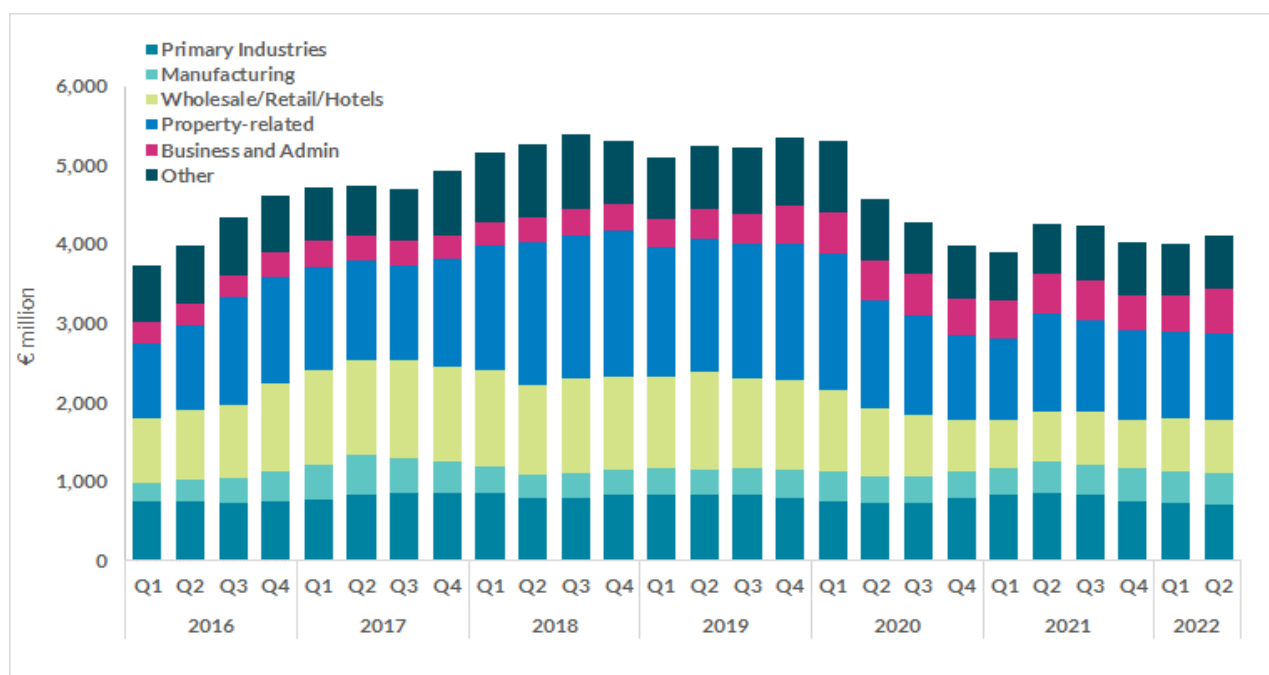




Gross new lending to SMEs by Irish banks was €1.1 billion in Q2 2022, an increase of 14 per cent when compared to the previous quarter. Over the year to end-Q2-2022, Irish banks advanced **€4.1 billion of gross new lending to SMEs**; showing the most prominent increases in gross new lending within the primary industries and the property related sectors (construction and real estate) of €710 million and €1.1 billion, respectively.

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

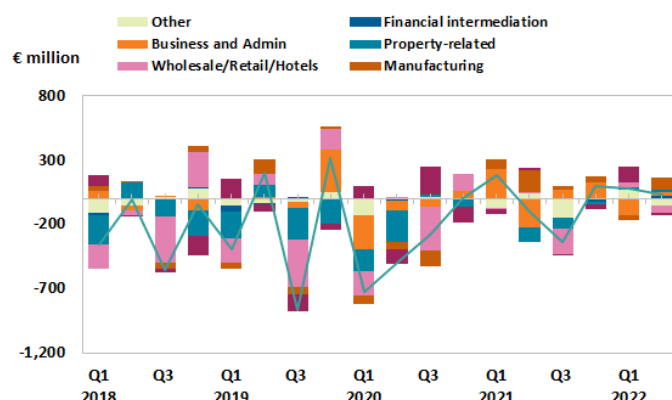
SME Credit developments

- The outstanding stock of SME credit on the balance sheets of Irish banks increased by 0.2 per cent over Q2 2022 to stand at €18.5 billion. This included €5.6 billion relating to property and €12.8 billion of core SME credit.¹
- Net lending to SMEs was €31 million in Q2 2022, continuing the trend of quarterly increases seen in the previous two quarters (Chart 1). Annually, repayments exceeded new lending by €141 million or 0.7 per cent over the year to end-June.
- Gross new lending advanced to SMEs was €1.1 billion during Q2 2022 (Chart 2).² This represent an increase of €87 million or 8 per cent when compared to the corresponding quarter last year. Gross new lending to SMEs was €4.1 billion over the year to end-June, representing a decrease of €152 million or 4 per cent when compared to end-June 2021.
- Estimated Repayments by all SMEs were higher than previous quarters at €1.1 million³ (Chart 3). Annually, repayments by all SMEs were lower than the previous year at €4.3 billion, recording a year-on-year decline of 5 per cent when compared to Q2 2021.

Core SME Credit developments

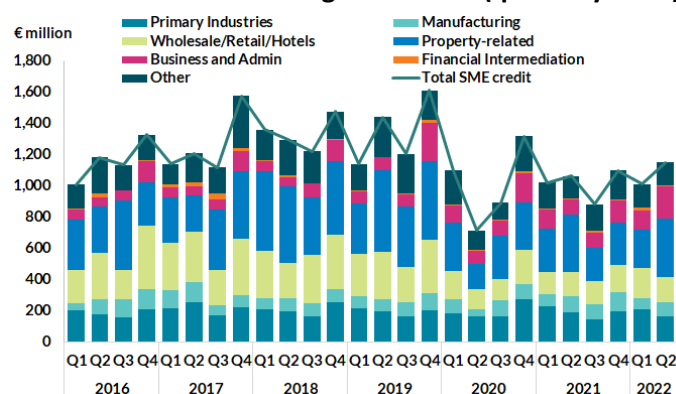
- Gross new lending to core SMEs totalled €3 billion over the four quarters to end-Q2 2022. This reflected a year-on-year decrease of €28 million or 0.9 per cent.
- Net lending to core SMEs was minus €8 million in the quarter, this compares with a positive net flow of €11 million in Q2 2021.

Chart 1: Net lending to SMEs (quarterly basis)



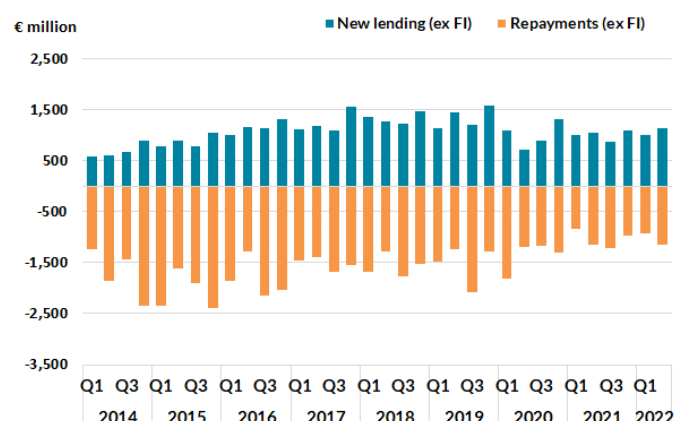
Source: Business Credit and Deposits [Table A.14.1](#)

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](#)

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 Repayments are a derived proxy series.

Interest rates on loans to SMEs

- The weighted average interest rates on outstanding SME loans increased in the quarter, rising by 6 basis point to 3.47 per cent. In contrast, there was a decline of 7 basis points over the year (Chart 4).
- The interest rate on new SME loan drawdowns decreased by 5 basis points over Q2 2022, and now stands at 3.69 per cent. SME interest rates varied between sectors. Higher than average rates were charged to the Primary Industries and Construction sectors (Chart 5).

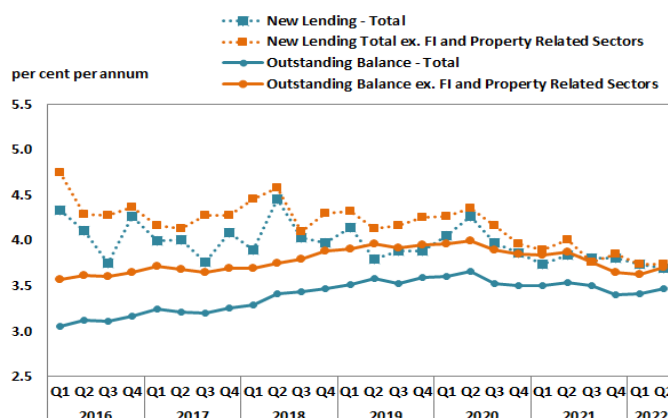
Private-Sector Enterprise Credit developments

- The total outstanding amount of credit to all Irish resident private-sector enterprises, comprising both SMEs and large enterprises, stood at €75.1 billion, marking the highest level of outstanding credit since the onset of the COVID-19 crisis in early-2020.
- Credit advanced to core private-sector enterprises increased in net terms by €746 million over the quarter, representing the largest quarterly increase within core enterprises since the end of 2018. In annual terms, core credit increased by €619 million, marking the largest annual increase in core credit since Q3-2019.
- Net Lending to large core enterprises increased on quarterly and annual basis by €754 million and €679 million, respectively. The annual increase recorded was the largest increase seen in almost two years.

Private-Sector Enterprise Deposit developments

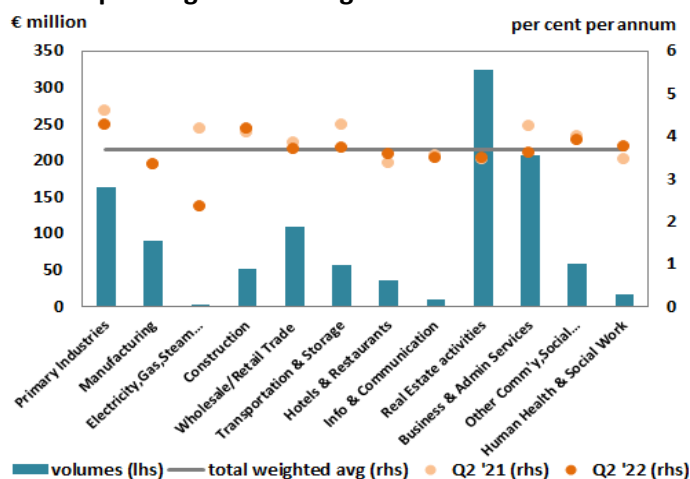
- Deposits from all Irish private-sector enterprises grew across the majority of sectors, increasing by €3.9 billion over the quarter and €13.9 billion over the year (Chart 6). Deposits from enterprises engaged in core sectors increased by €464 million.

Chart 4: Interest rates on new and outstanding SME loans



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

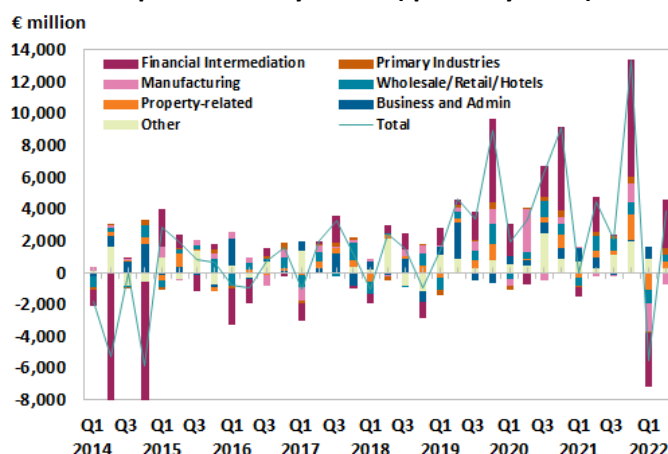
Chart 5: SME new lending interest rates and corresponding new lending drawdowns



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.