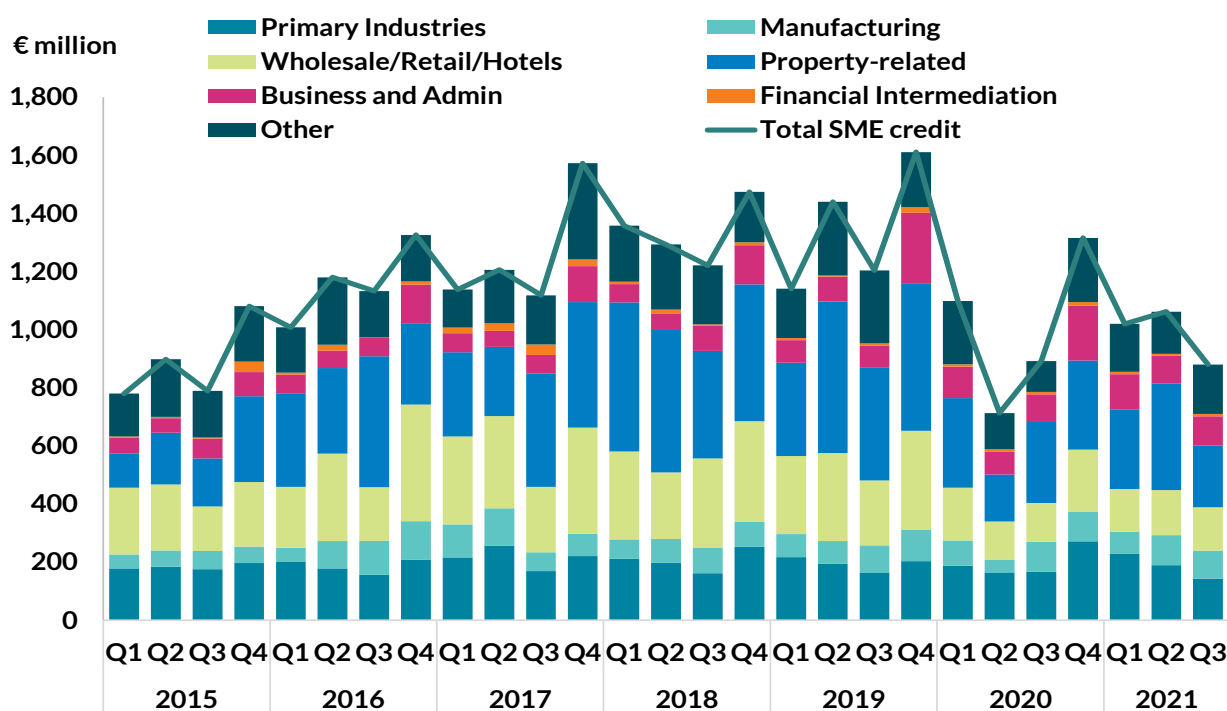




Gross new lending to SMEs was €880 million during Q3 2021, a 1.3 per cent decrease on the same quarter in 2020. Trends in new lending differs across economics sectors with, for example, new loans to Primary Industries and Real Estate Activity SMEs down 14 per cent and 36 per cent, respectively. In contrast, Wholesale/Retail Trade increasing by 15 per cent on the same period 2020.

Gross new lending to SMEs



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

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

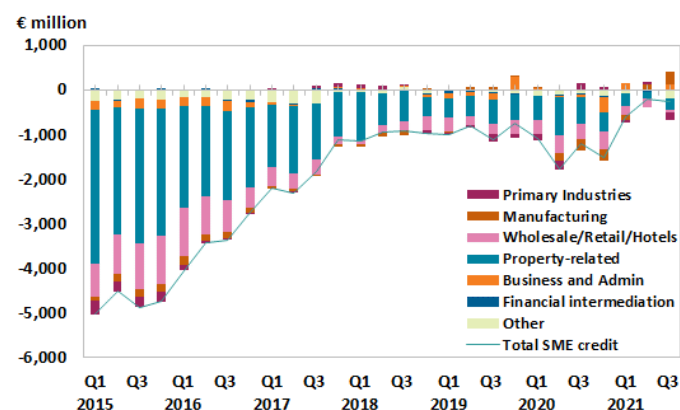
SME Credit developments

- The outstanding stock of SME credit on the balance sheets of Irish banks decreased by 2 per cent over Q3 2021 to stand at €18.4 billion. This included €5.6 billion relating to property and €12.7 billion of core SME credit.¹
- Net lending to SMEs was minus €342 million in Q3 2021. Annually, repayments exceeded new lending by €270 million or 1.4 per cent over the year to end-September (Chart 1).
- Gross new lending advanced to SMEs was €880 million during Q3 2021 (Chart 2).² This represents a decrease of €12 million or 1.3 per cent which compared to Q3 2020, marking the lowest volume of gross new lending to SMEs since mid-2020.
- Estimated Repayments by all SMEs were slightly higher than the previous quarter at €1.2 billion³ (Chart 3). Annually, repayments by all SMEs were €4.5 billion, recording a year-on-year decline of 17.5 per cent when compared to Q3 2020.

Core SME Credit developments

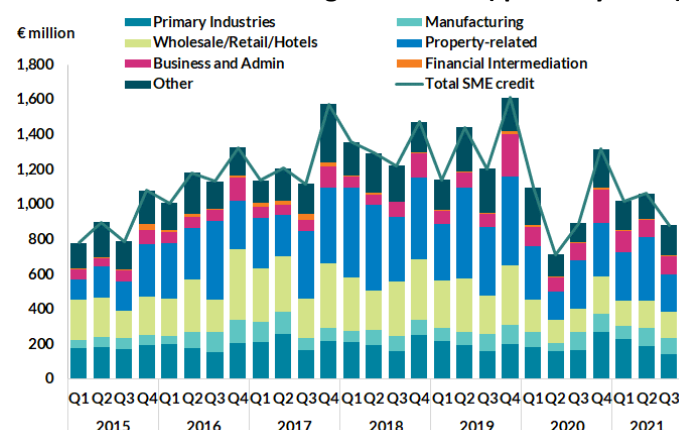
- Gross new lending to core SMEs totalled €3.1 billion over the four quarters to end-Q3 2021, representing the highest amount of loans advanced over a four quarter period since mid-2020. This reflected a year-on-year increase of €67 million; signifying the first year-on-year increase within core SMEs since Q1 2020.
- Quarterly net lending to core SMEs remained positive in Q3 2021 at €660 million.

Chart 1: Annual net lending to SMEs (4-quarter moving sum)



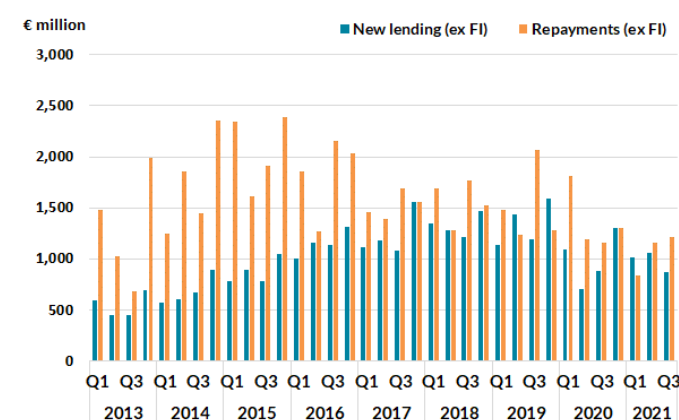
Source: Business Credit and Deposits [Table A.14.1](#)

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** decreased slightly in the quarter, declining by four basis point to 3.5 per cent. Over the year to Q3 2021, there was a decrease of 3 basis points (Chart 4).
- The **interest rate on new SME loan drawdowns** decreased by 3 basis points over Q3 2021, and now stands at 3.81 per cent. SME interest rates varied between sectors. Higher than average rates were charged to the primary industries and business/administration sectors (Chart 5).

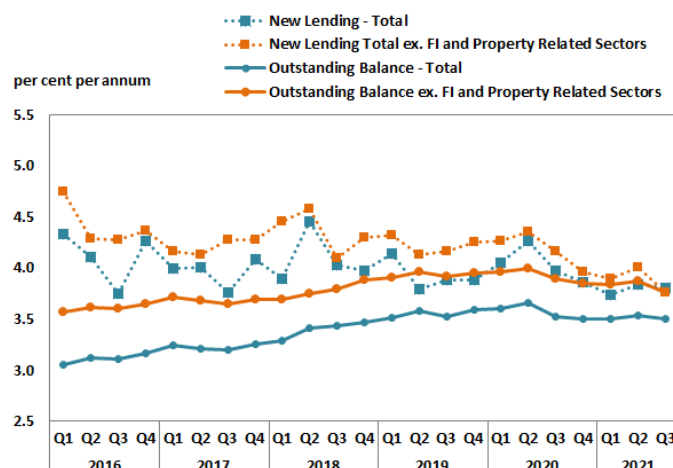
Private-Sector Enterprise Credit developments

- The **total outstanding amount of credit to all Irish resident private-sector enterprises**, stood at €71.2 billion. This includes lending to SMEs and large enterprises, which increased by €5.1 billion in net terms over Q3 2021.
- **Credit advanced to core private-sector enterprises** decreased by €262 million over the quarter. Annually, core credit decreased by €773 million or 2.9 per cent. Credit to all core enterprises amounted to €25.1 billion at end-Q3 2021.
- **Net Lending to large core enterprises** decreased by €11 million in Q3 2021 reversing the increase seen in Q2 2021. Annually, net lending to large core enterprises decreased by €768 million.

Private-Sector Enterprise Deposit developments

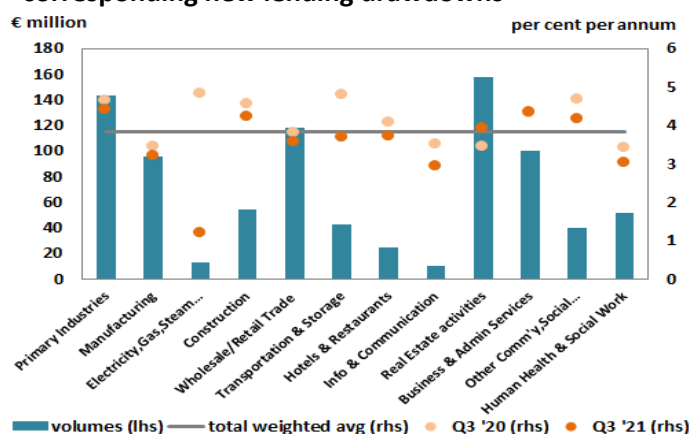
- **Deposits from all Irish private-sector enterprises** continued to grow across the majority of sectors, increasing by €2.1 billion over Q3 2021. Annually, deposits increased by €15.8 billion; recording the lowest volume of year-on-year deposits reported since 2019 (Chart 6).

Chart 4: Interest rates on new and outstanding SME loans



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

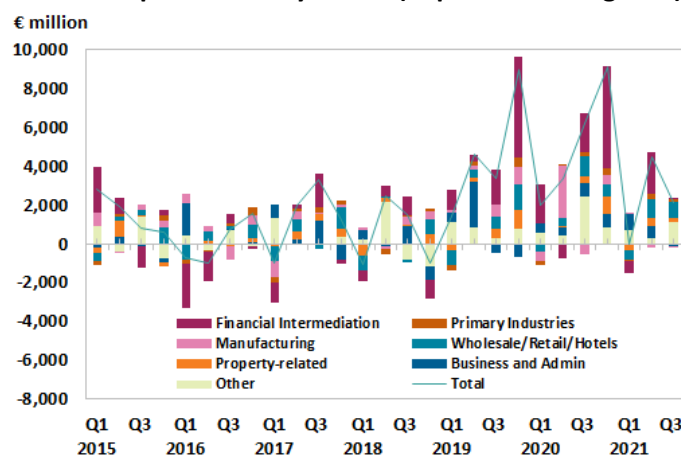
Chart 5: SME new lending interest rates and corresponding new lending drawdowns



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.

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.