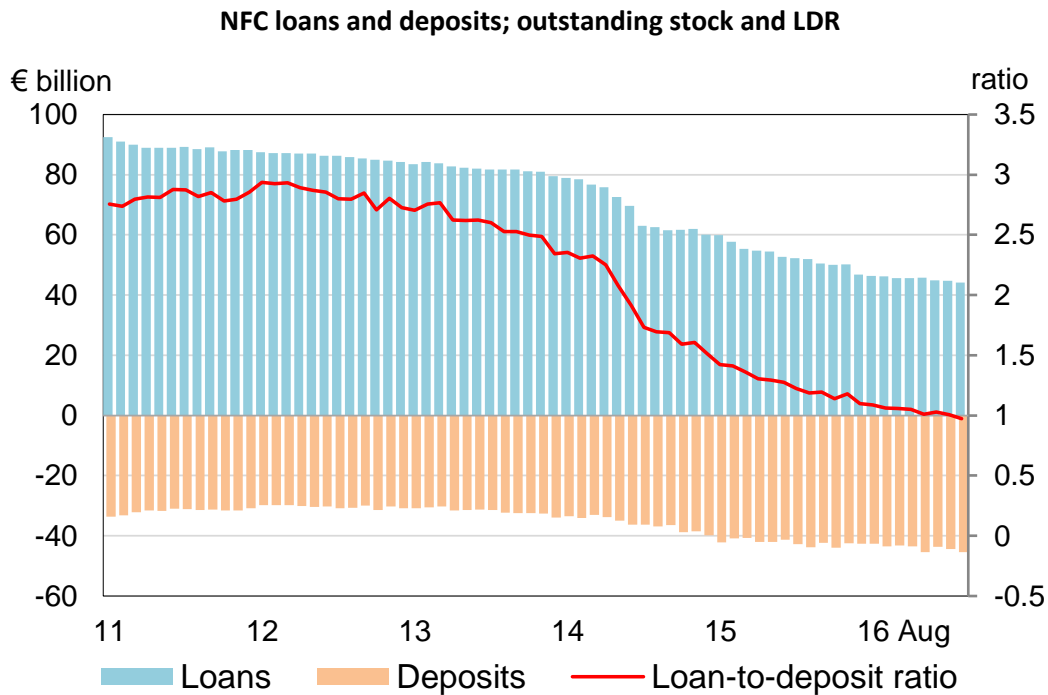


Money and Banking Statistics – August 2016

Irish banks held €1.3 billion more NFC deposits than loans in August; this is the first time NFC deposits have been greater than NFC Loans since the series began in 2003. However, asset sales and population changes in the banking sector have also had a significant impact and drive the trend in the Loan-to-Deposit Ratio (LDR) over time. It should be noted however that much of this debt is still owed by the NFC sector, but owing to loan sales, the creditor is no longer the banking sector.



Developments in Household credit and deposits

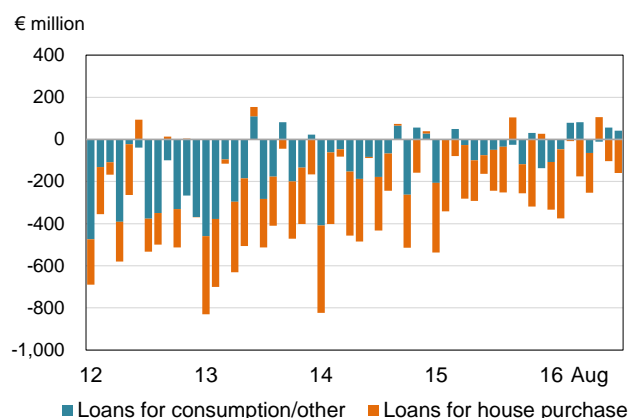
- **Loans to households adjusted for loans sales and securitisations** declined by 3.1 per cent in August compared with the same period in 2015.¹
- **Mortgage loans**, which account for 83 per cent of on-balance sheet household loans, decreased by €159 million in August 2016 (Chart 1).
- In year-on-year terms, mortgage loans declined by 1.9 per cent, with households repaying €1.4 billion more than was advanced in new loans.
- Non-housing loans increased by €41 million in August. Growth in credit card spending during the month was predominantly driven by education expenditure. In annual terms, non-housing loans for consumer and other purposes declined by 1.4 per cent.
- **Deposits from households** declined by €519 million in August, this reverses the net increase in household deposits recorded in the previous month. In annual terms, household deposits increased by €2.3 billion or 2.4 per cent in August (Chart 2).

- **Irish households continued to be net funders of the Irish banking system** for the fourteenth consecutive month. Banks now hold €7 billion more household deposits than loans. By contrast, in early-2009 household loans exceeded deposits by €53.5 billion.

Developments in NFC credit and deposits

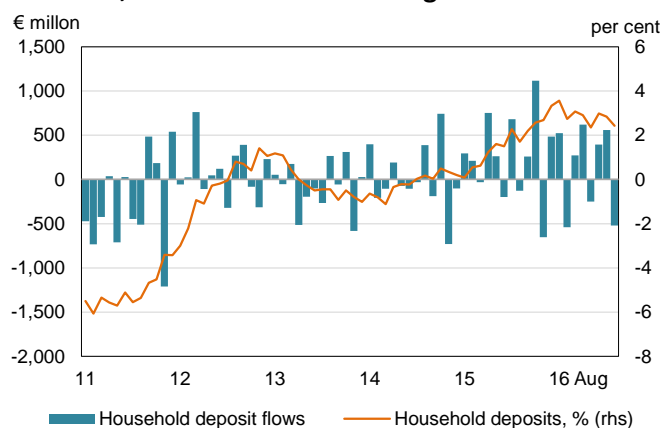
- Banks held more NFC deposits than NFC loans in August, this is the first time NFC deposits have been greater than NFC Loans since the series began in 2003.
- Lending to NFCs declined by €3.2 billion or 6.5 per cent in annual terms in August. However, this decline

Chart 1: Loans to Households; developments in net flows



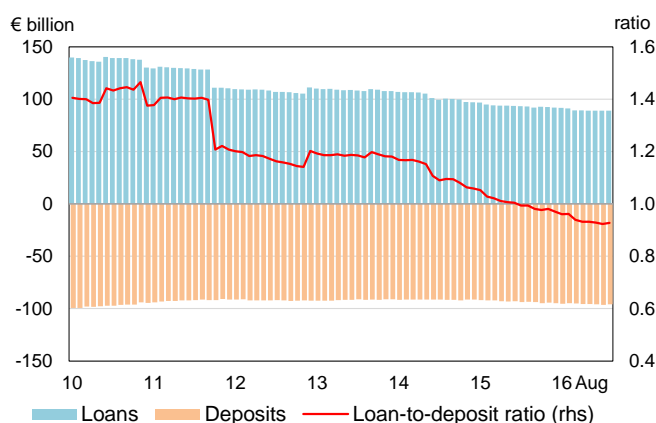
Source: Money and Banking [Table A.1](#)

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.

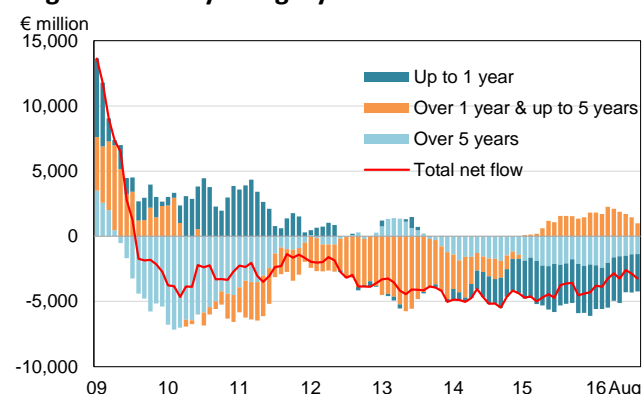
masks divergent trends between short and medium-term maturities.

- Medium-term net lending to NFCs grew by 7.9 per cent year-on-year in August, with drawdowns exceeding repayments by €991 million. In contrast short-term net lending declined by €2.8 billion over the past 12 months.
- **NFC deposits** increased by €1.1 billion in August (Chart 5). This increase was mostly attributable to the overnight deposit category which reported an increase of €1.4 billion; this was partially offset by a decline in deposits with agreed maturity of up to two years. In the twelve months to August, NFC deposit flows grew by 5.9 per cent, reflecting strong corporate inflows into the Irish banking system.

Developments in other counterparty sectors

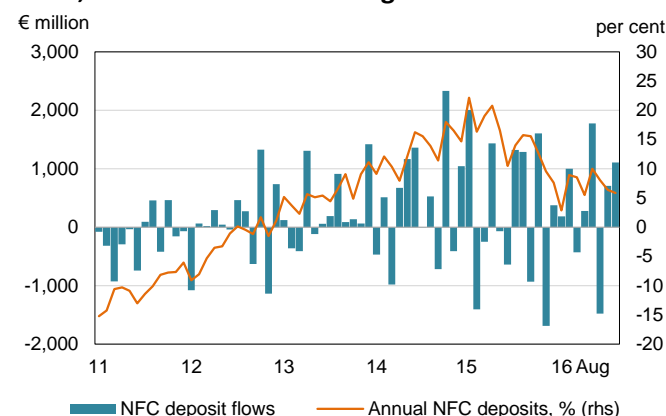
- **Lending to the Irish private sector** has been the main driver of net lending to Irish residents since early 2014 and accounted for 76 per cent of banks' loan books in August (Chart 6). In annual terms, outstanding loans to the Irish private sector declined by 4.6 per cent.
- Credit institutions' holdings of Irish issued **debt and equity securities** decreased by €141 million in August.
- **Irish banks' borrowings from the Central Bank** as part of Eurosystem monetary policy operations increased by €200 million in August; this reversed decline in the previous four months. The outstanding stock of Central Bank borrowings was €7 billion, with the domestic market banks accounting for 94 per cent.

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



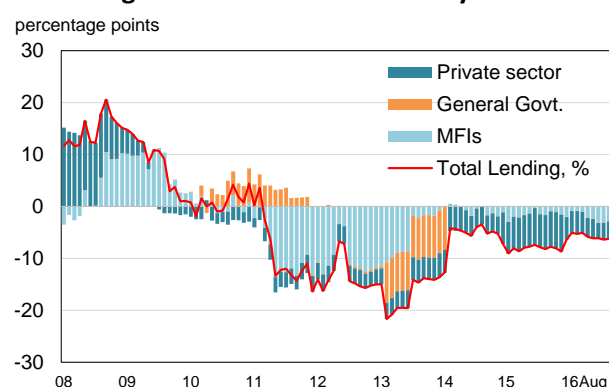
Source: Money and Banking [Table A.5](#)

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.