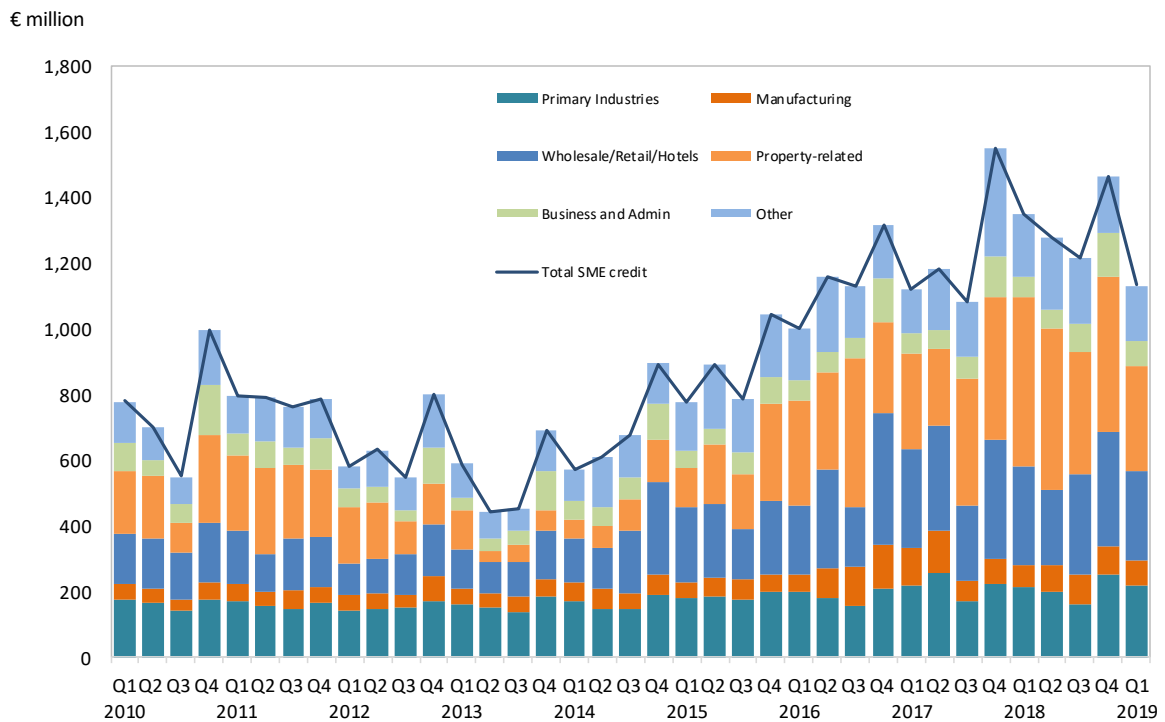




## Trends in SME and Large Enterprise Credit and Deposits: Q1 2019

Gross new lending by Irish banks to Irish-resident SME was €1.1 billion in Q1 2019. This represents a decrease of €333 million from the previous quarter, and a decline of €217 million in comparison to the same quarter in 2018.

### Gross new lending to SMEs



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

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

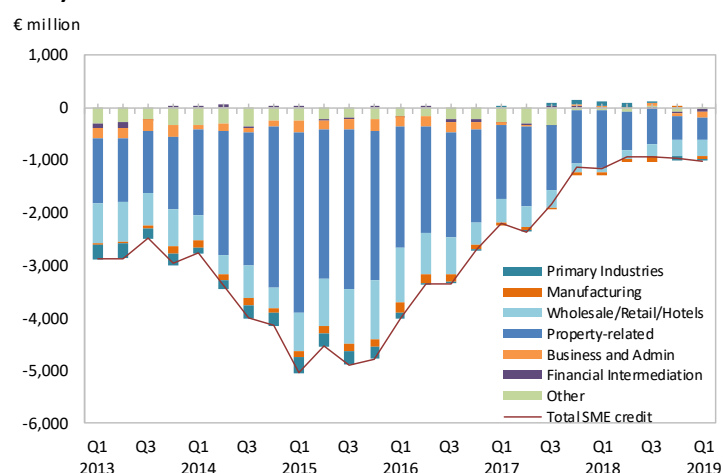
### SME Credit developments

- **The outstanding stock of Irish SME credit** was €22.2 billion at end March 2019; the lowest amount recorded since the series began in March 2010. This included €7.8 billion relating to property and financial intermediation, and €14.4 billion of core credit.<sup>1</sup>
- **Repayments exceeded new lending to all Irish SMEs** by €397 million in Q1. On an annual basis, net SME lending declined by €1 billion. This is a larger annual decline than those seen in recent quarters, but less significant than what occurred in all periods prior to 2018. (Chart 1)
- **Gross new lending to all SMEs** was €1.1 billion during the first quarter of 2019, bringing the total gross new SME lending figure for the twelve months to end-March to €5.1 billion. This was the lowest annual gross new lending amount recorded since Q4 2017 (Chart 2).<sup>2</sup>
- **Repayments by all SMEs** were €6.1 billion over the previous four quarters.<sup>3</sup> This is the lowest annual repayment level seen since 2014.

### Core SME Credit developments

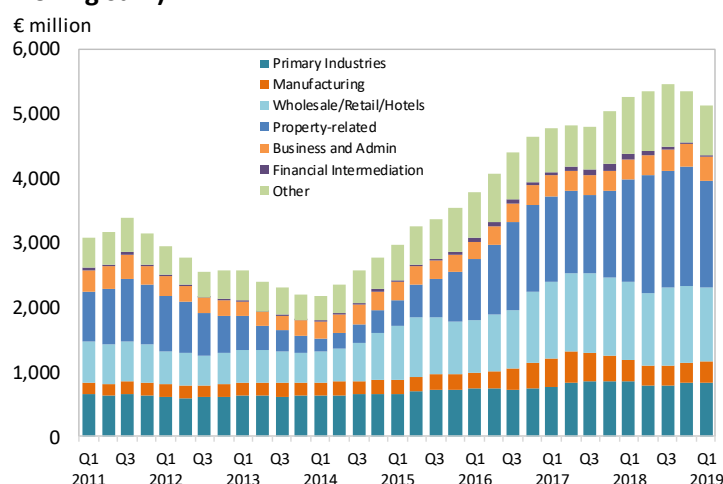
- **Net lending to core SMEs** decreased by €140 million in Q1 2019. This decline is less significant than the overall SME lending decrease as it excludes the real estate sector, which continued to experience a decline.
- **Gross new lending to core SMEs** was €812 million over Q1 2019, or €3.4 billion for the year to end-Q1. The level of annual gross new lending to core SMEs has remained stable in recent years. Repayments by core SMEs in Q1 2019 were €952 million, a decline of €5 million when compared with Q1 2018.

**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](#)

<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 4 basis points to 3.51 per cent. This continued a trend of increasing rates on outstanding lending, as new rates continue to exceed those for outstanding amounts (Chart 3).
- **The interest rate on new SME loan drawdowns** increased by 17 basis points in Q1 2019, and now stands at 4.14 per cent. SME interest rates varied largely between sectors. Higher than average rates were charged in the primary industries (predominantly agriculture), transport/storage and business/administration sectors (Chart 4).

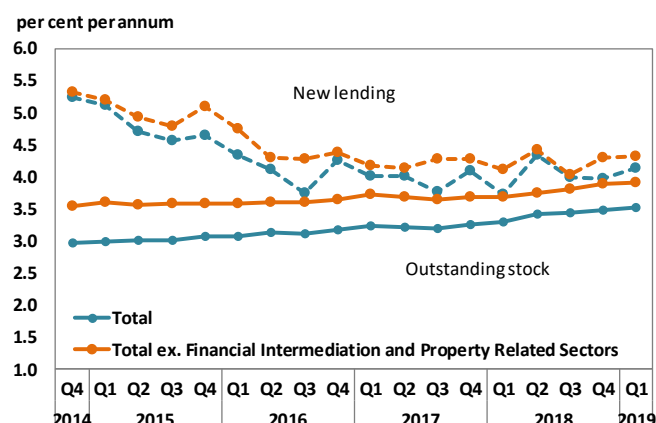
### Private-Sector Enterprise Credit developments

- **The total outstanding amount of credit to all Irish resident private-sector enterprises** was €81.5 billion at end March 2019. Excluding financial intermediation, which accounts for 51 per cent of total credit, outstanding stock was €41.9 billion.
- **Net credit advanced to core private-sector enterprises** declined by €118 million in Q1 2019, however, increased by €1.4 billion on an annual basis. Annual lending to large core enterprises increased by €1.9 billion while lending to core SMEs declined by €535 million (Chart 5).

### Private-Sector Enterprise Deposit developments

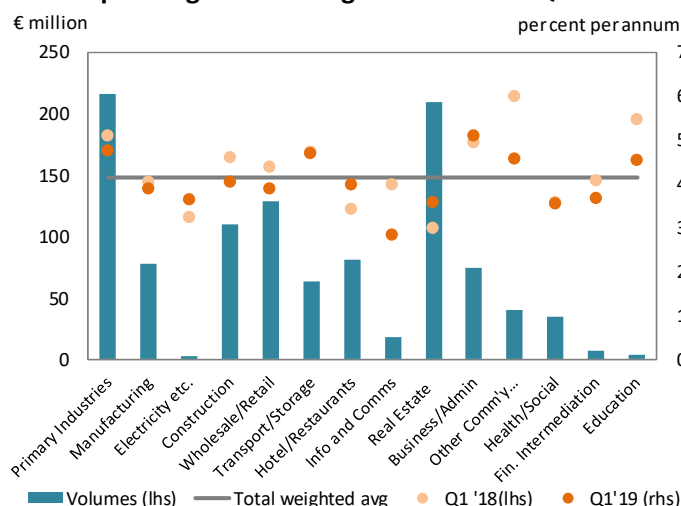
- **Deposits from all Irish private-sector enterprises** increased by €1.4 billion in Q1 2019 and €4.4 billion in the year to end March, with total outstanding deposits now standing at €97.5 billion. Core deposits grew by €674 million in the quarter and €2.3 billion in the year to March, to stand at €50.4 billion.

Chart 3: Interest rates on new and outstanding SME loans



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

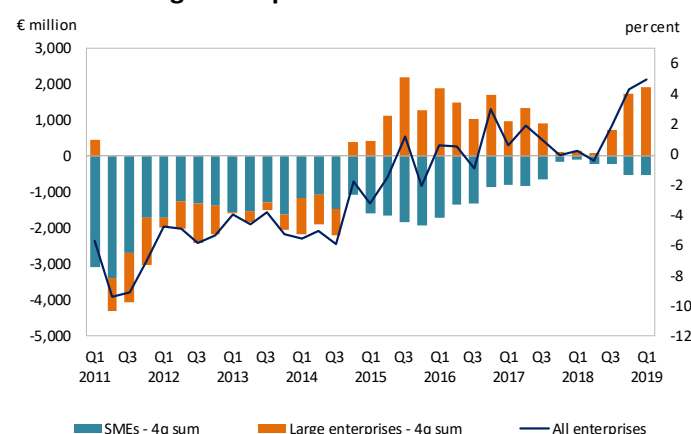
Chart 4: SME new lending interest rates and corresponding new lending drawdowns – Q1 2019



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

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

Chart 5: 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.