

Covered Banks usage of ECB funding

March 2013 data set

April 2013



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Usage of ECB facilities by banks in Ireland (covered and non-covered)

Banks operating in Ireland (i.e. both covered and non-covered banks) continue to reduce their level of borrowing from the ECB. During March total utilisation of ECB facilities by banks in Ireland declined by €8.8 billion (c.14%) to c.€53.1 billion – it's lowest level since September 2008.

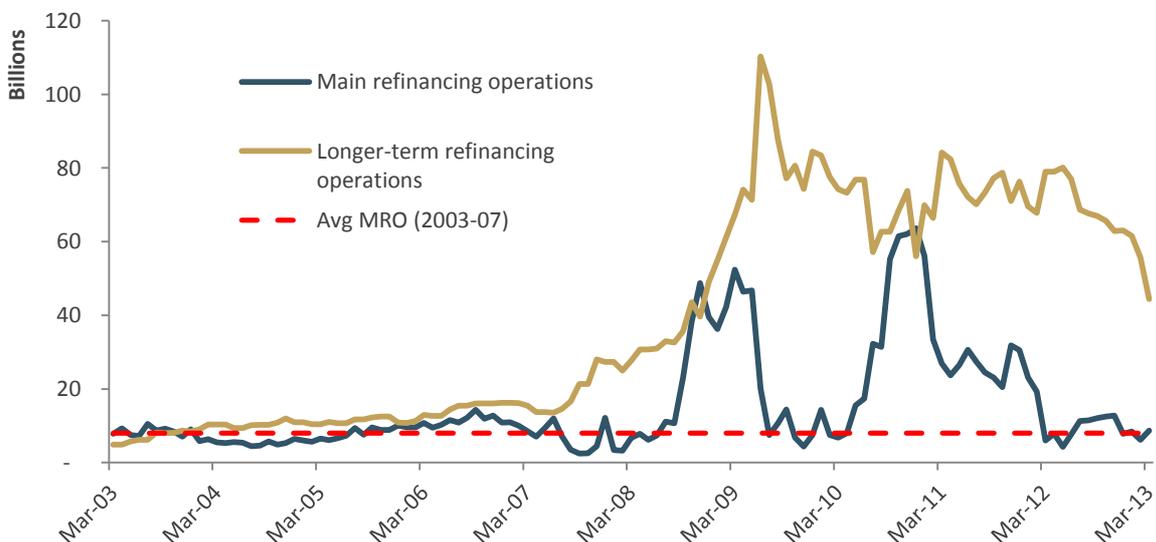
Figure 1. Usage of ECB facilities by banks in Ireland



Source: Central Bank, Department of Finance

Year-on-year, funding drawn from the ECB has reduced by €32 billion or 38%. The reduction from peak of €136.4 billion (end November 2010) is €83.4 billion or 61%. However, also important is the mix of funding obtained from the ECB, as shown in Figure 2. As can be seen, utilisation of MRO funding has returned to its 2003-07 average.

Figure 2. Split of LTRO & MRO funding utilised by banks in Ireland



Source: Central Bank, Department of Finance

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As can be seen from figure 2, the level of utilisation by banks in Ireland of the ECB main refinancing operations has returned to its pre-crisis average of c.€8 billion (i.e. average from 2003-07). As the remaining life of LTRO funding is just under 2 years, a balance is needed to ensure a sustainable reduction in usage of ECB funding.

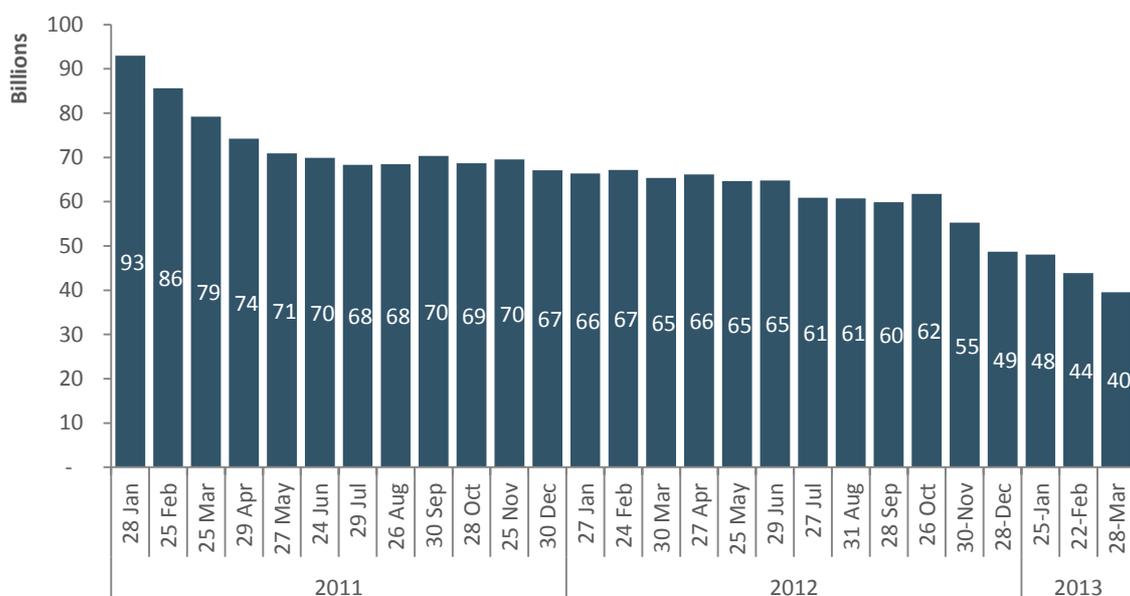
Covered Banks usage of Eurosystem funding

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 utilisation of ECB facilities, €bn



Source: Central Bank, Department of Finance

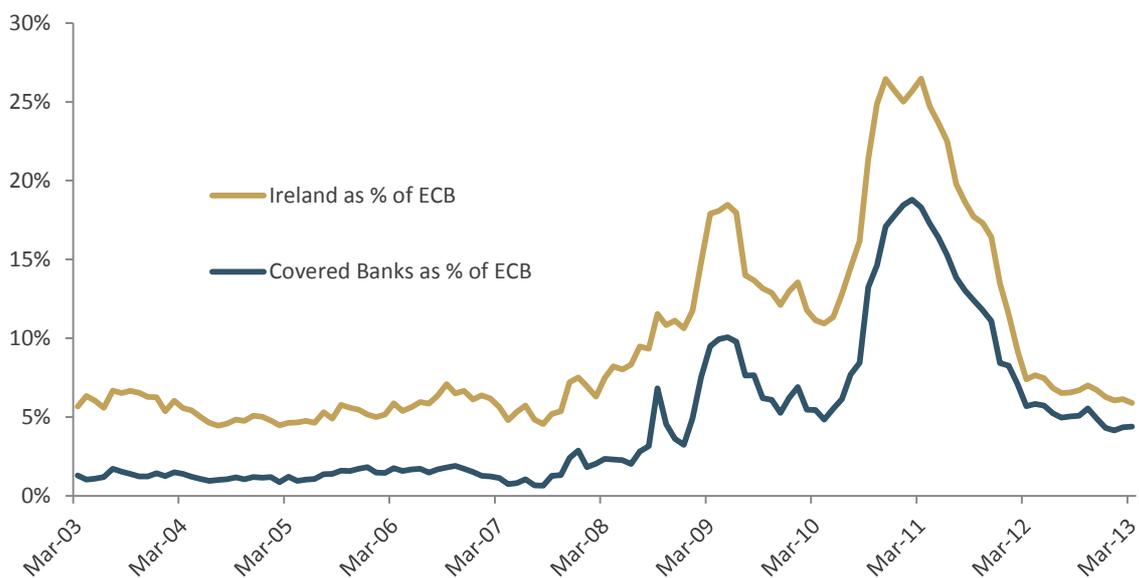
Note: These figures are rounded to the nearest € bn

Covered Banks usage of ECB funding

Share of total ECB funding

The share of total ECB funding by banks in Ireland has declined steadily from a peak in November 2010 of c.26.5% immediately after the bailout to 5.9% at end March 2013. The covered banks account for c.4.4% of total Eurosystem funding at end-March 2013, down from a peak of c.18.8%.

Figure 4. Banks in Ireland: Share of total Eurosystem funding



Source: Central Bank, Department of Finance

Next publication date

16/05/2013 April ECB Funding Note

20/06/2013 May ECB Funding Note

18/07/2013 June ECB Funding Note

Further information

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