

COVERED BANKS USAGE OF ECB FUNDING

September 2013 data set



October 2013



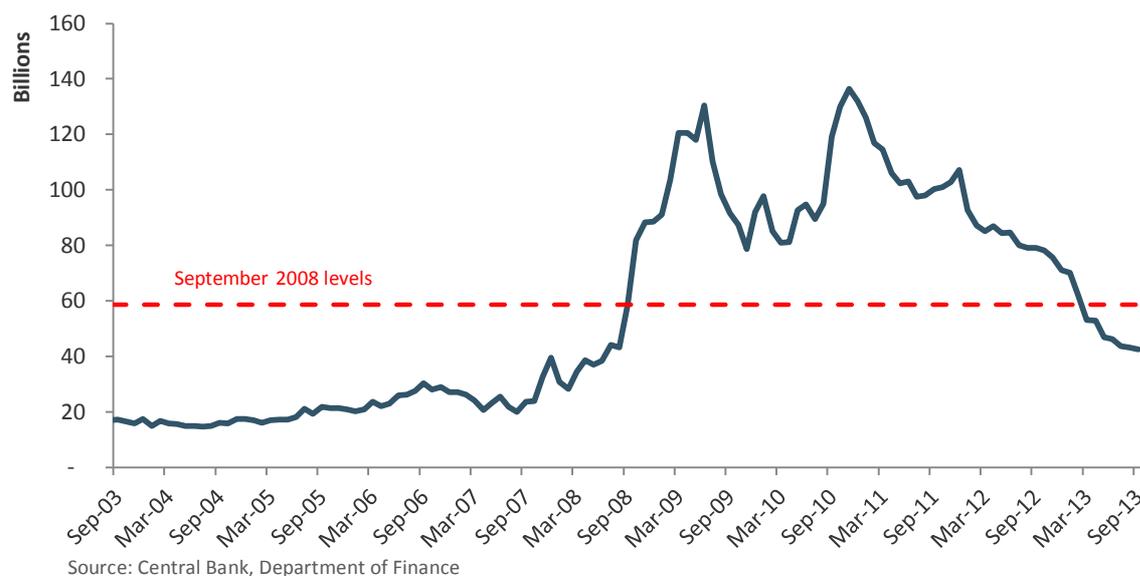
An Roinn Airgeadais
Department of Finance



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

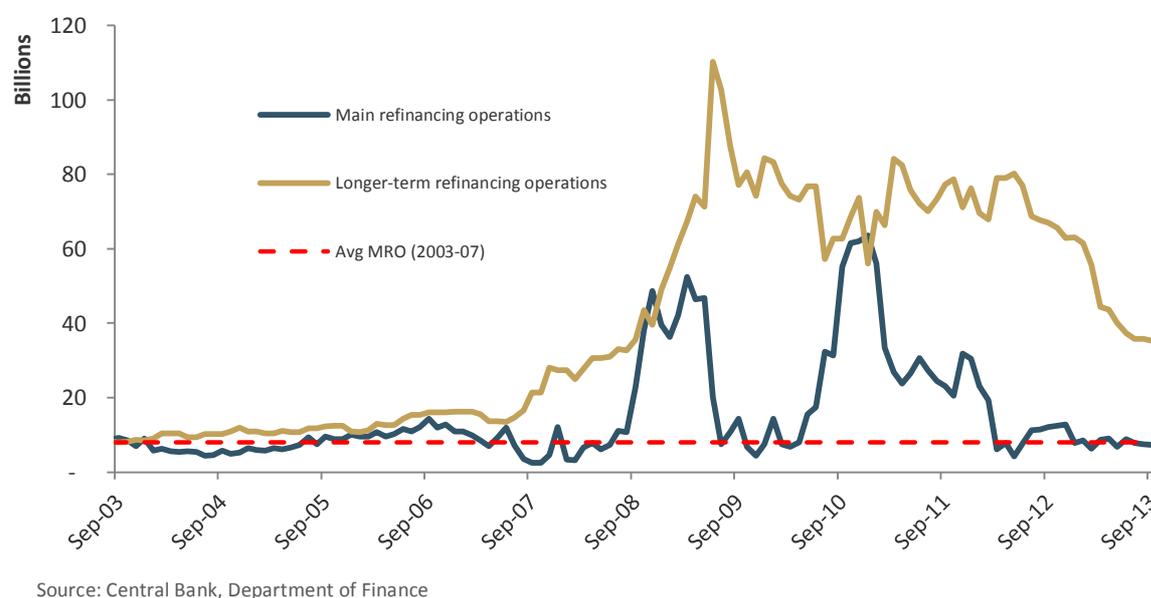
Banks operating in Ireland (i.e. both covered and non-covered banks) continue to reduce their level of borrowing from the ECB. During September total utilisation of ECB facilities by banks in Ireland declined marginally by c.€0.7 billion (c.-2%) to c.€42.6 billion – the lowest level since September 2008.

Figure 1. Usage of ECB facilities by banks in Ireland



Year-on-year, funding drawn from the ECB has reduced by c.€36.5 billion or c.46%. The reduction from peak of €136.4 billion (end November 2010) is c.€93.9 billion or c.69%. 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





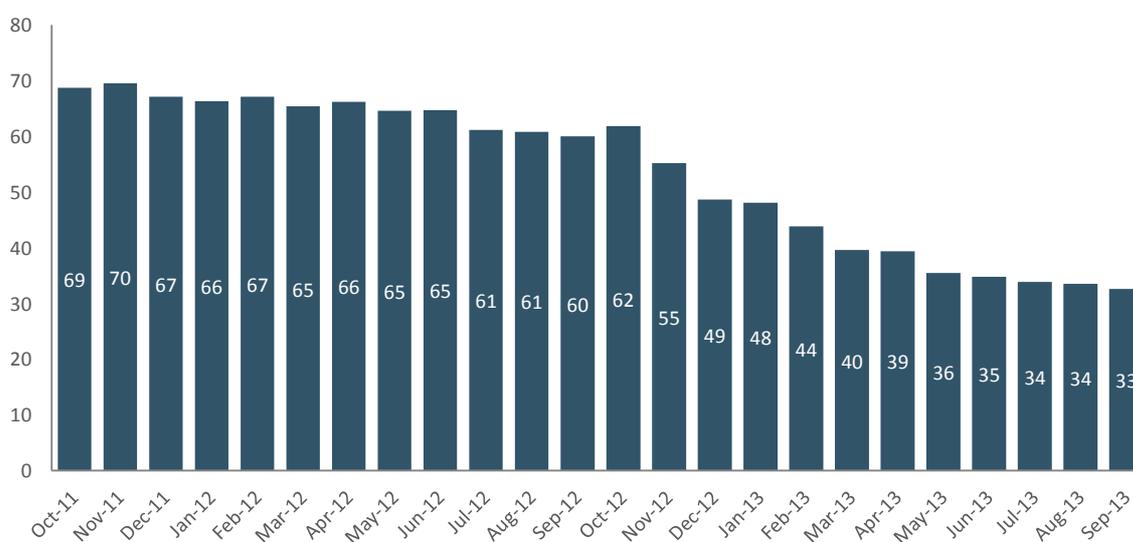
As can be seen from figure 2, the level of utilisation by banks in Ireland of the ECB main refinancing operations has normalised. As the remaining life of LTRO funding is now under 2 years, and the funding balance is being met by deposits. (See Deposit Note <http://banking.finance.gov.ie/presentations-and-latest-documents/>).

Covered bank usage of Eurosystem funding

Drawings from the ECB by the Covered Banks declined by c.-€0.8 billion (or c.-2.4%) during the month of September. The continued decline in ECB borrowings reflects a reduction in the balance sheet funding requirement within the Covered Banks in recent months. In late September Bol successfully issued a new €500 million 7 year Irish covered bond, AIB also raised €500 million through a 5-year Asset Covered Securities (ACS) bond issuance earlier in the month.

Year-on-year borrowing from the ECB is down c.-€27.2 billion (c.-45%) to stand at c.€32.68 billion at end-September. 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, Bol and PTSB to international funding markets.

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



Source: Central Bank, Department of Finance

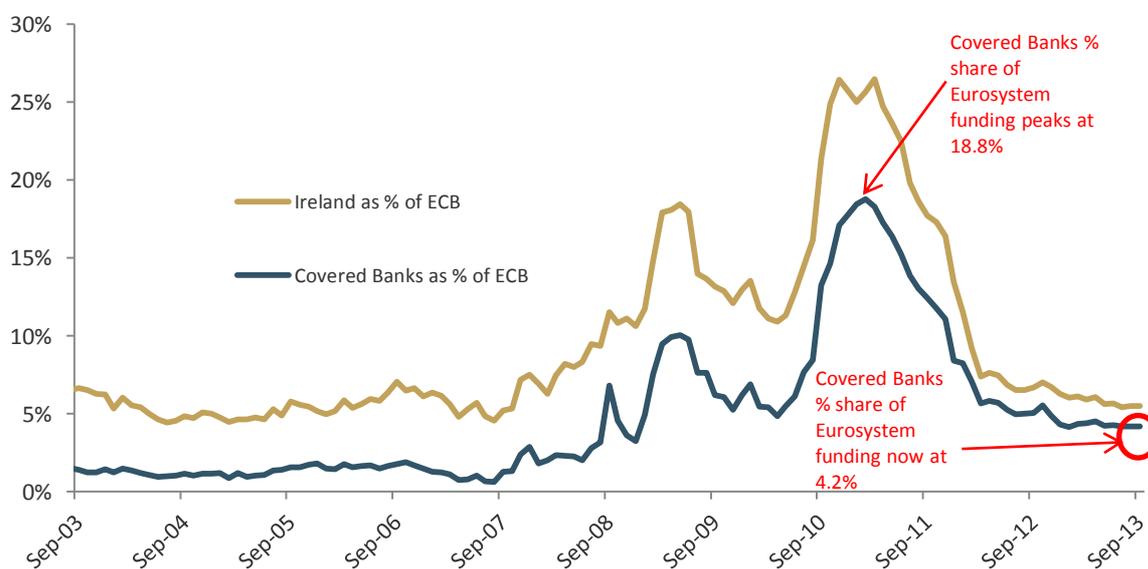
Note: These figures are rounded to the nearest € bn



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-September 2013. The covered banks account for c.4.2% of total Eurosystem funding at end-September 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

21/11/2013 October data set ECB Funding Note

19/12/2013 November data set ECB Funding Note

Further information and feedback

Department of Finance

Government Buildings

Upper Merrion Street

Dublin 2, Ireland

Tel: +353 1 676 7571

pressoffice@finance.gov.ie

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