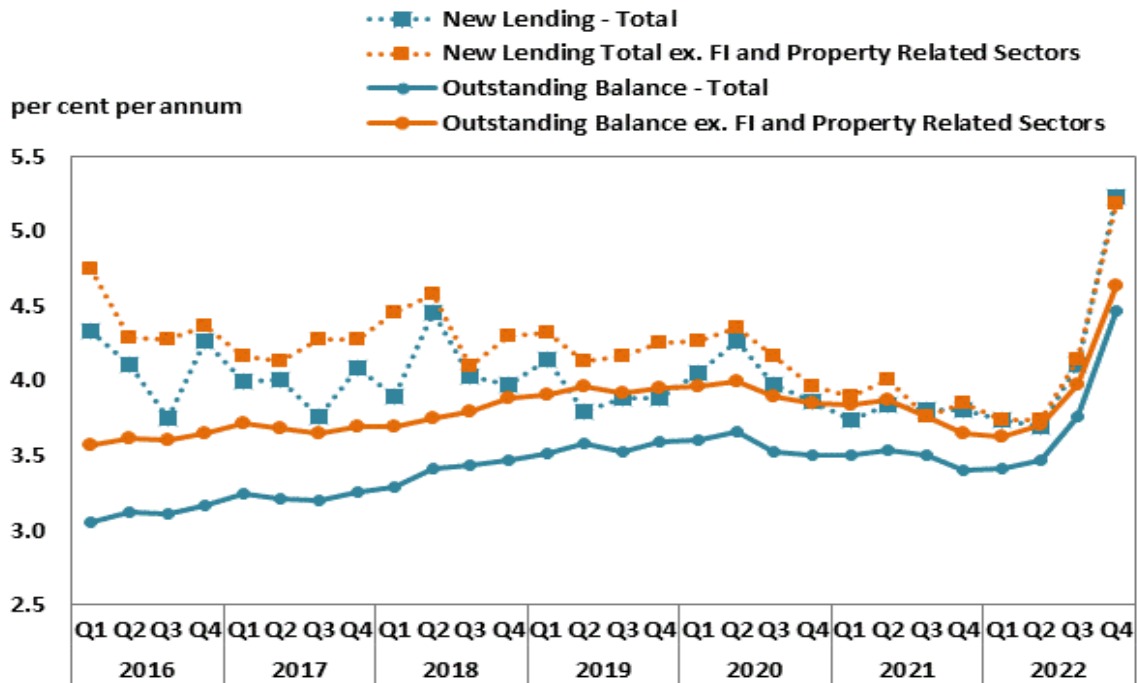




The weighted average interest rate on **new SME loan drawdowns** increased to 5.23 per cent in the final quarter of 2022, an increase of 112 basis points when compared to the previous quarter. The weighted average interest rate on **outstanding SME loans** also rose over the quarter, to 4.47 per cent, an increase of 71 basis points.

Net lending to all SMEs (quarterly)



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

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

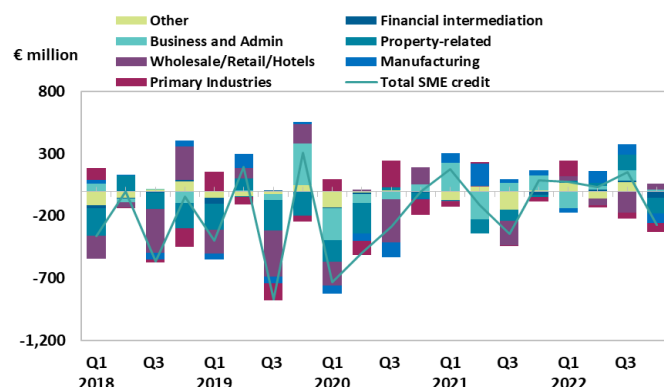
SME Credit developments

- The outstanding stock of SME credit on the balance sheets of Irish banks declined by 1.4 per cent over Q4 2022 to stand at €18.4 billion. This included €5.6 billion relating to property and construction, while €12.5 billion related to core SME credit.¹
- Net lending to SMEs was minus €272 million in Q4 2022, recording the first quarterly decline in over a year (Chart 1). Annually, repayments exceeded new lending by €8 million over the year to end-December.
- Gross new lending advanced to SMEs was €952 million during Q4 2022 (Chart 2).² This represents a decrease of €145 million or 13 per cent when compared to Q4 2021, marking the lowest volume of gross new lending to SMEs since Q3 2021. Gross new lending to SMEs was €4.2 billion over the year to end-December, equating to an increase of 4.3 per cent when compared to the previous year.
- Estimated repayments by all SMEs were €1.2 billion over the quarter, the highest level of quarterly repayments in two years (Chart 3). On an annual basis, repayments by SMEs were €4.2 billion.

Core SME Credit developments

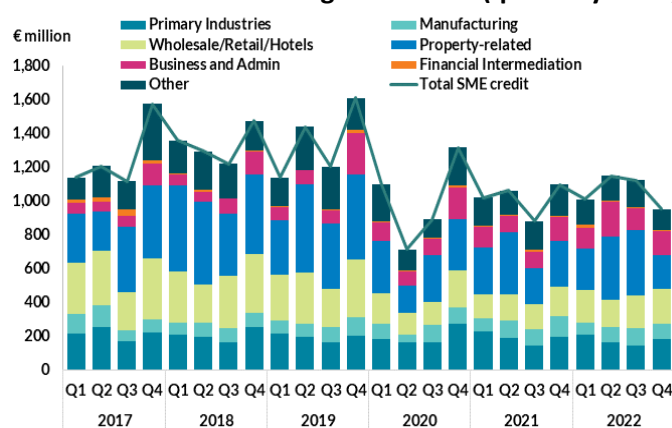
- Gross new lending to core SMEs totalled €3 billion over the four quarters to end-Q4 2022. This reflected a year-on-year increase of €102 million, marking the largest year-on-year increase amount in almost three years.
- Quarterly net lending to core SMEs was minus €97 million in Q4 2022; reversing the positive net flow seen in the previous quarter, this also compares to the positive increase seen in the same quarter of the previous year.

Chart 1: Net lending to SMEs (quarterly basis)



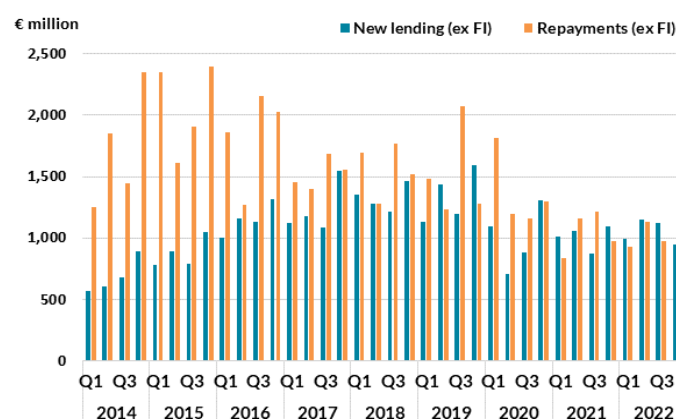
Source: Business Credit and Deposits [Table A.14.1](#)

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.

Interest rates on loans to SMEs

- **The weighted average interest rates on outstanding SME loans** increased over the quarter and year, to stand at 4.47 per cent; recording the largest quarterly and yearly increase in interest rates since the series began (Chart 4).
- **The interest rate on new SME loan drawdowns** increased by 112 basis points over the quarter, and now stands at 5.23 per cent. SME interest rates on new loans increased across all sectors over the quarter and over the year to Q4 2022 (Chart 5).

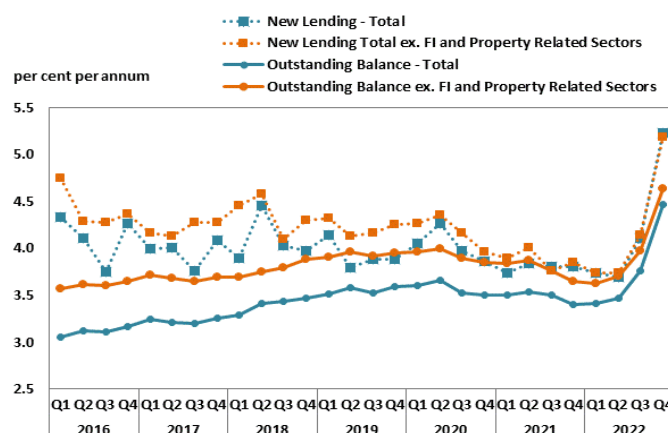
Private-Sector Enterprise Credit developments

- **The total outstanding amount of credit to all Irish resident private-sector enterprises** stood at €73 billion. This value, which includes lending to SMEs and large enterprises, decreased in net terms by €1.9 billion over Q4 2022, in part reversing the positive inflows seen in the previous three quarters. This outflow was the largest amount seen since the beginning of 2021.
- **Credit advanced to core private-sector enterprises** increased by €1.2 billion on an annual basis.
- **Net lending to large core enterprises** decreased by €35 million over Q4 2022. Conversely, on an annual basis, net lending to large core enterprises increased by €1.3 billion, signifying the largest annual increase amount since 2019.

Private-Sector Enterprise Deposit developments

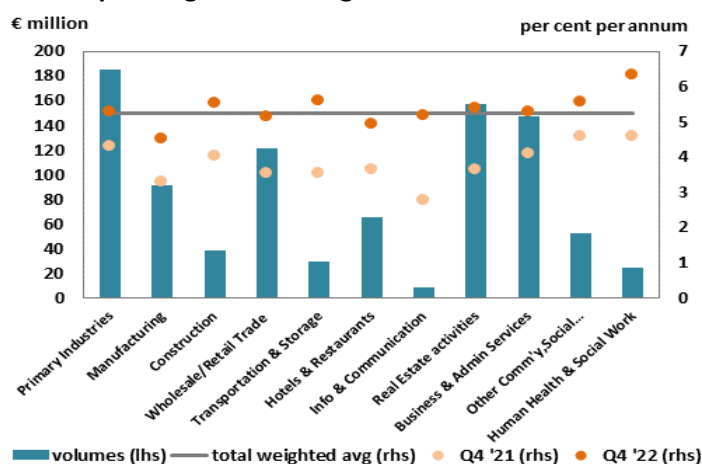
- **Deposits from all Irish private-sector enterprises** grew across the majority of sectors, increasing by €6.6 billion over the quarter. For 2022 as a whole, deposits increased by €6.4 billion; recording the lowest volume of year-on-year deposit growth reported in a calendar year since 2018 (Chart 6).

Chart 4: Interest rates on new and outstanding SME loans



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

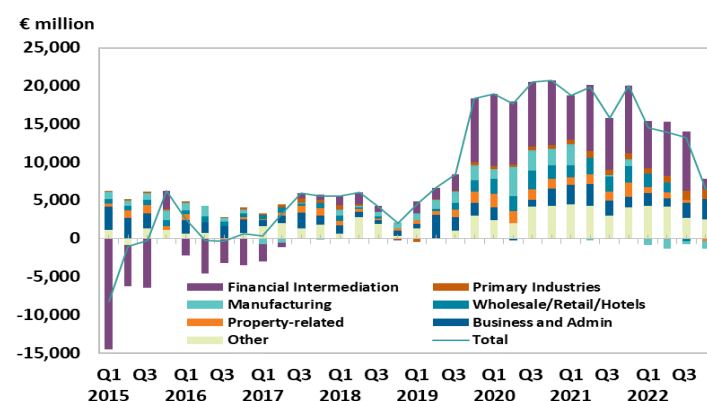
Chart 5: SME new lending interest rates and corresponding new lending drawdowns



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 (4 quarter moving sum)



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.