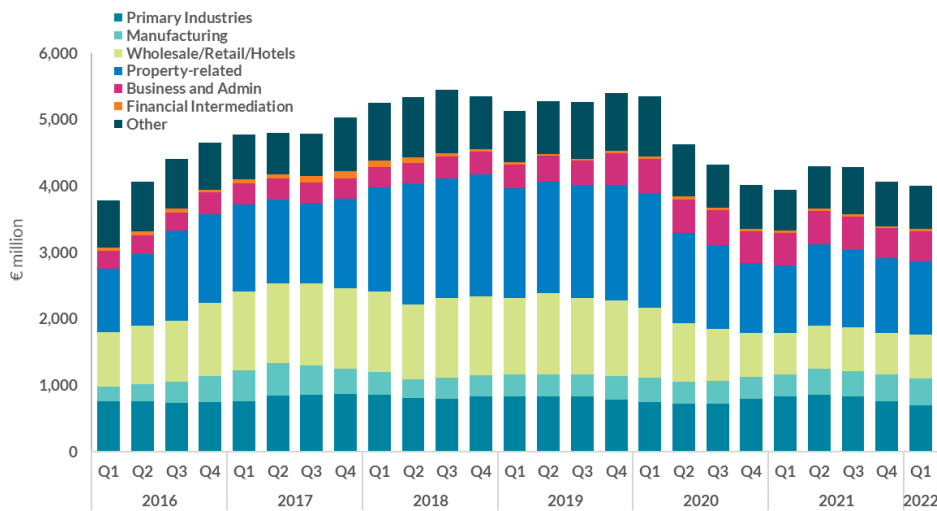




New loans to SMEs by Irish resident credit institutions was €959 million in Q1 2022, down 6 per cent compared to the same period last year. New lending trends differ substantially across SME economic sectors. Lending to Hotels was particularly strong in Q1 with the highest new lending volumes since the onset of the COVID-19 pandemic. In contrast, lending to SMEs in the Primary Industries was 26 per cent lower in Q1 2022 relative to the previous year.

### Gross new lending to all SMEs (4-quarter rolling sum)



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

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

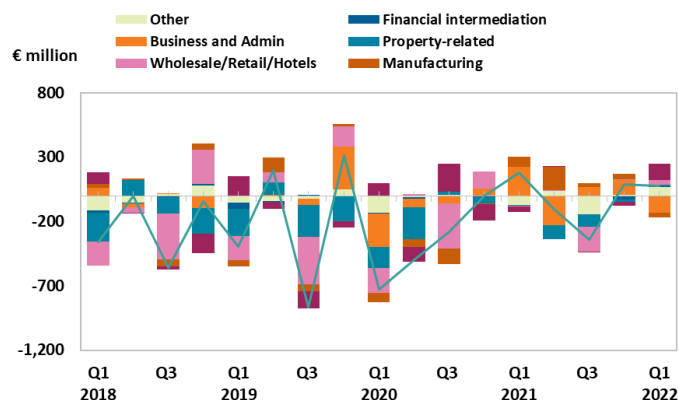
### SME Credit developments

- **The outstanding stock of SME credit on the balance sheets of Irish banks** increased by 0.4 per cent over Q1 2022 to stand at €18.3 billion. This included €5.4 billion relating to property and €12.7 billion of core SME credit.<sup>1</sup>
- **Net lending to SMEs** was €78 million in Q1 2022, this compares with a net flow of €179 million in Q1 2021 (Chart 1). Annually, repayments exceeded new lending by €280 million over the year to end-March. This series has shown negative growth since collection commenced in 2011, though current declines are smaller than have been seen throughout the series.
- **Gross new lending advanced to SMEs** was €959 million during Q1 2022 (Chart 2).<sup>2</sup> This represents a decrease of €138 million or 13 per cent when compared to the previous quarter, and €61 million or 6 per cent when compared to the corresponding quarter in 2021. Gross new lending to SMEs was €4 billion over the year to end-March, the lowest volume of gross new lending to SMEs seen since the previous March.
- **Estimated Repayments by all SMEs** were lower than previous quarters at €881 million<sup>3</sup> (Chart 3). Annually, repayments by all SMEs were €4.3 billion, recording a year-on-year decline of 5.8 per cent when compared to Q1 2021.

### Core SME Credit developments

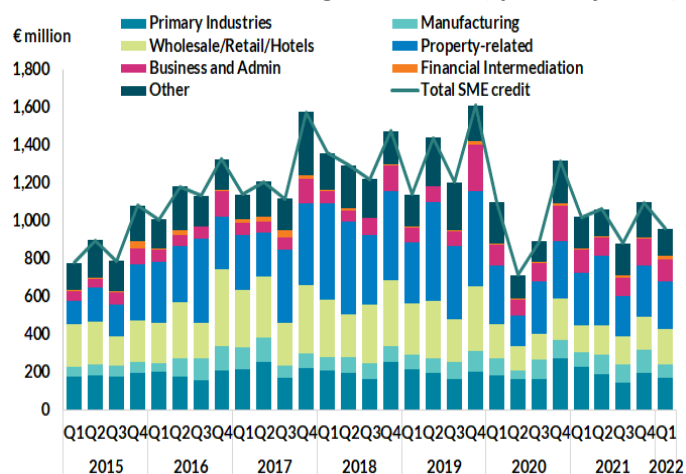
- **Gross new lending to core SMEs** totalled €2.9 billion over the year to Q1-2022. This reflected a year-on-year decrease of €19 million or 0.7 per cent.

Chart 1: Net lending to SMEs (quarterly basis)



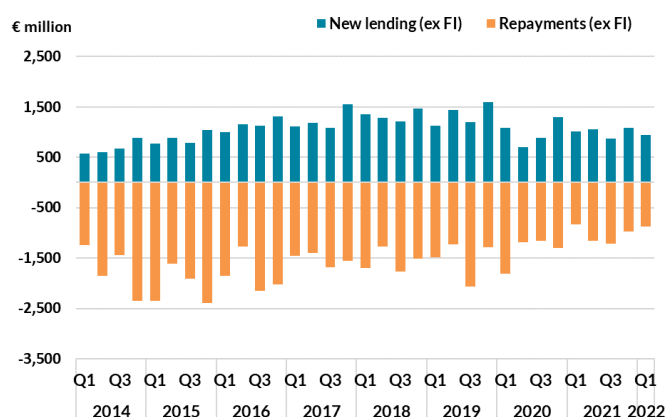
Source: Business Credit and Deposits [Table A.14.1](#)

Chart 2: Gross new lending to all SMEs (quarterly basis)



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

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



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 very slightly in the quarter, rising by one basis point to 3.41 per cent. However, there was a decline of 9 basis points over the year (Chart 4).
- **The interest rate on new SME loan drawdowns** decreased by 13 basis points over Q1 2022, and now stands at 3.68 per cent. This was the lowest quarterly interest rate since the series began. Higher than average rates were charged to the Construction and Business and Administrative Services sectors (Chart 5).

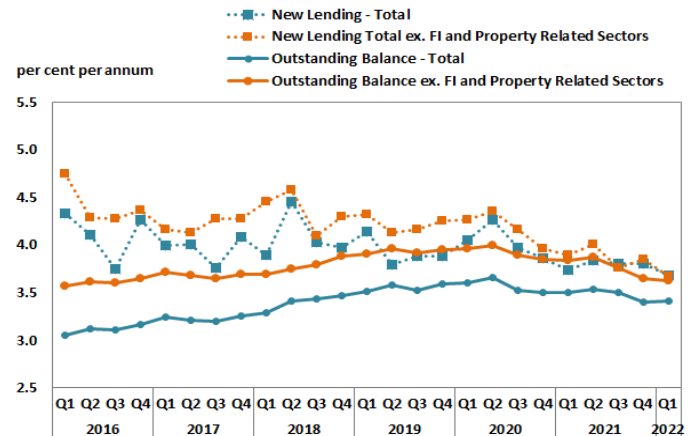
### Private-Sector Enterprise Credit developments

- **The total outstanding amount of credit to all Irish resident private-sector enterprises**, comprising both SMEs and large enterprises, stood at €70.3 billion at end-March 2022.
- **Credit advanced to core private-sector enterprises** increased in net terms by €514 million over the quarter, reversing the decreases seen in the previous two quarters.
- **Net Lending to large core enterprises** increased by €455 million in Q1 2022, representing the largest quarterly increase within large core enterprises in over two years.

### Private-Sector Enterprise Deposit developments

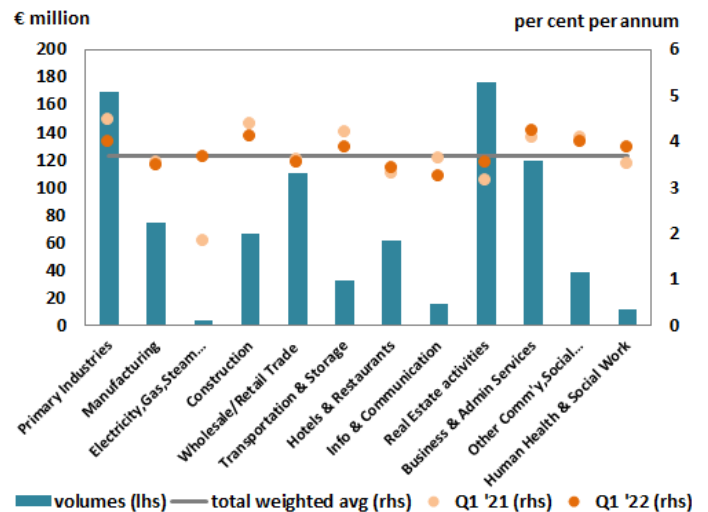
- **Deposits from all Irish private-sector enterprises** saw decline across many sectors, decreasing by €5.5 billion over Q1 2022, marking the largest quarterly decline within private-sector deposits since end-2014 (Chart 6). Deposits from enterprises engaged in core sectors decreased by €1 billion over the quarter, signifying the largest quarterly decrease since early 2011, standing at €76.5 billion.

Chart 4: Interest rates on new and outstanding SME loans



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

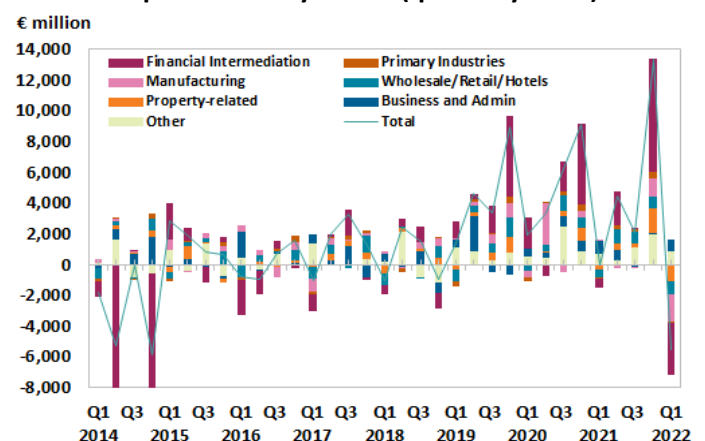
Chart 5: SME new lending interest rates and corresponding new lending drawdowns



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.

**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.