

Deposit trends at Irish Covered Banks

April 2013 data set

May 2013

Consolidated Deposits at Covered Banks

April 2013 data

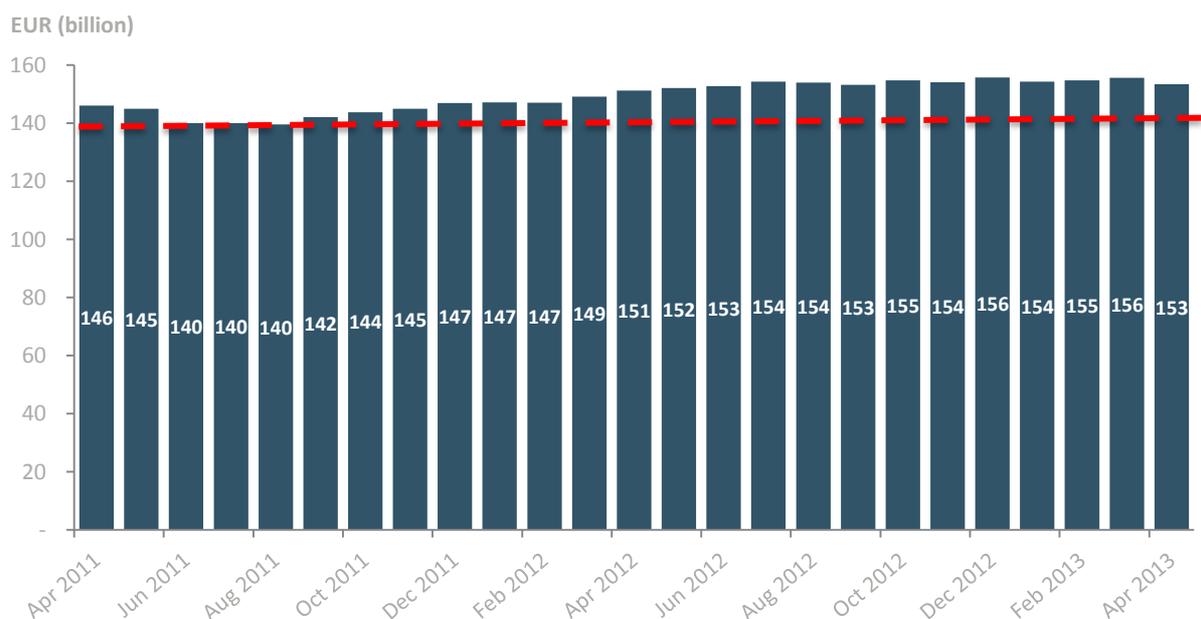
Deposits Remain Stable in April 2013 at €153.4bn

Excluding a significant once-off reclassification of a life assurance company deposit within a Covered Bank (€1.2bn), headline deposits in the Covered Banks decreased marginally by c.-€1.2bn (-0.8%) month on month in April. An analysis of the impact of the reclassification and FX movements is set out in Table A below. On a constant currency basis underlying deposits at €153.4bn were c.-€2.4bn lower month on month in April however, this includes the once-off reclassification of a life assurance company deposit (-€1.2bn).

The cumulative growth for the last 12 months (i.e. Apr 2012 versus Apr 2013) remains positive with headline deposits up c.€2.2bn (1.5%) year on year (or €3.4bn, ignoring the impact of the reclassification) with the pace of year on year growth continuing to moderate. The moderation in the rate of growth of deposit volumes is not unexpected when account is taken of the deposit gathering initiatives by the Covered Banks in 2012, together with the substantial completion of their deleveraging programmes. These factors have resulted in a lower balance sheet funding requirement among the covered banks, which is supported by the return of the Covered Banks to market issuance.

As anticipated, we continue to observe an insignificant impact on deposit volumes in the Covered Banks as a result of the ending of the ELG Scheme for new liabilities on the 28th of March 2013.

Figure 1. Customer deposits at Covered Banks (consolidated figures) *



Source: Central Bank of Ireland, DoF

*Excludes NTMA deposits held prior to re-capitalisation, AIB's Polish operations. From January 2012 the figures also include the acquisition of Northern Rock deposits by Permanent TSB.

Note: In April 2013 there was a reclassification of a life assurance company within a Covered Bank. From April 2013 the figures will exclude the life assurance balance.

A look at the monthly trend

The following table provides some further detail on the movement in deposit volumes during the month of April. As you can see there have been small movements in underlying deposit balances which are considered to be business as usual movements.

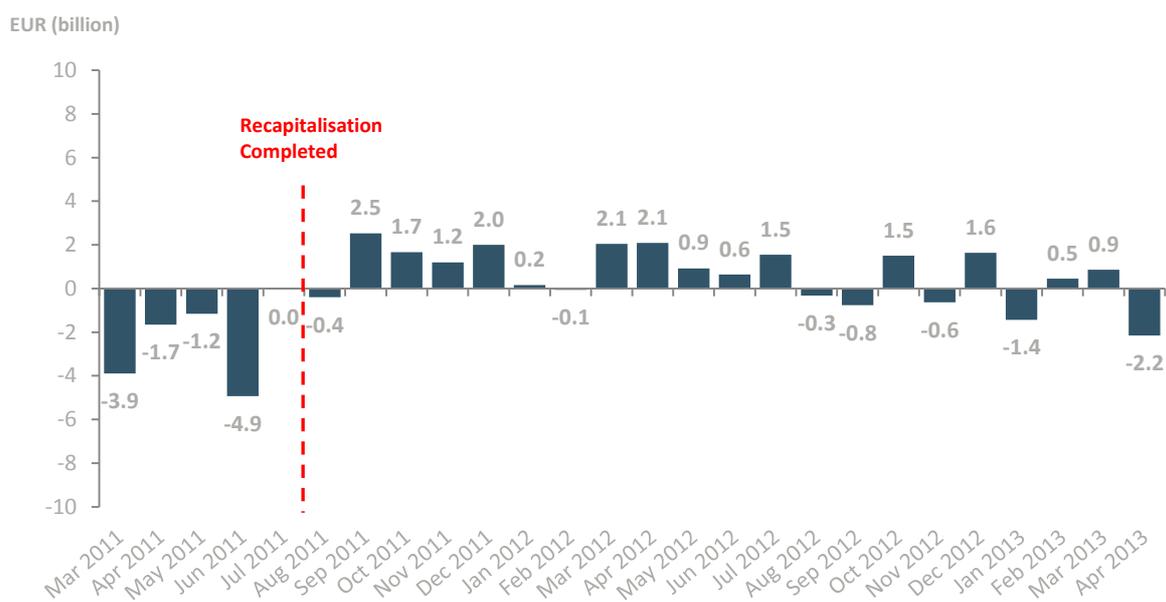
Table A : Reconciliation of movements in April deposit volumes

	€'bn	As a % of Headline April €'bn Deposit Volumes
April Deposit Volumes on a Constant Currency Basis		-2.4 -1.6%
<i>Less movements:</i>		
Reclassification	-1.2	-0.8%
Movements in Deposit Volumes other than UK	-0.6	-0.4%
Movements in UK Deposit Volumes	-0.4	-0.3%
Total Deposit Volume Movement	-2.2	-1.4%
UK FX Movement	-0.2	-0.1%
Total Movement in April 2013	-2.4	-1.6%

Table above may be impacted by rounding

As shown in Figure 2 below, deposits have increased by c.€13.5bn (c.9.6%) since the recapitalisation was completed and are up €2.2bn year on year, after taking into account the reclassification during the month.

Figure 2. Covered Bank deposit net inflows/outflows (consolidated figures)



Source: Central Bank of Ireland, DoF



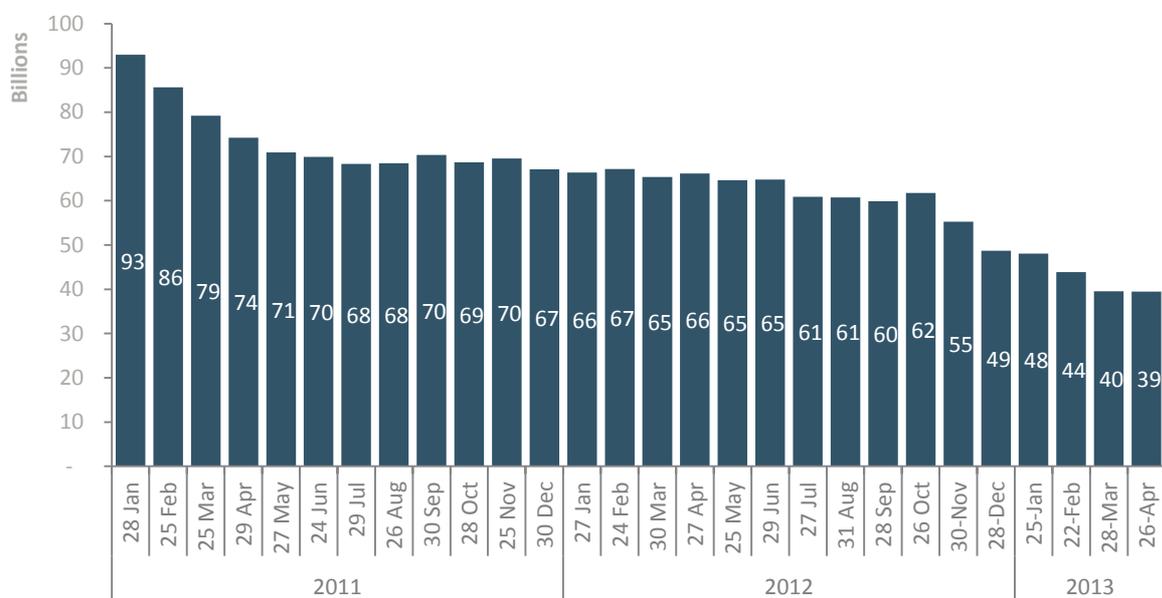
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Covered Banks usage of Eurosystem funding

Drawings from the ECB by Covered Banks declined by €0.1 billion (or -0.3%) during the month of April. ECB borrowings were flat during the month of April which reflects a reduction in the balance sheet funding requirement within the Covered Banks during the month.

Year-on-year borrowing from the ECB is down c.-€26.7bn (-40%) to stand at c.€39.45bn at end-April. The reduction in borrowing from the ECB has been achieved through managed deleveraging, deposit gathering and the return of AIB, BOI and PTSB to international funding markets.

Figure 3. Covered banks ECB funding, €bn



Source: Central Bank of Ireland, DoF

Note: These figures are rounded to the nearest € bn

Deposit volumes on a constant currency basis

As exchange rates are an important factor in understanding period to period comparisons in deposit volumes, we believe the presentation of results on a constant-currency basis in addition to reporting headline results will help improve the readers ability to understand the trends in covered bank deposit volumes. Constant-currency information compares results between periods as if exchange rates had remained constant period-over-period. We calculate constant-currency by calculating prior-period closing deposit volume using the current period-end foreign currency exchange rate.

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Please also note that the deposit volume information presented here is gathered on a geographic basis of where the business is conducted rather than the actual currency of the underlying deposit account. These figures should therefore be considered indicative only, but will give a good indication of the period to period movements adjusted for exchange rate movements.

As can be seen in the table below, on a constant currency basis deposit volumes remained stable; down c.-€2.4bn in April.

Deposit volumes on a constant currency basis

Period ended	Period end volume, at current period end rate	Movement between periods
	EUR'000	EUR'000
December 2012	154,621	
28 March 2013	155,890	1,270
26 April 2013	153,475	(2,416)
Cumulative movement, at constant currency	-	1,146

Note: These figures are rounded to the nearest € '000

Central Bank statistics are very different from those shown in the data set presented above

Please note (as we covered in our first bulletin: http://banking.finance.gov.ie/wp-content/uploads/Deposit_Note-Republished-25-April-2012.pdf) that the statistics published by the Central Bank of Ireland are compiled using a different methodology than those produced by the Covered Banks themselves.

Next publication date

20/06/2013 May Deposit note

18/07/2013 June Deposit note

22/08/2013 July Deposit note



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