

COVERED BANKS USAGE OF ECB FUNDING

November 2013 data set



December 2013



An Roinn Airgeadais
Department of Finance



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

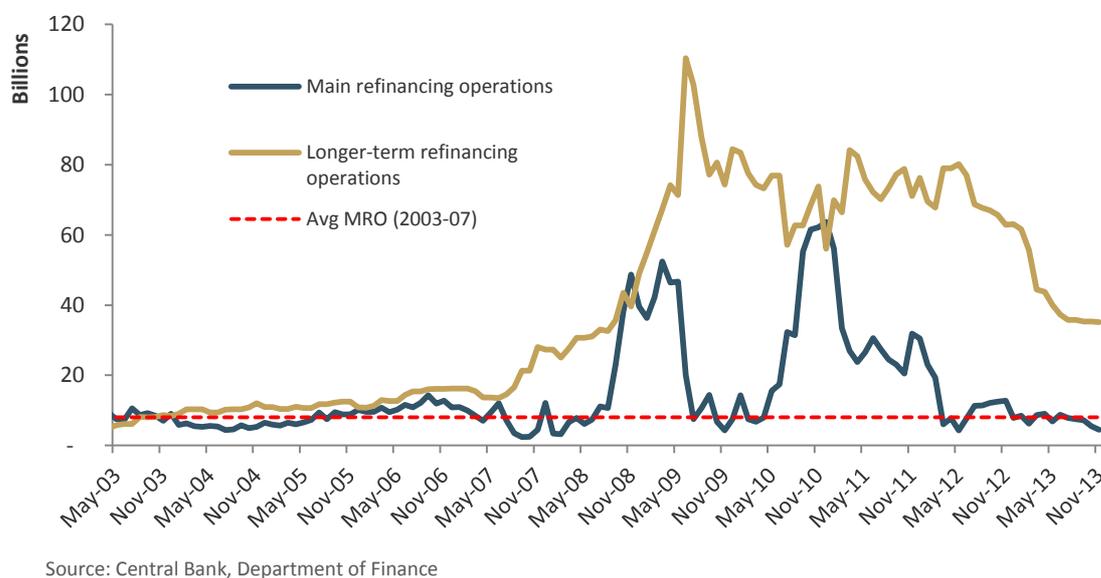
The level of borrowing from the ECB by both covered and non-covered banks continued to decline during the month of November. Total utilisation of ECB facilities by banks in Ireland (see Figures 1) declined marginally by c.€1.2 billion (c.-3%) to c.€39.7 billion – which is the lowest level since September 2008.

Figure 1. Usage of ECB facilities by banks in Ireland



The level of funding drawn from the ECB has reduced by c.€36.1 billion or c.48% on a year-on-year basis. This represents a reduction of c.€96.8 billion (c.71%) from its peak (of €136.4 billion) at end-November 2010. However, it is also important to highlight the mix of funding obtained from the ECB, as shown in Figure 2. As can be seen, utilisation of MRO funding by banks has returned to its 2003-07 average.

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





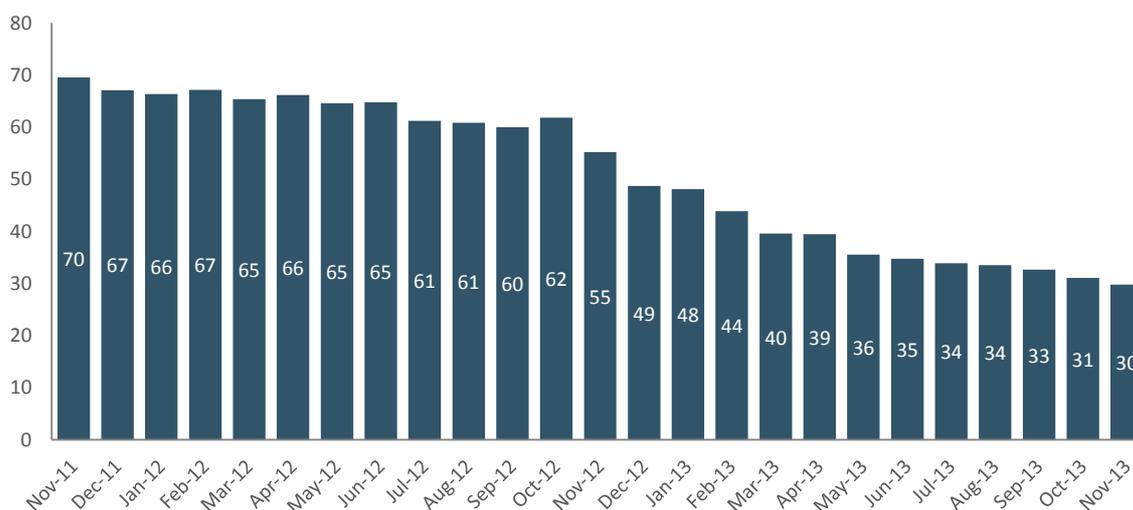
As can be seen from figure 2, the level of utilisation by banks in Ireland of the ECB main refinancing operations has normalised. Furthermore, the remaining life of LTRO funding is now under 2 years, and the funding balance is now being met by deposits. (See Deposit Note <http://banking.finance.gov.ie/presentations-and-latest-documents/>).

Covered bank usage of Eurosystem funding

Drawings from the ECB by the Covered Banks declined by c.-€1.3 billion (or -4%) during the month of November. The continued decline in ECB borrowings reflects a reduction in the balance sheet funding requirement within the Covered Banks in recent months. As access to capital markets is restored, the Covered Banks have increased access to funding from market counterparts and can reduce reliance on ECB funding.

On a year-on-year basis, borrowing from the ECB is down c.-€25.4 billion (c.-46%) to stand at c.€29.9 billion at end-November. The steady decline in reliance on ECB funding reflects the continued strengthening of the banking system and has been achieved through managed deleveraging, deposit gathering and the return of AIB, BoI and PTSB to international funding markets.

Figure 3. Covered banks utilisation of ECB facilities, €bn



Source: Central Bank, Department of Finance

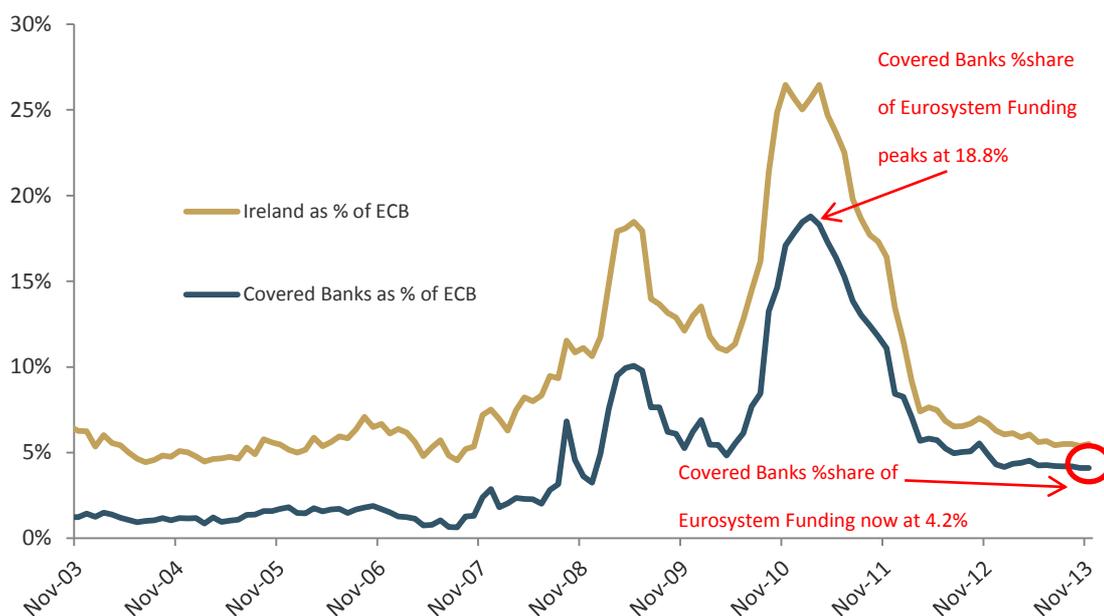
Note: These figures are rounded to the nearest € bn



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 5.5% at end-November 2013. The covered banks account for c.4.2% of total Eurosystem funding at end-November 2013, down from a peak of c.18.8%.

Figure 4. Banks in Ireland: Share of total Euro system funding



Source: Central Bank, Department of Finance



Next publication dates

23 January 2014 December data set ECB Funding Note

20 February 2014 January data set ECB Funding Note

Further information and feedback

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