

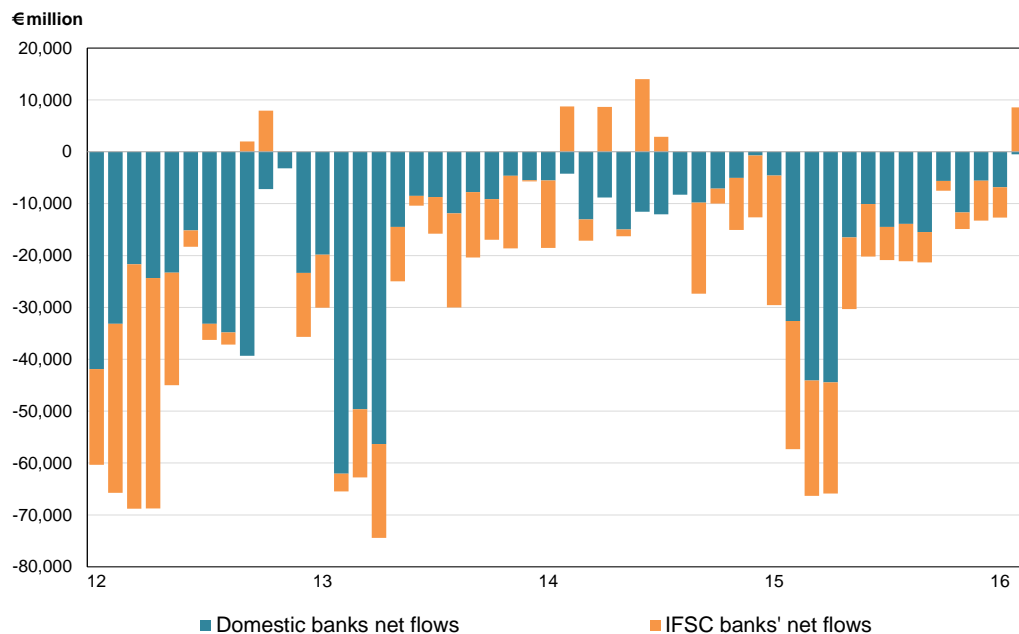


### Money and Banking Statistics – February 2016

Total assets of the Irish banking system grew by €11 billion during February to stand at €622 billion. This was entirely driven by credit to non-Irish residents extended by banks located in the IFSC. In contrast, Irish retail banks who are active in the Irish domestic market saw their balance sheet shrink in February by €2 billion.

For further detail, see the [Money and Banking](#) tables.

Total assets of Irish banks; developments in net flows (3-mth sum)



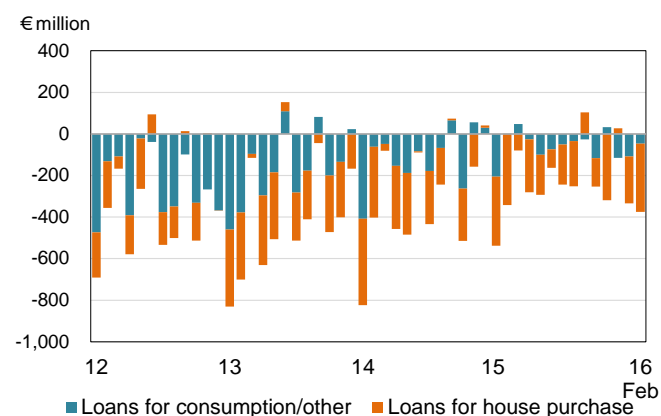
### Developments in Household credit and deposits

- **Loans to households adjusted for loans sales and securitisations**, declined by 3.7 per cent in February.<sup>1</sup>
- **Loans for house purchase**, which account for 84 per cent of on-balance sheet household loans declined by €327 million in February 2016 (Chart 1).
- In the year to February, mortgage loans declined at a rate of 2.4 per cent, with households repaying €1.9 billion more than was advanced in new loans.
- Households also continue to make net repayments on **non-housing debt**. There was a net decrease of €48 million in loans outstanding in February. In annual terms, non-housing loans declined 3.9 per cent.
- **Deposit flows from households** declined by €541 million during February. In annual terms, however, household deposits recorded an increase of 2.7 per cent in February (Chart 2).
- Householders' preference for overnight and short-term deposit accounts continues, reflecting the low interest rate environment.
- **Irish households were net funders of the Irish banking system** for the eighth consecutive month; this has not happened since the late-1990s (Chart 3). Banks now hold €3.6 billion more household deposits than loans. This compares to early-2009, when household loans exceeded deposits by €53.5 billion.

### Developments in NFC credit and deposits

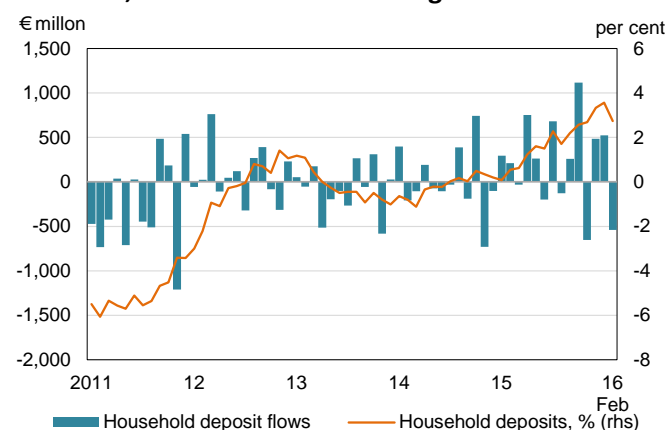
- In contrast to households, banks hold marginally more non-financial corporate (NFC) loans than NFC deposits.

**Chart 1: Loans to Households; developments in net flows**



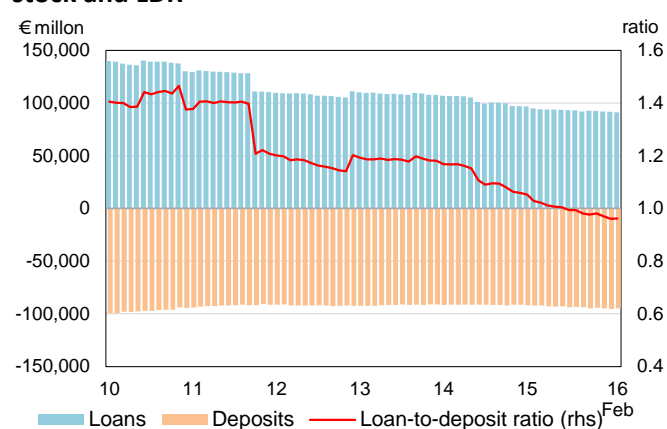
Source: Money and Banking [Table A.1](#)

**Chart 2: Deposits from Households; developments in net flows, and annual rate of change**



Source: Money and Banking [Table A.1](#)

**Chart 3: Household loans and deposits; outstanding stock and LDR**



Source: Money and Banking [Table A.1](#)

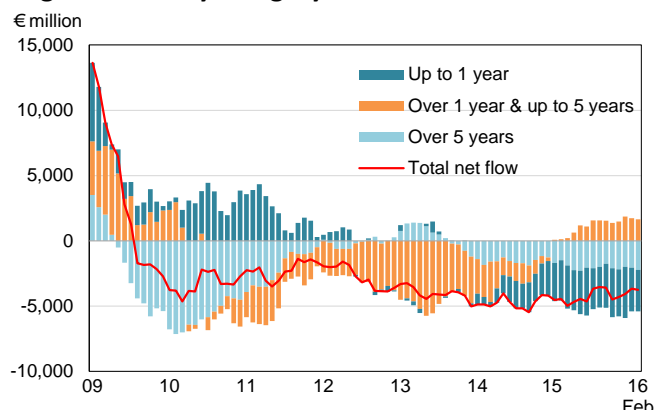
<sup>1</sup> See Note 2 on page 5.

- **Lending to NFCs** declined by 6.9 per cent in annual terms in February. This rate of change has remained broadly unchanged over the past two years.
- There has been contrasting developments between short and medium-term loans however (Chart 4). NFC net repayments increased on overdrafts and short-term loans over the past two-years. Meanwhile, NFCs drew-down €1.8 billion more in medium-term loans (one to five years) than was repaid over the same period.
- **NFC deposits** increased by €1 billion (2.4 per cent) in February (Chart 5). The monthly increase was mainly due to NFCs depositing more into overnight and agreed maturity accounts. Over half of this movement was observed in Irish headquartered banks’.
- Over the year to end-February, NFC deposit flows increased by 9.1 per cent. This is somewhat lower than the double digit highs of 2015 but still reflects very strong corporate inflows into the Irish banking system. Flows out of overnight and short-term agreed maturity accounts, over the year, drove the slowdown in deposit growth.

### Developments in other counterparty sectors

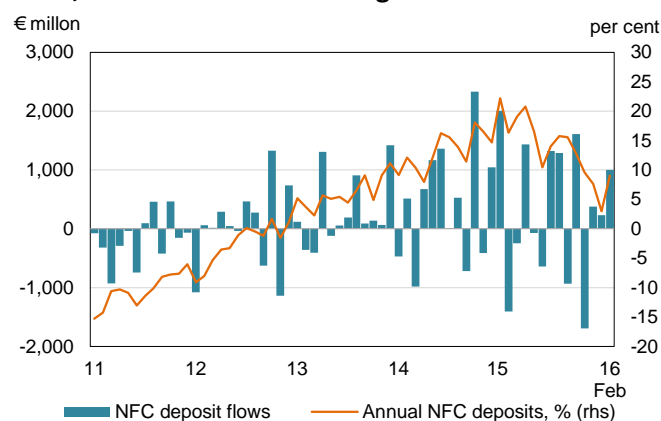
- The **Irish private sector** has been the main driver of net lending to Irish residents since early 2014 (Chart 6). In February, loans to the Irish private sector, which accounts for 74 per cent of banks’ loan book, declined in annual terms by 5.8 per cent. **Monetary financial institution (MFI) loans** however, contributed less to the overall decline when compared to previous months.

**Chart 4: Loans to NFCs; net flows (12-month sum) by original maturity category**



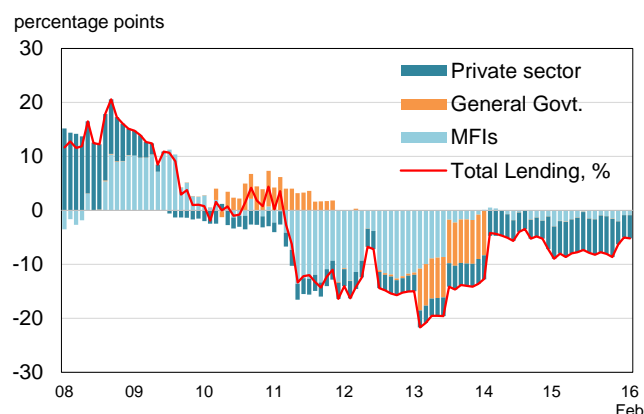
Source: Money and Banking [Table A.5](#)

**Chart 5: Deposits from NFCs; developments in net flows, and annual rate of change**



Source: Money and Banking [Table A.11.1](#)

**Chart 6: Contributions of Irish resident counterparties to annual growth in loans advanced by Irish banks**



Source: Money and Banking [Table A.4](#)

- Credit institutions' holdings of **debt and equity securities** decreased by €1.9 billion during February. The decrease was observed across all sectors.
- **Irish banks' borrowings from the Central Bank** as part of Eurosystem monetary policy operations decreased further in February, by €320 million. The outstanding stock of Central Bank borrowings was €9.8 billion, with the domestic market banks accounting for 93 per cent.

**Note 1:**

Money and Banking statistics cover all credit institutions resident in Ireland. This includes licensed banks, building societies and, since January 2009, credit unions. A resident office means an office or branch of the reporting institution which is located in the Republic of Ireland. Data are reported in respect of resident office business only. Recent data are often provisional and may be subject to revision. For further detail please see the [Money and Banking](#) webpage for;

- An extensive set of [Money and Banking Tables](#);
- A list of [Irish Resident Credit Institutions](#);
- [Money and Banking statistics Explanatory Note](#).

**Note 2:**

This measure of lending includes repayments on serviced loans which no longer appear on the balance sheet due to derecognition and transfer. See [Table A.6](#).

**Keywords:**

Money and Banking Statistics, Irish Financial Statistics, Loans, Deposits, Household Debt, LDR, Mortgage, Repayments, Securitised, Irish retail banks, IFSC