

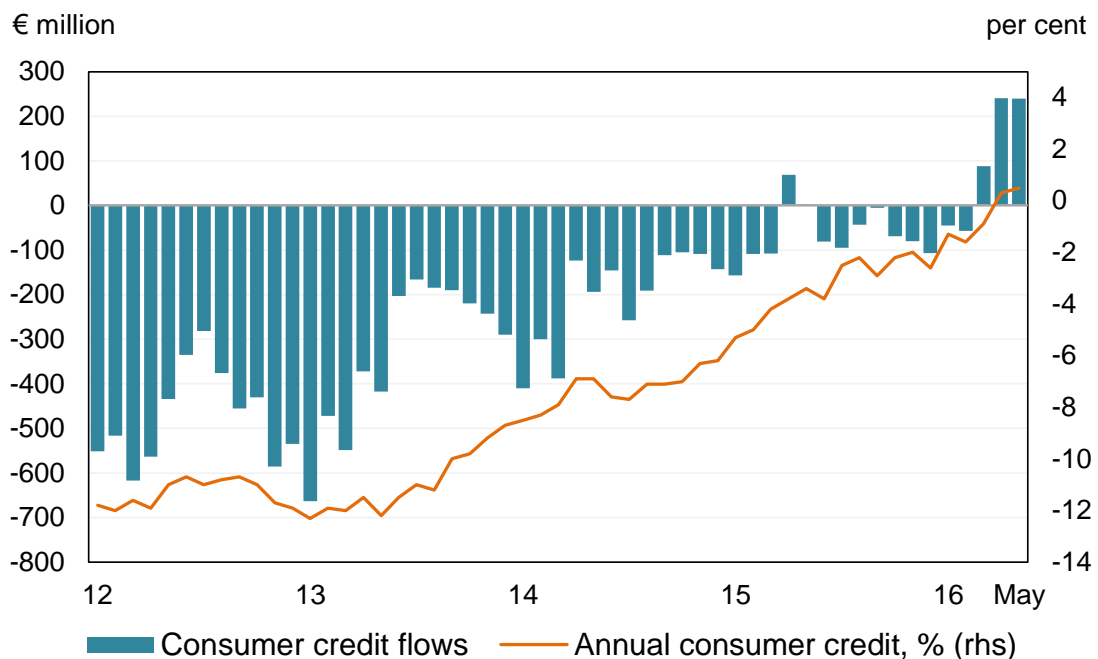
Money and Banking Statistics – May 2016

Irish households' drew-down €240 million more in new loans for consumer purposes than was repaid, in the three-months to end-May 2016. This resulted in positive annual growth in May, the largest increase since February 2009 (see chart below).

Net new lending was only observed for medium-term loans, with short and long-term borrowers continuing to make net repayments on outstanding debt. These types of loans typically include car loans, furniture, domestic appliance and holiday loans; with overdrafts and credit cards also included.

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

Chart: Net flow of loans to Irish residents for consumption purposes (3-month sum), and annual rate of change

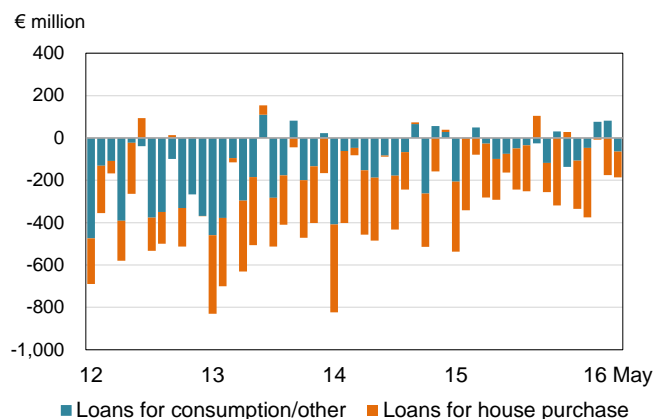


Source: Money and Banking [Table A.1](#)

Developments in Household credit and deposits

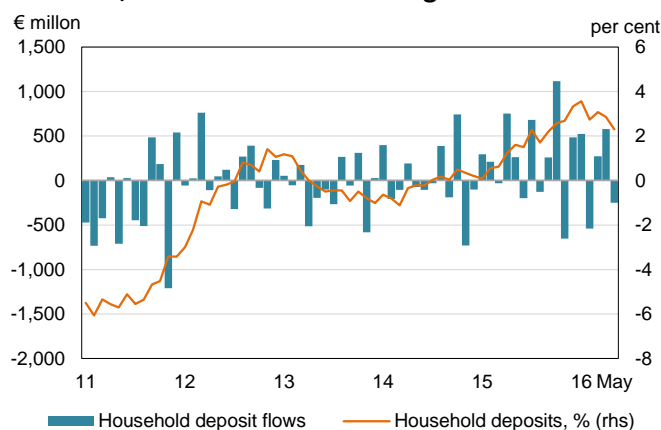
- **Loans to households adjusted for loans sales and securitisations**, declined by 3.4 per cent in May compared with the same period in 2015.¹
- **Mortgage loans**, which account for 83 per cent of on-balance sheet household loans, declined by €123 million in May 2016 (Chart 1).
- In year-on-year terms, mortgage loans declined at a rate of 2.2 per cent, with households repaying €1.7 billion more than was advanced in new loans.
- Supplementary quarterly data, however, confirms that diverging trends exist within the mortgage figures. New loans for fixed rate principal dwelling (PDH) mortgages exceeded repayments by €1.8 billion over the twelve months to end-Q1, but were offset by net repayments in floating rate mortgages of €2.1 billion.
- Following two consecutive months of new **non-housing lending** exceeding repayments, a partial reversal occurred in May (Chart 1). In annual terms, non-housing loans for consumer purposes increased by 0.5 per cent, the largest increase since early-2009.
- **Deposit flows from households** decreased by €249 million in May, perhaps in part, reflecting seasonal factors. In annual terms, however, an increase of 2.3 per cent was recorded (Chart 2).
- Householders' preference for overnight and short-term deposits continues; reflecting low interest rates.
- **Irish households were net funders of the Irish banking system** for the eleventh consecutive month. Banks now hold €6.4 billion more household deposits than loans. By contrast, in early-2009 household loans exceeded deposits by €53.5 billion.

Chart 1: Loans to Households; developments in net flows



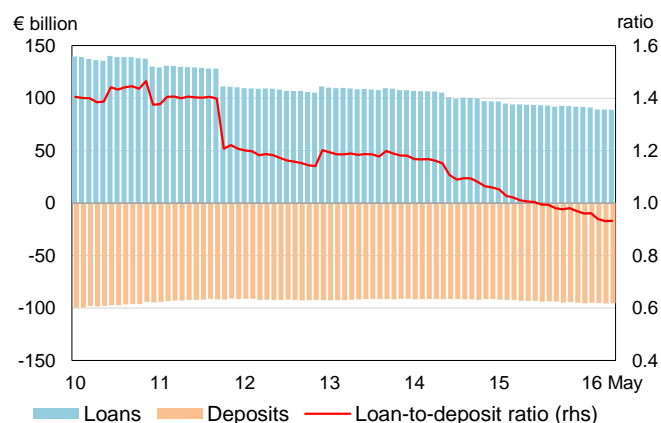
Source: Money and Banking Table A.1

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

¹ See Note 2 on page 4.

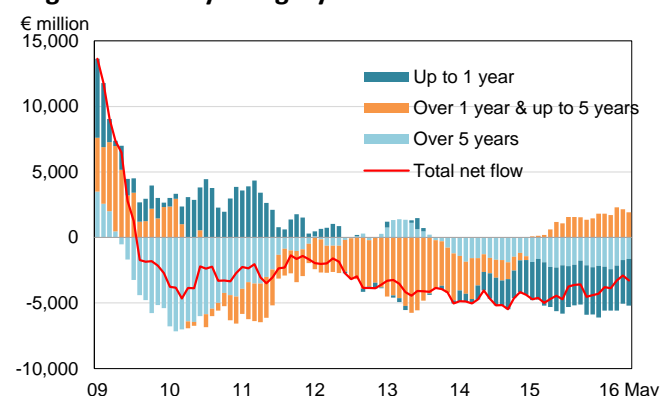
Developments in NFC credit and deposits

- By contrast to the household sector, banks held marginally more NFC loans than NFC deposits in May.
- **Lending to NFCs** declined by 6.3 per cent in annual terms in May. However, this decline masks divergent trends between short and medium term maturities. Medium term net lending to NFCs grew by 15.8 per cent year-on-year in May, with drawdowns exceeding new lending by €1.9 billion.
- **NFC deposits** increased by €1.8 billion (4.1 per cent) in May (Chart 5). The monthly increase was mainly due to NFCs deposits in overnight accounts, largely with branches of foreign-owned banks’.
- In the twelve months to May, NFC deposit flows increased by 10 per cent reflecting strong corporate inflows into the Irish banking system.

Developments in other counterparty sectors

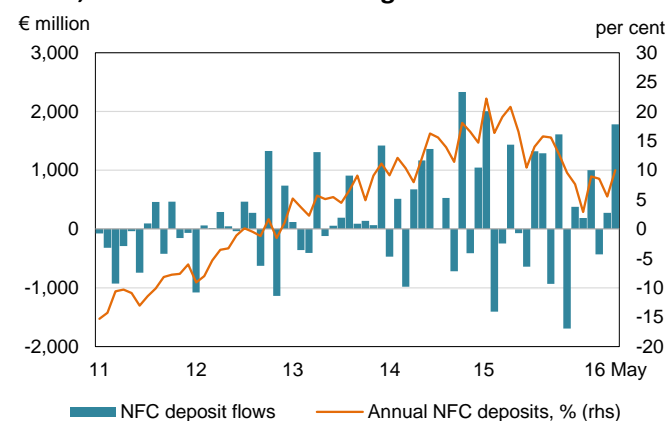
- **Lending to the Irish private sector** has been the main driver of net lending to Irish residents since early 2014 and accounted for 75 per cent of banks’ loan books in May (Chart 6). In annual terms, loans to the Irish private sector declined by 5 per cent.
- Credit institutions’ holdings of Irish issued **debt and equity securities** declined by €535 million in May, with financial vehicle corporations (FVCs) accounting for most of this decline.
- **Irish banks’ borrowings from the Central Bank** as part of Eurosystem monetary policy operations decreased further in May, by €519 million. The outstanding stock of Central Bank borrowings was €8.3 billion, with the domestic market banks accounting for 97 per cent.

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



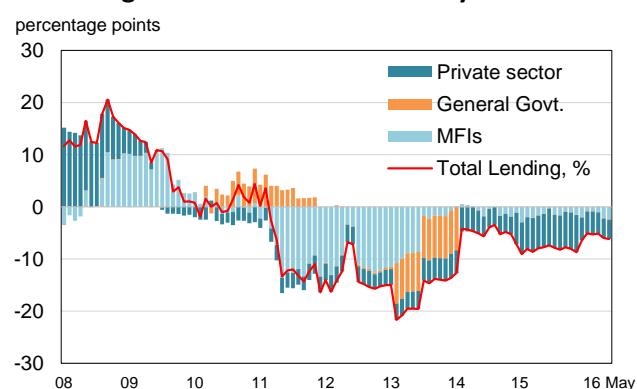
Source: Money and Banking [Table A.5](#)

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 counterparts to annual growth in loans advanced by Irish banks



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

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, Mortgage, Repayments, Securitisations, PDH.