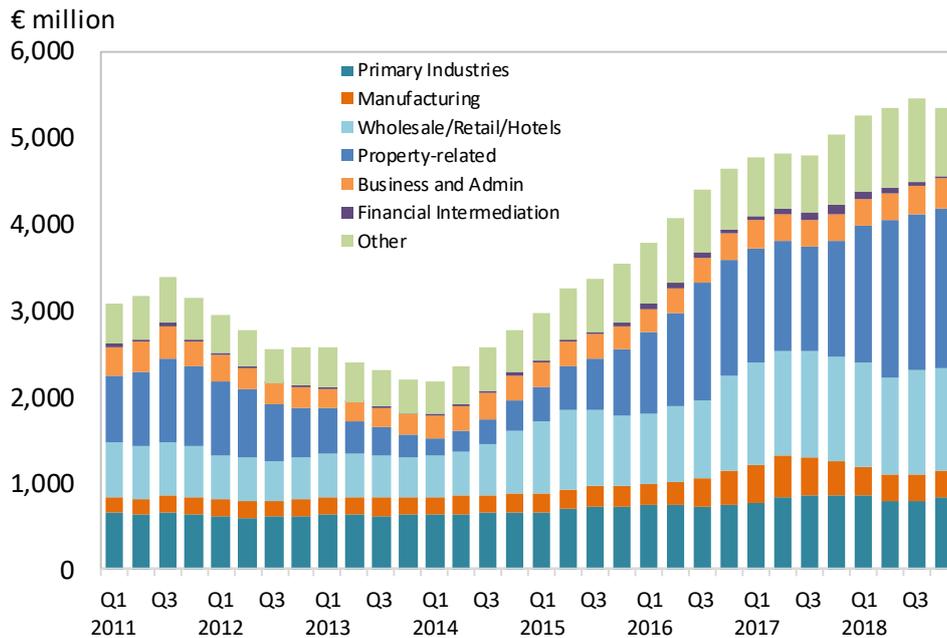




Trends in SME and Large Enterprise Credit and Deposits: Q4 2018

Gross new lending by Irish banks to Irish-resident SMEs totalled €5.3 billion over 2018, representing a 6 per cent increase on 2017. Drawdowns for property-related purposes accounted for just over one-third of 2018 gross new lending, while agri-related loans accounted for over 15 per cent.

Gross new lending to SMEs (4-quarter moving sum)



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

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

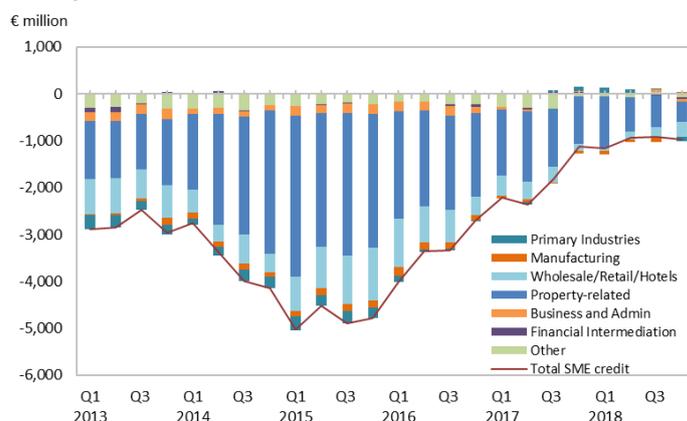
SME Credit developments

- **The outstanding stock of Irish SME credit** was €23.5 billion at end-Q4. This included €8.3 billion relating to property, and €15.1 billion of core credit.¹
- **Net lending to SMEs** declined by €970 million over 2018 as repayments continued to exceed new drawdowns (Chart 1). Almost half of the decline was owing to property-related lending, which accounts for 35 per cent of Irish banks' outstanding SME loan book.
- **Gross new lending** reached €1.5 billion during the fourth quarter of 2018, bringing total new SME drawdowns to €5.3 billion for the year as a whole (Chart 2).² Property-related lending accounted for 34 per cent of all new drawdowns during the year.
- **Gross repayments by SMEs** for 2018 increased compared to 2017, with SMEs repaying €6.3 billion over the year, compared to €6.2 billion in 2017 (Chart 3).

Core SME Credit developments

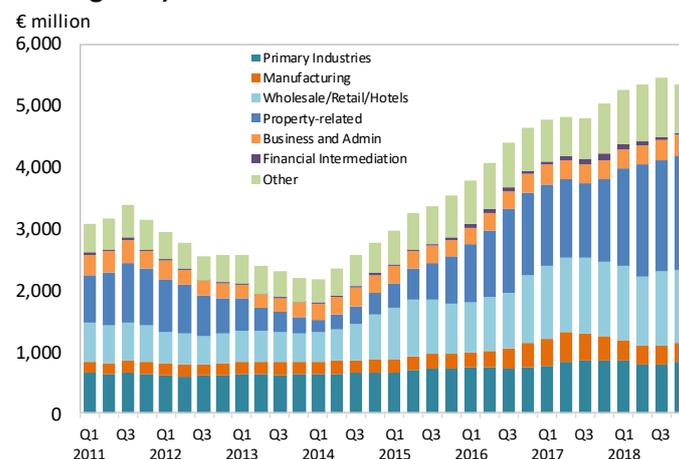
- **Net lending to core SMEs** increased by €146 million in Q4-2018. This increase is greater than that seen for all SMEs, as it does not include the €201 million net decline recorded for property-related lending.
- **Gross new lending to core SMEs** was €993 million over Q4 2018. This represents an 11.3 per cent decrease in comparison with Q4 2017. Repayments by core SMEs in Q4 2018 were €847 million, up €171 million when compared with Q4 2017.

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



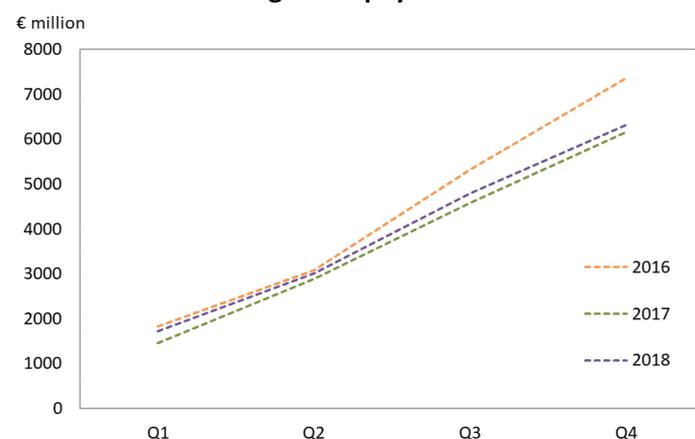
Source: Business Credit and Deposits [Table A.14.1](#)

Chart 2: Gross new lending to all SMEs (4-quarter moving sum)



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

Chart 3: Cumulative gross repayments vis-à-vis all SMEs



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 slightly over the quarter, rising by 3 basis points to 3.47 per cent. This is owing to the impact of higher rates charged on new SME drawdowns (Chart 4).
- The interest rate on new SME loan drawdowns decreased by 6 basis points in Q4, and now stands at 3.97 per cent. SME interest rates varied largely between sectors. Of note are the higher than average rates charged in the construction and agricultural sectors (Chart 5).

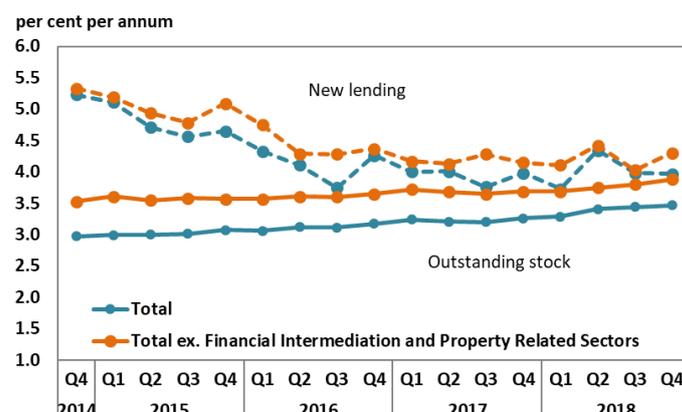
Private-Sector Enterprise Credit developments

- The total outstanding amount of credit to Irish resident private-sector enterprises, comprising SMEs and large enterprises, decreased by €4.6 billion in net terms over Q4 2018.
- Net credit advanced to core private-sector enterprises increased by €1.2 billion in Q4 2018 and €1.2 billion on an annual basis. This growth was composed of a €1.7 billion increase in credit to large enterprises, and a €515 million decrease in lending to SMEs (Chart 6).

Private-Sector Enterprise Deposit developments

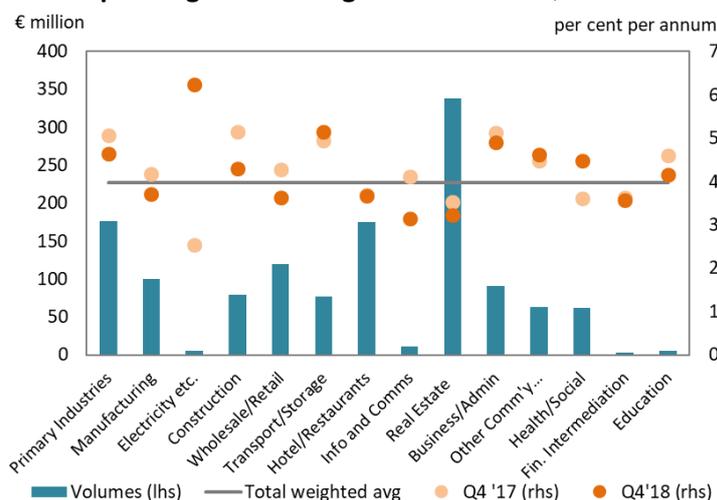
- Deposits from all Irish private-sector enterprises decreased by €985 million in Q4. Total outstanding deposits now stand €95.7 billion. Core deposits decreased by €467 million in the quarter, to stand at €49.6 billion.

Chart 4: Interest rates on new and outstanding SME loans



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

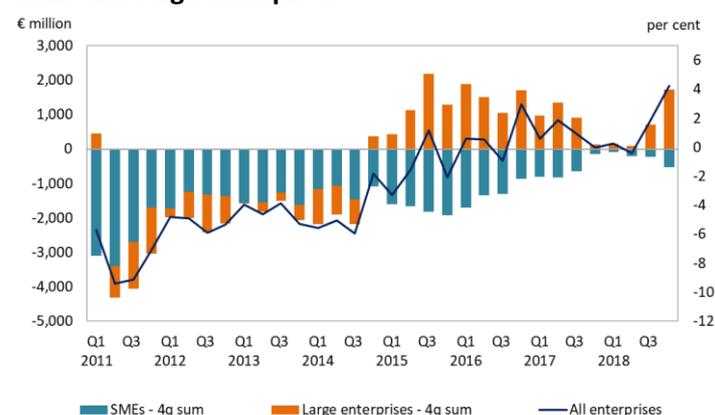
Chart 5: SME new lending interest rates and corresponding new lending drawdowns – Q4 2018



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

Note: See Note 3 on drawdowns as reported with rates.

Chart 6: Annual rates of change in credit to core Irish private-sector enterprises and net flows broken down by SMEs and large enterprises



Source: Business Credit and Deposits [Table A.14](#) & [Table A.14.1](#)

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.