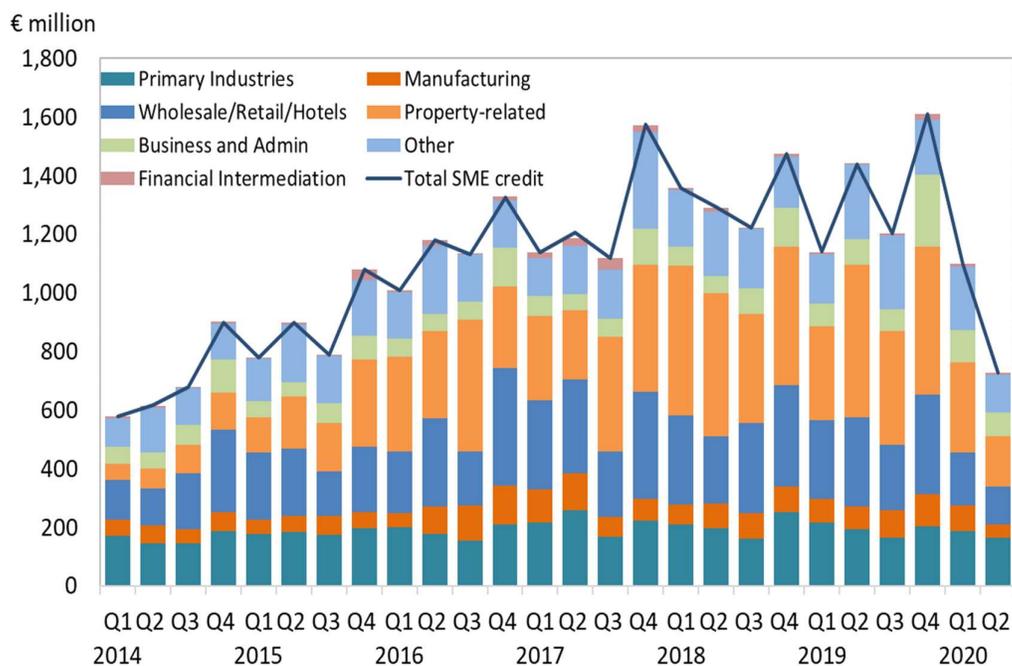




* Due to a correction of reporting, figures were updated on 24 September 2020

In Q2 2020, we can see the considerable impact of the Covid-19 crisis on the SME and Large Enterprise Credit and Deposit series. New lending to Irish SMEs, at €727 million over the quarter, was 50 per cent lower than the same quarter 2019.

Gross new lending to all SMEs



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

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

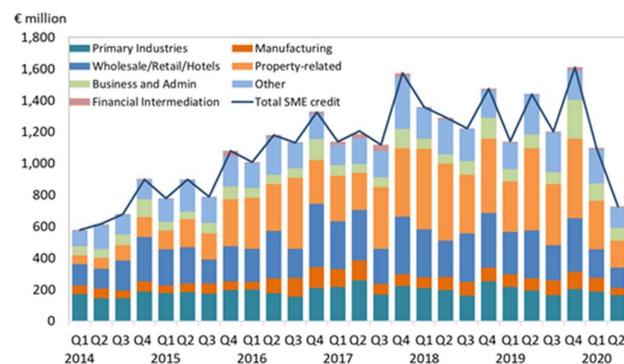
SME Credit developments

- The outstanding stock of SME credit on the balance sheets of Irish banks was €20 billion at end-Q2 2020, the lowest outstanding amount in the series' history. This included €6.7 billion relating to property and €13.1 billion of core SME credit.¹
- Gross new lending to SMEs was €727 million during Q2 2020, the lowest volume since Q3 2014 (Chart 1). Gross new lending to SMEs was €4.6 billion in the year to end-June 2020, a decrease of €635 million when compared to the year to end-June 2019. This decline was the largest year-on-year decrease since Q3 2012.
- Net lending to SMEs was negative at -€496 million in Q2 2020. Annually, repayments still exceeded new lending by €1.8 billion over the year to end-June (Chart 2).²
- Repayments by all SMEs were €1.2 billion in Q2 2020, and almost €6.4 billion over the previous four quarters.³ The quarterly repayments by SMEs were the lowest since Q3 2013 (Chart 3).

Core SME Credit developments

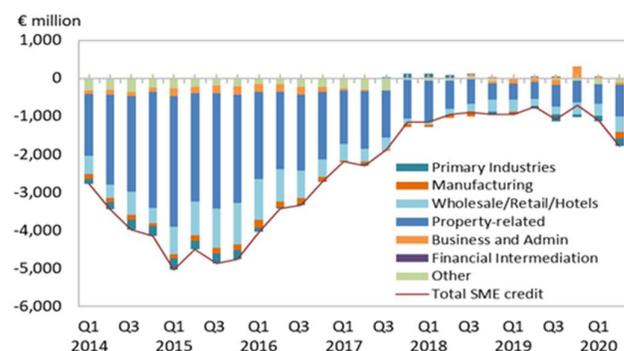
- Gross new lending to core SMEs was €549 million over Q2 2020, representing a decrease of 40 per cent compared with Q2 2019. Overall, new drawdowns totalled €3.2 billion over the past twelve months, reflecting a 9.7 per cent year-on-year decline.
- Net lending to core SMEs was negative at -€250 million in the quarter. This decline is around half the overall SME lending decrease as it excludes the real estate sector, which also continued to experience a decline.

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



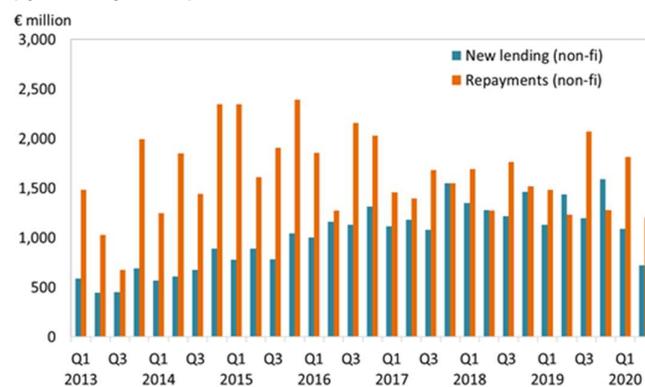
Source: Business Credit and Deposits [Table A.14.1](#)

Chart 2: Annual net lending to SMEs (4-quarter moving sum)



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

Chart 3: 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](#)

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** was 3.62 per cent in Q2 2020, growing by 2 basis points in the quarter. This represents an increase of 4 basis points over the year (Chart 4).
- **The interest rate on new SME loan drawdowns** increased by 17 basis points in Q2 2020, and now stands at 4.22 per cent. SME interest rates varied largely between sectors. Higher than average rates were charged in the primary industries – and education sectors (Chart 5).

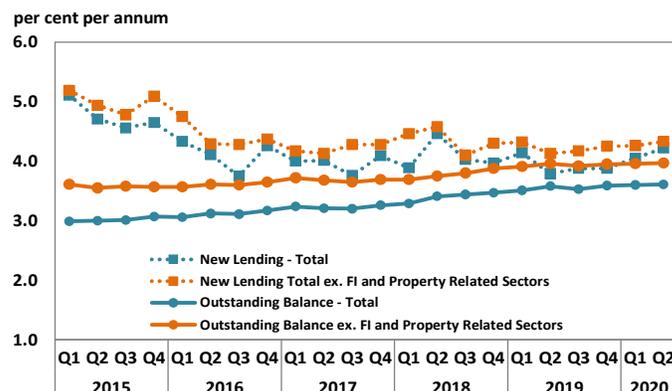
Private-Sector Enterprise Credit developments

- **The total outstanding amount of credit to all Irish resident private-sector enterprises**, comprising both SMEs and large enterprises, stood at €75 billion and decreased by €1.3 billion in net terms over Q2 2020. This reverses the net increase seen in Q1 2020.
- **Credit advanced to core private-sector enterprises** decreased by €985 million or 3.4 per cent in annual terms, to stand at €28.2 billion at end-Q2 2020. This signifies the largest annual decrease since Q1 2015.
- **Net Lending to large core enterprises** was €199 million in Q2 2020, while repayments exceeded drawdowns by €58 million annually.

Private-Sector Enterprise Deposit developments

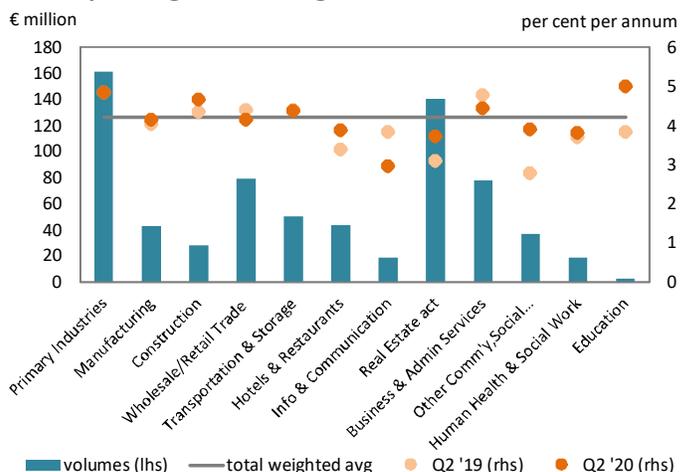
- **Deposits from all Irish private-sector enterprises** increased by €3.4 billion over the quarter and €17.7 billion over the year. Deposits from enterprises engaged in core sectors increased by €4 billion over the quarter, to stand at €62.4 billion. The quarterly increase was driven mostly by manufacturing, which showed a large increase in the quarter following a decline in Q1 2020 (Chart 6).

Chart 4: Interest rates on new and outstanding SME loans



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

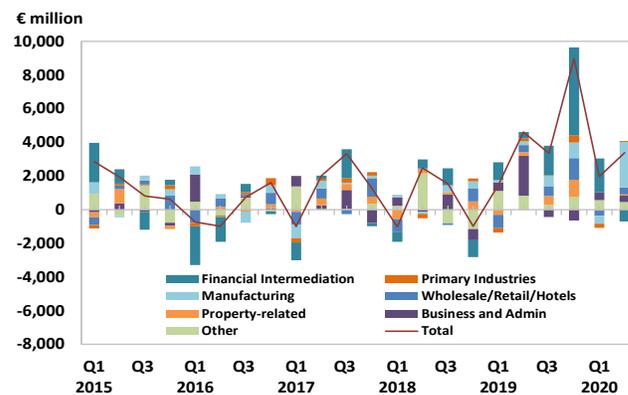
Chart 5: SME new lending interest rates and corresponding new lending drawdowns – Q2 2020



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.