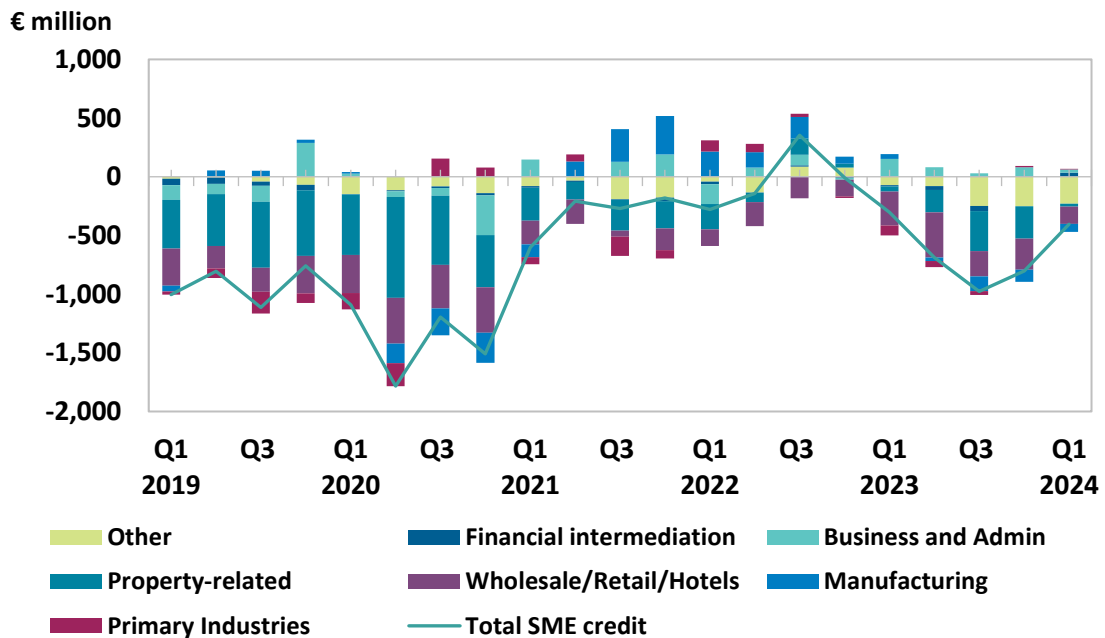




Net lending to SMEs by Irish resident credit institutions dropped by €404 million in the year to end-March 2024, lower than the €804 million reduction recorded in the year to end 2023. This moderation in annual terms was driven by positive quarterly flows of €182 million in Q1 2024. Property-related sectors appear to be driving these movements in both cases, with reduced negative flows on an annual basis compared to previous quarters, and a significant and positive flow in Q1 2024 on a quarterly basis (see Chart 1).

Net lending to SMEs (annual basis)



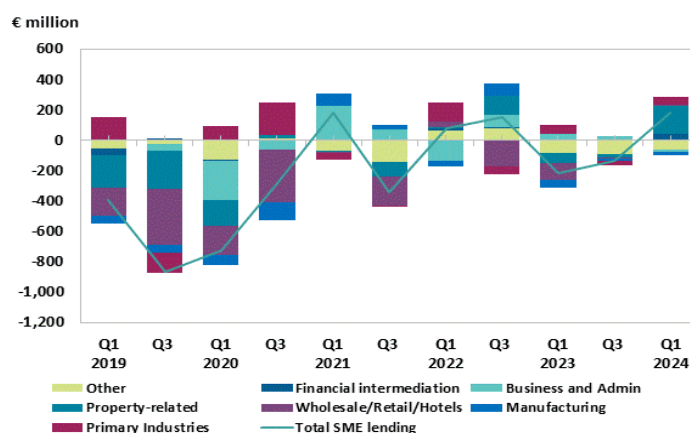
Source: Business Credit and Deposits [Table A.14.1](#)

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

SME Lending developments

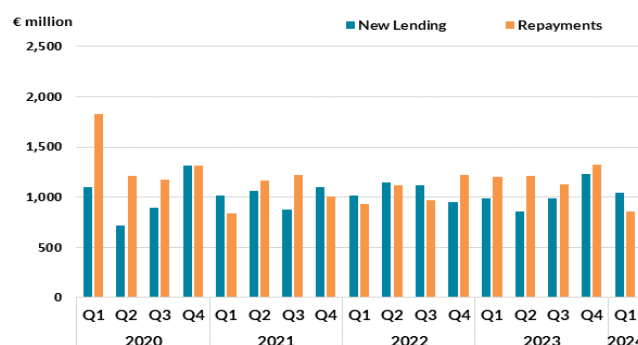
- **The outstanding stock of SME credit on banks' balance sheets** stood at almost €18 billion at the end of Q1 2024.
- **Net lending to SMEs** was €182 million in Q1 2024, reversing the quarterly declines seen in the previous five quarters, making this the first quarterly increase since Q3 2022, and the largest quarterly increase in over four years (Chart 1). Conversely, repayments exceeded new lending by €404 million, over the year to end-March.
- **Estimated repayments by SMEs** were €858 million over the quarter, the lowest level of quarterly repayments since Q1 2021. (Chart 2). On an annual basis, repayments by SMEs were €4.5 billion, a 0.2 per cent increase when compared to the year to Q1 2023.
- **Gross new lending advanced to SMEs** was €1 billion during the first quarter of the year (Chart 3).¹ This represents a decrease of €190 million compared to Q4 2023, driven by property related sectors and business and administration services. Gross new lending to SMEs was €4.1 billion over the four quarters to end-March; the largest annual amount of gross new lending to SMEs since the year to Q1 2023.
- **Gross new lending to core² SMEs** totalled €3.1 billion over the year to end-March 2024. This was the highest annual volume of gross new lending to core SMEs since mid-2020. This amounted to an increase of €136 million or 4.6 per cent when compared to the four quarters to end-March 2023.
- Quarterly and yearly **net lending to core SMEs** continued to decline with repayments exceeding gross new lending by €43 million and €414 million, respectively.

Chart 1: Net lending to SMEs (quarterly basis)



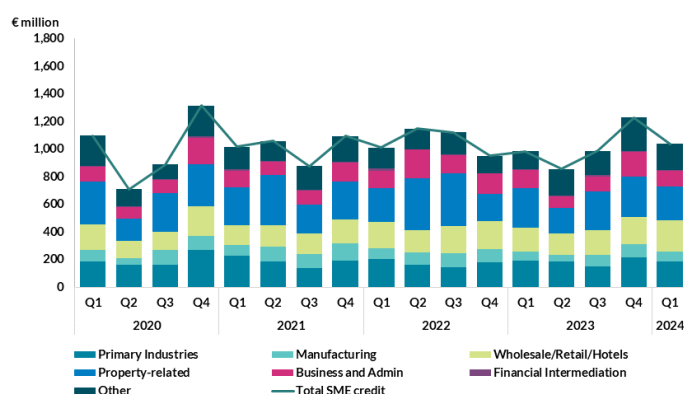
Source: Business Credit and Deposits [Table A.14.1](#)

Chart 2: Gross new lending and repayments by SMEs (quarterly basis)



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

Chart 3: Gross new lending to all SMEs (quarterly basis)



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

¹ See Note 2 for the definition of gross new lending.

² See Note 1 for definition of 'Core'

Interest rates on loans to SMEs

- **The weighted average interest rates on outstanding SME loans** increased over the quarter and year, rising by 5 and 65 basis points, respectively, to stand at 5.29 per cent (Chart 4).
- **The interest rate on new SME loan drawdowns** decreased by 23 basis points over the quarter, almost offsetting the increase seen in the previous quarter, and stood at 5.39 per cent. SME interest rates on new loans decreased across most sectors, whereas there were increases seen within the *Electricity, Gas, Steam and Air Conditioning Supply* and *Education* sectors over the quarter (Chart 5).

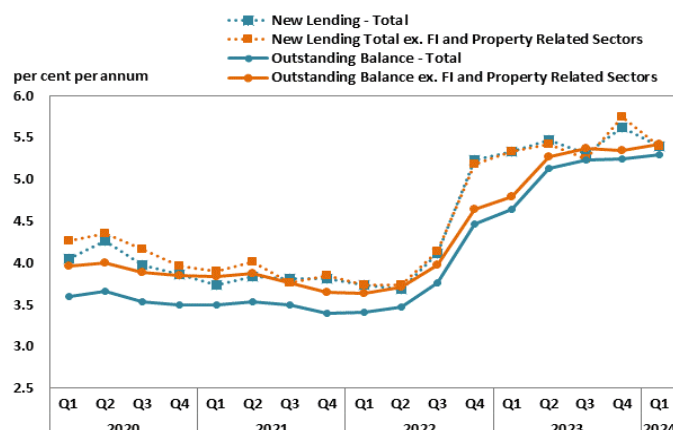
Private-Sector Enterprise Credit developments

- **The total outstanding amount of credit to all Irish resident private-sector enterprises** stood at €66 billion in Q1 2024.
- In net terms, there was an increase on a quarterly and annual basis of €369 and €1 billion, respectively, making these positive inflows the first net increases seen since the second half of 2022.
- **Net lending to core private-sector enterprises** declined by €322 million in Q1 2024, which was a partly reversal of the increase seen in the previous quarter.
- **Net lending to large core enterprises** decreased on a quarterly basis by €279 million, marking the largest quarterly decline since the end of 2021.

Private-Sector Enterprise Deposit developments

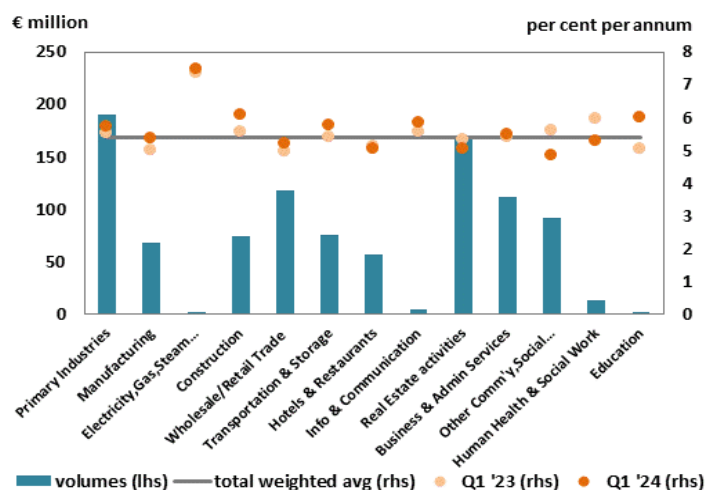
- **Deposits from all Irish resident private-sector enterprises** decreased by €2.7 billion over Q1 2024, reversing the €2 billion increase seen in Q4 2023 (Chart 6).

Chart 4: Interest rates on new and outstanding SME loans



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

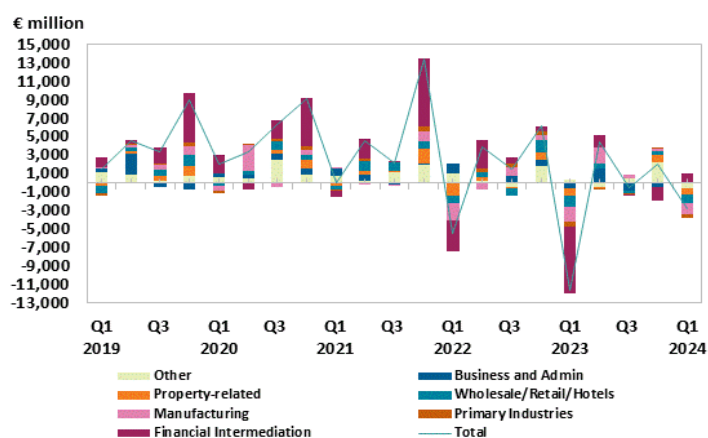
Chart 5: SME new lending interest rates and corresponding new lending drawdowns



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.