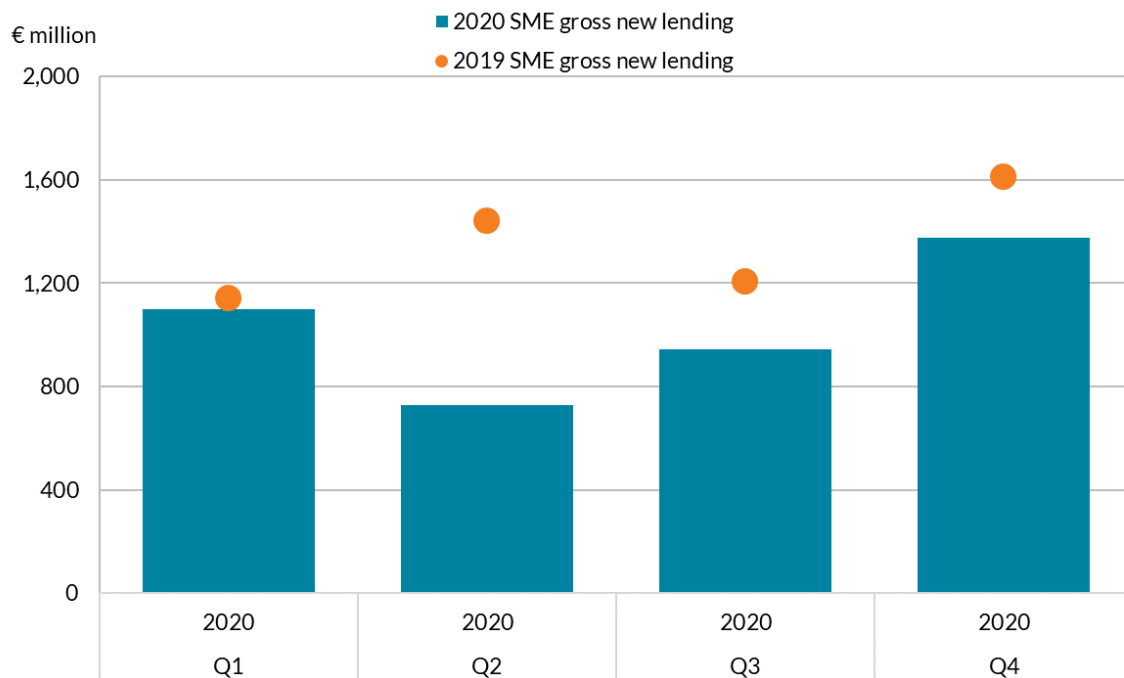




Gross new lending advanced to SMEs was €1.4 billion over in the last quarter of 2020, contrasting with €1.6 billion in the same period in 2019. In Q4 2020, the sectors with the largest gross new lending were those related to property (€360 million) and primary industries (€265 million), while sectors such as hotels and restaurants were towards those with the lowest (€50 million), a 68.4 per cent reduction when compared with the same quarter of 2019. This highlights contrasting impacts between economic sectors from the arrival of the pandemic over the course of the year.

### Total SME gross new lending (quarterly basis)



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

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

### SME Credit developments

- **Gross new lending advanced to SMEs** in Q4 2020 was €1.4 billion, almost twice as much as what was recorded in Q2 2020 following the onset of the COVID 19 pandemic (Chart 1).<sup>1</sup> Gross new lending to SMEs was €4.1 billion over the full year. Similar to Q4 2019, in Q4 2020 gross new lending to property related and primary industry sectors were towards the largest recorded. Sectors such as hotels and restaurants were towards those with the lowest gross new lending recorded in Q4 2020 at €50 million; this was a 68.4 per cent reduction on Q4 2019.

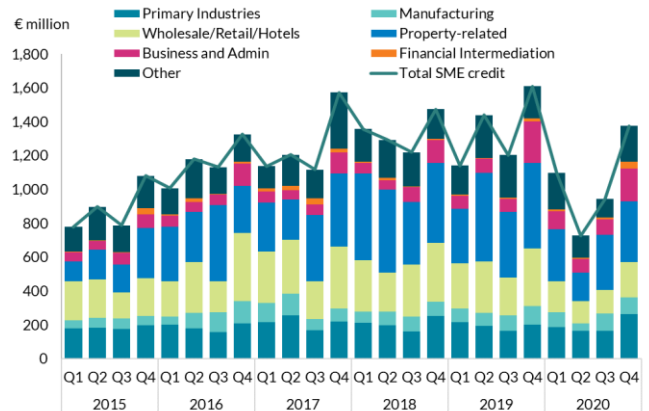
- **Repayments by all SMEs** were €1.3 billion in the last quarter of 2020 (Chart 2). Annually, repayments by all SMEs were just under €5.5 billion; this was the lowest annual repayment level seen since Q1-2014.<sup>2</sup> Overall, repayment levels would have been higher if it was not for the agreement of payment breaks.<sup>3</sup>

- **Overall net lending to SMEs** increased by €90 million in Q4 2020. Annually, repayments exceeded new lending by €1.4 billion over the full year (Chart 3).<sup>4</sup> As a result, the outstanding stock of SME credit on the balance sheets of Irish banks stood at €19.8 billion at the end of 2020.<sup>5</sup>

### Core SME Credit developments

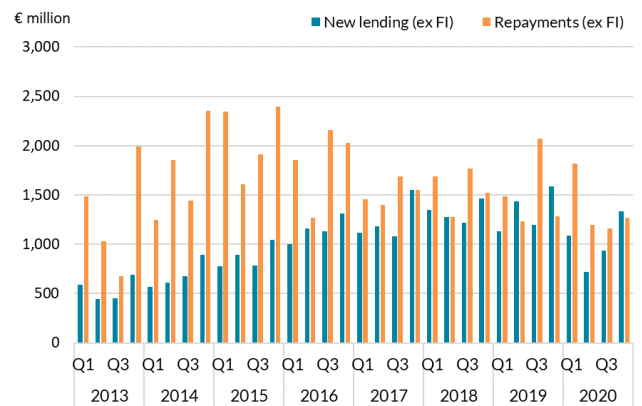
- **Gross new lending to core SMEs** was €976 million over the last quarter of 2020. Annually, new lending to core SMEs totalled €2.9 billion, reflecting a year-on-year decline of €704 million. Net lending to core SMEs was positive in the last quarter of 2020 at €97 million.

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



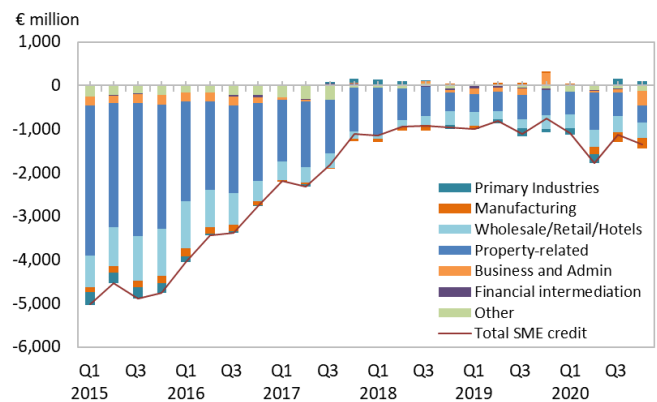
Source: Business Credit and Deposits [Table A.14.1](#)

Chart 2: 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](#)

Chart 3: Annual net lending to SMEs (4-quarter moving sum)



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

<sup>1</sup> See Note 2 for the definition of gross new lending.

<sup>2</sup> Repayments are a derived proxy series.

<sup>3</sup> See note 4 on page 4.

<sup>4</sup> See Note 2 for the definition of gross new lending.

<sup>5</sup> See Note 1 for the definition of SMEs and other groupings used in this release.

### Interest rates on loans to SMEs

- **The weighted average interest rates on outstanding SME loans** decreased over the quarter, declining by 4 basis points to 3.45 per cent; there was a decline of 14 basis points over the year (Chart 4).
- **The interest rate on new SME loan drawdowns** decreased by 10 basis points over Q4 2020, and now stands at 3.78 per cent. SME interest rates varied between sectors. Higher than average rates were charged to the primary industries and transportation/storage sectors (Chart 5).

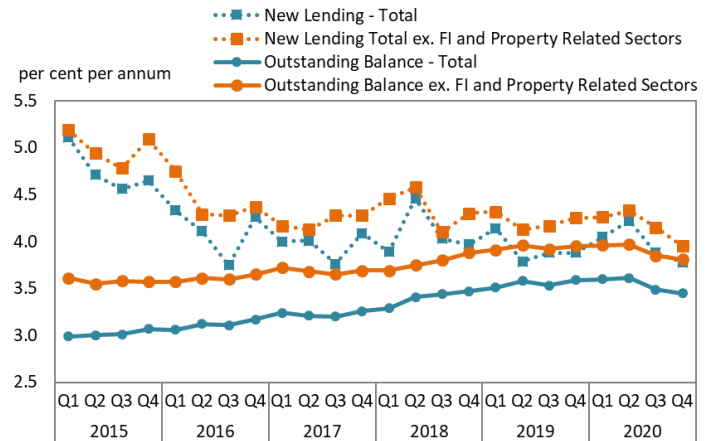
### Private-Sector Enterprise Credit developments

- **The total outstanding amount of credit to all Irish resident private-sector enterprises**, comprising both SMEs and large enterprises, stood at €68.4 billion at end-December 2020.
- **Credit advanced to core private-sector enterprises** decreased by €755 million over the quarter, marking the sixth consecutive quarterly decline. In annual terms core credit decreased by €2.9 billion or 10 per cent, representing the largest annual decrease since Q4 2011.
- **Net Lending to large core enterprises** declined quarterly and annually by €852 million and €1.9 billion, respectively.

### Private-Sector Enterprise Deposit developments

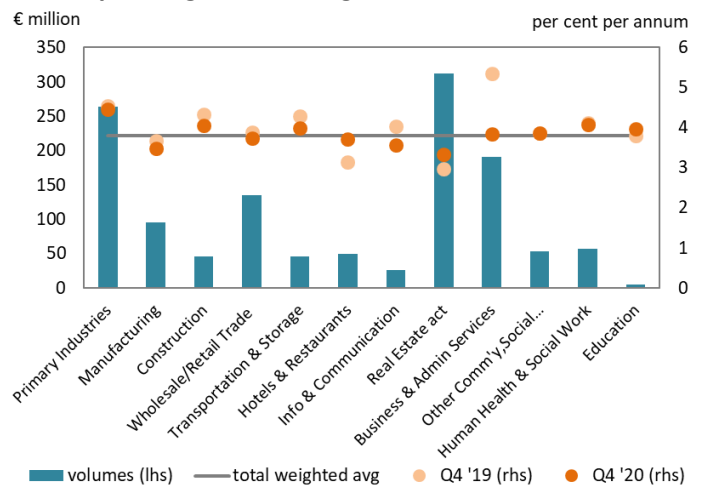
- **Deposits from Irish private-sector enterprises** (excluding financial intermediation) continued to grow strongly, increasing by €3.9 billion over Q4 2020 and €12.2 billion over the year, representing the largest annual increase recorded since the series began (Chart 6). The largest contributors to the annual increase include the business & administrative services and manufacturing sectors, which jointly drive 36.5 per cent of the annual increase.

Chart 4: Interest rates on new and outstanding SME loans



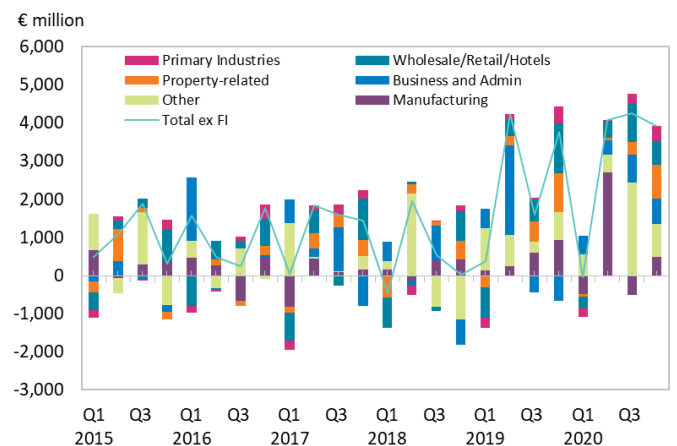
Source: Business Credit and Deposits [Table A.14.1](#)

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) ex. Financial Intermediation



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.

**Note 4:**

A number of lenders have agreed payment breaks with their customers since the onset of the COVID-19 crisis. These breaks are likely to significantly affect lending data in this period, predominantly by keeping outstanding loan balances higher than they would be, had repayments followed their initial schedule.

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.