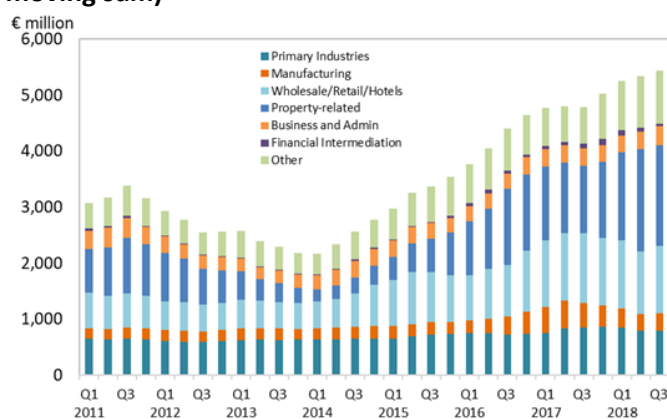
- **Net lending to core SMEs** decreased by €420 million in Q3. This decline is less than that seen for all SMEs, as it does not include the €90 million fall seen in real estate lending during the quarter, as well as the declines in construction and financial intermediation.
- **Gross new lending to core SMEs** was €849 million in Q3 2018. This represents a 22.7 per cent increase on Q3 2017. Repayments by core SMEs in Q3 2018 were €1.3 billion, up €166 million when compared with Q3 2017.

Chart 1: Annual net lending to SMEs (4-quarter moving sum)



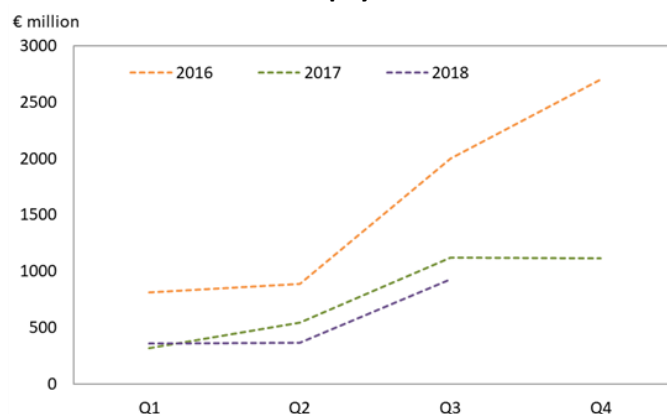
Source: Business Credit and Deposits [Table A.14.1](#)

Chart 2: Gross new lending to all SMEs (4-quarter moving sum)



Source: Business Credit and Deposits [Table A.14.1](#)

Chart 3: Cumulative net repayments vis-à-vis all SMEs



Source: Business Credit and Deposits [Table A.14.1](#)

¹ See Note 1 for the definition of SMEs and other groupings used in this release.

² See Note 2 for the definition of gross new lending.

Interest rates on loans to SMEs

- **The weighted average interest rates on outstanding SME loans** increased slightly over the quarter, rising by 3 basis points to 3.44 per cent. This continues the trend of increasing interest rates on outstanding SME lending (Chart 4).
- **The interest rate on new SME loan drawdowns** declined by 43 basis points in Q3, and now stands at 4.03 per cent.
- **Interest rates on new SME loan drawdowns** varied largely between sectors. It is notable that higher than average rates were charged in the primary industries sector, which is predominantly lending for agriculture (Chart 5).

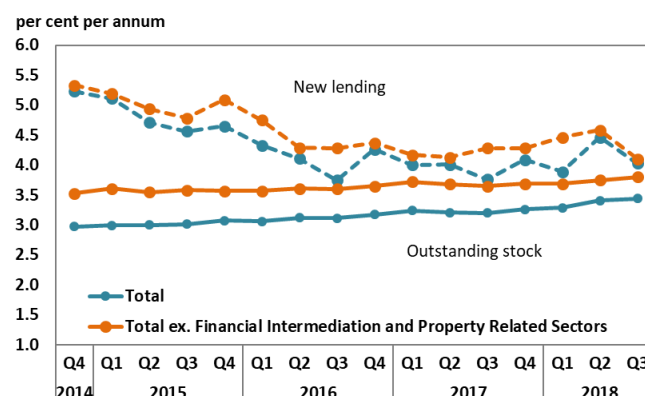
Private-Sector Enterprise Credit developments

- **The total outstanding amount of credit to resident private-sector enterprises**, comprising SMEs and large enterprises, increased in net terms by €425 million in Q3.
- **Net credit advanced to core private-sector enterprises** increased by €151 million in Q3 2018 and €503 million on an annual basis. This growth was composed of a €721 million increase in credit to large core enterprises, and a €218 million decrease in lending to core SMEs (Chart 6).

Private-Sector Enterprise Deposit developments

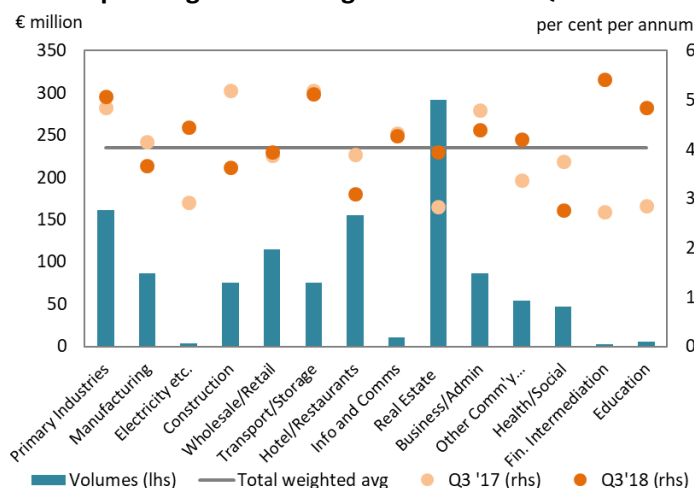
- **Deposits from all Irish private-sector enterprises** increased by €1.5 billion in Q3. Total outstanding deposits now stand €96.8 billion, the highest recorded since December 2008. Core deposits grew by €397 million in the quarter, to stand at €50.7 billion.

Chart 4: Interest rates on new and outstanding SME loans



Source: Business Credit and Deposits [Table A.14.1](#)

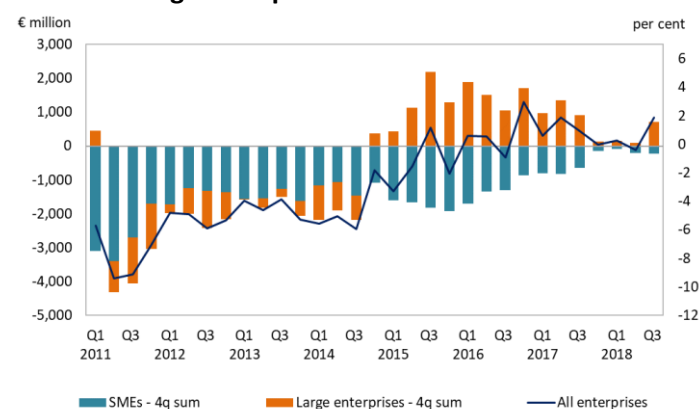
Chart 5: SME new lending interest rates and corresponding new lending drawdowns – Q3 2018



Source: Business Credit and Deposits [Table A.14.1](#)

Note: See Note 3 on drawdowns as reported with rates.

Chart 6: Annual rates of change in credit to core Irish private-sector enterprises and net flows broken down by SMEs and large enterprises



Source: Business Credit and Deposits [Table A.14](#) & [Table A.14.1](#)

Note 1:

SMEs are defined as enterprises with fewer than 250 employees and whose annual turnover does not exceed €50 million and/or whose annual balance sheet does not exceed €43 million. This is the standard EU definition of an SME.

In this release ‘core’ sectors are all non-financial, non-property related sectors.

‘Property’ is made up of the construction and real-estate sectors.

‘Private sector enterprise’ refers to enterprises of all sizes, and therefore encompasses both SMEs and large-sized firms.

Note 2:

Gross new lending excludes restructures or renegotiations which do not increase the size of outstanding loans. It does include new funds drawn down following a restructure or renegotiation of an existing facility that were not included in credit advanced at the end of the previous quarter.

Note 3:

The reporting population for interest rate statistics are those credit institutions with a significant level of lending or deposit business with households or non-financial corporations. All other SME statistics are collected from the full population of resident credit institutions. Although the interest rate data are collected from a sample of institutions and the coverage of the SME market is very high, gross new lending volumes underpinning the interest rates and volumes data will not match exactly. The reporting

population is monitored under Regulation ECB/2014/30.

For further detail please see the [Business Credit and Deposits](#) webpage for:

- An extensive set of [Business Credit and Deposits tables](#) and previous [releases](#);
- [Business Credit and Deposits Explanatory Notes](#).

Keywords: Business credit, Private-Sector Enterprises, Irish Financial Statistics, SME Credit, Loans to SMEs, Large enterprise, SME interest rates.