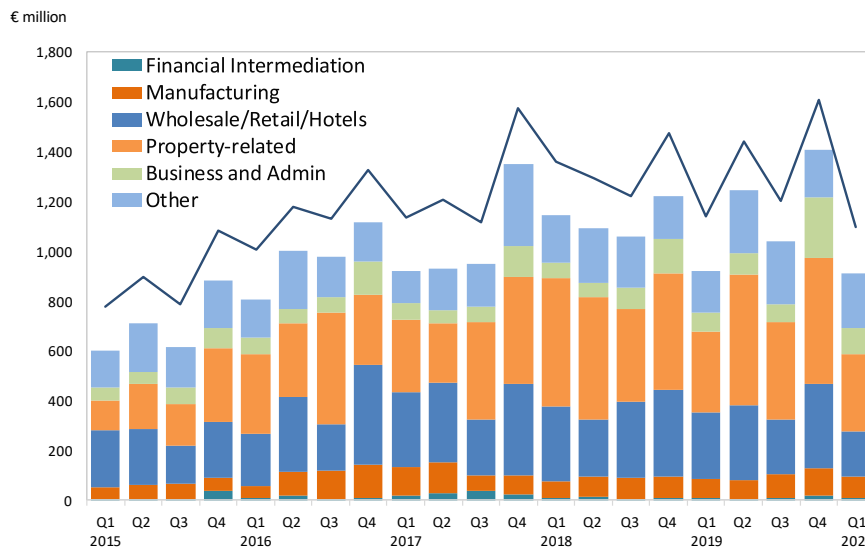




Q1 2020 represents the first quarter of the SME and Large Enterprise Credit and Deposit series impacted by the COVID-19 crisis, with the first known case in Ireland confirmed in late-February and the subsequent containment measures from mid-March. Impacts that are more significant are expected in the next quarterly update, which covers a lengthier period of lockdown measures. Overall, gross new lending to SMEs declined with €781 million during Q1 2020, for SMEs in the core sectors, i.e. non-financial, non-property related sectors, the lowest amount of loans forwarded over a quarter since the series began. Gross new lending to all SMEs was €1.1 billion during the quarter, recording the lowest volume since 2016.

### Gross new lending to all SMEs (quarterly basis)



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

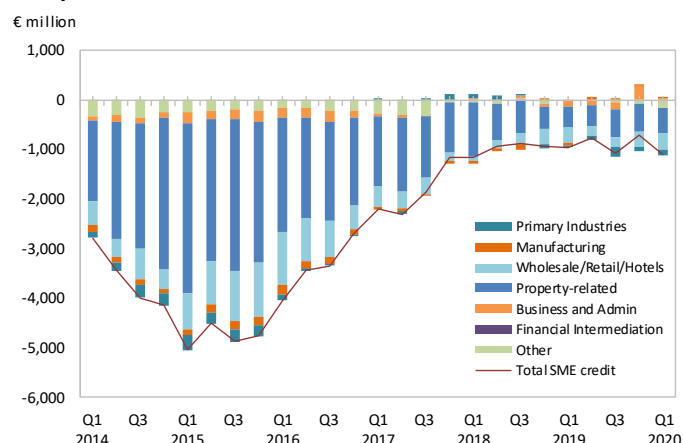
### SME Credit developments

- The outstanding stock of SME credit on the balance sheets of Irish banks decreased by 3.4 per cent over Q1 2020 to stand at €20.6 billion. This included €7 billion relating to property and €13.5 billion of core SME Credit.<sup>1</sup>
- Net lending to SMEs declined by €729 million in Q1 2020. Annually, repayments exceeded new lending by €1.1 billion over the year to end-March (Chart 1).
- Gross new lending to SMEs was €1.1 billion during Q1 2020. This was the lowest volume of gross new lending to SME's since Q1 2016. Property-related lending accounted for 28 per cent over the quarter (Chart 2).<sup>2</sup> In the four quarters to end-Q1 2020, gross new SME lending was €5.4 billion; representing an increase of €225 million or 4.4 per cent when compared to the four quarters to end-Q1 2019.
- Repayments by SMEs were high in the first quarter at €1.8 billion<sup>3</sup> (Chart 3). Annually, repayments by all SMEs were €6.4 billion; this is the highest annual repayment level seen since 2017.

### Core SME Credit developments

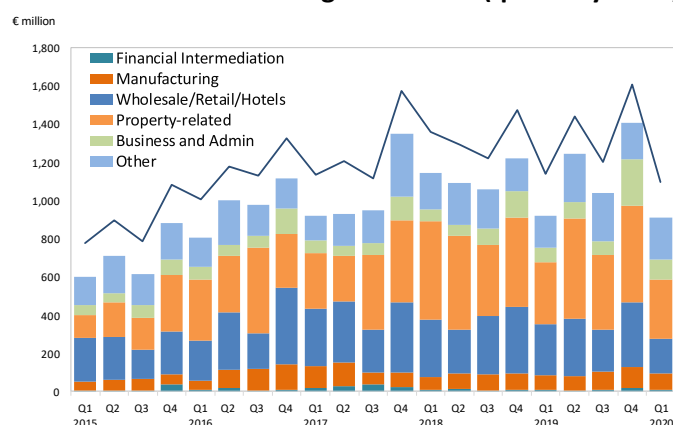
- Gross new lending to core SMEs was €781 million over the quarter; recording the lowest amount of loans forwarded since the series began. Over the past twelve months however, new lending to core SMEs totalled €3.6 billion, reflecting a year-on-year increase of 4.2 per cent.
- Net lending to core SMEs decreased by €559 million over the quarter, reversing the increase in Q4 2019.

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



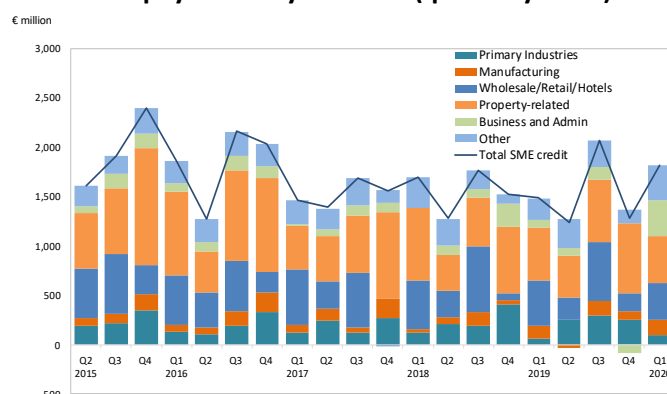
Source: Business Credit and Deposits [Table A.14.1](#)

Chart 2: Gross new lending to all SMEs (quarterly basis)



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

Chart 3: Repayments by all SMEs (quarterly basis)



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

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

<sup>2</sup> See Note 2 for the definition of gross new lending.

<sup>3</sup> Repayments are a derived proxy series.

### Interest rates on loans to SMEs

- **The weighted average interest rates on outstanding SME loans** increased slightly in the quarter, rising by 1 basis point to 3.6 per cent (Chart 4). This signifies a 9 basis points increase over the last four quarters
- **The interest rate on new SME loan drawdowns** increased by 17 basis points over Q1 2020, and now stands at 4.05 per cent. SME interest rates varied largely between sectors. Higher than average rates were charged in the primary industries and education sectors (Chart 5).

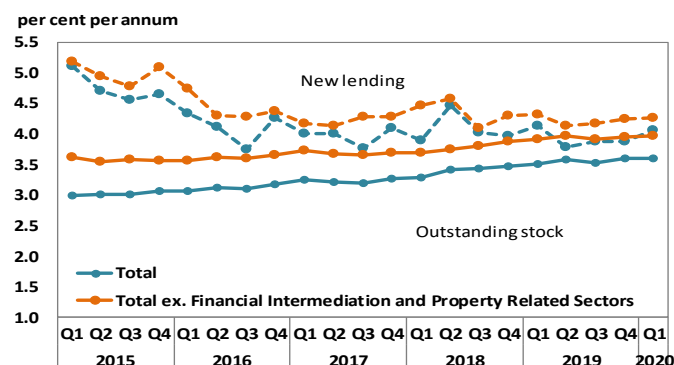
### Private-Sector Enterprise Credit developments

- **The total outstanding amount of credit to all Irish resident private-sector enterprises** stood at €76.2 billion. This comprises lending to SMEs and large enterprises, which increased by €2.3 billion in net terms over Q1 2020; the largest quarterly increase in net lending since 2010.
- **Credit advanced to core private-sector enterprises** decreased by €700 million over the quarter; recording the largest quarterly decline since 2013. Core credit to all enterprises amounted to €27.9 billion at end-Q1 2020.
- **Net Lending to large core enterprises** decreased by €141 million in Q1 2020. Annually, net lending to core enterprises increased by €339 million.

### Private-Sector Enterprise Deposit developments

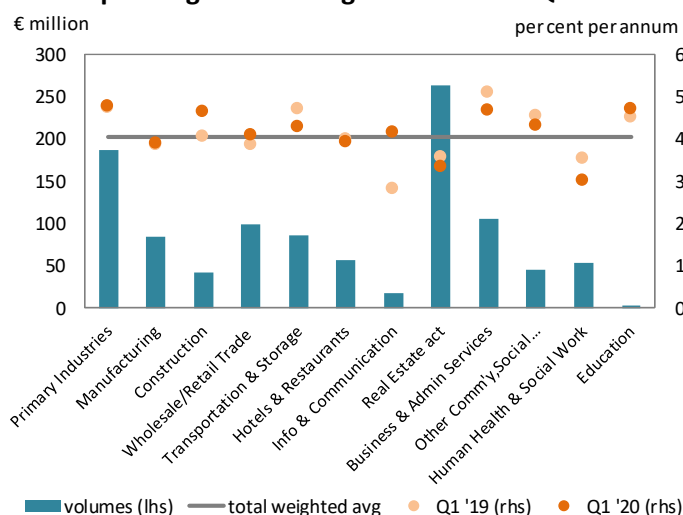
- **Deposits from all Irish private-sector enterprises** increased by €2 billion over the quarter to stand at €120.6 billion. The increase was largely driven by the €2 billion growth in deposits by firms in the financial intermediation sector. There was also growth in deposits in the business and administration, and information and communications sectors, with declines in manufacturing and primary industries (Chart 6).

Chart 4: Interest rates on new and outstanding SME loans



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

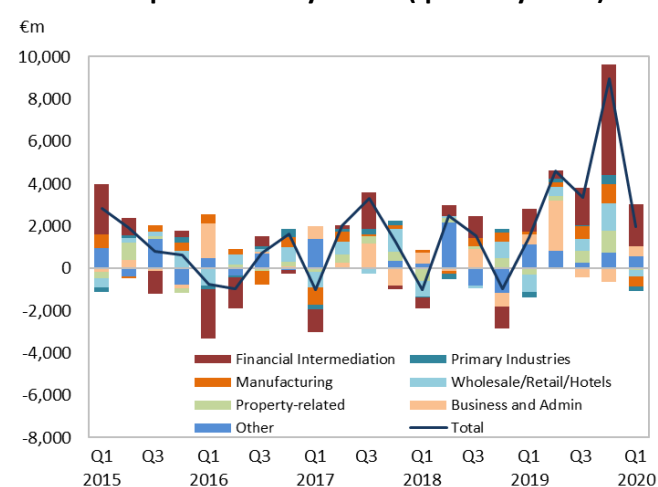
Chart 5: SME new lending interest rates and corresponding new lending drawdowns – Q1 2020



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

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

Chart 6: Deposit flows by sector (quarterly basis)



Source: Business Credit and Deposits [Table A.16](#)

**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.