

DEPOSIT TRENDS AT IRISH COVERED BANKS

November 2013 data set



December 2013



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Department of Finance

November 2013 data

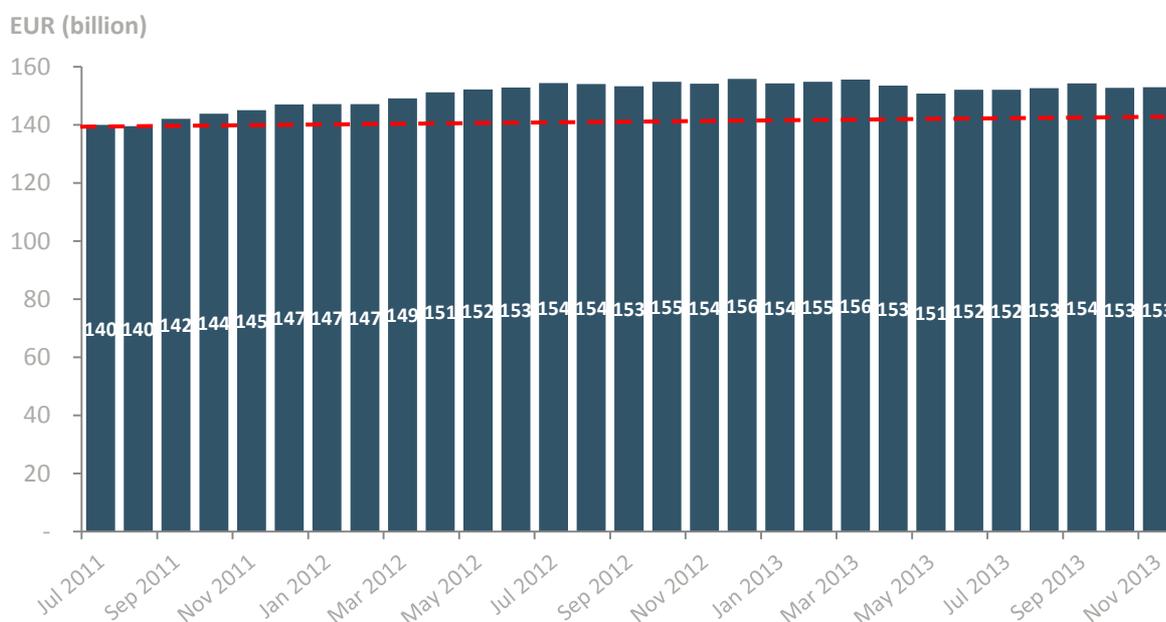
Deposit volumes remained broadly stable in November 2013 at €153 billion, with deposits increasing marginally by €0.3 billion month-on-month.

This was largely due to:

- Strong inflows from Corporate and Retail customers which were offset against non-bank financial institution outflows during the month of November.
- Sterling strengthened significantly against the Euro during November by 2.3%

Drawings from the ECB by Covered Banks continuing to decline during the month of November to stand at €29.9 billion (see our November ECB Funding Note for further detail - <http://banking.finance.gov.ie/presentations-and-latest-documents/>).

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



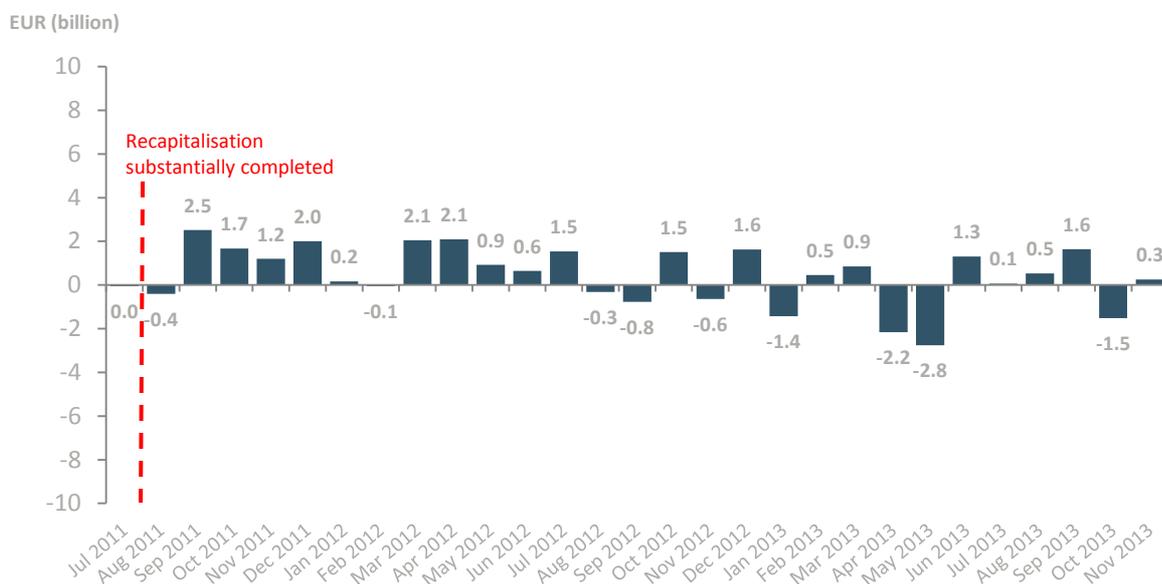
Source: Covered Banks, DoF

* excludes NTMA deposits held prior to recapitalisations, AIB's former Polish operations and includes the Northern Rock deposit book acquired by ptsb in January 2012. The figures are also adjusted for reclassification referred to in previous notes.



As shown in Figure 2 below, deposits have increased by c.€13 billion (c.9%) since the recapitalisation of banks was completed and down c.€1.1 billion year-on-year.

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



Source: Covered Banks, DoF

Month-on-month data

Headline deposits were up by €0.3 billion for the month of November, there were strong inflows from Corporate and Retail customers during the month of November which were offset against non-bank financial institution outflows.

Balances in the UK were positively impacted in November with Sterling strengthening against the Euro (+2.3% vis-à-vis October exchange rates).

As has been the pattern since the ending of the Eligible Liabilities Guarantee (ELG) Scheme for new liabilities on 28th March 2013, we continue to observe an insignificant impact on deposit volumes in the Covered Banks.

Year-to-date data

Underlying deposits, other than UK balances, are up €1.3 billion year-to-date. However, this is offset by lower deposits in the UK of €3.0 billion.

The main driver of the decrease in headline UK deposits of c.-€3.0 billion year-to-date, has been the impact of reclassifications and FX movements which combined account for the majority of the decrease since the start of the year.

Sterling strengthened during the month of November by 2.3%, however, the year-to-date position of UK deposit balances in Euro terms remains adversely affected due to the 2% depreciation of the €/Sterling exchange rate in absolute terms since December 2012 as illustrated in Table A below.



Table A : Reconciliation of movements in deposit volumes for the year-to-date

	€bn	As a % of Total €bn Movement since Dec 12
Deposit Volumes as at 28 December 2012		156
<i>Less movements since Dec 12:</i>		
Reclassification outflows	-2	
Reclassification inflows	1	
FX Movements	-1	
	<u>-1</u>	39%
Movements in Deposit Volumes other than UK	1	
Movements in UK Deposit Volumes	-3	
Total Deposit Volume Movement	<u>-2</u>	61%
		-3
Deposit Volumes as at 29 November 2013		<u>153</u>

Note: All figures rounded to nearest €bn. Figures based on estimates by DoF using official volume data and FX rates.

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 the prior-period closing deposit volume using the current period-end foreign currency exchange rate.

As can be seen in the Table B below and consistent with the discussion above, on a constant currency basis deposit volumes remained broadly stable - up €0.3 billion in November.

Table B : Deposit volumes on a constant currency basis using current period-end rate

Deposit volumes on a constant currency basis

Period ended	Period end volume, at current period end rate	Movement between periods
	€'mn	€'mn
28 December 2012	154,058	
25 October 2013	152,744 -	1,314
29 November 2013	152,996	253
Cumulative movement, at constant currency	-	1,062

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

Please also note that the deposit volume information presented here is gathered on a geographic basis (where the business is conducted rather than the actual currency of the underlying deposit accounts). 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.



Note on statistics

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 dates

23 January 2014 December data set Deposit Note

20 February 2014 January data set Deposit Note

Further information and feedback

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