

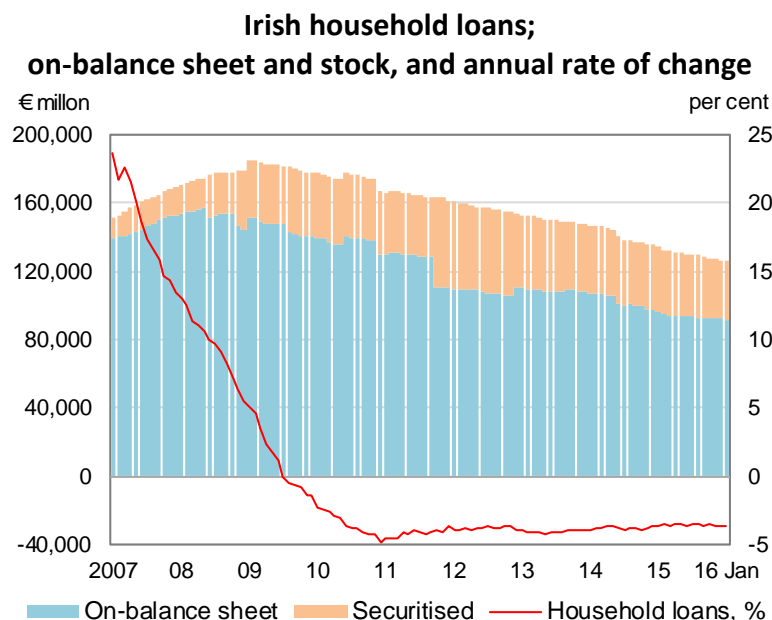


Money and Banking Statistics – January 2016

At the end of January 2016, almost €126 billion was owed by Irish households in both on-balance sheet bank loans and securitised loans. Almost a third of this outstanding household debt is not held on the balance sheets of the banks. This phenomenon has been steadily increasing since the onset of the financial crisis.

These €33 billion worth of loans, mainly mortgages, are managed by the Irish banks but are held by financial vehicle corporations (FVC). The loans are removed from the banks' balance sheets and securitised by an FVC in return for securities.

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

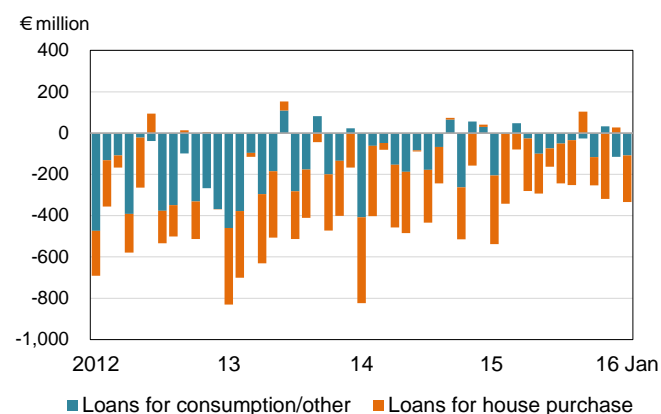


Source: Money and Banking [Table A.6](#)

Developments in Household credit and deposits

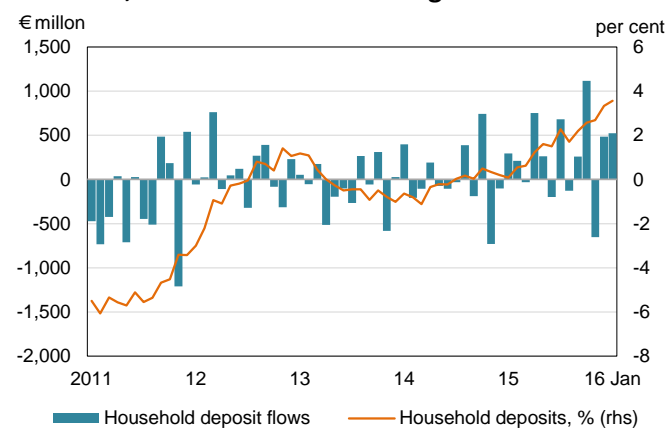
- **Loans to households adjusted for loans sales and securitisations**, declined by 3.6 per cent in January.¹
- **Loans for house purchase**, which account for 84 per cent of on-balance sheet household loans declined by €227 million in January 2016. This reverses the net increase in mortgage draw-downs recorded in the previous month (Chart 1).
- In the year to January, mortgage loans declined at a rate of 2.5 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 €108 million in loans outstanding in January. In annual terms, non-housing loans declined 3.6 per cent.
- **Deposit flows from households** continue to strengthen, compared to early-2015. In annual terms, household deposits increased by €3.3 billion, or 3.6 per cent (revised) in January (Chart 2). This is the strongest growth since August 2008.
- The monthly inflow, of €523 million, was the largest January inflow since 2004 (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 seventh consecutive month; this has not happened since the late-1990s (Chart 3). Banks now hold €3.7 billion more household deposits than loans. This compares to early-2009, when household loans exceeded deposits by €53.5 billion.

Chart 1: Loans to Households; developments in net flows



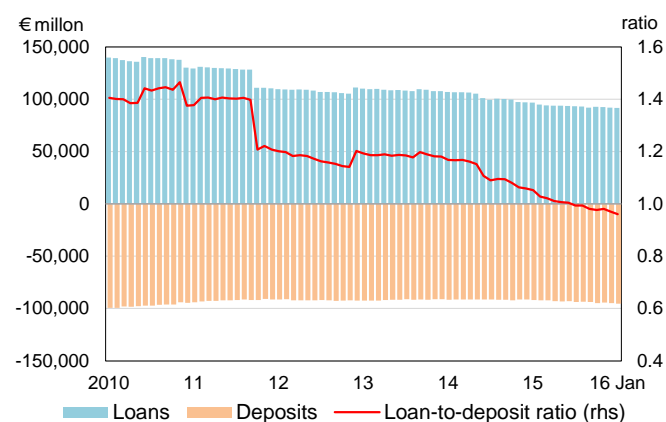
Source: Money and Banking [Table A.1](#)

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 5.

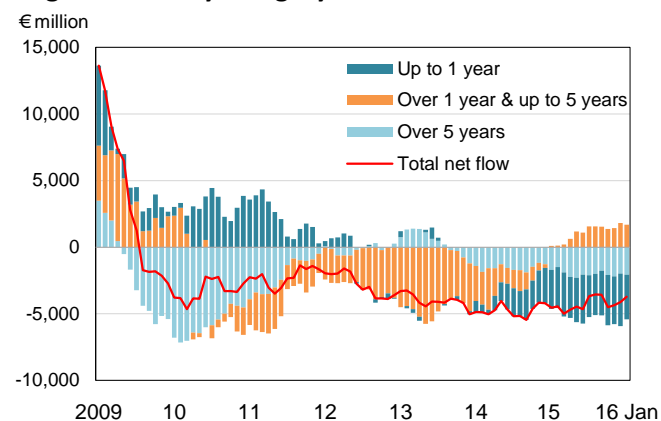
Developments in NFC credit and deposits

- In contrast to households, banks hold more non-financial corporate (NFC) loans than NFC deposits.
- **Lending to NFCs** declined by 6.8 per cent in annual terms in January. 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.
- Over the month, NFC repayments exceeded drawdowns by €25 million; which follows a €1 billion net decrease in December 2015. This seasonal trend is consistent with previous years.
- **NFC deposit** growth remained positive in January 2016, but continues to slow (Chart 5). Over the year to end-January, deposit flows increased 3 per cent; markedly lower than the double digit highs of 2015. Flows out of overnight and short-term agreed maturity accounts, over the year, drove the slowdown in deposit growth.
- The monthly increase of €231 million was mainly due to NFCs depositing more into agreed maturity accounts.

Developments in other counterparty sectors

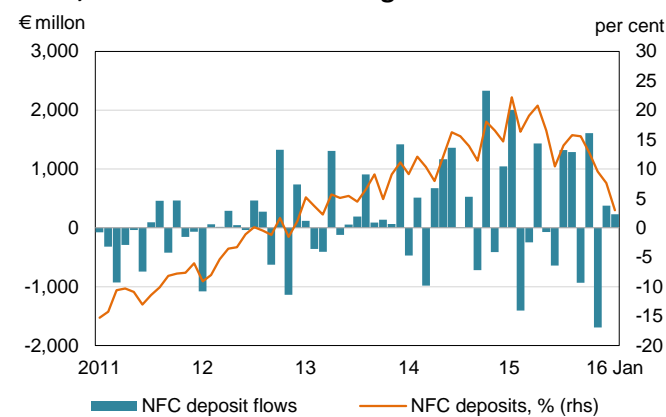
- The **Irish private sector** has been the main driver of net lending to Irish residents since early 2014 (Chart 6). In January, loans to the Irish private sector, which accounts for 74 per cent of banks' loan book declined by 5.4 per cent. **Monetary financial institution (MFI) loans** however, contributed less to the overall decline when compared to previous months.

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



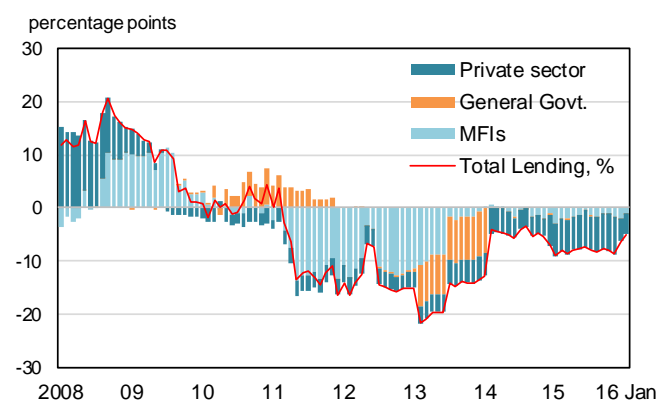
Source: Money and Banking [Table A.5](#)

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 counterparts 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 €233 million during January. The decrease in securities during the month was mainly attributable to the other financial intermediaries (OFI) sector.
- **Irish banks' borrowings from the Central Bank** as part of Eurosystem monetary policy operations decreased further in January, by €665 million. The outstanding stock of Central Bank borrowings was €10.1 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

***Money and Banking tables revised as at 02 March 2016 with minimal revisions**