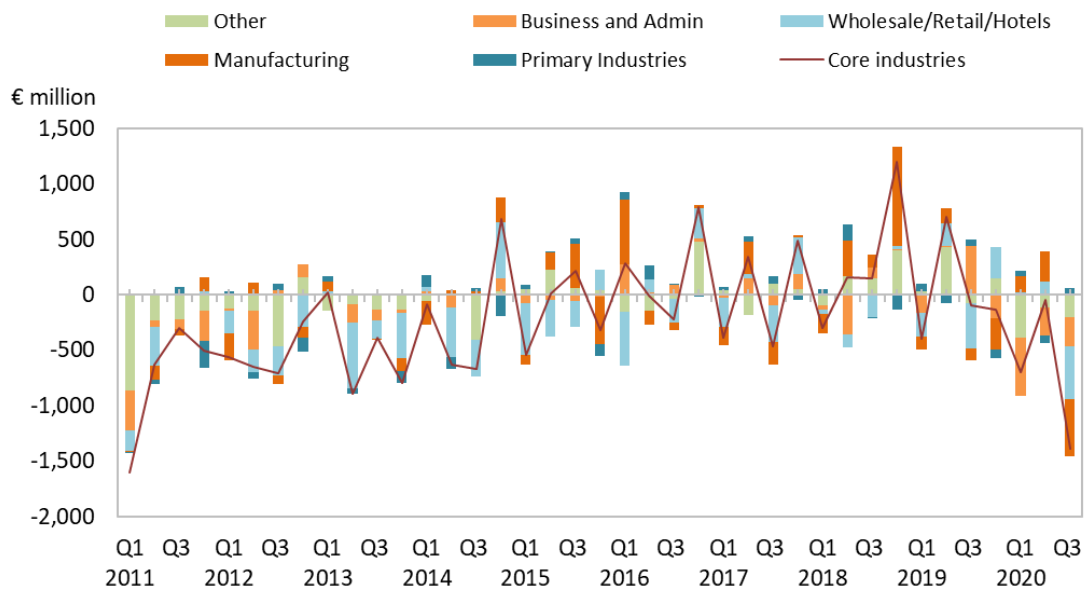




Credit to Irish resident core private-sector enterprises decreased significantly in Q3 2020, with a net decline of €1.4 billion. This represented the largest quarterly fall since Q1 2011. Annually, core credit decreased by €2.3 billion or 7.9 per cent, representing the largest annual decrease since Q3 2012.

Credit to Core Enterprises (quarterly basis)



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

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

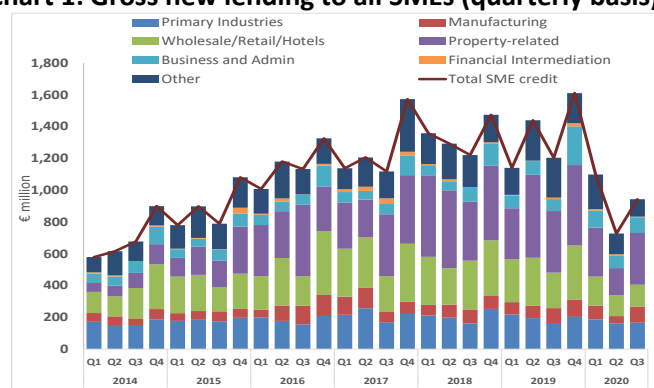
SME Credit developments

- **The outstanding stock of SME credit on the balance sheets of Irish banks** declined by 1.1 per cent over Q3 2020 to stand at €19.9 billion. This included €7 billion relating to property and €12.8 billion of core SME credit.¹
- **Gross new lending to SMEs** was €943 million during Q3 2020. Over a third of this comprised property-related lending (Chart 1).² Gross new lending to SMEs was €4.4 billion over the year to end-September, representing the lowest amount of loans forwarded since the four-quarter rolling sum to mid-2016. The Q3 2020 figure shows a decline of €879 million or 16.7 per cent when compared to the four quarters to end-Q3 2019.
- **Net lending to SMEs** declined by €228 million in Q3 2020. Annually, repayments exceeded new lending by €1.1 billion over the year to end-September (Chart 2).³
- **Repayments by all SMEs** were lower than previous quarters at €1.2 billion, the lowest level of repayments since Q3 2013 (Chart 3). Annually, repayments by all SMEs were €5.5 billion; this was the lowest annual repayment level seen since Q1-2014.⁴

Core SME Credit developments

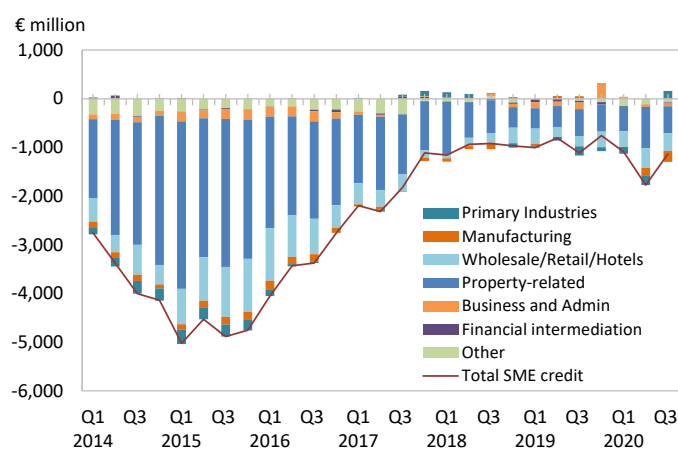
- **Gross new lending to core SMEs** was €608 million over the quarter. Annually, new lending to core SMEs totalled €3 billion, reflecting a year-on-year decline of €503 million or 14.3 per cent; this was the largest year-on-year decline since Q3 2012.
- **Net lending to core SMEs** remained negative at -€271 million over the quarter.

Chart 1: Gross new lending to all SMEs (quarterly basis)



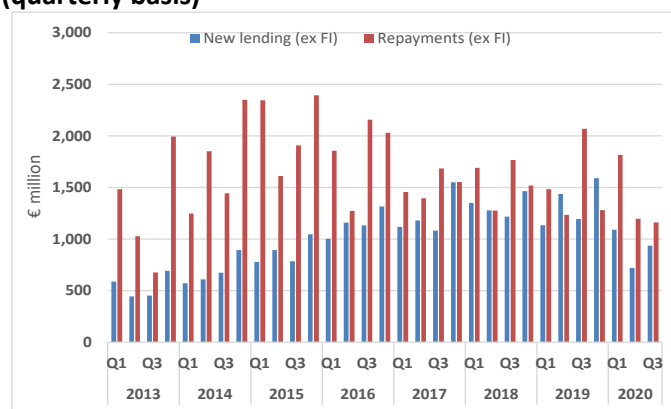
Source: Business Credit and Deposits [Table A.14.1](#)

Chart 2: Annual net lending to SMEs (4-quarter moving sum)



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

Chart 3: Gross new lending to SMEs ex. Financial Intermediation (FI) and repayments by SMEs ex. FI (quarterly basis)



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.

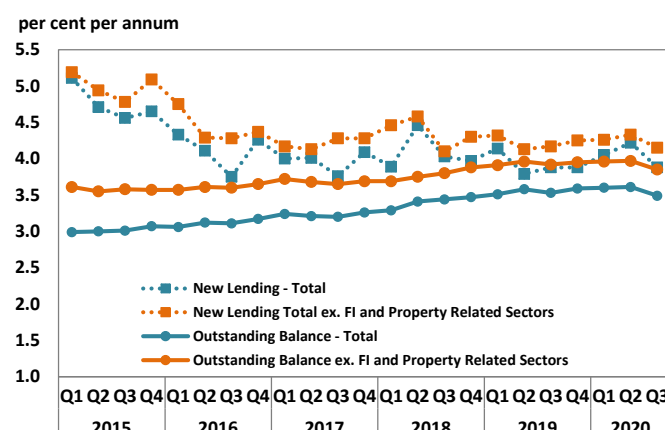
³ See Note 2 for the definition of gross new lending.

⁴ Repayments are a derived proxy series.

Interest rates on loans to SMEs

- **The weighted average interest rates on outstanding SME loans** decreased over the quarter, declining by 13 basis points to 3.49 per cent; there was a decline of 4 basis points over the year (Chart 4).
- **The interest rate on new SME loan drawdowns** decreased by 34 basis points over Q3 2020, and now stands at 3.88 per cent. SME interest rates varied between sectors. Higher than average rates were charged to the primary industries and transportation/storage sectors (Chart 5).

Chart 4: Interest rates on new and outstanding SME loans

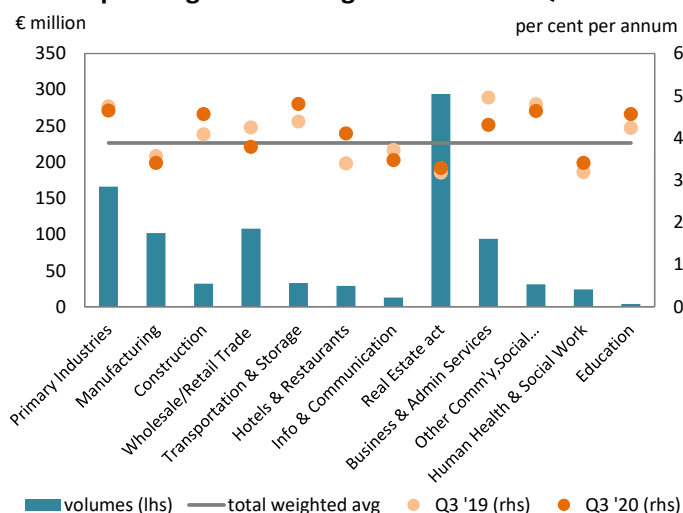


Source: Business Credit and Deposits [Table A.14.1](#)

Private-Sector Enterprise Credit developments

- **The total outstanding amount of credit to all Irish resident private-sector enterprises**, comprising both SMEs and large enterprises, stood at €72.3 billion at end-September 2020, marking the lowest level of outstanding credit since the series began.
- **Credit advanced to core private-sector enterprises** decreased by €1.4 billion over the quarter, recording the largest quarterly decline since Q1 2011. Annually, core credit decreased by €2.3 billion or 7.9 per cent, representing the largest annual decrease since Q3 2012.
- **Net Lending to large core enterprises** declined quarterly and annually by €1.1 billion and €1.7 billion, respectively.

Chart 5: SME new lending interest rates and corresponding new lending drawdowns – Q3 2020



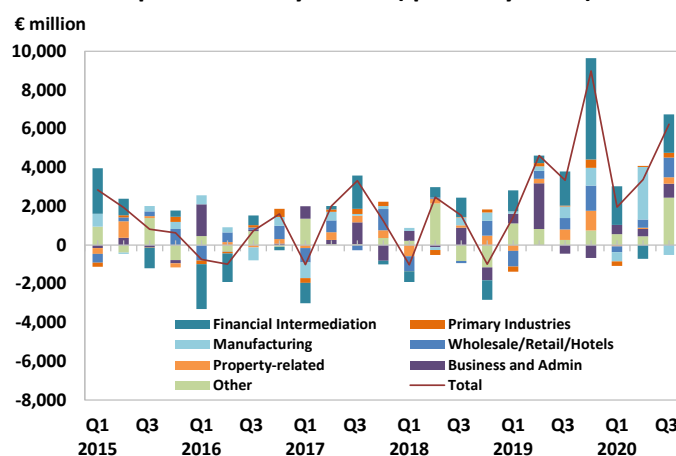
Source: Business Credit and Deposits [Table A.14.1](#)

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

Private-Sector Enterprise Deposit developments

- **Deposits from all Irish private-sector enterprises** increased by €6.2 billion over Q3 2020 and €20.6 billion over the year, representing the largest annual increase since the series began. Deposits from enterprises engaged in core sectors increased by €3.9 billion over the quarter, to stand at €66 billion. The quarterly increase was somewhat driven by the €1.3 billion growth in deposits by the Information and Communication sector (Chart 6).

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.