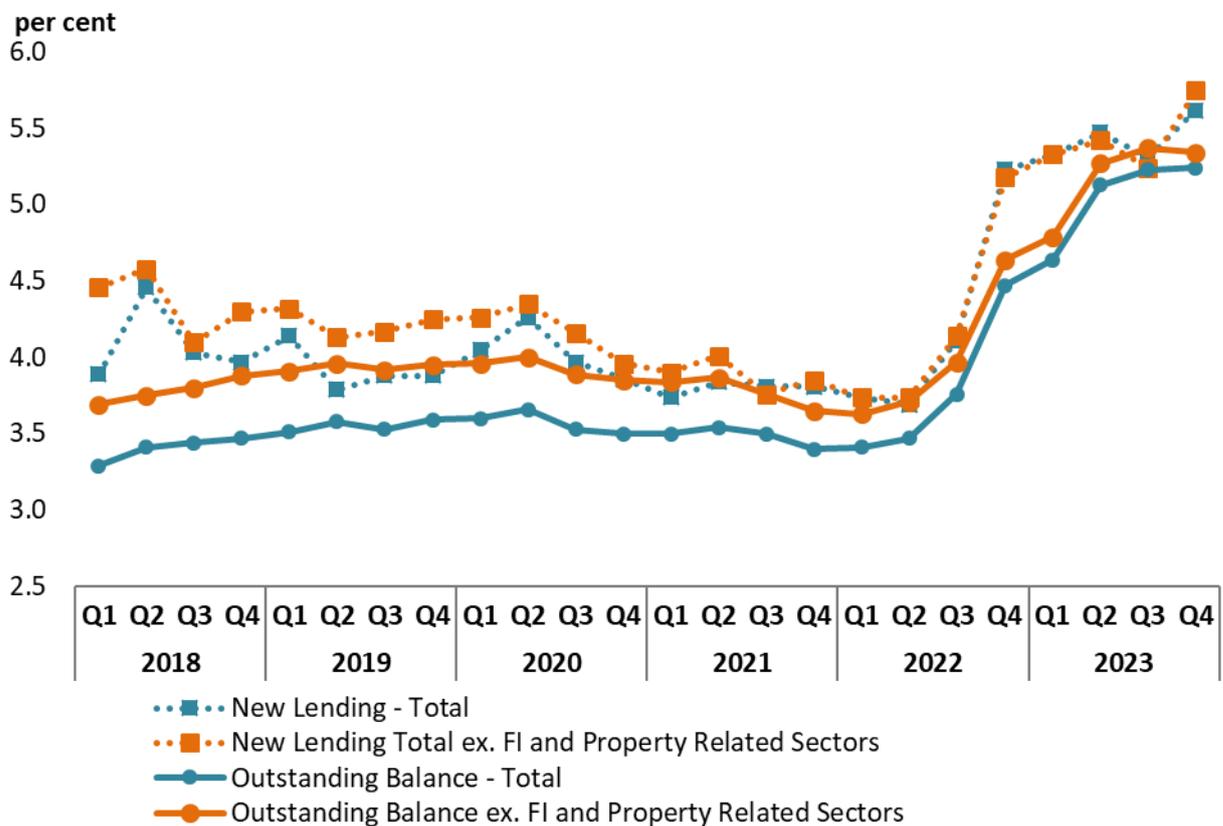




The weighted average interest rate on gross new lending to SMEs increased by 31 basis points in Q4 2023, and stood at 5.62 per cent at the end of the quarter. The weighted average interest rate on outstanding amounts was 5.24 per cent at end-Q4 2023, increasing by just 1 basis point. Interest rates on new lending and outstanding amounts increased on an annual basis by 39 and 77 basis points respectively, and stand at their highest level since the series began in 2015.

Interest rates on new and outstanding SME loans



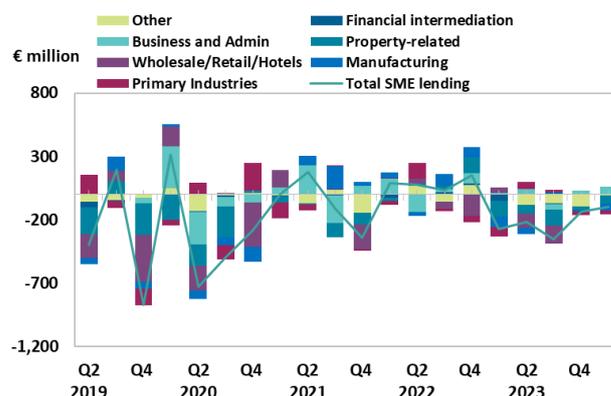
Source: Business Credit and Deposits [Table A.14.1](#)

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

SME Lending developments

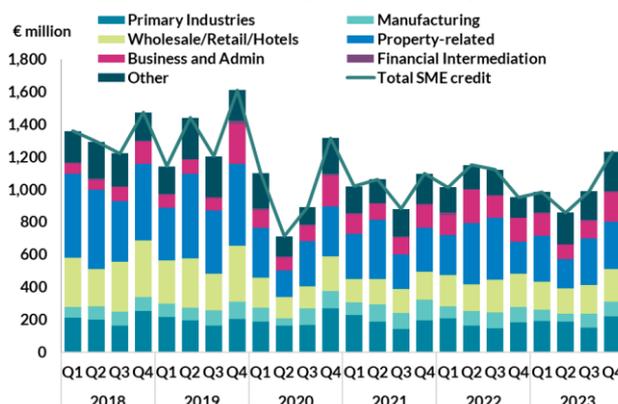
- **The outstanding stock of SME credit on banks' balance sheets** stood at €17.8 billion at the end of Q4 2023, the lowest amount in the series to date. Outstanding stock peaked in Q4 2011 at €62 billion.
- **Net lending to SMEs** was negative for the fifth consecutive quarter, totalling a decline of €1.1 billion over that period. This is the first time net lending has been negative for five consecutive quarters since the period ending Q1 2019. Net lending in Q4 2023 was -€97 million (Chart 1), while total net lending in 2023 was -€804 million.
- **Gross new lending advanced to SMEs** in Q4 2023 was €1.2 billion (Chart 2).¹ When compared to the previous quarter, gross new lending increased by €241 million, the largest quarter on quarter increase since Q4 2020. This was primarily driven by *real estate activities and primary industries*. Total gross new lending in 2023 was €4.1 billion, which represented a €174 million annual decrease.
- **Estimated repayments by all SMEs** were €1.3 billion over the quarter (Chart 3). On an annual basis, repayments by SMEs were €4.9 billion, a €622 million increase compared to 2022.
- **Gross new lending to core² SMEs** was €3 billion for 2023. This represented a slight decrease of €18 million relative to new lending to core enterprises in 2022.
- Annual **net lending to core SMEs** was negative in 2023, with repayments exceeding gross new lending by €530 million.

Chart 1: Net lending to SMEs (quarterly basis)



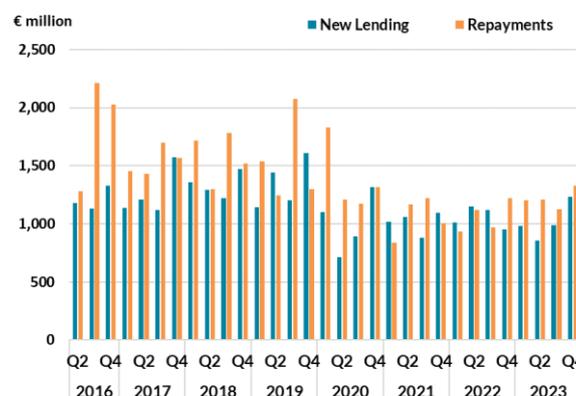
Source: Business Credit and Deposits [Table A.14.1](#)

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 2 for the definition of gross new lending.

² See Note 1 for definition of 'Core'

Interest rates on loans to SMEs

- The weighted average interest rates on outstanding SME loans increased by just 1 basis point to 5.24 per cent in Q4 2023 (Chart 4).
- The interest rate on new SME loan drawdowns increased to 5.62 per cent in Q4 2023, an increase of 31 basis points. Real estate activities new lending interest rates in Q4 2023 decreased by 30 basis points when compared to the same quarter in 2022. Interest rates on new SME loans increased across most sectors when compared to the same quarter in 2022 (Chart 5).

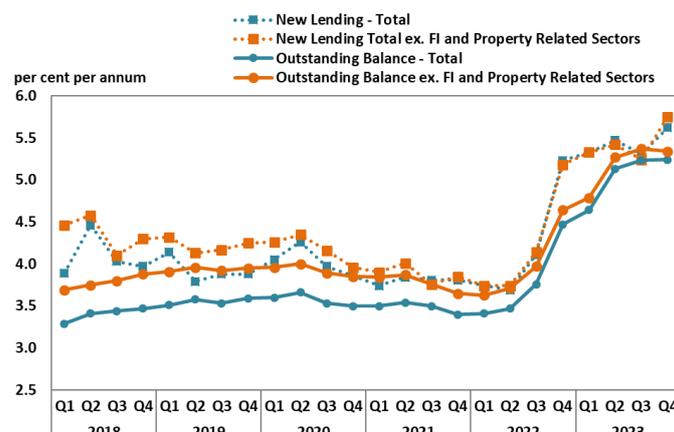
Private-Sector Enterprise Credit developments

- The total outstanding amount of credit to all Irish resident private-sector enterprises for Q4 2023 was €65.7 billion.
- Net lending to core private-sector enterprises was €621 million in Q4 2023, which was a reversal of the €366 million decrease seen in the previous quarter.
- Net lending to large core enterprises was €655 million in Q4 2023. On an annual basis, there was net lending of €496 million.

Private-Sector Enterprise Deposit developments

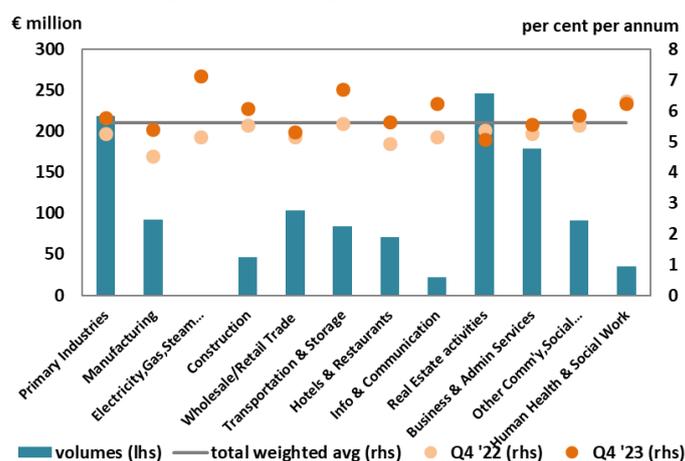
- There was a decrease of €5.7 billion for deposits from all Irish resident private-sector enterprises in 2023, a reverse of the €6.1 billion increase seen in 2022 (Chart 6).

Chart 4: Interest rates on new and outstanding SME loans



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

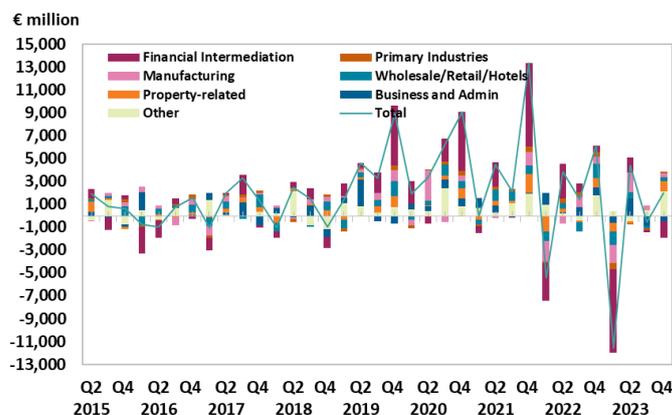
Chart 5: SME new lending interest rates and corresponding new lending drawdowns



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 (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.