

## Deposit trends at Irish Covered Banks

March 2013 data set

April 2013

## Consolidated Deposits at Covered Banks

### March 2013 data

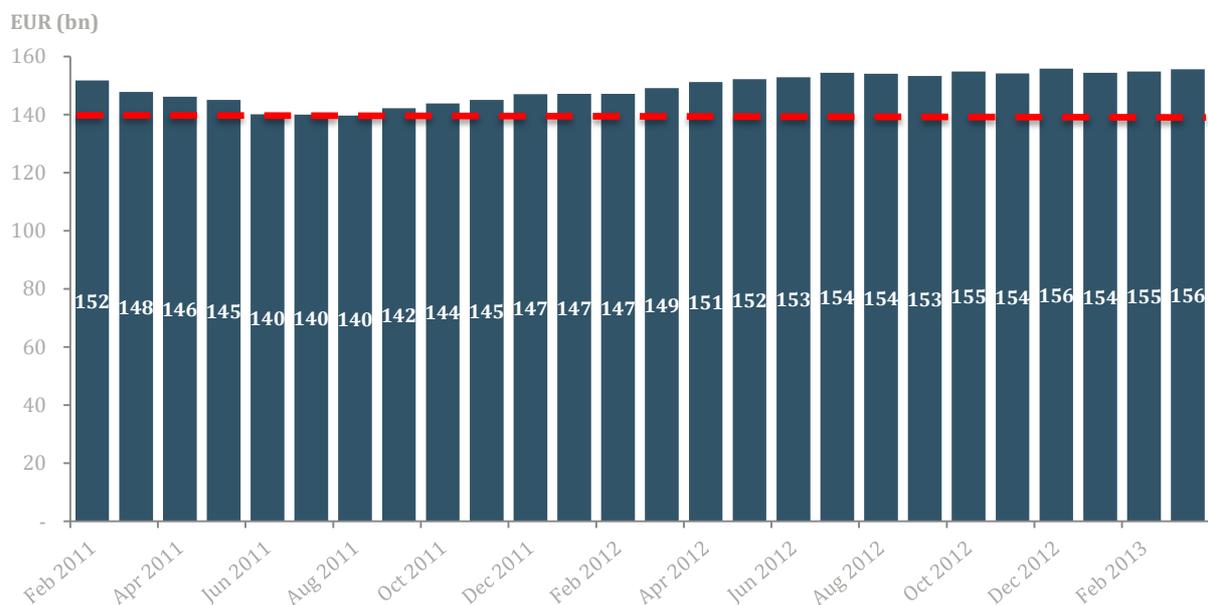
Headline deposits at covered banks remained stable in March at €155.6bn, increasing by c.€0.9bn (c.+0.6%) during the month due to strong Retail inflows. On a constant currency basis, underlying deposits were c.€1.5bn higher month on month in March, however some volume was lost in the UK, offset by the strengthening of Euro against Sterling during the month.

While headline deposits during March increased, the weakening of Sterling against the Euro since December continues to affect deposit values, of the movement in UK deposit volumes since December c.53% of the movement is attributable to unfavourable foreign exchange movements.

The cumulative growth for the last 12 months (i.e. Mar 2012 versus Mar 2013) remains positive with headline deposits up c.€6.5 bn (4.3%) year on year although the pace of year on year growth continues to moderate.

The ending of the ELG Scheme on the 28<sup>th</sup> of March has not had an impact on deposit volumes in Covered Banks.

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.

## Consolidated Deposits at Covered Banks

The increase in headline deposits during March of c.€0.9bn, was due primarily to Retail deposits.

As shown in Figure 2 below, there has been steady quarter on quarter increases recorded across the Covered Banks since Q3 2011 following the successful recapitalisation of the banking system. In fact deposits have increased by c.€15.7bn (c.11.2%) since the recapitalisation was completed and are up €6.5bn year on year.

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



Source: Central Bank of Ireland, DoF

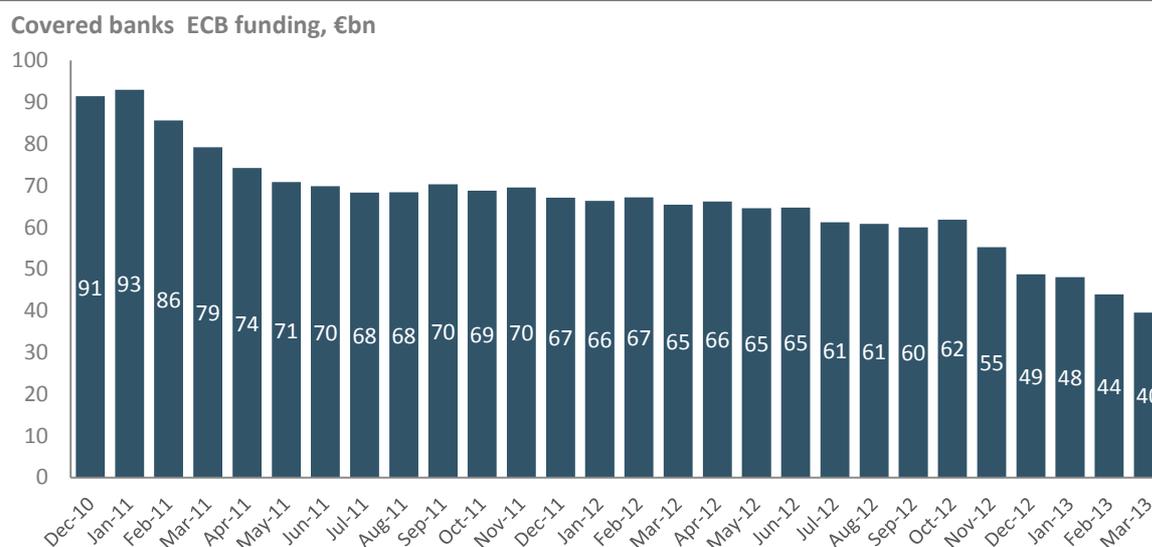
### Covered Banks usage of Eurosystem funding

Drawings from the ECB by Covered Banks declined by €4.3 billion (or 10%) during the month of March. The reduction of c.€4bn was mainly due capital market transactions undertaken by the Covered banks as well as a reduction in net funding requirements.

Year-on-year borrowing from the ECB is down c.€25.8 billion (-39%) to stand at c.€39.6 billion at end-March. The steady decline in reliance on ECB funding reflects the continued strengthening of the banking system. 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.

The continued decline in ECB borrowing, on a sustainable basis, demonstrates the stability in deposit volumes and the progress being made in restructuring the domestic banking sector.

**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.

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; up by c.€1.5bn in March.



Deposit volumes on a constant currency basis

Period ended	Period end volume, at current period end rate	Movement between periods
	EUR'000	EUR'000
28 December 2012	154,354	
01 March 2013	154,155 -	199
28 March 2013	155,632	1,477
<b>Cumulative movement, at constant currency</b>		<b>1,278</b>

## 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](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

16/05/2013 April Deposit note  
20/06/2013 May Deposit note  
18/07/2013 June Deposit note

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