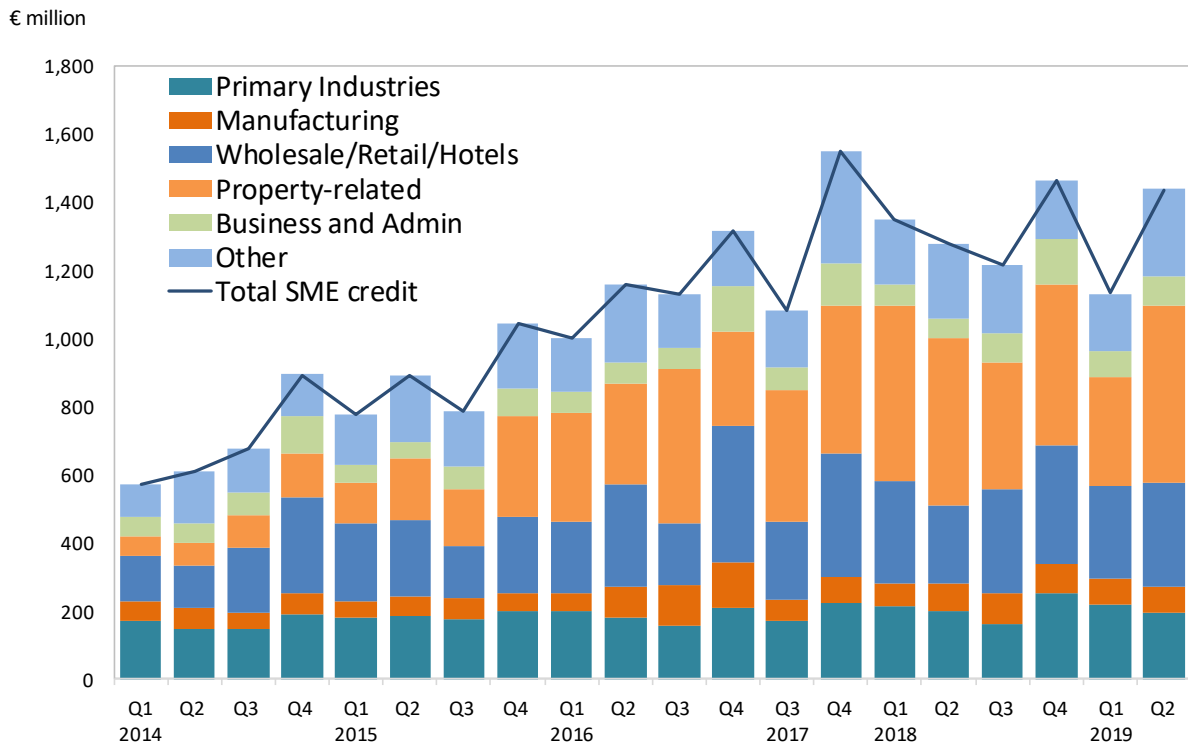




**Irish SMEs drew down €1.4 billion in loans from Irish banks over Q2 2019, an increase of €147 million on the same period of 2018. SMEs in the property sector accounted for the largest share of new drawdowns at 36 per cent, followed by SMEs in the wholesale/retail trade and agricultural sectors; accounting for 12 per cent each.**

## Gross new lending to Irish SMEs



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

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

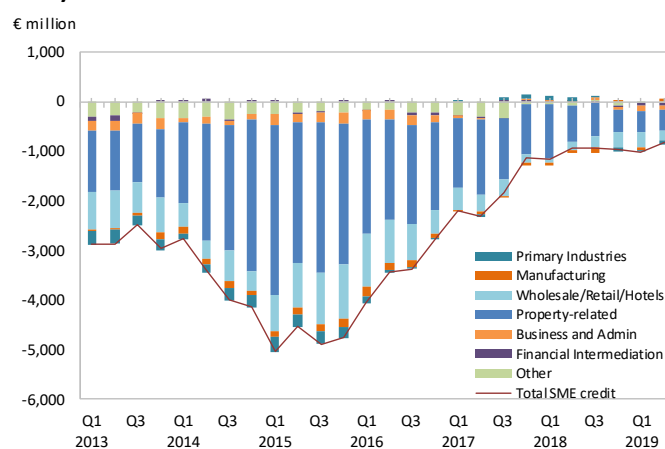
### SME Credit developments

- **The outstanding stock of Irish SME credit on the balance sheets of Irish banks** increased by 0.9 per cent over Q2 2019 to stand at €22.6 billion. This included €7.9 billion relating to property and €14.5 billion of core SME credit.<sup>1</sup>
- **Gross new lending to SMEs** was €1.4 billion during Q2 2019. Property-related lending accounted for 36 per cent over the quarter, recording a series high of €522 million. In the four quarters to end-Q2 2019, gross new SME lending was €5.3 billion; representing a decrease of €66 million when compared to the previous four quarters to end-Q2 2018 (Chart 2).<sup>2</sup>
- **Borrowing outpaced repayments in Q2, with net lending to Irish SMEs** at €195 million; indicating the largest quarterly increase since 2011. Conversely, in annual terms, SME lending declined by €806 million (Chart 1).<sup>2</sup>
- **Repayments by SMEs** remained elevated over the quarter, at €1.2 billion; albeit Q2 2019 repayments were lower than previous quarters.<sup>3</sup> Property-Related SMEs accounted for a third of repayments in Q2 2019, with €425 million repaid in property-related debt.

### Core SME Credit developments

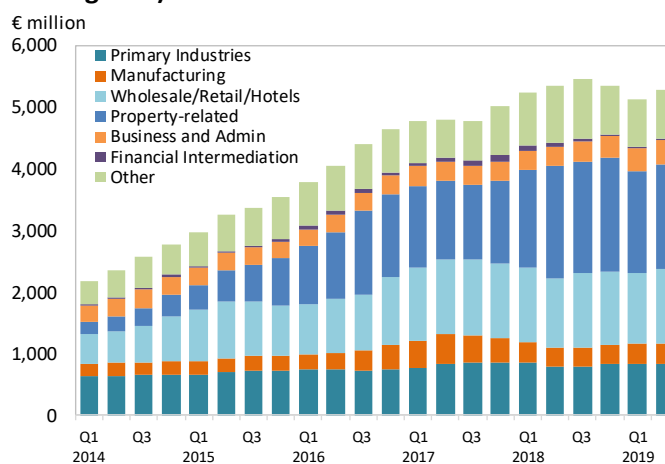
- **Gross new lending to core SMEs** was €914 million over the quarter, representing an increase of €102 million compared to Q1. Over the past twelve months, new lending to core SMEs totalled €3.6 billion, with SMEs engaged in the wholesale/retail trade, and agricultural sectors accounting for the majority of new drawdowns in both quarterly and annual terms.
- **Net lending to core SMEs** was €105 million in Q2 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 (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.

reversing the decrease in Q1. New drawdowns exceeded repayments in eight sectors during the quarter.

### Interest rates on loans to SMEs

- **The weighted average interest rates on outstanding SME loans** increased in the quarter, rising by 7 basis points to 3.58 per cent. This signifies a 17 basis points increase over the four quarters. This continues a trend of increasing rates on outstanding lending, as new business rates outpace those on historical loans (Chart 3).
- **The interest rate on new SME loan drawdowns** decreased by 35 basis points over Q2 2019, and now stands at 3.79 per cent. SME interest rates varied largely between sectors. Higher than average rates were charged in the primary industries and business/administration sectors (Chart 4).

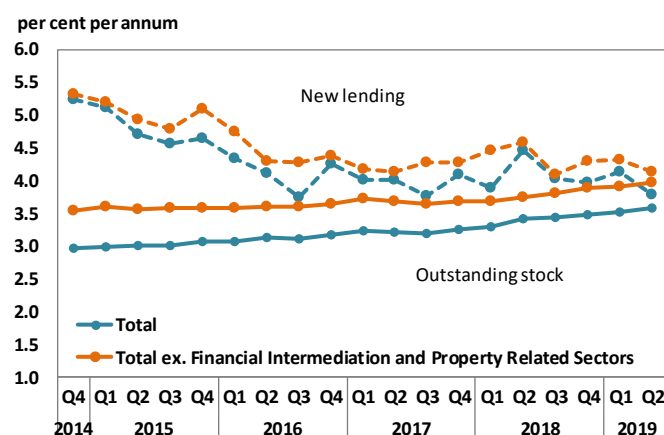
### Private-Sector Enterprise Credit developments

- **The total outstanding amount of credit to all Irish resident private-sector enterprises** was €80.8 billion at end-June 2019, marking the lowest level of outstanding credit since the series began.
- **Credit advanced to core private-sector enterprises** increased by €1.9 billion or 6.9 per cent on an annual basis, representing the largest annual increase since early 2009.
- **Net Lending to large core enterprises** was €2.2 billion over the year, representing the largest annual increase since the series began (Chart 5).

### Private-Sector Enterprise Deposit developments

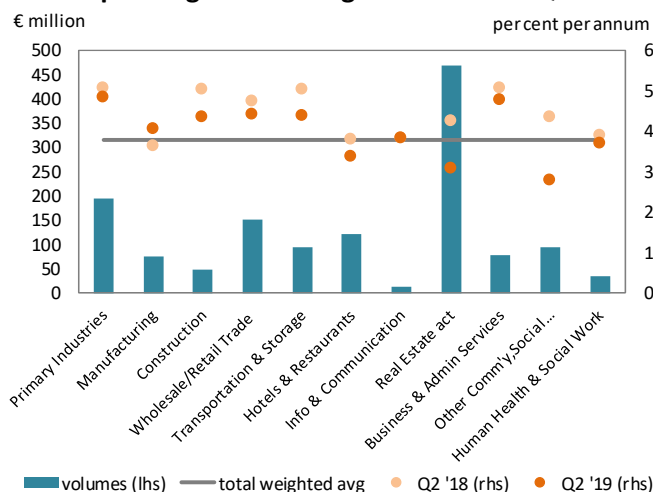
- **Deposits from all Irish private-sector enterprises** increased by €4.6 billion over Q2 2019 to stand at €101.9 billion. Deposits from enterprise engaged in core sectors increased by €4 billion in the quarter, marking the largest quarterly increase since the series began.

**Chart 3: Interest rates on new and outstanding SME loans**



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

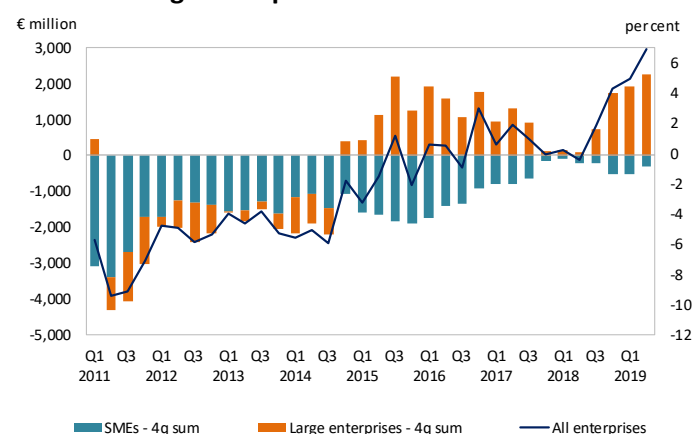
**Chart 4: SME new lending interest rates and corresponding new lending drawdowns – Q2 2019**



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.