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Press Releases

January – June 2013

Central Bank of Ireland – Press Releases January-June 2013

Money and Banking Statistics: November 2012

4 January 2013

The Central Bank of Ireland today published the November 2012 Money and Banking Statistics [1]

The related data tables are available in the statistics area of the Central Bank website.

Loans and other credit

- Loans to Irish households decreased at a rate of 3.6 per cent in the year ending November 2012, this follows a decrease of 3.7 per cent for each of the previous three months. Lending for house purchase was 1.6 per cent lower on an annual basis in November, while lending for consumption and other purposes decreased by 9.1 per cent over the same period.
- Lending to households declined by €264 million during the month of November, following a net monthly decrease of €515 million during October. This month-on-month change arises from an increase of €3 million in loans for house purchase, while loans for consumption and other purposes fell by €267 million for November.
- The monthly net flow of loans to households averaged minus €289 million in the three months ending November 2012, which is comprised of average net flows of minus €57 million in loans for house purchase, minus €195 million in loans for consumption purposes, and minus €37 million in lending for other purposes.
- Lending to Irish resident non-financial corporations (NFCs) declined by 3.9 per cent in the year ending November 2012, this follows a decrease of 4.2 per cent for each of the previous two months.
- During November 2012 loans to NFCs recorded an increase of €287 million, only the second monthly increase so far in 2012. The monthly net flow of loans to NFCs averaged minus €175 million in the three months ending November 2012, compared with an average of minus €349 million in the three-month period up to end-October 2012.
- The developments in outstanding loans to NFCs during November 2012 were driven mainly by an increase of €167 million in longer-term loans with an original maturity over five years; this compares to a decrease of €404 million during October 2012. Short-term loans with an original maturity of up to one year, which include the use of overdraft facilities, increased by €133 million during November, while medium-term NFC loans, with a maturity between one and five years, declined by €131 million.

- On an annual basis, NFC loans with an original maturity over five years remained constant over the year to November 2012. Short-term loans to NFCs declined by 0.8 per cent in the year ending November 2012, while medium-term loans declined by 12.1 per cent over the same period.
- Credit institutions' holdings of debt and equity securities issued by the Irish private sector declined by €192 million during the month of November 2012, with an annual rate of change of minus 5.5 per cent. This follows a decline of 5.2 per cent for the year ending October 2012. Developments in holdings of private-sector securities continue to be dominated by holdings of debt securities issued by Other Financial Intermediaries (OFIs), primarily asset-backed securities issued by special purpose vehicles (SPVs).

Deposits and other funding

- Irish resident private-sector deposits rose at an annual rate of 2.2 per cent in November 2012, this follows a 2.4 per cent increase in the year ending October 2012. Deposits from households were 1.4 per cent higher on an annual basis at end-November, while deposits from Insurance Corporations and Pension Funds (ICPFs) and OFIs increased by 6.8 per cent. Deposits from NFCs fell by 1.5 per cent over the same period.
- There was a month-on-month decrease of €1,603 million in Irish resident private-sector deposits during November 2012. This was driven by decreases across three of the four depositor sectors. Deposits from OFIs decreased by €235 million, NFC deposits fell by €1,137 million and deposits from Irish resident households decreased by €314 million during the month. However, deposits from ICPFs increased by €82 million over the month of November.
- Private-sector overnight deposits decreased by €522 million during November 2012, largely reflecting developments in the NFC sector where overnight deposits fell by €467 million. Overnight deposits from OFIs and households also declined during November, by €267 million and €4 million, respectively. Meanwhile overnight deposits from ICPFs rose during the month by €216 million.
- Deposits with agreed maturity up to two years fell by €989 million in November 2012, mainly reflecting a decrease of €660 million in the NFC sector and €234 million in the ICPF sector. Household and OFI deposits in this category showed more moderate decreases of €56 million and €39 million, respectively.
- Deposits of over two year agreed maturity rose by €87 million during November. Meanwhile deposits redeemable at notice up to three months also declined over the month (€171 million). These overall developments across the deposit categories are somewhat different to what occurred earlier in the year, particularly for households and NFCs. In most recent months the shift into more liquid deposit categories

would suggest the need to support consumption and spending decisions. Earlier in the year, transactions across the deposit categories were more influenced by the relative pricing of deposit products.

- Private-sector deposits from non-residents declined by €1.7 billion during November 2012. Other euro area private-sector deposits rose by €80.9 million, while private-sector deposits from non-euro area residents fell by €1.8 billion over the month. Total non-resident private-sector deposits had fallen by 6.8 per cent on an annual basis at end-November 2012, with deposits from other euro area private-sector entities being 10.6 per cent lower, and those from the non-euro area private sector being 4.2 per cent lower.
- Credit institutions' borrowings from the Central Bank as part of Eurosystem monetary policy operations fell by €6.4 billion in November 2012. The outstanding stock of these borrowings from the Eurosystem by Irish resident credit institutions amounted to €78 billion at end-November. Domestic market credit institutions[2] accounted for €65.7 billion of this total outstanding stock.
- A number of credit institutions have issued debt under the Eligible Liabilities Guarantee scheme and have retained the bonds concerned for their own use. For methodological reasons these are not included in the Money and Banking Statistics tables. At end-November 2012, the outstanding amount of these bonds was €3 billion.

[1] Money and Banking statistics are compiled in respect of business written out of all within-the-State offices of both credit institutions authorised to carry on banking business in the State under Irish legislation and credit institutions authorised in other Member States of the EU operating in Ireland on a branch basis. Credit institutions authorised in other EU Member States operating in Ireland on a cross-border basis, i.e. with no physical presence in the State, are not included in the statistics.

[2] Domestic market credit institutions are those who have a significant level of retail business with Irish households and NFCs, and would exclude the more internationally focused banks in the IFSC.

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Statement - Peter Oakes

8 January 2013

The Central Bank of Ireland announced today that Peter Oakes is stepping down from the post of Director of Enforcement. Peter has decided after two years of setting up the new enforcement function at the Central Bank that he wishes to take the opportunity to pursue other interests.

Peter Oakes said: 'I joined the Central Bank in October 2010 as part of the senior management team to deliver the transformational change agenda in the aftermath of the financial crisis and in particular to lead the build of the new Enforcement Directorate and its delivery of the Bank's credible threat of enforcement. I am very satisfied with the achievements of the directorate and the bank during my time here. The work has been complex and challenging but also rewarding. We have pursued cases in new and novel areas and our work on a number of matters has been ground breaking. I believe that we have taken important steps to demonstrate that the Bank will pursue a range of enforcement actions to make good on its statutory obligations and its high level goals, helping ensure its reputation as a credible regulator and enforcer. I am very grateful for the dedication and efforts of the enforcement professionals which have underpinned, and will continue to underpin, our successful enforcement platform. Having had the privilege of working for the Bank over the past number of years, I believe the time is right for me to pursue other interests knowing that our enforcement strategy shall continue successfully.'

Deputy Governor, Matthew Elderfield, said: 'I'm very grateful to Peter for the work he has done in developing our enforcement function so that it delivers a strong deterrent and supports our new regulatory approach. My thanks for his strong contribution to enforcement and senior management roles and I wish him well in his future endeavours.'

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Retail Interest Rate Statistics: November 2012

11 January 2013

The Retail Interest Rate Statistics[1] cover lending to, and deposits from, households and non-financial corporations (NFCs) in the euro area by credit institutions resident in Ireland. Interest rates and business volumes refer to euro-denominated loans and deposits only. Irish residents accounted for approximately 99 per cent of outstanding household loan & deposit activity and 88 per cent of outstanding NFC loan & deposit activity at end-December 2011.

Interest rates on outstanding amounts cover all loans and deposits outstanding on the last working day of the month. Interest rates on new business volumes cover all new loan and deposit business agreed during the month[2]. For retail interest rate statistics purposes, new business is defined as any new agreement between the customer and the credit institution.[3]

Households

Loans to Households

- Interest rates on outstanding loans to households for house purchase were 2.99 per cent at end-November 2012, representing a fall of eight basis points since the beginning of the year. The corresponding interest rate reported by all credit institutions resident in the euro area declined to 3.59 per cent at end-November 2012, representing a two basis point decline since end-October and a decline of 30 basis points since the beginning of the year.
- The weighted average interest rate on outstanding mortgage loans with an original maturity of over five years (which accounted for 99 per cent of outstanding mortgage loans) stood at 2.99 per cent at end-November 2012, representing a fall of only seven basis points since the beginning of the year. The corresponding interest rate for the euro area stood at 3.60 per cent at end-November 2012, having fallen by some 29 basis points since the beginning of the year.
- In comparison to the euro area, the average interest rates on outstanding mortgages in Ireland have more closely reflected movements in the ECB's main refinancing rate (MRO) over the last number of years (Chart 1). This relationship is principally derived from the higher proportion of "tracker" and variable rate mortgage products in the domestic market. However, over the last three months there has been a 15 basis point increase from 2.84 per cent to 2.99 per cent in the Irish rates. Over the same period the corresponding main refinancing rate has remained unchanged.

- Interest rates on outstanding loans to households for consumption and other purposes increased by three basis points at end-November 2012, to stand at 5.64 per cent. This represented a fall of 66 basis points since the beginning of the year. The interest rate on short-term loans for consumption and other purposes with an agreed maturity up to one year[4] remained broadly unchanged at end-November 2012. The corresponding short-term rate reported by all credit institutions in the euro area was significantly lower at 7.60 per cent at end-November 2012. In terms of longer-term loans, the weighted average interest rate reported by Irish resident credit institutions on loans with an original maturity over five years was 3.99 per cent at end-November, falling by 42 basis points since the beginning of the year. In the euro area, the equivalent long-term interest rate reported by all credit institutions stood at 4.97 per cent at end-November 2012.
- In relation to new business, the weighted average interest rate on loans for house purchase with either a floating rate or initial rate fixation of up to one year was 3.35 per cent at end-November 2012, rising by 12 basis points compared with the previous month. In the euro area, the corresponding interest rate on loans for house purchase with either a floating rate or an initial fixation period of up to one year was 2.87 per cent at end-November. In the domestic market, loans in this instrument category accounted for 78 per cent of new mortgage business at end-November 2012. In contrast, loans in the same instrument category accounted for just 31 per cent of new mortgage business in the euro area.
- The weighted average interest rate on new loan agreements to households for non-housing purposes decreased from 7.06 per cent in October 2012 to 5.88 at end-November 2012. New business volumes in this instrument category have been quite low, averaging approximately €200 million per month over the year ending November 2012. As a result, the corresponding interest rate series has been volatile.

Deposits from Households

- Interest rates on total outstanding household term deposits declined from 3.29 per cent at end-October 2012 to stand at 3.24 per cent at end-November 2012. The weighted average interest rate on household deposits with an agreed maturity of up to two years decreased by six basis points to 3.35 per cent at end-November 2012. In terms of longer-term interest rates, deposits with an agreed maturity over two years have remained broadly unchanged over the last number of months, falling by just six basis points to 2.42 per cent at end-November 2012.
- Interest rates applicable to household term deposits increased significantly during 2011 and the first half of 2012, peaking in April 2012 at 3.53 per cent. However, during more recent months this trend has been reversed. Total term deposit rates reported by Irish resident credit

institutions declined for the seventh consecutive month to stand at 3.24 per cent at end-November 2012.

- In relation to shorter-term deposits, which are redeemable at notice, interest rates have continued to decline over the last number of months[5]. However, rates remained unchanged at end-November 2012, standing at 1.51 per cent, representing a decline of 82 basis points since the beginning of the year. Deposit volumes suggest that, to some extent, households are moving out of short-term products, which are redeemable at notice, and into longer-term deposits with agreed maturity.
- In terms of new deposit business, interest rates on household term deposits declined to 1.28 per cent at end-November 2012, compared with 1.35 per cent at end-October 2012.

Non-Financial Corporations (NFCs)

Loans to NFCs

- Interest rates on outstanding loans to NFCs issued by Irish resident credit institutions declined for the thirteenth consecutive month at end-November 2012. The weighted average interest rate on all outstanding NFC loans was 2.96 per cent at end-November, compared with 2.98 per cent at end-October 2012. The equivalent euro area weighted average interest rate was 3.37 per cent at end-November 2012.
- Loans with an original maturity of over five years accounted for 48 per cent of all outstanding loans issued to NFCs by Irish resident credit institutions as of end-November 2012. The weighted average interest rate on these longer-term loans was 2.97 per cent, representing a minimal increase of just one basis point over the month. Interest rates applicable to both short- and medium-term loans[6] were 3.16 per cent and 2.73 per cent respectively at end-November, both showing slight decreases from the previous month of three and six basis points respectively.
- The weighted average interest rate on new loan agreements to NFCs up to €1 million[7] stood at 4.84 per cent at end-November 2012, representing an increase of 62 basis points compared with October 2012, bringing current rates above the twelve-month average of 4.64 per cent. The corresponding interest rate reported by all euro area credit institutions in November was substantially lower at 3.88 per cent. Increased month-on-month volatility in this interest rate series is principally derived from particularly low volumes in the respective instrument categories, as relatively few contracts can cause sizable movements within the overall series.
- In terms of new business NFC loans above €1 million, Irish resident credit institutions reported an increase of 18 basis points at end-November 2012, bringing the average rate to 2.78 per cent. This

represents the first increase in this rate in six months. The equivalent euro zone interest rate decreased slightly, by two basis points, over the same period to stand at 2.26 per cent.

Deposits from NFCs

The weighted average interest rate on outstanding NFC term deposits remained unchanged at 2.53 per cent, compared with the twelve-month average of 2.91 per cent. Deposits with agreed maturity up to two years, which accounted for 96 per cent of NFC term deposits, remained unchanged at 2.57 per cent at end-November 2012. The equivalent rate at euro area level was 1.79 per cent at end-November.

In relation to new deposit business, the weighted average interest rate on new NFC term deposits was 0.83 per cent at end-November 2012, representing a decrease of 25 basis points since October 2012. During the same period, the equivalent weighted average euro area interest rate decreased marginally by two basis points to 1.09 per cent.

[1] Recent data are often provisional and may be subject to revision.

[2] New business volumes have been exceptionally low in various instrument categories during the last number of months. Low volumes of this nature can result in increased volatility within the interest rate series.

[3] This agreement covers all financial contracts that specify, for the first time, the interest rate of the deposit or loan, including any re-negotiation of existing deposits and loans. Automatic renewals of existing contracts, which occur without any involvement by the customer, are not included in new business.

[4] Short-term loans for consumption and other purposes with an agreed maturity of up to one year include both overdrafts and credit card debt.

[5] For the purpose of these statistics, deposits redeemable at notice cover both the household and NFC sectors. At end-December 2011, households accounted for 88 per cent of outstanding deposits redeemable at notice.

[6] Short-term loans are those with an original maturity up to one year. Medium-term loans have an original maturity of between one and five years.

[7] The weighted average interest rate on new loans to NFCs, up to €1 million, is often taken as a reasonably accurate proxy for the prevailing rate applicable to SME lending.

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Statistics on Securities Issues of Irish Financial and Non-Financial Firms: November 2012

14 January 2013

At end-November 2012, the outstanding amount of debt securities issued by Irish financial and non-financial firms, and the Government was €1.01 trillion (or a reduction of approximately 1 per cent since November 2011). This contrasts with a year-on-year increase of more than 2 per cent across the euro area (from €16,440 billion to €16,827 billion).

Market-based debt financing for the banking sector contracted during November with net redemptions of approximately €4.2 billion. The outstanding amount of debt securities for this sector saw a year-on-year fall of 27 per cent to €84.6 billion with 38 per cent (or €32.5 billion) of this amount falling due within the next 12 months.

The outstanding amount of long-term Government debt stood at €88.4 billion; this represents a year-on-year increase of 4 per cent. At end-November 2012, Irish resident investors accounted for 28 per cent of long-term Irish Government bonds compared with 21 per cent in November 2011.

Equity shares had an outstanding value of €197.2 billion at end-November. This includes quoted shares issued by Irish residents (€196.7 billion) which saw a year-on-year net increase of 21 per cent (driven primarily by increases in the non-financial corporate sector). The value of the stock of quoted shares in the euro area recorded an annual increase of approximately 14 per cent in the year to November (from €3,875 billion to €4,407 billion).

Government Debt Issuance:

Long-term Government debt remained broadly unchanged in November 2012[1] at €88.4 billion. This represented a year-on-year increase of approximately 4 per cent when compared with November 2011 (€85.4 billion). Almost €16.9 billion (or 19 per cent) of the euro-denominated long-term debt will fall due over the next 3 years (see Table 1). More than €10 billion (or 60 per cent) of this latter figure is payable to non-resident investors.

The NTMA auctioned €500 million of Treasury Bills during November 2012[2] at an annualised yield of 0.55 per cent (or slightly lower than the rate pertaining in October 2012). The NTMA received auction bids totalling more than €2 billion (or more than four-times over-subscribed).

Holdings of Government Bonds:

At end-November 2012, Irish resident investors accounted for 28 per cent of long-term Irish Government bonds compared with 21 per cent in November 2011. The Irish banking sector accounted for a significant portion of this increase due to banks' demand for Government bonds to use as collateral for monetary policy operations. This sector accounted for 25 per cent of all holdings at end- November 2012 (or €21.7 billion), compared with 17 per cent at end-November 2011.

Approximately 51 per cent of all resident holdings will mature within the next 5 years (compared with 44 per cent in October 2012). This change reflects the maturity profile[3] of the Treasury Bond 2017. Furthermore, some 41 per cent (or €26.2 billion) of those long-term bonds held by non-resident investors will mature between 2020 and 2025 (see Figure 2).

Approximately €5.6 billion in long-term Government bonds will fall due in 2013 with almost 70 per cent of this amount repayable to non-resident investors.

Banking Sector:

Market-based debt financing for the banking sector contracted during November with net redemptions of approximately €4.2 billion. Over the same period, Bank of Ireland continued its preparations in advance of the expiry of the ELG as it became the first of the Irish-owned banks to re-enter the international bond market. The bank raised €1 billion with a three-year covered bond offering at an interest rate of 3.2 per cent.

The outstanding amount of debt securities for this sector saw a year-on-year fall of 27 per cent to €84.6 billion with short-term debt contracting by 36 per cent. Approximately €32.5 billion (or 38 per cent) of the total debt securities issued by the banking sector will fall due within the next 12 months. Over the past 12 months, the total outstanding amount of debt securities for the euro area increased by just over 1 per cent.

The outstanding amount of the banking sector's equity securities increased by approximately €600 million (or 4 per cent) in November 2012. This represents a year-on-year increase of just over 4 per cent.

Non-Financial Corporates:

The outstanding amount of debt securities issued by non-financial corporates (NFC) increased by almost €400 million (or 20 per cent) to approximately €2.4 billion at end-November 2012; this represents a 20 per cent decrease from November 2011. More than €100 million (or 5 per cent) of the total debt securities issued by the NFC sector will fall due within the next 12 months. The year-on-year increase in the outstanding debt securities for NFCs resident in the euro area was approximately 13 per cent.

In recent months, there have been a number of de-listings from exchanges in Ireland and other peripheral euro area member-states with companies such as CRH and United Drug having moved their primary listing out of Dublin. However, these de-listings do not serve to reduce the cumulative market capitalisation figures reported here as these firms are still resident in Ireland.

The equity securities outstanding for the NFC sector increased by €2.7 billion (to €168.2 billion) in November 2012. This represents an increase of 24 per cent when compared to November 2011. The annual percentage change in market capitalisation for NFCs in the euro area was approximately 12 per cent.

Notes:

- The statistics are based on Irish resident sectors issuances of securities where an ISIN[4] code is assigned, irrespective of the market of issue or listing. Non-ISIN information is also provided for monetary financial institutions.
- Debt securities are broken down according to their original maturity and coupon type. Equity securities are classified into quoted and unquoted securities excluding investment fund shares/units.
- The difference between month-on-month equity stocks reflects valuations changes transactions in addition to transactions and other adjustments, for example, reclassifications and corrections.
- The data reflect revisions arising from data quality management activities performed by the Bank, which contribute to improvements in the data.
- Euro area figures are sourced from the ECB's Euro Area Securities Issues Statistics monthly publication.
- The methodological notes guiding the compilation of these statistics can be found on the ECB's website.

[1] Refers to debt securities in all currencies (but principally includes euro-denominated debt)

[2] The settlement date for these bonds was 19th November

[3] Refers to Treasury Bond 2017 which matures on 18th October 2017

[4] An ISIN code is a unique identifier assigned to an individual security.

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Settlement Agreement between the Central Bank of Ireland and MacDonagh Boland Crotty MacRedmond Limited t/a Aon MacDonagh Boland

24 January 2013

The Central Bank of Ireland has entered into a Settlement Agreement with effect from 22 January 2013 with MacDonagh Boland Crotty MacRedmond Limited t/a Aon MacDonagh Boland (the "Firm"), a regulated financial services provider, in relation to breaches of the Handbook for Authorised Advisors (the "Handbook") and the Consumer Protection Code (2006) (the "Code").

Reprimand and fine

The Central Bank reprimanded the Firm and required it to pay a monetary penalty of €65,000.

Breaches

Three breaches were identified which occurred between the period from August 2004 to December 2011 and relate, in the main, to a failure to comply with the premium rebate and overpayment handling and systems and control requirements of the Handbook and the Code.

The breaches identified are:

1. During the period 2 September 2004 to 6 September 2011, the Firm failed to transfer premium rebates, amounting to €25,392.63, to clients within the timeframes as specified in Requirement 2.1 and 2.2, Part V of the Handbook and Provision 32, Chapter 5 of the Code.
2. During the period 1 July 2007 to 6 December 2011, the Firm deducted fees, totalling €105,577.55, from premium rebates due to consumers, without the prior written agreement of the consumer, contrary to Provision 33, Chapter 5 of the Code.
3. During the period 23 August 2004 and 6 December 2011, within the Bikecare and Taxicare products, the Firm failed to have adequate and effective systems and controls in place to ensure compliance with the Handbook and the Code, contrary to General Principle 1 c), Part 1 of the Handbook and Provision 57, Chapter 5 of the Code;

- by failing to ensure the repayment of €4,577.54 in premium overpayments made by clients;
- by failing to transfer premium rebates amounting to €25,392.63, within the timelines, as outlined in 1 above; and

- by deducting fees totalling €105,577.55 from premium rebates due to customers as outlined in 2 above.

Background to the Contraventions

The contraventions relate to the administration of premium rebates and overpayments made in respect of the Firm's Bikecare and Taxicare insurance products and to the Firm's failure to have adequate systems and controls in place to process those premium rebates and overpayments in respect of these products properly.

The Firm self-identified the issues and brought them to the attention of the Central Bank. The Firm has co-operated with the Central Bank during the course of its investigations into the matter and has repaid all affected customers with interest. In relation to the failure of the Firm to obtain the customer's prior written agreement, the Firm had previously clearly disclosed the fees to customers in its Terms of Business and other client communications.

Penalty decision factors

The penalties imposed in this case reflect the importance the Central Bank places on compliance with the systems and controls and the premium rebates and overpayment handling requirements of the Handbook and the Code, particularly where such failures result in consumer detriment.

In deciding the appropriate penalty to impose, the Central Bank has taken the following into account:

- the extended period of time over which these breaches occurred unnoticed by the Firm;
- the consumer detriment, which resulted from the improper handling of client premium rebates and overpayments as set out above;
- the Firm identified the issues, brought them to the attention of the Central Bank, took prompt corrective action to address and rectify the issues, introduced enhanced procedures and controls to prevent future incidences of this nature and has repaid all amounts due to affected customers; and
- the cooperation of the Firm during the Central Bank's investigation of the issues and in settling at an early stage in the Administrative Sanctions Procedure.

The Central Bank confirms that the matter is now closed.

The Central Bank of Ireland also issued a general comment from the Head of Enforcement, Derville Rowland:

'This case represents the fifth action taken by the Central Bank against an insurance intermediary for control failures relating to the area of premium handling. The Central Bank places importance on the correct handling of client premiums and on the need to have adequate systems and controls in place to ensure compliance with the requirements of the Code. As we have previously said, control failures of this type represent an unacceptable risk to the Central Bank, particularly where these failures result in consumer detriment. Although this case relates to breaches of the provisions of the Handbook and the 2006 Code, it provides a timely reminder to industry to ensure that their processes and procedures, systems and controls are adequate to ensure compliance with the client premium handling requirements as set out in Chapter 3 of the Consumer Protection Code (2012).

'The Central Bank views compliance with these requirements as being fundamental to consumer protection. Industry is reminded that the Enforcement Division works in close collaboration with the Consumer Protection Directorate within the Central Bank taking action where serious breaches of consumer protection requirements are discovered. This approach is in line with that set out in the Central Bank's Enforcement strategy and PRISM Risk Based Regulatory Framework. In the case of lower impact firms, where we do not have a close regulatory relationship under PRISM, our enforcement actions seek to deliver a clear message to industry as to what is, and what is not, acceptable behaviour, thus promoting better compliance which will ultimately benefit consumers.'

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Central Bank Publishes Research on Irish Non-Financial Corporations Debt Levels and Housing Equity Withdrawal Trends

28 January 2013

The Central Bank of Ireland today published the signed articles Why are Irish Non-Financial Corporations so Indebted and Housing Equity Withdrawal Trends in Ireland from the Quarterly Bulletin 1[1] for 2013.

The research found that Irish Non-Financial Corporations (NFC) are the second most indebted in Europe after Luxembourg when debt is measured as a percentage of GDP[2]. However when debt is measured as a percentage of their balance sheet size, NFCs in Ireland are relatively less indebted and fall below the eurozone average[3]. Results show that aggregate indicators can mask some underlying problems within particular NFC sub-sectors and therefore the use of a single indicator for the sector as a whole, in isolation from other data, can be misleading.

Irish NFC debt increased from 147 per cent of GDP to 204 per cent between Q3 2008 and Q2 2012 despite the economic downturn. The rising levels of Irish NFC debt reflect the large and increasing activities of multi-national corporations (MNCs) in Ireland in recent years.

While NFCs have significantly reduced borrowing from credit institutions through net loan repayments and loan write-downs, their borrowing from non-residents has increased substantially by 160 per cent between Q1 2008 and Q2 2012[4]. This latter trend largely reflects the substantial increase in MNCs in Ireland.

The research into equity withdrawals uses a unique data set to track changes in aggregate housing equity withdrawal between 1978 and 2012 and found that prior to the recent housing boom, aggregate equity injection was the norm for Irish households, mainly through the repayment of mortgage debt over time.

However, the property boom saw households move from aggregate equity injection to aggregate equity withdrawal. It is estimated that aggregate equity withdrawal reached a peak of €8 billion, or 10 per cent of disposable income, in 2006. This trend was driven by an increase in the number and value of top-up loans, an increase in the number and value of transactions during the boom and a relaxation of credit standards leading to lower deposits, longer loan terms and increased number of interest only loans.

The decline in the property market has led to a reversal of these factors with housing equity withdrawal collapsing and reducing to its lowest levels, driven mainly by the decline in the number and value of housing transactions.

[1] To be published on 29 January 2013

[2] Chart 3.1

[3] Chart 3.4

[4] Chart 4.1

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Central Bank of Ireland Quarterly Bulletin 1 2013

29 January 2013

The Central Bank of Ireland today published Quarterly Bulletin 1 2013.

Comment

While the economic outlook remains challenging, the forecast is for a continuation of the gradual recovery in the overall level of economic activity, though at a slightly slower pace than previously projected. The second half of 2012 saw a slowdown in economic activity at the broader international level and a downward revision to growth prospects in Ireland’s main trading partner countries. Weakening global demand has slowed Irish export growth and, given the on-going reliance on exports to offset domestic economic weakness, GDP growth has eased somewhat compared to 2011. Nonetheless, the outcome for 2012 is likely to be a little higher than projected at the time of the last Bulletin, reflecting both a small rise in GDP in the third quarter and the recent upward revision to growth estimates for the first-half of the year. Looking ahead, with growth in key trading partner countries projected to slow this year, weaker external demand is set to dampen Irish export growth in 2013 as compared to earlier expectations, while domestic demand is forecast to continue along its slow path towards stabilisation.

These developments suggest both a slightly stronger growth outturn last year, but a weaker outlook for this year, than previously forecast. GDP is now projected to have grown by 0.7 per cent in 2012, with GNP forecast to have expanded by 1.5 per cent, boosted by a much lower than expected increase in net factor income outflows. While GDP growth is expected to rise to 1.3 per cent in 2013, this represents a downward revision of 0.4 per cent to the previous forecast, reflecting the less favourable international outlook. Assuming a return to a more typical pattern in net factor income flows, GNP growth is projected to moderate to 0.5 per cent this year. In 2014, on the basis of consensus assumptions from the main international economic institutions projecting a recovery in external demand back to its long run trend and also supported by the projected stabilisation of domestic demand, GDP is forecast to grow by 2.5 per cent, with GNP expected to rise by 1.4 per cent. Uncertainty attaches to these projections, however, and with net exports set to remain the main engine of growth in coming years, the outcome will be particularly sensitive to developments in the external environment. Adherence to EU/IMF Programme targets remains strong and progress on the main policy challenges continues to be made. However, on some issues, more needs to be achieved. In the banking sector, the key issues revolve around the need for greater progress in addressing the problems in relation to asset quality and restoring profitability, both of which are essential if the sector is to be put back on a sustained sound footing and to be in a position to increase its lending capacity to support economic recovery. With regard to asset quality issues, of particular concern is the growing long-term nature of the mortgage arrears problem. While banks have now started to develop and roll-out some long- term mortgage modification and resolution measures, the level of implementation, through either debt restructuring or loan recovery, has been far from adequate so far. While there is a delicate balance to be struck here, it is critical that financial institutions move to deal decisively with the issue of long-term mortgage arrears. Much more needs to be done, and in a timely manner. The Central Bank will continue its intensive step-by-step engagement with the banks on this matter until we are satisfied that they have sufficient policies and procedures in place and are making sufficient quantitative progress in ensuring that the growth in arrears is stemmed and that arrears are recovered or, where necessary, restructured or resolved.

On other banking issues, progress continues to be made. With deposits at domestic banks remaining relatively stable in recent months, deleveraging progressing and banks undertaking some market issuance, the dependence on central bank funding, while still elevated, has declined somewhat. Funding challenges remain, however, and allied to pressures from impaired assets and high funding and operating costs, are continuing to pressure profitability. In response, banks have continued to rationalise and restructure their operations and to make progress in reducing costs.

The latest fiscal data confirm that the public finances continued to improve last year and the General Government Deficit for 2012 now seems set to be below 8 per cent of GDP, lower than the level of 8.2 per cent signalled recently on Budget day and well below the 8.6 per cent target for 2012. While, in principle, this lessens the future burden of fiscal adjustment, it would not be appropriate to use the buffer this provides to ease back on the adjustment effort. It is important to continue to adhere to the planned consolidation effort of €8.6 billion between 2013 and 2015, which was reaffirmed in the Medium Term Fiscal Statement (MTFS). Doing so would imply maintaining the 2012 gain in deficit reduction relative to the target over coming years. This would help to get the deficit down to 3 per cent more quickly and should serve to reduce uncertainty and, through this channel, contribute to a faster domestic recovery. By enhancing Ireland's reputation for credible policymaking, it should also help to reinforce the confidence of official and private international lenders and further improve the access of the Irish Sovereign to market funding.

Exports have been a significant mitigating factor during the downturn and, while domestic demand is projected to gradually stabilise, a strong external performance will remain central to a return to steady growth. Given the prospective weakness of external demand and the uncertainties associated with the international outlook, continuing to improve competitiveness and recover more of the ground lost during the boom will be crucial. As has been pointed out in previous Bulletins, due to structural changes in the economy, the standard international measures of competitiveness and productivity growth overstate the level of improvement which has occurred. Reflecting this, further progress is needed. Reducing the elevated cost base of the economy, both in the public and private sectors, and increasing flexibility and efficiency, particularly in the public sector, would be important ways in which such progress could be achieved. The challenges in these areas need to be met to genuinely strengthen Ireland's competitiveness position and its trading performance. Doing so would greatly enhance the prospects for a sustainable return to steady growth and rising living standards.

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Central Bank of Ireland Publishes Irish Responses to the January 2013 Euro Area Bank Lending Survey

30 January 2013

The Central Bank of Ireland has published the Irish responses to the January 2013 Euro Area Bank Lending Survey.

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Quarterly Financial Accounts for Ireland: Q3 2012

31 January 2013

Quarterly Financial Accounts, released on 31 January 2013[1], present a complete and consistent set of quarterly data for all resident institutional sectors in Ireland. They provide comprehensive information not only on the economic activities of households, non-financial corporations, financial corporations and Government, but also on the interactions between these sectors and the rest of the world. Transactions presented in this commentary are based on four-quarter moving averages, so as to smooth seasonality within the data.

Results summary, Q3 2012

- Household net worth[1] increased by €11bn or 2.5 per cent during Q3 2012, reaching €456.9bn or €99,646 per capita. This marked the first rise in household net worth since Q1 2008
- Household debt to disposable income, an indicator of debt sustainability, declined further during Q3 2012, to stand at 203.8 per cent; its lowest level since Q4 2008.
- Total Government liabilities increased substantially during Q3 2012 reaching €212bn, their highest level to date.
- Non-financial corporation debt decreased to 202 per cent of GDP. This represented a decline in debt of €2bn, or 0.6 per cent, compared with the previous quarter.

1. Net Lending/Borrowing of All Sectors

The net lending/borrowing position of all sectors is depicted in Chart 1.1. While a positive value indicates that a sector is a net lender, a negative value indicates that a sector is a net borrower. Overall, the sum of net lending/borrowing of all sectors will sum to zero as, for every lender, there must be a corresponding borrower.

The domestic sector was a net lender during Q3 2012, for the first time since Q2 2010. This reversal in trend was largely due to lower net borrowing by General Government. Households and Non-financial corporations continued to be net lenders during Q3 2012, albeit at slightly lower levels than in Q2 2012.The net lending/borrowing trends of households, Government and non-financial corporations are described in detail in sections 3, 4 and 5 respectively.

2. Private Sector Debt

Private sector non-consolidated debt[2] declined during Q3 2012, falling to 310.1 per cent of GDP, as depicted in chart 2.1. This represented a reduction in private sector debt over the quarter of 5.2 per cent of GDP and marked the largest decline in debt since Q3 2010. The decline in debt occurred as both Non-financial corporations (NFC) and households reduced debt over the quarter by 3.1 per cent of GDP and 2 per cent of GDP, respectively.

Private sector indebtedness form part of the EU Commission's scoreboard of macroeconomic imbalances. The Commission sets an indicative threshold of 160 per cent of GDP for private sector debt, substantially lower than Ireland's 309.1 per cent. However, this ratio does not take account of the size of the MNC sector in Ireland relative to GDP.

3. Household Sector

Household net worth[3] increased by €11bn or 2.5 per cent during Q3 2012, reaching €456.9bn or €99,646 per capita. This marked the first rise in household net worth since Q1 2008 (Chart 3.1) and reflected increases in housing assets (€4.7bn), financial assets (€4.4bn), as well as to a lesser extent, a decrease in liabilities (€1.8bn). The rise in housing assets was due to an increase in their value; the first increase in housing asset values since Q4 2007. The rise in financial assets largely reflected an increase in the value of insurance technical reserves and, to a lesser extent, increased investment in financial assets.

Overall, household net worth at Q3 2012 was 36.3 per cent lower than its peak at Q2 2007. The decrease in net worth has largely reflected declining housing asset values and lower transactions in housing.

Household debt[4] declined further during Q3 2012, falling by €1.7bn or 0.9 per cent (Chart 3.2). At Q3 2012, debt stood at €176.9bn or €38,570 per capita. Overall, debt has decreased by 13.2 per cent, or €26.9bn, since its peak of €203.8 billion at Q4 2008. Household debt to disposable income, an indicator of debt sustainability, declined further during Q3 2012, to stand at 203.8 per cent. This marked the fourth consecutive decline in this indicator from its peak of 218.4 at Q3 2011. At Q3 2012, this indicator was at its lowest level since Q4 2008. The decrease in this indicator during Q3 2012 was due to the continued decline in household debt and the further increase in household disposable income. The latter has been on an upward trend since Q4 2011, when measured as a 4-sum moving average.

Household investment in financial assets continued on an upward trend during Q3 2012 (Chart 3.3). This marked the third consecutive increase in investment in financial assets. The increase was largely attributable to a further recovery in household transactions in 'currency and deposits'. Household investment in 'insurance technical reserves'[5] remained largely unchanged over the quarter, while investment in 'shares and other equity' decreased further.

Household net lending remained largely unchanged during Q3 2012 (Chart 3.4). The increase in investment in financial assets over the quarter was largely offset by slightly lower repayments of liabilities. Households have been net lenders since Q1 2009, as they continue reducing debt incurred in the years preceding the financial crisis.

Combining household saving and gross capital formation[6] data from the CSO's non-financial accounts (i.e. the real side of the economy) with households' transactions data from Quarterly Financial Accounts allows for a decomposition of how households use their savings[7] (Chart 3.5). Household saving increased slightly from €2.8bn in Q2 2012 to €3bn in Q3. Household savings have been relatively high since mid-2008. During Q3 2012, households used their savings to reduce liabilities (€1.6bn), to invest in financial assets (€1bn), and contribute to gross capital formation (€1.1bn).

4. Government Sector

Government liabilities increased substantially during Q3 2012 reaching €212bn, their highest level to date. This represented an increase in liabilities of €19.3bn or 10 per cent compared to the previous quarter (Chart 4.1). Quarterly Government Debt (QGD), which is the standard quarterly measure of debt consistent with Excessive Deficit Procedure (EDP) methodology[8], increased by €11.2bn over the quarter.

The increase in Government liabilities during Q3 reflected both a further incurrence of liabilities by the State (€10.3bn), as well as, an increase in the value of Government securities (€8.7bn). Lower bond yields during Q3 2012 resulted in the increase in the market value of Government securities. The increase in liabilities incurred by the State reflected debt security issuances amounting to €4.9bn and a further instalment of the EU/IMF programme amounting to €3.8bn.

Net financial wealth, the difference between financial assets and liabilities, declined further over the quarter reaching minus €134bn (Chart 4.2). The decline reflected the substantial increase in liabilities of €19.3bn, which was only partially offset by an increase in financial assets of €9.7bn.

The Government surplus/deficit, as a four-quarter moving average, is depicted in Chart 4.3. During Q3 2012, the deficit decreased from €5.1bn to €3.1bn. When capital transfers are excluded, the deficit decreased from €3.4bn to €3.1bn. Since 2009, the State has injected €63bn into the banking sector, of which €42.4bn has been treated as a deficit-increasing capital transfer. The remainder was treated as financial transactions (or investments) in Government accounts and therefore do not impact the deficit.

5. Non-Financial Corporation Sector

Non-financial corporation (NFC) debt[9] decreased during Q3 2012 to reach €329bn, or 202 per cent of GDP (Chart 5.1). This represented a decline in debt of €2bn, or 0.6 per cent, compared with the previous quarter; marking the first reduction since Q2 2011. The rise in NFC debt in recent years largely reflects the activities of multi-national corporations (MNCs) operating in Ireland[10].

Chart 5.2 compares NFC debt as a percentage of GDP for Ireland and 23 other European countries. The chart reveals that Ireland had the second highest indebtedness ratio, while Luxembourg had the highest at 288 per cent of GDP.

The ability of Irish NFCs to manage their debt can be assessed by comparing debt to overall balance sheet size. Chart 5.3 presents two approaches to analysing NFC debt: NFC debt as a percentage of financial assets and NFC debt as a percentage of total liabilities. The chart shows that NFC debt as a percentage of financial assets declined by 1.3 per cent over the quarter. NFC debt as a percentage of financial assets was 50 per cent in Q3 2012, which implies that debt levels are half the size of NFC financial assets.

NFC debt as a percentage of total liabilities declined during Q3 2012 by 0.8 per cent, to 40 per cent. The reduction in the ratio indicates a reduced reliance by NFCs on funding from loans and debt securities, compared with funding from equity and other accounts payable.

NFCs were net lenders during Q3 2012, as they have been since Q1 2008 (Chart 5.4). NFC net lending amounted to €4.7bn over the quarter, the lowest level since Q4 2010. This was primarily driven by investment in financial assets of €5bn.

6. Further information

The full data series for Ireland, quarterly commentary and notes on compilation are available from the Central Bank website

Euro area statistics are available from the ECB website at www.ecb.int.

Note: Methodological Change to Loans Data

Loans data in the Quarterly Financial Accounts release up to May 2012 were measured on a net basis (total loans less provisions for bad debts). As at the 30 July 2012 release, this approach was changed to a gross basis, meaning that provisions for bad debts are not subtracted from total loans. This change in methodology has been applied to the entire financial accounts time series so that there is no break in the series.

The result of the change in methodology is an upward revision in the loan assets on the balance sheet of monetary financial institutions and other financial intermediaries. The corresponding loan liabilities on the balance sheet of households and NFC have also increased. The change in methodology has a substantial impact on NFC debt, where significant provisions for bad debts had been made since late 2008. Transactions data is unaffected by the change.

The change in methodology will make the financial accounts data more comparable with other data sets. At November 2010, the Central Bank's Money and Banking statistics also moved from a net basis to a gross basis. In addition, most countries report Quarterly Financial Accounts data on a gross basis, so the change in methodology further facilitates cross country comparison work.

[1] The publication includes results for Q3 2012 for the first time. It also incorporates some revisions to time series to include the latest available raw data vintages.

[2] Debt is comprised of debt securities and loans

[3] Household net worth is calculated as the sum of household housing and financial assets minus their liabilities. The Central Bank of Ireland estimate of housing assets is based on the size and value of housing stock. Data on the value of housing is obtained from the CSO's 'Residential Property Price Index' (RPPI).

[4] Household debt is defined as total loans.

[5] 'Insurance technical reserves' include life assurance policies and pension funds.

[6] Gross capital formation consists of acquisitions of fixed assets less disposals. It includes acquisitions of dwelling.

[7] The derivation of savings from a non-financial accounts perspective and a financial accounts perspective is elaborated upon further in Cussen, O' Leary, Smith (2012), 'The Impact of the Financial Crisis on Households: a Cross Country Comparison', Central Bank of Ireland, Quarterly Bulletin No. 2.

[8] Government liabilities in QFA differ from the EDP measure of debt as they are calculated on a non-consolidated basis, and employ different coverage and valuation criteria.

[9] NFC debt is defined as the sum of its 'securities other than shares' and 'loans' liabilities. Debt is non-consolidated, meaning that inter-company debt is included.

[10] The impact of MNCs on NFC debt is analysed in detail in: Cussen M., and O' Leary B. 'Why are Irish Non-Financial Corporates so Indebted?', Central Bank of Ireland Quarterly Bulletin, Q1 2013.

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Money and Banking Statistics: December 2012

31 January 2013

The Central Bank of Ireland today published the December 2012 Money and Banking Statistics[1]

Loans and other credit

- Loans to Irish households decreased at a rate of 3.9 per cent in the year ending December 2012, following a decrease of 3.6 per cent in November. Lending for house purchase was 1.6 per cent lower on an annual basis at year end, while lending for consumption and other purposes decreased by 10 per cent over the same period.
- Lending to households declined by €372 million during the month of December, following a net monthly decrease of €264 million during November. This month-on-month change was driven by a decrease of €324 million in non-housing and non-consumption related loans, while loans for house purchase declined by almost €4 million and loans for consumption purposes were €44 million lower over the month.
- The monthly net flow of loans to households averaged minus €384 million in the three months ending December 2012, which comprised average net flows of minus €62 million in loans for house purchase, minus €178 million in loans for consumption purposes, and minus €144 million in lending for other purposes.
- Lending to Irish resident non-financial corporations (NFCs) declined by 3.6 per cent in the year ending December 2012, following a decrease of 3.9 per cent in November.
- During December 2012 loans to NFCs fell by €385 million. The monthly net flow of loans to NFCs averaged minus €184 million in the three months ending December 2012, compared with an average of minus €175 million in the three-month period up to end-November 2012.
- The developments in outstanding loans to NFCs during December 2012 were driven mainly by a decrease of €306 million in loans with an original maturity over one and up to five years. Short-term loans with an original maturity of up to one year, which include the use of overdraft facilities, fell by €168 million during the month, while longer-term NFC loans, with an original maturity over five years, rose by €88 million.
- On an annual basis, NFC loans with an original maturity over five years increased over 2012 by 0.8 per cent. Short-term loans to NFCs rose by 0.7 per cent in the year, while medium-term loans declined by 13.3 per cent over the same period.
- Credit institutions' holdings of debt and equity securities issued by the Irish private sector declined by €8.1 billion during the month of December 2012, with an annual rate of change of minus 16.8 per cent.

This follows a decline of 6.9 per cent for the year ending November 2012. Developments in holdings of private-sector securities during December were driven mainly by the redeeming of securities issued by special purpose vehicles (SPVs), where these securities had been backed by residential mortgages. The winding-up of these SPVs has seen the outstanding balances on these mortgages return to the statistical balance sheet and is responsible for the rise in the outstanding amount of loans for house purchase on-balance sheet in December.

Deposits and other funding

- Irish resident private-sector deposits rose at an annual rate of 2.5 per cent in December 2012, following a 2.2 per cent increase in the year ending November 2012. Deposits from households were 1.1 per cent higher on an annual basis at end-2012, while deposits from insurance corporations and pension funds (ICPFs) and 'other' non-bank financial intermediaries (OFIs) increased by 6.9 per cent. Deposits from NFCs rose by 1.1 per cent over the same period.
- There was a month-on-month increase of €623 million in Irish resident private-sector deposits during December 2012. This was driven by increases in household and NFC deposits of €231 million and €735 million respectively. Deposits from OFIs decreased by €262 million, while ICPF deposits were €82 million lower.
- Private-sector overnight deposits rose by €722 million during December 2012, largely reflecting developments in the NFC sector, where overnight deposits increased by €877 million. Overnight deposits from households also rose during December, by €241 million. Meanwhile, overnight deposits from OFIs and ICPFs fell during the month by €395 million.
- Deposits with agreed maturity up to two years fell by €172 million in December 2012, mainly reflecting a decrease of €163 million in the ICPF sector. NFC and OFI deposits in this category showed more moderate decreases of €87 million and €20 million, respectively. Household deposits in this category rose by €98 million.
- Longer-term savings products covering deposits with agreed maturity over two years increased by €221 million during the month of December, bringing the annual increase in this category to 32.3 per cent. Developments in December were dominated by increases in deposits from ICPFs and OFIs in this category, by €117 million and €175 million respectively.
- Private-sector deposits from non-residents declined by €2.1 billion during December 2012. Other euro area private-sector deposits fell by €2 billion, while private-sector deposits from non-euro area residents fell by €87 million over the month. Total non-resident private-sector deposits had fallen by 4.1 per cent on an annual basis at end-2012, with deposits from other euro area private-sector entities being 12 per cent lower, and those from the non-euro area private sector being 1.4 per cent higher.

- Credit institutions' borrowings from the Central Bank as part of Eurosystem monetary policy operations fell by €6.6 billion in December 2012. The outstanding stock of these borrowings from the Eurosystem by Irish resident credit institutions amounted to €71.4 billion at end-December. Domestic market credit institutions[1] accounted for €59.2 billion of this total outstanding stock.
- A number of credit institutions have issued debt under the Eligible Liabilities Guarantee scheme and have retained the bonds concerned for their own use. For methodological reasons these are not included in the Money and Banking Statistics tables. At end-December 2012, the outstanding amount of these bonds was €3 billion.

Please note that the January 2013 Money and Banking Statistics are due to be published on 28 February 2013.

[1] Domestic market credit institutions are those who have a significant level of retail business with Irish households and NFCs, and would exclude the more internationally focused banks in the IFSC.

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Central Bank of Ireland Issues Warning on Investment Firm

1 February 2013

The Central Bank of Ireland ("Central Bank") today (1 February 2013) published the name of an unauthorised investment firm. Pendulum Capital Markets Inc. (USA) has been offering investment services to members of the Irish public and is not authorised as an investment firm in Ireland.

It is a criminal offence for an investment firm to operate in Ireland unless it has an authorisation from the Central Bank. Consumers should be aware that, if they deal with an investment firm which is not authorised, they are not eligible for compensation from the Investor Compensation Scheme.

Any person wishing to contact the Central Bank with information regarding such firms may telephone (01) 224 4000. This line is also available to the public to check if an investment firm is authorised. Since obtaining the necessary legal powers in August 1998, the names of 201 unauthorised firms have been published by the Central Bank.

Notes to editors

The name of the above firm is published under the European Communities (Markets in Financial Instruments) Regulations 2007.

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Settlement Agreement between the Central Bank of Ireland and C&C Group Plc

4 February 2013

The Central Bank of Ireland (the "Central Bank") has entered into a Settlement Agreement with effect from 1 February 2013 with C&C Group Plc ("C&C") in relation to breaches, between 2 January 2008 and 29 January 2009, of the insider list requirements of the Market Abuse (Directive 2003/6/EC) Regulations 2005 (as amended) (the "Market Abuse Regulations") and the Market Abuse Rules issued by the Central Bank in February 2006 and September 2008, (the "Market Abuse Rules").

Reprimand and Fine

The Central Bank reprimanded C&C and required it to pay a monetary penalty of €90,000.

Breaches of the Market Abuse Regulations and Market Abuse Rules

From 2 January 2008 to 29 January 2009, C&C committed breaches of Regulation 11 of the Market Abuse Regulations and Rule 6.1 of the Market Abuse Rules in relation to the insider list ("Insider List") maintained by C&C, in that during this period of time, C&C failed to:

- regularly and promptly update its Insider List, with the identity of those persons working for C&C who had access to inside information, or no longer had access to inside information, relating to C&C;
- state on its Insider List, the date of each and every occasion on which it was updated; and
- maintain on its Insider List a complete list of principal contacts at any other entity acting on behalf of C&C or acting for the account of C&C, who had access to inside information regarding either C&C or the financial instruments of C&C.

Background

C&C, as a public company with its securities admitted to trading on the Irish Stock Exchange, is obliged to comply with the insider list requirements of the Market Abuse Regulations and Market Abuse Rules aimed at protecting the financial markets from market abuse.

C&C's failure to comply with its obligations in relation to the proper maintenance and updating of Insider Lists was identified by the Central Bank.

Sanctions Decision Factors

The penalty imposed reflects the importance of the requirement to properly maintain and update insider lists. It also reflects the Central Bank's view as to the seriousness of the breaches outlined above.

In deciding the appropriate penalty to impose, the Central Bank also took C&C's co-operation into account and the early stage in the market abuse administrative sanctions procedure at which the settlement was reached.

C&C has confirmed to the Central Bank that it has rectified the breaches in question and that since 2009 it has implemented a number of other changes to its practice and procedures regarding the maintenance and updating of insider lists.

The Central Bank confirms that the matter is now closed.

The Central Bank of Ireland also issued a general comment from Head of Enforcement 1, Derville Rowland:

"The Central Bank regards the proper maintenance and updating of insider lists as essential given their key importance as a tool in the prevention and/or detection of market abuse through the illegal use of inside information.

Insider lists provide an essential record of both the extent of knowledge within an issuer and the identities of those in possession of that knowledge at specific points in time where inside information is involved. The Central Bank's capacity to uncover and effectively investigate suspected cases of market abuse and thereby to enable appropriate enforcement action when necessary relies, to an important extent, on issuers fulfilling their obligations under Regulation 11 of the Market Abuse Regulations and fully complying with the Market Abuse Rules.

The Market Abuse Regulations require that issuers keep insider lists for at least 5 years after being drawn up or updated".

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Central Bank Research Finds High Level of Cheque Usage in Ireland

5 February 2013

The Central Bank of Ireland today published the findings of the first major analysis of cheque usage in Ireland. The research shows that although volumes are declining, Ireland remains one of only a few EU member states that still use cheques for regular payments, ranking as the second most intensive cheque user after France.

Cheque usage in Ireland by business is widespread, despite the fact that businesses in most other European countries no longer use cheques at all.

Businesses issue 44% of all cheques in Ireland which, in 2011, equated to about 37 million cheques. Nine out of every ten are issued by SMEs (small and medium sized enterprises). The majority (57%) of cheques issued by businesses are payable to other businesses which equates to more than 21 million cheques per annum.

Consumers account for more than one third of all cheques issued, equivalent to nearly 30 million in 2011. The majority of these (56%) are payable to businesses, primarily to SMEs. Just over one third of all cheques (34%) issued by consumers are payable to other consumers. Separate research shows that cheque usage among consumers is dominated by the elderly and the farming sector.

Ronnie O'Toole, Programme Manager of the National Payments Programme, said "Cheque usage in Ireland is still widespread by both consumers and business in comparison to other European countries. In particular there is a strong case for businesses to review how they make payments. Although the level of usage has fallen in recent years our survey shows that business still accounts for a significant portion of cheques.

An ECB study estimates that a cheque costs around €3.55 when all costs are included. For a small business this cost includes the 50c stamp duty on each cheque, bank charges and postal charges, not to mention the time it takes for staff to process cheque payments. Further, there is strong evidence that cheque usage is a significant contributor to Ireland's 'late payment' culture."

Notes to Editors

Methodology

A sample of 10,000 cheques was used for the survey. The five main cheque clearing banks[1] each examined 1,000 cheques on two different dates in 2012. They were classified under the following issuer categories:

- Consumers
- Small and Medium Sized Businesses
- Large Businesses Corporates
- Public Sector
- Financial Institutions
- Unincorporated bodies
- Bank Drafts

Consumer cheques were subdivided into three value bands: ≤€100, >€100 ≤€500 and >€500). Business-issued cheques were similarly classified into three value bands: ≤€1k, >€1k ≤€5k and >€5k.

The beneficiaries were similarly categorised, but also included ‘Utilities’ and ‘Schools’. Furthermore, the public sector was subdivided into Government Departments, State Agencies and Local Authorities in the beneficiary classifications.

Cheque Statistics for Ireland

Cheque volumes in Ireland have been declining since 2005 when volumes hit a peak of 131 million. By 2011 this had dropped to 84 million.[2]

Cheque Usage in Europe

20 of the 27 EU member states have effectively eliminated cheques with usage down to two cheques per capita per annum or less. Ireland’s average is 19 cheques per capita per annum.[3]

[1] AIB, Bank of Ireland, Danske Bank, permanent tsb, Ulster Bank

[2] Source: IPSO (www.ipso.ie)

[3] Source: European Central Bank 2011 Statistics

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Central Bank Statement

7 February 2013

The announcement by the Irish Government today regarding IBRC will contribute to financial stability by resolving IBRC in a definitive manner, ending its reliance on short-term, non-standard exceptional liquidity arrangements (ELA), and replacing the related non-standard promissory notes with standard government bonds.

The Central Bank will not suffer any losses on its lending to IBRC under ELA arrangements. The Central Bank will take ownership of the collateral held against ELA borrowing and will exchange these for marketable sovereign bonds and government-guaranteed NAMA bonds.

The bonds will be placed in the Central Bank's trading portfolio and sold as soon as possible, provided that conditions of financial stability permit. The disposal strategy will of course maintain full compliance with the Treaty prohibition on monetary financing.

Deposit Guarantee Scheme (DGS) invoked for IBRC Limited

7 February 2013

The appointment of a special liquidator to IBRC triggers the Deposit Guarantee Scheme (DGS) and the Eligible Liabilities Guarantee for the remaining depositors at IBRC. The Central Bank will arrange the repayment of duly verified and eligible deposits, up to a limit of €100,000 per person, to eligible depositors at IBRC.

Depositors do not need to take any action; the Central Bank will make payments directly by cheque where applicable. It is expected that all such eligible deposits under the DGS will be repaid over the coming weeks.

Deposit amounts of more than €100,000 are covered by the Eligible Liabilities Guarantee, administered by the NTMA. Further information on that scheme is available at www.ntma.ie.

IBRC customers can contact the IBRC helpline at 1800 303 632 for further information.

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Retail Interest Rate Statistics: December 2012

8 February 2013

The Retail Interest Rate Statistics[1] cover lending to, and deposits from, households and non-financial corporations (NFCs) in the euro area by credit institutions resident in Ireland. Interest rates and business volumes refer to euro-denominated loans and deposits only. Interest rates on outstanding amounts cover all loans and deposits outstanding on the last working day of the month. Interest rates on new business volumes cover all new loan and deposit business agreed during the month[2]. Irish residents accounted for approximately 99 per cent of outstanding household loan & deposit activity and 88 per cent of outstanding NFC loan & deposit activity at end-December 2012.

Households

Loans to Households

- Interest rates on outstanding loans to households for house purchase were 2.97 per cent at end-December 2012, representing a fall of ten basis points since the beginning of the year. The corresponding interest rate reported by all credit institutions resident in the euro area declined to 3.56 per cent at end-December 2012, representing a four basis point decline since end-November and a decline of 33 basis points since the beginning of the year.
- In comparison to the euro area, the average interest rates on outstanding mortgages in Ireland have more closely reflected movements in the ECB's main refinancing rate (MRO) over the last number of years (Chart 1). This relationship is principally derived from the higher proportion of "tracker" and variable rate mortgage products in the domestic market. However, over the past five months both the Irish and the euro rate have exhibited a divergence from the ECB rate. The ECB rate has remained constant at 0.75 per cent since July 2012, meanwhile, the Irish rate has increased by 11 basis points and the euro area rate has decreased by 15 basis points over the same time period.
- Interest rates on outstanding loans to households for consumption and other purposes increased by two basis points during December 2012, to stand at 5.66 per cent. This represented a fall of 63 basis points since the beginning of the year. The interest rate on short-term loans for consumption and other purposes with an agreed maturity up to one year[3] stood at 9.11 per cent at end-December 2012, representing a 13 basis point increase since end-November 2012. The corresponding short-term rate reported by all credit institutions in the euro area was significantly lower at 7.59 per cent at end-December 2012. In terms of

longer-term loans, the weighted average interest rate reported by Irish resident credit institutions on loans with an original maturity over five years was 3.98 per cent at end-December, falling by 43 basis points since the beginning of the year. In the euro area, the equivalent long-term interest rate reported by all credit institutions stood at 4.91 per cent at end-December 2012.

- In relation to new business, the weighted average interest rate on loans for house purchase with either a floating rate or initial rate fixation of up to one year was 3.43 per cent at end-December 2012, a rise of 8 basis points compared with the previous month. In the euro area, the corresponding interest rate on loans for house purchase with either a floating rate or an initial fixation period of up to one year was 2.86 per cent at end-November. In the domestic market, loans in this instrument category accounted for 83 per cent of new mortgage business at end-December 2012. In contrast, loans in the same instrument category accounted for just 33 per cent of new mortgage business in the euro area.
- The weighted average interest rate on new loan agreements to households for non-housing purposes stood at 5.88 per cent at end-December 2012, considerably lower than the 2012 monthly average of 6.69 per cent. New business volumes in this instrument category have been quite low, averaging approximately €190 million per month over the year. As a result, the corresponding interest rate series has been volatile.

Deposits from Households

- Interest rates on total outstanding household term deposits declined from 3.24 per cent at end-November 2012 to stand at 3.11 per cent at end-December 2012. The weighted average interest rate on household deposits with an agreed maturity of up to two years decreased by 14 basis points to 3.21 per cent at end-December 2012. In terms of longer-term interest rates, deposits with an agreed maturity over two years have remained relatively constant throughout 2012, standing at 22.36 per cent at end-December, compared to a twelve month average figure of 2.48 per cent, for the whole of 2012.
- Interest rates applicable to household term deposits increased steadily during 2011 and the first half of 2012, peaking in April 2012 at 3.53 per cent. However, during more recent months this trend has been reversed. Total term deposit rates reported by Irish resident credit institutions declined for the eighth consecutive month, to stand at 3.11 per cent at end-December 2012.
- In relation to shorter-term deposits, which are redeemable at notice, interest rates have continued to decline over the last number of months[4]. The rate stood at 1.49 per cent at end-December 2012, representing a decline of two basis points since end-November 2012 and a decline of 84 basis points since the beginning of the year. Deposit

volumes suggest that, to some extent, households are moving out of short-term products, which are redeemable at notice, and into longer-term deposits with agreed maturity.

- In terms of new deposit business, interest rates on household term deposits increased to 1.34 per cent at end-December 2012, compared with 1.28 per cent at end-November 2012.

Non-Financial Corporations (NFCs)

Loans to NFCs

- Interest rates on outstanding loans to NFCs issued by Irish resident credit institutions showed an increase of one basis point at end-December 2012, following thirteen consecutive months of decline. The weighted average interest rate on all outstanding NFC loans was 2.97 per cent at end-December, compared with 2.96 per cent at end-November 2012. The equivalent euro area weighted average interest rate was 3.35 per cent at end-December 2012.
- Loans with an original maturity of over five years accounted for 48 per cent of all outstanding loans issued to NFCs by Irish resident credit institutions as of end-December 2012. The weighted average interest rate on these longer-term loans was 2.97 per cent, remaining unchanged over the month. Interest rates applicable to both short- and medium-term loans[5] were 3.19 per cent and 2.72 per cent respectively at end-December, representing a three basis point increase in short-term loans and a decrease of one basis point in the medium term category when compared with the previous month.
- The weighted average interest rate on new loan agreements to NFCs up to €1 million[6] stood at 4.28 per cent at end-December 2012, representing a significant decrease of 56 basis points compared with November 2012, bringing the current rate below the twelve-month average of 4.60 per cent. The corresponding interest rate reported by all euro area credit institutions in December was substantially lower at 3.77 per cent. Increased month-on-month volatility in this interest rate series is explained by particularly low volumes in some instrument categories, where relatively few contracts can cause sizable movements within the overall series.
- In terms of new business NFC loans above €1 million, Irish resident credit institutions reported a decrease of 4 basis points, to 2.74 per cent at end-December 2012, bringing the twelve month average rate to 2.93 per cent. Meanwhile, the equivalent euro zone twelve month average interest rate increased, by eight basis points, over the same period to stand at 2.34 per cent.

Deposits from NFCs

The weighted average interest rate on outstanding NFC term deposits showed a 14 basis point decrease to stand at 2.39 per cent at end-December 2012; this is considerably lower than the monthly average for 2012 of 2.84 per cent. Deposits with agreed maturity up to two years, which accounted for 96 per cent of NFC term deposits, stood at 2.42 per cent at end-December 2012, down from 2.57 per cent at end-November 2012. The equivalent rate at euro area level was 1.80 per cent at end-December.

In relation to new deposit business, the weighted average interest rate on new NFC term deposits was 0.94 per cent at end-December 2012, representing an increase of 11 basis points since November 2012. During the same period, the equivalent weighted average euro area interest rate increased slightly by four basis points to 1.13 per cent.

[1] Recent data are often provisional and may be subject to revision.

[2] For retail interest rate statistics purposes, new business is defined as any new agreement between the customer and the credit institution. This agreement covers all financial contracts that specify, for the first time, the interest rate of the deposit or loan, including any re-negotiation of existing deposits and loans. Automatic renewals of existing contracts, which occur without any involvement by the customer, are not included in new business. New business volumes have been exceptionally low in various instrument categories during the last number of months. Low volumes of this nature can result in increased volatility within the interest rate series.

[3] Short-term loans for consumption and other purposes with an agreed maturity of up to one year include both overdrafts and credit card debt.

[4] For the purpose of these statistics, deposits redeemable at notice cover both the household and NFC sectors. At end-December 2012, households accounted for 88 per cent of outstanding deposits redeemable at notice.

[5] Short-term loans are those with an original maturity up to one year. Medium-term loans have an original maturity of between one and five years.

[6] The weighted average interest rate on new loans to NFCs, up to €1 million, is often taken as a reasonably accurate proxy for the prevailing rate applicable to SME lending.

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Statistics on Securities Issues of Irish Financial and Non-Financial Firms: December 2012

12 February 2013

At end-December 2012, the outstanding amount of debt securities issued by Irish financial and non-financial firms, and the Government was €1 trillion (or a reduction of approximately 2 per cent since December 2011). This contrasts with a year-on-year increase of more than 1 per cent across the euro area.

Market-based debt financing for the banking sector contracted during December with net redemptions of approximately €160 million. The outstanding amount of debt securities for this sector saw a year-on-year fall of 25 per cent to €84.4 billion with 38 per cent (or €32.3 billion) of this amount falling due within the next 12 months.

The outstanding amount of long-term Government debt stood at €87.9 billion; this represents a year-on-year increase of 3 per cent. At end-December 2012, Irish resident investors accounted for 28 per cent of long-term Irish Government bonds compared with 22 per cent in December 2011.

Equity shares had an outstanding value of €207.1 billion at end-December. This includes quoted shares issued by Irish residents (€206.7 billion) which saw a year-on-year net increase of 27 per cent (driven primarily by increases in the non-financial corporate sector). The value of the stock of quoted shares in the euro area increased by approximately 16 per cent in the year to December.

Government Debt Issuance:

Long-term Government debt fell to €87.9 billion in December 2012[1]. This represented a year-on-year increase of approximately 3 per cent when compared with December 2011 (€85.4 billion). Almost €16.4 billion (or 19 per cent) of the euro-denominated long-term debt will fall due over the next 3 years (see Table 1). More than €10 billion (or 62 per cent) of this latter figure is payable to non-resident investors.

As part of its normal operations in the secondary market, the NTMA acquired €500 million of a 5% Treasury Bond[2] which it then cancelled. Following this cancellation, the nominal outstanding amount for this bond was reduced from €5.616 billion to €5.116 billion.

Holdings of Government Bonds:

At end- December 2012, Irish resident investors accounted for 28 per cent of long-term Irish Government bonds compared with 22 per cent in December

2011. The Irish banking sector accounted for a significant portion of this increase due to banks' demand for Government bonds to use as collateral for monetary policy operations. This sector accounted for 25 per cent of all holdings at end-December 2012 (or €21.8 billion), compared with 18 per cent at end-December 2011.

Approximately 49 per cent of all resident holdings will mature within the next 5 years. Furthermore, 41 per cent (or €25.8 billion) of those long-term bonds held by non-resident investors will mature between 2020 and 2025 (see Figure 2).

Banking Sector:

Market-based debt financing for the banking sector contracted during December with net redemptions of €160 million (compared to net redemptions of €4.2 billion in the previous month). Following on from Bank of Ireland's re-entry to the international bond market in November, AIB[3] completed a €500 million covered bond issue in December[4] 2012. This 3-year Asset Covered Security (ACS) Bond was 4-times oversubscribed with over 95 per cent of the demand coming from outside Ireland.

The outstanding amount of debt securities for this sector saw a year-on-year fall of 25 per cent to €84.4 billion with short-term debt contracting by 46 per cent. Approximately €32.3 billion (or 38 per cent) of the total debt securities issued by the banking sector will fall due within the next 12 months. Over the past 12 months, the total outstanding amount of debt securities for this sector across the euro area decreased by more than 1 per cent.

The outstanding amount of the banking sector's equity securities remained broadly unchanged in December 2012 at €15.7 billion. This represents a year-on-year increase of almost 7 per cent.

Non-Financial Corporates:

The outstanding amount of debt securities issued by non-financial corporates (NFC) increased by almost €490 million (or 20 per cent) to approximately €2.9 billion at end- December 2012. This represents a 5 per cent decrease from December 2011. More than €100 million (or 4 per cent) of the total debt securities issued by the NFC sector will fall due within the next 12 months. The year-on-year increase in the outstanding debt securities for NFCs resident in the euro area was approximately 13 per cent.

In December 2012, the equity securities outstanding for the NFC sector increased by almost €10 billion (to €178.1 billion). This represents an increase of 31 per cent when compared to December 2011. The annual percentage change in market capitalisation for NFCs in the euro area was approximately 14 per cent.

Notes:

- The statistics are based on Irish resident sectors issuances of securities where an ISIN[5] code is assigned, irrespective of the market of issue or listing. Non-ISIN information is also provided for monetary financial institutions.
- Debt securities are broken down according to their original maturity and coupon type. Equity securities are classified into quoted and unquoted securities excluding investment fund shares/units.
- The difference between month-on-month equity stocks reflects valuations changes transactions in addition to transactions and other adjustments, for example, reclassifications and corrections.
- The data reflect revisions arising from data quality management activities performed by the Bank, which contribute to improvements in the data.
- Euro area figures are sourced from the ECB's Euro Area Securities Issues Statistics monthly publication.
- The methodological notes guiding the compilation of these statistics can be found on the ECB's website.

[1] Refers to debt securities in all currencies (but principally includes euro-denominated debt)

[2] Due to mature on 18th April 2013

[3] Refers to AIB Mortgage Bank (a wholly-owned subsidiary of Allied Irish Banks, plc).

[4] ACS Bonds are not guaranteed by the Irish State; the bond was issued at end-November with a settlement date in December

[5] An ISIN code is a unique identifier assigned to an individual security.

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Central Bank Publishes Programme of Themed Reviews for 2013

12 February 2013

The Central Bank of Ireland today published its planned series of themed reviews and inspections for 2013.

The main themes include examinations of the following areas:

- Code of Conduct on Mortgage Arrears – Review of various elements of the mortgage arrears process to inform our upcoming review of the CCMA. This is in line with the Central Bank's strategic focus on this area.
- Sales incentives in the banking, insurance, investment and stockbroking sectors – Assessment of how firms have structured staff remuneration and sales incentives to ensure they meet the Consumer Protection Code and other relevant regulatory requirements.
- Provision of information to consumers by investment and stockbroking firms - Review to determine if information is provided to consumers in an accurate and clear manner on investment products, fees and charges, and other issues.
- Property insurance claims handling – Examination of how insurance companies handle the settling and processing of property claims to ensure compliance with the Consumer Protection Code.
- Retail intermediaries compliance (insurance, investment and mortgage intermediaries

- Review of retail intermediaries' compliance with financial position requirements.

- Review of insurance intermediaries' compliance with professional indemnity insurance requirements.

- Review of the sale of pension policies by intermediaries.

- Moneylenders – Review of moneylending firms with a focus on the maximum APR[1] and maximum cost of credit that such firms are permitted to charge.
- Outsourcing[2] – Assessment of MiFID[3] firms and fund custodians' compliance with requirements on outsourcing.
- Post-authorisation application of business plans to delegating UCITS[4] and non-UCITS managers – Assessing firms business models for compliance with the requirements set out in the UCITS and non-UCITS notices.
- Client assets[5] - Review of MiFID firms to assess compliance with client asset requirements.
- Review of governance on pricing procedures – Review of arrangements on the pricing of certain hard-to-value assets within fund and investment manager client portfolios.

- Data integrity of regulatory returns – Examination of data contained in regulatory returns submitted by funds and MiFID firms.
- Anti-Money Laundering, Countering the Financing of Terrorism and Financial Sanctions – Programme of desktop inspections in 2013 and firms will be expected to co-operate in the provision of requested information to fulfil this activity. As in prior years a number of on-site inspections will also be conducted.

Themed reviews and inspections are an important part of the Central Bank's supervisory framework allowing for review, assessment and mitigation of risks which have emerged in various industry sectors and across individual firms. The publication of planned themed inspections enables the relevant sectors to prepare and raise standards across the firms in each sector.

Themed reviews and inspections:

- allow the Central Bank to monitor compliance with the relevant rules and requirements;
- may form the basis for the Central Bank taking regulatory or enforcement action where breaches are identified;
- help to raise industry standards by identifying and highlighting both good and poor practices;
- ensure transparency to a risk as well as the Central Bank's expectations of how it should be dealt with, and
- help to build awareness of and confidence in our regulatory role through publication of the main findings and related actions.

In addition to the planned series of inspections, the Central Bank will also continue to conduct additional reactive inspections on key issues and themes as they arise throughout the year.

Notes for editors

The main themes for 2013 include:

Code of Conduct on Mortgage Arrears (CCMA)

During 2012, the Central Bank conducted a review of the CCMA in respect of the appeals provisions of the Mortgage Arrears Resolution Process (MARP) in some of the smaller lenders in the market. In 2013 as part of our ongoing prioritisation of this issue, we will carry out a themed inspection on various elements of the mortgage arrears process, among a number of lenders. The results of this inspection will be used to inform our review of the CCMA.

Sales incentives in the banking, insurance and investment & stockbroking sectors

It is intended to examine the manner in which firms structure the remuneration and sales incentives paid to their employees. Firms are obliged to always act in the best interests of consumers. Remuneration and sales incentives schemes must not impair a firms ability to comply with that obligation under MiFID Regulations and/or the Consumer Protection Code.

Provision of information to consumers

It is intended to examine the compliance by investment and stockbroking firms with the provisions of the MiFID (Markets in Financial Instruments Directive) Regulations and/or the Consumer Protection Code as applicable in relation to the provision of information to consumers. The theme will seek to ensure that consumers are provided, on an ongoing basis, with accurate and clear information on investment services and products, fees and charges.

Property insurance claims handling

This themed inspection will involve reviewing property claims handling for compliance with the Consumer Protection Code. The settling and processing of claims is an important consumer facing function of an insurance company. This review will include looking at issues such as the information being provided to consumers in the course of the claim and the timelines surrounding the settlement of property claims.

Retail intermediaries/brokers – Review of insurance intermediary firms in relation to their compliance with financial position requirements, professional indemnity insurance and sale of pension policies

The Central Bank will conduct a series of themed reviews of the retail intermediary sector throughout 2013 to monitor compliance with Prudential and Conduct of Business Rules.

- We will continue to target firms for inspections, which are non-compliant in terms of submitting annual returns and/or payment of levies and/or based on complaints levels or other regulatory concerns.
- We will also assess compliance with key prudential requirements such as Professional Indemnity Insurance and financial position requirements.
- We also plan to review the sale of pension products for compliance with specific requirements of the Consumer Protection Code.

The findings from these themed reviews will feed into, and inform, our on-going supervision of retail intermediaries.

Themed inspection of moneylenders APRs and costs of credit (2012/2013)

Moneylending firms are restricted to a maximum APR and a maximum permitted cost of credit per term of loan, as set out in their licences. This theme is nearing completion and was selected to ensure that consumers are being charged in accordance with moneylenders authorised APRs and costs of credit.

Outsourcing – MiFID firms and fund custodians

The purpose of this review will be to assess MiFID firms and fund custodians' compliance with the applicable requirements relating to the outsourcing of activities. We will assess whether best practice industry principles are being implemented by these firms.

Post-authorisation application of business plans to delegating UCITS and non-UCITS managers

Firms business models will be assessed for compliance with the requirements set out in the UCITS and Non-UCITS Notices. We will also assess whether firms are following best industry practices.

Client assets – investment firms and stock brokers

The safe-guarding of client assets remains a high priority for the Central Bank. Firms will be examined to assess their compliance with the client asset requirements.

Review of Governance surrounding pricing procedures – investment funds and MiFID firms

The purpose of this review is to examine the governance arrangements around the pricing of certain 'hard to value assets' within fund and MiFID firm client portfolios. We will look to ensure that all regulatory requirements and industry best practice principles are being implemented.

Data integrity of regulatory returns – investment firms, stock brokers and investment funds

This review will assess data contained in regulatory returns submitted by firms, particularly in the context of the low impact firms PRISM engagement model. We will assess the accuracy and consistency of the data supplied, particularly in critical areas such as financial positions and client assets.

Anti-Money Laundering, Countering the Financing of Terrorism and Financial Sanctions

The Central Bank will conduct a programme of desktop inspections in 2013 and firms will be expected to co-operate in the provision of requested information to fulfil this activity. This review will focus on the risk mitigation framework that firms have put in place to manage their AML and related risks. As in prior years a number of on-site inspections will also be conducted. The Central Bank will communicate any resulting themes to the affected parties and/or sectors. The Central Bank performs its role in a manner that gives due regard to Ireland's membership of the Financial Actions Task Force and its Mutual Evaluation Review process and it expects that compliance with the CJA 2010[6] should be viewed by firms in that wider context.

[1] APR – Annual Percentage Rate is the total cost of credit to the consumer, expressed as an annual percentage of the amount of credit given.

[2] Outsourcing is defined as "an arrangement of any form between an investment firm and a service provider by which that service provider performs a process, a service or an activity which would otherwise be undertaken by the investment firm itself".

[3] MiFID (the Markets in Financial Instruments Directive) is legislation for the regulation of investment services within the European Economic Area.

[4] UCITS – Undertakings for Collective Investments in Transferable Securities

[5] These requirements set out the rights, duties and responsibilities of a firm in relation to client funds and client financial instruments received and held by it arising from its investment activities.

[6] Criminal Justice (Money Laundering and Terrorist Financing) Act 2010

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Central Bank Enforcement Priorities in 2013

12 February 2013

The Central Bank of Ireland today published its Enforcement Priorities for 2013 highlighting the importance of enforcement within its risk-based regulatory framework (PRISM).

The Central Bank shall pursue enforcement actions across a number of topics, including non-compliance identified by our Supervisory Divisions in the following enforcement priority areas for 2013:

- Retail Intermediaries;
- Payment Protection Insurance;
- Client Asset Requirements;
- Prudential Requirements;
- Anti-Money Laundering and Counter Terrorist Financing;
- Systems and Controls;
- Timeliness and Accuracy of Information submitted to the Central Bank;
- Errors and Overcharging;
- Payment Services Regulations; and
- Suitability Requirements (Consumer Protection Code - 2012).

Where serious breaches of these regulatory requirements occur, regulated entities and their management can expect vigorous investigation and follow through by the Central Bank.

Industry should note that Enforcement actions taken in 2013 will not relate solely to these 'Pre-defined' Enforcement Priorities and that we have made provision in the allocation of our resources for 2013 to allow for a proportion of our work to relate to 'Reactive' Enforcement in respect of issues identified through day-to-day supervisory work and from other information sources.

Of the priorities identified, three new areas have been included relating to 'Payment Services Regulations', 'Suitability Requirements (Consumer Protection Code 2012)' and 'Errors and Overcharging'. The remaining priorities identified were as signalled in 2012 and the Central Bank will continue to target these areas to promote improvement within industry.

During 2012, the Central Bank entered into 16 enforcement settlements with regulated entities resulting in fines totalling €8,492,900 being imposed. All of the actions taken during 2012 related to one or more of the priority areas highlighted at the outset of the year. The Central Bank aims to build upon the work carried out in these priority areas in 2012.

Head of Enforcement 1 Division, Derville Rowland said: 'This is the third year that the Enforcement Directorate has published a list of Enforcement Priorities highlighting areas of significant importance to the Central Bank. We have again worked closely with our Supervisory Divisions to prioritise the areas of greatest concern to them.

‘These priorities are aligned to the themes identified in the Central Bank’s ‘Programme for Themed Reviews and Inspections for 2013’ and are also based upon the planned interactions with regulated entities as governed by PRISM.

‘Enforcement plays an important role within the PRISM framework providing both a credible threat and acting as a deterrent to those who are non-compliant, particularly in respect of low impact firms with whom we do not have a close regulatory relationship’.

Notes for editors

PRISM: The Central Bank’s risk-based regulatory framework, PRISM, is squarely focused on the Central Bank being more assertive and prioritising the allocation of resources to areas where we believe the greatest risks lie.

Programme of Themed Reviews and Inspections for 2013 published on www.centralbank.ie

See section 2.3 (Page 9) Enforcement Strategy 2010-2012, for details on the allocation of our Enforcement resources and explanation of ‘Pre-defined’ and ‘Reactive’ Enforcement.

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Central Bank Conference on Distressed Property Markets

13 February 2013

The Central Bank of Ireland today hosts a conference at the Institute of Bankers in Dublin focusing on distressed property markets.

Two papers 'On the hook for impaired bank lending: Do sovereign-bank inter-linkages affect the fiscal multiplier?' and 'Understanding Irish house price movements - a user cost of capital approach' will be presented by Central Bank economists.

Along with this research, representatives from the Federal Reserve Bank of Dallas, the Federal Reserve Bank of Atlanta, the Mortgage Bankers Association and the International Monetary Fund will also present papers at the conference.

Deputy Head of Financial Stability at the Central Bank Kieran McQuinn said;

'The aim of the conference is to compare and contrast the policy treatment of the mortgage arrears issue in the Irish and United States markets and there will be contributions and insights from both Central Bank staff and international experts in this area.'

Central Bank research

On the hook for impaired bank lending: Do sovereign-bank inter-linkages affect the fiscal multiplier?

Given the difficulties in the Irish mortgage market, this paper assesses the implications for the Irish fiscal accounts given the unique relationship between the sovereign and its main financial institutions. Macroeconomic policies, which reduce the loan impairments on the balance sheets of the guaranteed banks are likely to generate savings for the sovereign due to its capitalisation obligations. Using a broad empirical framework, the paper examines the relationship between house prices, unemployment and mortgage arrears in an Irish context. Loan loss forecasts over the period 2012-2014 are then generated for the Irish mortgage book under two different scenarios. It is shown that macroeconomic policies, which alleviate levels of mortgage distress, relieve the solvency position of the guaranteed institutions thereby reducing the Irish State's future capital obligations. This impact on the sovereign's fiscal accounts, while of particular interest in the case of Ireland, is also worthy of consideration in other countries where financial institutions are also experiencing significant loan impairment issues.

Irish house price movements - a user cost of capital approach.

This paper employs the user cost of capital[1] to examine Irish house price movements. Between 2002 and 2007, a combination of factors including rapid house price increases and the prevailing fiscal and monetary environment created a strong bias towards home ownership. This was reflected in a negative user cost of housing as capital gains exceeded the costs of home ownership, incentivising this practice and fuelling further increases in prices. However, the collapse in house prices since 2007 has contributed to a reversal of this process. The paper also discusses fiscal and financial policy measures, which could enable a more efficient functioning of the housing market.

[1] The user cost of capital captures the outlays that must be incurred to gain access to the services provided by housing via homeownership rather than via renting in the private market.

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Launch of SEPA Information Campaign

14 February 2013

The Central Bank of Ireland today announced the start of an information campaign counting down to the full implementation of the Single Euro Payments Area (SEPA) initiative on 1 February 2014. SEPA will standardise credit transfer and direct debit payments in euro across the 27 EU member states, Iceland, Liechtenstein, Monaco, Norway and Switzerland. The information campaign will focus on informing businesses and consumers about SEPA and the impact it will have on them.

Governor of the Central Bank, Patrick Honohan, said 'the first steps towards a single area for the payment of goods and services across Europe began in 1992 but even after 20 years, processing cross-border payments can still be complicated. This phase of SEPA will simplify this process and make it easier for businesses and consumers to pay for goods and services across European countries. It is likely that businesses will have to introduce some changes to their electronic payment and payroll systems but SEPA will result in faster and more efficient payment processing and lead to a more competitive payments market.

It is another step towards more effective integration in Europe and one that will benefit businesses and consumers alike.'

From 1 February 2014 all euro credit transfers and direct debits must operate under the new system. A key component of the new system is that the International Bank Account Number (IBAN) will replace bank account numbers and the Bank Identifier Code (BIC) will replace bank sort codes. IBANs and BICs generally appear on paper or electronic bank statements. Businesses and consumers can find further information on what SEPA means for them, and how to find their IBAN and BIC, at www.readyforsepa.ie or by contacting their bank.

Notes for Editor

SEPA is being introduced under Regulation (EU) No 260/2012 of the European Parliament and the Council of 14 March 2012, "Establishing technical and business requirements for credit transfers and direct debits in euro".

The member countries of SEPA are: Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Monaco, Netherlands, Norway, Poland, Portugal, Romania, Slovak Republic, Slovenia, Spain, Sweden, Switzerland and United Kingdom.

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Research Highlights Positive Experience of Borrowers Engaged in the Mortgage Arrears Resolution Process

21 February 2013

Central Bank continues to urge for early engagement

As it prepares to seek views on the Code of Conduct on Mortgage Arrears (CCMA), the Central Bank of Ireland today released results of its independent research into the experience of borrowers facing or in mortgage arrears who are engaging in the CCMA's Mortgage Arrears Resolution Process (MARP).

It also issued the key findings from its recent inspection of lenders' compliance with the CCMA relating to contact with borrowers and the appeals process.

Key findings of the consumer research[1] are;

Borrowers surveyed were positive about their overall experience when interacting with their lenders during the MARP process, with 73% of borrowers indicating that their lender had been professional in its dealing with them, and 64% noting their lender's helpfulness;

- 71% of borrowers were positive about the ease of completing the Standard Financial Statement ('SFS') lenders must use to gather financial information on a borrower's circumstances in order to inform any new arrears arrangements;
- 71% of borrowers surveyed had entered into an alternative arrangement with their lender as a result of MARP and 80% of those completing an SFS entered a revised agreement;
- Of the 10% of borrowers who used the MARP's Appeals process, 60% stated that they had successfully negotiated a more suitable/sustainable arrangement;
- a third of consumers claimed that their lender did not have a discussion with them regarding other debts.

The results of this research coincided with the release of findings from a recent themed inspection conducted by the Central Bank of non-bank mortgage lenders. The Bank inspected a sample of accounts and focused on the MARP Appeals process that lenders are required to have in place. It also examined whether lenders were complying with the CCMA rules on communication with borrowers facing or in mortgage arrears. The inspections found that lenders were in compliance with the limits on contact with consumers set out in the CCMA. The inspection also found that lenders were complying with CCMA requirements in establishing Appeals Boards. It was found that the Appeals Board considers each borrower's appeal on a case-by-case basis, as well as taking into account borrowers' individual circumstances.

Bernard Sheridan, Director of Consumer Protection, said: 'The CCMA provides important protections for borrowers as they go through the process of addressing their mortgage arrears situation with their lender. It is clear from our on-going mortgage arrears work that borrowers who engage early and meaningfully with their lenders get the best possible outcomes and benefit from the full protections that the CCMA provides. I would therefore urge consumers facing or in mortgage arrears to contact their lender as soon as possible to discuss their situation and not to ignore attempts by lenders to engage with them.

'It is encouraging to learn from our latest research that the borrowers surveyed believe that the overall MARP process is mostly working well from their perspective. Similarly, our inspection indicates that overall the lenders involved are complying with the CCMA's requirements in the areas of borrower contacts and the appeals process. However, there is room for further improvement - all compliance issues identified during the themed inspection will be the subject of separate engagement with the individual mortgage lenders concerned.

'The Central Bank is committed to ensuring that the CCMA continues to provide strong protections to borrowers who are engaging positively with their lenders. We will update the CCMA during 2013 and we will publish a public consultation on the CCMA next month. This is an important consultation and I would encourage everyone to respond to it to help us to refine and improve the CCMA for borrowers in mortgage arrears.'

The findings from the themed inspection and the consumer research will also be considered as part of the Central Bank's review of the CCMA.

Notes to Editors

1. Consumer Research

Consumer research was independently conducted on behalf of the Central Bank in the second half of 2012. The research on MARP involved face to face interviews with 209 individuals who engaged with the MARP.

2. Themed Inspections

Themed inspections examine issues across a sector. Where a specific compliance issue arises with an individual firm, this is addressed directly with the firm and where appropriate, regulatory action may be taken.

Recent themed inspection of non-bank mortgage lenders and lenders who operate in the Irish market on a pass porting basis

In relation to the Appeals Process, the inspection showed that the lenders inspected were complying with the CCMA requirements including having an Appeals Board established. It also showed that the Appeals Board considers each borrower's appeal on a case-by-case basis, as well as taking into account borrowers' individual circumstances. In addition, the Central Bank noted that some lenders are also using intelligence gathered through the Appeals Process to make improvements to their mortgage arrears processes and procedures. However, there is some discrepancy in approach to the handling of some appeals through lenders' complaints processes rather than through the MARP. This issue will be further examined through the review of the CCMA.

In relation to the contact firms had with consumers, the inspection showed that lenders were in compliance with the contact limit provided in the CCMA which allows lenders to successfully contact borrowers up to three times per calendar month. The inspection indicated that in a small number of cases lenders were not providing the borrower with communications within the required timeframes.

3. Code of Conduct of Mortgage Arrears ('CCMA')

The CCMA sets out how mortgage lenders must treat borrowers in or facing mortgage arrears, with due regard to the fact that each case of mortgage arrears is unique and needs to be considered on its own merits. The CCMA applies to the mortgage lending activities of all regulated entities, except credit unions, operating in the State. The Code applies to the mortgage loan of a borrower which is secured by their primary residence.

The current version of the CCMA came into effect in January 2011 and introduced the MARP) framework for handling accounts that are in pre-arrears or arrears.

4. CCMA Contact Requirements

Requirements for contacts with borrowers are set out in the following provisions of the CCMA and further information can be found in our guidance notes:

20. A lender must ensure that the level of contact and communications from the lender, or any third party acting on its behalf, is proportionate and not excessive.

21. Each calendar month, a lender, and/or any third party acting on its behalf, may not initiate more than three unsolicited communications, by whatever means, to a borrower in respect of his/her mortgage arrears or pre-arrears situation. The unsolicited communications do not include any communications to the borrower regarding his/her arrears or pre-arrears situation, which are required by this Code or other regulatory requirements.

In addition, the Central Bank issued clarification to lenders (regarding contact with consumers) in April 2012, to clarify the following.

- Initial contact - 'communication' means a successful communication, i.e. a conversation held with the consumer, a letter sent, a text or an email. This communication is not subject to the limit of three unsolicited contacts. Once this communication is successfully made, any further contacts will count towards the monthly limit on unsolicited communications.
- Monthly limit on unsolicited communications (3 contacts) – missed calls and engaged numbers do not count towards the monthly limit.

A further letter was issued to firms in December 2012, which builds on the interpretations issued to industry in April 2012.

5. CCMA Review

The CCMA is scheduled to be reviewed commencing Q1, 2013. A public consultation document is due to be published in Q1 2013 seeking views on the proposed amendments to the current version of the CCMA.

6. Mortgage Arrears Resolution Process ('MARP')

Under the CCMA, lenders must have a MARP in place for dealing with borrowers in or facing mortgage arrears. The MARP must incorporate the steps set out in the CCMA:

1. Communication with borrowers
2. Financial Information
3. Assessment
4. Resolution
5. Appeals

7. Further Consumer Information

The Central Bank of Ireland has produced a number of consumer guides to assist consumers who are in arrears or facing arrears, including

- Mortgage Arrears - A Consumer Guide to Dealing with your Lender;
- Mortgage Arrears - Frequently Asked Questions; and
- Guide to Completing a Standard Financial Statement.

Information is also available on the website www.keepingyourhome.ie which is provided by the Citizens Information Board ('CIB') and the Money Advice and Budgeting Service (MABS).

The CIB also has a Mortgage Arrears Information Helpline that is available from Monday to Friday from 9.30am – 5pm on 0761 07 4050.

[1] Consumer research involved face to face interviews with a sample of mortgage customers (who held mortgages with the main lenders)

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Decisions Taken by the Governing Council of the ECB (in addition to decisions setting interest rates) February 2013

22 February 2013

Economic, monetary and financial situation

Central bank compliance with prohibitions on monetary financing and privileged access

On 3 May 2012, in accordance with the Treaty on the Functioning of the European Union, which assigns the ECB the task of monitoring EU central banks' compliance with the prohibitions specified in Articles 123 and 124 thereof and the related Regulations, the Governing Council approved the report covering the year 2011. Further information on this matter was also provided in a dedicated section of the ECB's Annual Report 2011, which was published on 25 April 2012.

Market Operations

Loan-level data templates for new classes of asset-backed securities

In line with the Governing Council's decision of December 2010 (see Decisions taken by the Governing Council of the ECB – December 2010) to gradually phase in loan-by-loan reporting requirements for the eligibility of several classes of asset-backed securities in the Eurosystem collateral framework, on 10 May 2012 the Governing Council approved the templates for consumer finance ABS, leasing ABS and auto loan ABSs. This completes the Governing Council decision taken on 29 April 2011 regarding the approval of the templates for commercial mortgage-backed securities and small and medium-sized enterprise transactions. All these templates are available on the ECB's website.

Financial stability and supervision

Financial Stability Review – June 2012

On 15 May 2012 the Governing Council authorised the publication of the "Financial Stability Review – June 2012". It provides a comprehensive assessment of the capacity of the euro area financial system to withstand disruption and examines the main sources of risk to, and the vulnerabilities of, that system. The Review will be published on the ECB's website.

Eurosystem contribution to the European Commission public consultation on bail-in

On 15 May 2012 the Governing Council approved a Eurosystem contribution to the European Commission public consultation on the debt write-down tool (bail-in), which the Commission launched with a view to finalising the text of its forthcoming legislative proposal on bank recovery and resolution. The Eurosystem contribution will be published shortly on the ECB's website.

Advice on legislation

ECB Opinion on a proposal for a regulation of the European Parliament and of the Council on European Venture Capital Funds and on a proposal for a regulation of the European Parliament and of the Council on European Social Entrepreneurship Funds

On 25 April 2012 the Governing Council adopted Opinion CON/2012/32 at the request of the Council of the European Union.

ECB Opinion on limitations on cash payments in Spain

On 8 May 2012 the Governing Council adopted Opinion CON/2012/33 at the request of the Spanish Ministry of Finance and Public Administrations.

ECB Opinion on the protection against counterfeiting and the quality of cash circulation in Germany

On 10 May 2012 the Governing Council adopted Opinion CON/2012/34 at the request of the German Ministry of Finance.

ECB Opinion on supervision-related operating costs in Belgium

On 10 May 2012 the Governing Council adopted Opinion CON/2012/35 at the request of the Nationale Bank van België/Banque Nationale de Belgique (NBB), acting on behalf of the Belgian Ministry of Finance.

ECB Opinion on restrictions of settlements in cash in Lithuania

On 10 May 2012 the Governing Council adopted Opinion CON/2012/36 at the request of the Lithuanian Ministry of Finance.

Corporate governance

Chairmanship of the Market Operations Committee (MOC)

On 18 April 2012 the Governing Council appointed Mr Ulrich Bindseil, the ECB's Director General of Market Operations since 1 May 2012, as Chairman of MOC, with effect from the same date. His term as MOC Chairman will expire on 31 August 2013, so as to coincide with the end of the terms of office of all Eurosystem/ESCB committee chairpersons, who were (re)appointed by the Governing Council on 22 July 2010 for a three-year period.

Issuance of banknotes and coins / Banknotes

Amendment of legal framework for manufacturers of euro banknotes

On 26 April 2012 the Governing Council adopted Decision ECB/2012/7 amending Decision ECB/2010/22 on the quality accreditation procedure for manufacturers of euro banknotes and Decision ECB/2012/8 amending Decision ECB/2011/8 on the environmental and health and safety accreditation procedures for the production of euro banknotes. Both Decisions will be published shortly in the Official Journal of the European Union and on the ECB's website.

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Statement on Government Withdrawal of Eligible Liabilities Guarantee

26 February 2013

The Central Bank of Ireland notes the decision by the Government to withdraw the Eligible Liabilities Guarantee (ELG) from participating credit institutions. The Deposit Guarantee Scheme (DGS), which is administered by the Central Bank of Ireland, is not affected by the withdrawal of the ELG. Qualifying deposits in covered institutions continue to be guaranteed under the Scheme up to a maximum of €100,000 per customer per institution.

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Money and Banking Statistics: January 2013

28 February 2013

The Central Bank of Ireland today published January 2013 Money and Banking Statistics [1]

Loans and other credit

- Loans to Irish households decreased at a rate of 4 per cent in the year ending January 2013, following a decrease of 3.9 per cent in December 2012. Lending for house purchase was 1.8 per cent lower on an annual basis at end-January, while lending for consumption and other purposes decreased by 10 per cent over the same period.
- Lending to households declined by €816 million during the month of January, following a net monthly decrease of €372 million during December. The change during January was mainly driven by decreases of €405 million and €344 million in housing and consumption related loans respectively. Meanwhile, loans for non-housing and non-consumption purposes were €68 million lower over the month.
- The monthly net flow of loans to households averaged minus €484 million in the three months ending January 2013, comprising minus €135 million in loans for house purchase, minus €205 million in loans for consumption purposes, and minus €144 million in lending for other purposes.
- Lending to Irish resident non-financial corporations (NFCs) declined by 3.3 per cent in the year ending January 2013, following a decrease of 3.6 per cent in December.
- During January 2013 loans to NFCs fell by €214 million. The monthly net flow of loans to NFCs averaged minus €104 million in the three months ending January 2013, compared with an average of minus €184 million in the three-month period up to end-December 2012.
- The developments in outstanding loans to NFCs during January 2013 were driven mainly by a decrease of almost €1.2 billion in loans with an original maturity over one and up to five years. Short-term loans with an original maturity of up to one year, which include the use of overdraft facilities, rose by €372 million during the month, while longer-term NFC loans, with an original maturity over five years, rose by €583 million.
- On an annual basis, NFC loans with an original maturity over five years increased by 2.3 per cent over the year ending January 2013. Short-term loans to NFCs rose by 2.7 per cent in the year, while medium-term loans declined by 16.2 per cent over the same period.
- Credit institutions' holdings of debt and equity securities issued by the Irish private sector declined by €295 million during the month of January 2013, following a decline of €8.1 billion for December 2012. The

annual rate of change for the year ending January 2013 was minus 16.9 per cent. The modest fall in holdings of private-sector securities over this period reflects developments in holdings of debt securities issued by other financial intermediaries (OFIs), which fell by €274 million in January 2013.

Deposits and other funding

- Irish resident private-sector deposits rose at an annual rate of 3.7 per cent in January 2013, following a 2.5 per cent increase in the year ending December 2012. Deposits from households were 1.2 per cent higher on an annual basis at end-January 2013, while deposits from insurance corporations and pension funds (ICPFs) and OFIs increased by 8.2 per cent. Deposits from NFCs rose by 5.2 per cent over the same period.
- There was a month-on-month increase of almost €1.4 billion in Irish resident private-sector deposits during January 2013, reflecting increases across all four of the depositor sectors. Household and NFC deposits increased by €33 million and €120 million, respectively, while deposits from OFIs and ICPFs increased by €400 million and €815 million, respectively.
- Private-sector overnight deposits rose by €27 million during January 2013, mainly driven by developments in the OFI sector, where overnight deposits increased by €100 million. Overnight deposits from NFCs also rose during January, by €69 million. Meanwhile, overnight deposits from households and ICPFs fell during the month by €58 million and €84 million, respectively.
- Deposits with agreed maturity up to two years rose by €1.4 billion in January 2013; compared with a fall of €173 million for December 2012. The substantial increase in this category was reflected across all four depositor sectors. The most pronounced increase was recorded in the ICPF sector, where deposits with agreed maturity up to two years rose by €983 million in January 2013. OFI, household and NFC deposits in this category showed more moderate increases of €195 million, €191 million and €78 million, respectively.
- Longer-term savings products covering deposits with agreed maturity over two years decreased by €82 million during the month of January, lowering the annual increase in this category to 31.6 per cent. Developments in January were driven by decreases in deposits from three of the four sectors. The most substantial decrease was recorded in the ICPF sector, falling by €84 million. Deposits from households and NFCs also fell, by €24 million and €18 million, respectively. Meanwhile, deposits from OFIs showed a modest increase of €43 million in January 2013.
- Private-sector deposits from non-residents declined by €1.1 billion during January 2013. Other euro area private-sector deposits fell by €271 million, while private-sector deposits from non-euro area

residents fell by €822 million over the month. Total non-resident private-sector deposits had fallen by 8.1 per cent on an annual basis at end-January 2013, with deposits from other euro area private-sector entities being 14.7 per cent lower, and those from the non-euro area private sector 3.7 per cent lower.

- Credit institutions' borrowings from the Central Bank as part of Eurosystem monetary policy operations fell by €4.3 billion in January 2013. The outstanding stock of these borrowings amounted to €67.1 billion at end-January. Domestic market credit institutions[2] accounted for €55.7 billion of this total outstanding stock.

[1] Money and Banking statistics are compiled in respect of business written out of all within-the-State offices of both credit institutions authorised to carry on banking business in the State under Irish legislation and credit institutions authorised in other Member States of the EU operating in Ireland on a branch basis. Credit institutions authorised in other EU Member States operating in Ireland on a cross-border basis, i.e. with no physical presence in the State, are not included in the statistics.

[2] Domestic market credit institutions are those who have a significant level of retail business with Irish households and NFCs, and would exclude the more internationally focused banks in the IFSC.

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Central Bank Publishes Report on Retail Intermediary Sector in Ireland

28 February 2013

The Central Bank of Ireland today published a report on the Retail Intermediary sector in Ireland. The report highlights key issues and risks for the sector and consumers, and outlines the Central Bank's regulatory approach to reducing risk and ensuring consumers are protected.

The Retail Intermediary sector in Ireland plays an important role in ensuring that consumers can access financial products that meet their needs, and the information they need to make well informed decisions. The reports shows that although many individual firms are small in size and provide a variety of financial services, cumulatively the sector is significant, with firms reporting over 5 million policies/financial products held by their clients.

Director of Consumer Protection, Bernard Sheridan, said, "The Central Bank has a strong consumer protection framework in place to ensure the customers of retail intermediaries are protected. Although individually many of these firms are small and are categorised as low impact under the Central Bank's risk assessment framework, we have a clear strategy in place to regulate these firms. This involves regular thematic inspections of the sector whereby we assess compliance with consumer and prudential requirements and provide guidance to promote compliance, backed up by our enforcement capabilities.

"Based on information provided by retail intermediaries to the Central Bank, there appears to be some financial strain in the sector, with 17 per cent of firms reporting losses. I would urge firms to ensure that while working to return to profitability, no actions are taken which could lead to additional risks for consumers. In particular where firms grow due to acquisition they must ensure that they adapt their systems and controls to reflect the demands of a larger business and ensure compliance with consumer protection regulations."

Key findings:

- The Central Bank is responsible for supervising 3,238[1] Retail Intermediaries, which vary in size and activity.
- Retail Intermediaries employ over 30,000 employees[2], with firms reporting over 5 million policies/financial products held by their clients.
- Gross income/turnover (from regulated and unregulated activities) ranges from less than €10,000 to more than €1 million, with more than half of the firms reporting income levels below €60,000.
- Income from regulated activities ranges from €0 to over €7.5 million, with over 4 per cent earning in excess of €1 million.
- 17 per cent of firms have reported a loss in the previous financial year, with over 3 per cent reporting a loss in excess of €100,000.

The Central Bank has also published tips for consumers when engaging with Retail Intermediaries (including investment, insurance and mortgage intermediaries):

- An insurance intermediary must transfer a rebate in full to the consumer. The firm must get the written permission of the consumer in advance of any fee being deducted from an insurance rebate. Where the consumer has agreed to the deduction of any charges, these must be clearly outlined in the document notifying the consumer of the rebate.
- Consumers should ask the intermediary if the activities and services they wish to engage the firm in are regulated by the Central Bank, as some intermediary firms engage in other business activities that do not require our authorisation and are therefore not regulated by the Central Bank. Consumers are reminded that fewer protections exist for business activities that do not require authorisation.
- Consumers are encouraged to check the Central Bank's public registers to see if a firm is regulated.
- Where an intermediary charges a fee and also receives commission in respect of a product or service provided to a consumer, the intermediary must explain to the consumer whether or not the commission will be offset against the fee, in part or in full. Consumers should request a Statement of Charges from the intermediary.
- Consumers must be told if the intermediary is tied to a single Insurance Company for a particular product or service and this fact must be disclosed in all communications with the consumer.
- All sales staff must meet specified minimum competency standards and we would encourage consumers to ask them about their qualifications. Consumers can request a copy of the qualifications and Certificate of Competency from the intermediary.

Notes to editors

Central Bank's Supervisory Approach

- In 2011, the Central Bank introduced a formal risk assessment framework, known as the Probability Risk and Impact System (PRISM). This system is designed to facilitate a more structured and systematic approach to assessing all regulated firms, based on the impact they have on the economy - or on consumers if things go wrong - and the probability that problems will arise.
- Retail Intermediaries are ranked as low impact firms. They are not authorised to hold client money and individually their failure would not cause economic or systemic problems, nor would they require taxpayer support.

- The Central Bank has a “lifecycle” approach within the Consumer Protection Directorate, which means that authorisation, prudential supervision, conduct-of-business supervision, revocations and general policy matters are all dealt with under one roof.
- In line with the Central Bank’s Strategic Plan for 2013 - 2015, a key focus will be on improved operational efficiency and cost effectiveness, involving a range of measures including process automation.
- The Central Bank provides compliance assistance to Retail Intermediaries through a series of regional road shows and the publication of regular compliance newsletters.
- Supervisory teams focus on thematic work, carefully targeting higher risk areas, and taking credible action when regulatory breaches are identified.
- The Central Bank continuously monitors the sector through desk-based analysis of financial returns, thematic reviews, reactive supervision and spot-check inspections.
- Our overall objective is to strengthen the gatekeeper and supervisory frameworks for this sector, with the ultimate goals of improving regulatory compliance and protecting consumers.

[1] This figure excludes firms such as credit institutions, credit unions etc. which also hold a Retail Intermediary authorisation. In total, there are 3,552 Retail Intermediaries on our statutory registers.

[2] This figure includes employees engaged in both the regulated and unregulated activities.

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Central Bank of Ireland Issues Warning on Investment Firm Frank Goldenberg Yoshi (Hong Kong)

1 March 2013

The Central Bank today published the name of an unauthorised investment firm, Frank Goldenberg Yoshi (Hong Kong). Frank Goldenberg Yoshi (Hong Kong) has been offering investment services to members of the Irish public and is not authorised as an investment firm in Ireland.

It is a criminal offence for an investment firm to operate in Ireland unless it has an authorisation from the Central Bank of Ireland. Consumers should be aware that, if they deal with an investment firm which is not authorised, they are not eligible for compensation from the Investor Compensation Scheme.

Any person wishing to contact the Central Bank of Ireland with information regarding such firms may telephone (01) 224 4000. This line is also available to the public to check if an investment firm is authorised. Since obtaining the necessary legal powers in August 1998, the names of 202 unauthorised firms have been published by the Central Bank.

Notes to editors

The name of the above firm is published under the European Communities (Markets in Financial Instruments) Regulations 2007.

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Central Bank of Ireland Issues Warning on Investment Firm Lawrence James and Associates (USA)

5 March 2013

The Central Bank today published the name of an unauthorised investment firm, Lawrence James and Associates (USA). Lawrence James and Associates (USA) has been offering investment services to members of the Irish public and is not authorised as an investment firm in Ireland.

It is a criminal offence for an investment firm to operate in Ireland unless it has an authorisation from the Central Bank of Ireland. Consumers should be aware that, if they deal with an investment firm which is not authorised, they are not eligible for compensation from the Investor Compensation Scheme.

Any person wishing to contact the Central Bank of Ireland with information regarding such firms may telephone (01) 224 4000. This line is also available to the public to check if an investment firm is authorised. Since obtaining the necessary legal powers in August 1998, the names of 203 unauthorised firms have been published by the Central Bank.

Notes to editors:

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Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Central Bank Publishes Results of Inspection of Licensed Money Lenders

6 March 2013

The Central Bank of Ireland ("the Central Bank") today published the results of a themed inspection of licensed moneylenders, which focused on whether consumers were being charged in accordance with moneylenders' authorised Annual Percentage Rates (APR) and costs of credit as set out in the moneylenders' licence. This is a key focus for the Central Bank, given that moneylenders' loans can be significantly more expensive than other forms of credit.

Inspections were conducted in 9 of the 43 licensed moneylenders currently operating in Ireland. The aim of the inspection was to make sure moneylenders are meeting specific requirements of the Consumer Protection Code for Licensed Moneylenders ("Moneylenders' Code") and the Consumer Credit Act, 1995 ("the Act").

Director of Consumer Protection, Bernard Sheridan said:

'We continue to focus on the area of costs and charges in this sector due to the high cost nature of these loans. While the majority of firms inspected were broadly compliant we discovered some serious issues in a small number of firms which we are pursuing individually with the firms.

'We also found cases where some consumers were provided with new loans before existing loans were repaid in full which is not necessarily in the consumers' best interests. Using short-term, high cost loans for longer-term needs should be avoided and I would encourage consumers in such a situation to contact MABS for help and advice.'

The results of the inspection have been summarised below:

- Overall, the inspections revealed that the vast majority of firms were in compliance with the provisions. This means that consumers were not charged over and above what they had agreed to pay and what the moneylender was allowed to charge.
- In all cases the firms had indicated the high-cost nature of loans on loan documentation issued to consumers, as required under the Moneylenders' Code.
- Some non-legislative and administrative errors were identified that are being followed up with firms on an individual basis. Examples include summing errors on the repayment schedules. The Central Bank will ensure that these firms put controls in place so that all consumer repayments are accounted for correctly and that refunds are given to consumers where necessary.
- A number of firms did not have both their licence and licence appendix on display at their business premises, as required under the Act. Firms

have been reminded that they must display their licence and licence appendix.

- The Central Bank is currently considering possible enforcement actions in respect of a small number of firms based on concerns it has with the level of compliance with the relevant legislation arising out of these inspections. The firms concerned are being dealt with individually.

In addition to the above, a number of other issues outside of the scope of the themed inspection were identified on review of consumer files. These issues will be raised with the firms on a case by case basis and relate to both the Act and specific requirements of the European Communities (Consumer Credit Agreements) Regulation 2010 ("the Regulations"). The Central Bank has issued a letter to all licensed moneylenders to reiterate the importance of adhering to their consumer protection obligations, in particular the following requirements:

- When advancing any new loan, moneylenders must give the full amount of a loan to a consumer, especially where a consumer has an existing loan.
- Consumers are entitled to a reduction in the total cost of credit, if they repay a loan early. In all instances where a loan is repaid early, the consumer must receive a rebate of the interest and costs of the remaining duration of the agreement.
- The Central Bank also expressed concern on how firms are assessing the creditworthiness of consumers. While acknowledging that the home collection industry is predominately focused on engagement with consumers, the Central Bank expects that firms formally assess the creditworthiness of consumers on each new loan issued and to require documented evidence to verify information being provided by consumers.

NOTES TO EDITORS:

Information on the inspection

- The nine firms inspected account for 21% of the all licensed moneylenders as at 31 January 2013.
- The nine firms were inspected throughout the months of October and November 2012 and 354 files were reviewed as part of the investigation.
- The inspection of nine selected moneylenders, focused in particular on whether consumers were being charged in accordance with moneylenders' authorised APRs (Annual Percentage Rates) and costs of credit as set out in the moneylender's licence. This was a key focus for the Central Bank, given that moneylenders' loans can be more expensive than other forms of credit. These inspections were carried out in order to determine compliance with certain provisions of the Consumer Protection Code for Licensed Moneylenders ("the ML Code") and the Consumer Credit Act, 1995 (as amended) ("the Act"). Firms'

compliance with some aspects of the European Communities (Consumer Credit Agreements) Regulations 2010 ("the Regulations") was also considered throughout the inspections.
- A letter was issued to all licenced moneylenders following the themed inspection. This is available here.

Information on related legislation

Section 99 of the Act – Loan or other credit to be advanced in full

Section 99 of the Act requires that a loan is advanced in full and should not be reduced by repayment of a previous credit.

"Section 99: Where credit is made available to a borrower by means of a moneylending agreement that credit shall not be reduced by the moneylender or a person acting on his behalf by any amount in respect of:

(a) repayment of the credit or any charges related thereto, or

(b) repayment of a previous credit or any charge related thereto,

and no payment in respect of the credit shall be required of the borrower by the moneylender or a person acting on his behalf before the due date of the first repayment instalment."

Regulation 11 of the Regulations – Obligation to assess creditworthiness of consumers

"Before concluding a credit agreement with a consumer, a creditor shall assess the consumer's creditworthiness on the basis of sufficient information, where appropriate obtained from the consumer and, where necessary, on the basis of a consultation of the relevant database."

Regulation 19 of the Regulations – Early Repayment

"A consumer may at any time discharge fully or partially his or her obligations under a credit agreement. In such cases, he or she is entitled to a reduction in the total cost of the credit to the extent of the interest and the costs for the remaining duration of the agreement."

Consumer Information On alternative sources of credit

National Consumer Agency website

Debt-related

Money Advice and Budgeting Services www.mabs.ie

Register of Moneylenders

To check if a moneylender is licenced, consumers can refer to the Register of Moneylenders on the Central Bank website. A new search facility has also been developed enabling consumers to search for a loan on the basis of APR, cost of credit and term of loan. All loans currently available from licensed moneylenders are listed, so consumers can compare the different types of moneylending loans on offer. The Central Bank hopes the recent enhancements will increase transparency of the cost of moneylending loans and encourages consumers and consumer representative bodies to go to our website to check if a moneylender is licensed and to compare loans.

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Update on DGS Payout to IBRC Limited Account Holders

7 March 2013

The Deposit Guarantee Scheme (DGS) has today made compensation payments totalling €9.03 million to 394 depositors of IBRC Limited. The maximum compensation payable is €100,000 per person. Cheques have been posted to customers of IBRC Limited, which was placed into liquidation on 7 February 2013.

The initial compensation payments cover holders of structured deposits/tracker bonds and deposits confirmed by the Special Liquidators as ready for pay-out, as no right of set off applies to them.

Remaining deposits are still under review.

- The Special Liquidators continue to review deposits held by customers who also hold loans in IBRC Limited to establish if a right of set off applies.
- The Central Bank is processing applications by small companies.
- The Central Bank is seeking further information on a small number of client accounts and trust accounts to determine the identity and eligibility of the underlying beneficiaries.
- The Special Liquidators are reviewing a number of un-cashed cheques issued by IBRC Limited to depositors in respect of withdrawals from their accounts in the recent past.

These investigations may identify additional accounts which qualify for DGS compensation and payments will be made in due course.

Notes to Editor

The compensation payments have been made from the Deposit Protection Account (DPA), operated by the Central Bank of Ireland and funded by credit institutions covered by the scheme. The balance in the DPA was €388 million prior to this compensation event.

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Residential Mortgage Arrears and Repossessions Statistics: Q4 2012

7 March 2013

Summary

The Central Bank today publishes the latest data on mortgage arrears, repossessions and restructures for the period ending December 2012.[1] The figures show that 94,488 (11.9 per cent) private residential mortgage accounts for principal dwelling houses (PDH) were in arrears of over 90 days at end-December, up from 91,358 accounts (11.5 per cent) at end-September 2012. This increase of 3.4 per cent in the number of PDH accounts in arrears of over 90 days is the slowest quarter-on-quarter rate of increase since these statistics were first collected in September 2009. The rate of increase in the number of PDH accounts in arrears of over 180 days also slowed, to 5.4 per cent in Q4. However, the number of accounts in the category of arrears over 720 days increased by 14.1 per cent in Q4 compared to Q3. At end-December there were 23,523 PDH mortgage accounts in arrears of over 720 days. Meanwhile, the number of early arrears cases fell during Q4. The figures show that 49,363 PDH mortgage accounts were in arrears of less than 90 days at end-December 2012, reflecting a quarter-on-quarter decline of 1.3 per cent. The data also show that 79,852 PDH mortgage accounts were classified as restructured by the mortgage lenders as at end-December 2012.

The data on residential mortgage accounts for buy-to-let (BTL) properties indicate that 28,421 (18.9 per cent) BTL accounts were in arrears of more than 90 days as at the end of December 2012. This compares to 27,018 accounts (17.9 per cent) that were in arrears of more than 90 days as at the end of September 2012. The data also indicate that 21,800 BTL mortgage accounts were classified as restructured as at end-December 2012.

Residential Mortgages on Principal Dwelling Houses

Arrears

- At end-December 2012, there were 792,096 private residential mortgage accounts for principal dwellings held in the Republic of Ireland, to a value of €110.8 billion. Of this total stock of accounts, 94,488, or 11.9 per cent, were in arrears of more than 90 days.[2] This compares with 91,358 accounts (11.5 per cent of total) that were in arrears of more than 90 days at end-September 2012. The outstanding balance on PDH mortgage accounts in arrears of more than 90 days was €17.5 billion at end-December, equivalent to 15.8 per cent of the total outstanding balance on all PDH mortgage accounts.

- The figures for Q4 show a continuation of the divergent trends in early arrears and longer-term arrears. There was a quarter-on-quarter decline of 1.3 per cent in the number of early arrears cases during the fourth quarter of the year. The number of PDH mortgage accounts in arrears of less than 90 days was 49,363 at end-December, or 6.2 per cent of the total stock. However, the number of accounts in arrears of over 360 days increased by 9.1 per cent during Q4. At end-December 2012, 51,352 PDH accounts, or 6.5 per cent of the total stock, were in arrears of over 360 days. Just under half of these were in arrears of more than 720 days. The outstanding balance on these PDH accounts in arrears over 720 days was €4.8 billion at end-December, equivalent to 4.3 per cent of the total outstanding balance on all PDH mortgage accounts.

Restructuring Arrangements

- Forbearance techniques include a switch to an interest only mortgage; a reduction in the payment amount; a temporary deferral of payment; extending the term of the mortgage; and capitalising arrears amounts and related interest[3]. The figures also include a small number of new loan modifications recently introduced by mortgage lenders with the aim of providing longer-term and more sustainable solutions for customers in financial difficulty.
- There was a total stock of 79,852 PDH mortgage accounts that were categorised as restructured at end-December 2012. This reflects a decrease of 2.2 per cent (almost 1,800 accounts) from the stock of restructured accounts reported at end-September. This development was driven by a fall in the number of temporary restructure arrangements, such as payment moratoria, interest only arrangements and other forms of reduced payment arrangement. However, while the total stock of restructured accounts has fallen, the number of permanent restructure types (which include term extension, arrears capitalisation, permanent interest rate reduction, split mortgages and trade down mortgages) increased in Q4 by approximately 13 per cent relative to Q3.
- Of the total stock of restructured PDH mortgages at end-December, 42,031 were not in arrears. The remaining 37,821 restructured accounts were in arrears of varying lengths. These restructured accounts in arrears include accounts that were in arrears prior to restructuring where the arrears balance has not yet been eliminated, as well as accounts that are in arrears on the current restructuring arrangement. Being in arrears does not necessarily imply that the terms of the restructure arrangement are not being met, as an arrears balance may have been carried forward into the new arrangement. Restructured accounts that are not in arrears may have previously had an arrears balance which has since been eliminated, or they could be 'pre-arrears'[4] cases.

- The data on arrears and restructures indicate that of the total stock of 143,851 PDH accounts that were in arrears at end-December 2012, 37,821, or 26 per cent, were classified as restructured at that time.
- Interest only arrangements and reduced payment arrangements (interest plus some capital) continue to account for the majority of all restructure types (approximately 59 per cent). A breakdown of restructured mortgages by type is presented in Figure 2.

Legal Proceedings and Repossessions

- During the fourth quarter of 2012, legal proceedings were issued to enforce the debt/security on a mortgage in 238 cases. Court proceedings concluded in 178 cases during the quarter, and in 111 of these cases the Courts granted an order for repossession or sale of the property.
- There were 947 properties in the banks' possession at the beginning of Q4. A total of 134 properties were taken into possession by lenders during the quarter, of which 38 were repossessed on foot of a Court Order, while the remaining 96 were voluntarily surrendered or abandoned.
- During the quarter 178 properties were disposed of. As a result, lenders were in possession of 903 PDH properties at end-December 2012.

Residential Mortgages on Buy-to-Let Properties

Arrears

- At end-December 2012, there were 150,344 residential mortgage accounts for buy-to-let properties held in the Republic of Ireland, to a value of €31.1 billion. Of this total stock of accounts, 28,421, or 18.9 per cent, were in arrears of more than 90 days. This compares with 27,018 accounts (17.9 per cent of total) that were in arrears of more than 90 days at end-September 2012. The outstanding balance on BTL mortgage accounts in arrears of more than 90 days was €8.4 billion at end-December, equivalent to 26.9 per cent of the total outstanding balance on all BTL mortgage accounts.
- The number of accounts that were in arrears of more than 180 days was 23,659 at end-December 2012, reflecting a quarter-on-quarter increase of 7.4 per cent. This compares to an increase of 11 per cent recorded in Q3, relative to Q2. Meanwhile, 7,754 BTL accounts, or 5.2 per cent of the total stock, were in arrears of more than 720 days at end-December. The outstanding balance on these accounts was €2.5 billion, equivalent to 8.1 per cent of the total outstanding balance on all BTL mortgage accounts.

- There was a moderate quarter-on-quarter decline of 0.9 per cent in the number of early arrears cases during the fourth quarter of the year. The number of BTL mortgage accounts in arrears of less than 90 days was 9,534 at end-December, or 6.3 per cent of the total stock.

Restructuring Arrangements

- There was a total stock of 21,800 BTL mortgage accounts that were categorised as restructured at end-December 2012. This reflects a decrease of 1.7 per cent (382 accounts) from the stock of restructured accounts reported at end-September.
- Of the total stock of restructured mortgages at end-December 13,469 were not in arrears. The remaining 8,331 restructured accounts were in arrears of varying lengths.
- The data on arrears and restructures indicate that of the total stock of 37,955 BTL accounts that were in arrears at end-December, 8,331, or 21.9 per cent, were classified as restructured at that time.
- Interest only arrangements and reduced payment arrangements (interest plus some capital) accounted for the majority of all BTL restructure types (approximately 72 per cent).
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Legal Proceedings and Repossessions

- There were 408 BTL properties in the banks' possession at the beginning of Q4. A total of 88 properties were taken into possession by lenders during the quarter, of which 22 were repossessed on foot of a Court Order, while the remaining 66 were voluntarily surrendered or abandoned.
- During the quarter 42 properties were disposed of. As a result, lenders were in possession of 454 BTL properties at end-December 2012.

Annex 1: Mortgage Arrears Data and Further Information

The mortgage arrears data, along with a set of explanatory notes, are available in the Mortgage Arrears section of the Statistics portal of the Central Bank of Ireland website.

The Central Bank of Ireland has produced a number of consumer guides to assist consumers who are in arrears or facing arrears, including

- Mortgage Arrears - A Consumer Guide to Dealing with your Lender;
- Mortgage Arrears - Frequently Asked Questions; and
- Guide to Completing a Standard Financial Statement.

The above guides, that include information on the protections that are available to consumers in financial difficulty.

[1] Please note that the introduction of a new collection system in recent months has resulted in some changes to previous quarters' data. Further details are provided in the relevant sections of the release. In particular, there have been a number of changes to Q3 2012 data, due to reclassification issues. In all such cases, the adjustments made to Q3 2012 data allow us to make like-for-like comparisons with Q4 2012 data, ensuring that all quarter-on-quarter growth rates quoted here are meaningful.

[2] The figures published here represent the total stock of mortgage accounts in arrears of more than 90 days, as reported to the Central Bank of Ireland by mortgage lenders. They include mortgages that have been restructured and are still in arrears of more than 90 days, as well as mortgages in arrears of more than 90 days that have not been restructured.

[3] Arrears capitalisation is an arrangement whereby some or all of the outstanding arrears are added to the remaining principal balance, to be repaid over the life of the mortgage.

[4] 'Pre-arrears' refers to cases in which the account has not fallen into arrears but the borrower anticipates future difficulty and agrees a forbearance arrangement with the lender.

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Retail Interest Rate Statistics: January 2013

8 March 2013

The Retail Interest Rate Statistics[1] cover lending to, and deposits from, households and non-financial corporations (NFCs) in the euro area by credit institutions resident in Ireland. Interest rates and business volumes refer to euro-denominated loans and deposits only. Interest rates on outstanding amounts cover all loans and deposits outstanding on the last working day of the month. Interest rates on new business volumes cover all new loan and deposit business agreed during the month[2]. Irish residents accounted for approximately 99 per cent of outstanding household loan & deposit activity and 88 per cent of outstanding NFC loan & deposit activity at end-December 2012.

Households

Loans to Households

- Interest rates on outstanding loans to households for house purchase were 2.98 per cent at end-January 2013, this figure has remained relatively stable over the year with a twelve-month average of 2.95 per cent. The corresponding interest rate reported by all credit institutions resident in the euro area declined to 3.54 per cent at end-January 2013, representing a two basis point decline over the month and a decline of 33 basis points since end-January 2012.
- In comparison to the euro area, the average interest rates on outstanding mortgages in Ireland have more closely reflected movements in the ECB's main refinancing rate (MRO) over the last number of years (Chart 1). This relationship is principally derived from the higher proportion of "tracker" and variable rate mortgage products in the domestic market. However, over the past six months both the Irish and the euro area rate have exhibited a divergence from the ECB rate. The ECB rate has remained constant at 0.75 per cent since July 2012, while, the applicable Irish rate has increased by 12 basis points. The corresponding euro area rate has decreased by 17 basis points over the same period.
- Interest rates on outstanding loans to households for consumption and other purposes decreased by four basis points during January 2013, to stand at 5.62 per cent. This represented a fall of 50 basis points since end-January 2012. The interest rate on short-term loans for consumption and other purposes with an agreed maturity up to one year[3] stood at 9.07 per cent at end-January 2013, representing a four basis point decrease since end-December 2012. The corresponding short-term rate reported by all credit institutions in the euro area was

significantly lower at 7.75 per cent at end-January 2013. In terms of longer-term loans, the weighted average interest rate reported by Irish resident credit institutions on loans with an original maturity over five years was 3.98 per cent at end-January, falling by 36 basis points since end-January 2012. In the euro area, the equivalent long-term interest rate reported by all credit institutions stood at 4.90 per cent at end-January 2013.

- In relation to new business, the weighted average interest rate on loans for house purchase with either a floating rate or initial rate fixation of up to one year was 3.20 per cent at end-January 2013, falling by 23 basis points compared with December 2012. In the euro area, the corresponding interest rate on loans for house purchase with either a floating rate or an initial fixation period of up to one year was 2.86 per cent at end-January 2013. In the domestic market, loans in this instrument category accounted for 87 per cent of new mortgage business at end-January 2013. In contrast, loans in the same instrument category accounted for just 29 per cent of new mortgage business in the euro area.
- The weighted average interest rate on new loans to households for non-housing purposes stood at 6.99 per cent at end-January 2013, this constituted an increase of 111 basis points over the month. New business volumes in this instrument category have been quite low, averaging approximately €190 million per month over the year ending January 2013. As a result, the corresponding interest rate series has been volatile.

Deposits from Households

- The weighted average interest rate on total outstanding household term deposits declined from 3.18 per cent at end-December 2012 to stand at 3.13 per cent at end-January 2013. The interest rate on household deposits with an agreed maturity of up to two years decreased by six basis points to 3.23 per cent at end-January 2013. In terms of longer-term interest rates, deposits with an agreed maturity over two years have remained relatively constant over the past twelve months, standing at 2.41 per cent at end-January 2013, compared to a twelve-month average of 2.48 per cent, for the year ending January 2013.
- Interest rates on household term deposits increased steadily during 2011 and the first half of 2012; peaking at 3.53 per cent in April 2012. However, since then this trend has been reversed. Total term deposit rates reported by Irish resident credit institutions declined for the ninth consecutive month, to stand at 3.13 per cent at end-January 2013.
- Interest rates in relation to shorter-term deposits, which are redeemable at notice[4], experienced their first increase since June 2012. The rate stood at 1.50 per cent at end-January 2013, representing a one basis point increase since end-December 2012 but a decline of 77

basis points since end-January 2012. Deposit volumes suggest that, to some extent, households are moving out of short-term products, which are redeemable at notice, and into longer-term deposits with agreed maturity.

- In terms of new deposit business, interest rates on household term deposits fell to 1.29 per cent at end-January 2013, compared to 1.34 per cent at end-December 2012.

Non-Financial Corporations (NFCs)

Loans to NFCs

- The weighted average interest rate on outstanding loans to NFCs issued by Irish resident credit institutions remained static over the month, standing at 2.97 per cent at end-January 2013. This compares with a twelve-month average figure of 3.20 per cent for the year ending January 2013. The equivalent euro area weighted average interest rate was 3.36 per cent at end-January 2013.
- Loans with an original maturity of over five years accounted for 48 per cent of all outstanding loans issued to NFCs by Irish resident credit institutions as of end-January 2013. The weighted average interest rate on these longer-term loans was 2.96 per cent, showing a decrease of one basis point over the month. Interest rates applicable to both short- and medium-term loans[5] were 3.16 per cent and 2.75 per cent, respectively at end-January, representing a three basis point decrease in short-term loans and an increase of three basis points in the medium-term category when compared with the previous month.
- The weighted average interest rate on new loan agreements to NFCs up to €1 million[6] stood at 4.39 per cent at end-January 2013. This represents an increase of 11 basis points compared with December 2012 and brings the current rate below the twelve-month average of 4.56 per cent for the year ending January 2013. The corresponding interest rate reported by all euro area credit institutions for the month of January was substantially lower at 3.78 per cent. Increased month-on-month volatility in this interest rate series is explained by particularly low volumes in this instrument category, where relatively few contracts can cause sizable movements within the overall series.
- In terms of new business NFC loans above €1 million, Irish resident credit institutions reported a decrease of 21 basis points over the month, to stand at 2.53 per cent at end-January 2013. This brings the twelve-month average rate to 2.90 per cent. The equivalent euro zone interest rate decreased by five basis points over the month, bringing the twelve-month average to 2.44 per cent.

Deposits from NFCs

The weighted average interest rate on outstanding NFC term deposits showed a five basis point decrease to stand at 2.34 per cent at end-January 2013, considerably lower than the monthly average of 2.78 per cent for the year ending January 2013. Interest rates on deposits with agreed maturity up to two years, which accounted for 96 per cent of NFC term deposits, stood at 2.36 per cent at end-January 2013, down from 2.42 per cent at end-December 2012. The equivalent rate at euro area level was 1.76 per cent at end-January 2013.

In relation to new deposit business, the weighted average interest rate on new NFC term deposits was 0.81 per cent at end-January 2013, representing a decrease of 13 basis points since December 2012. During the same period, the equivalent weighted average euro area interest rate increased slightly by three basis points to 1.17 per cent.

[1] Recent data are often provisional and may be subject to revision.

[2] For retail interest rate statistics purposes, new business is defined as any new agreement between the customer and the credit institution. This agreement covers all financial contracts that specify, for the first time, the interest rate of the deposit or loan, including any re-negotiation of existing deposits and loans. Automatic renewals of existing contracts, which occur without any involvement by the customer, are not included in new business. New business volumes have been exceptionally low in various instrument categories during the last number of months. Low volumes of this nature can result in increased volatility within the interest rate series.

[3] Short-term loans for consumption and other purposes with an agreed maturity of up to one year include both overdrafts and credit card debt.

[4] For the purpose of these statistics, deposits redeemable at notice cover both the household and NFC sectors. At end-December 2012, households accounted for 88 per cent of outstanding deposits redeemable at notice.

[5] Short-term loans are those with an original maturity up to one year. Medium-term loans have an original maturity of between one and five years.

[6] The weighted average interest rate on new loans to NFCs, up to €1 million, is often taken as a reasonably accurate proxy for the prevailing rate applicable to SME lending.

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Central Bank Data on Investment Funds: Q4 2012

8 March 2013

The Central Bank today publishes statistics for Q4 2012 on investment funds (IFs) resident in Ireland. IFs[1], measured by total shares/units in issue, increased by 4.4 per cent to €932 billion by end-Q4 2012, driven by revaluations of €11.5 billion and net new subscriptions of €28 billion. Growth was recorded across all fund types. During the same period, European units/shares in issue increased by 2.7 per cent to close at €6,558 billion.

A geography profile of the assets of Irish IFs shows that, 77 per cent were located outside of the euro area, 14 per cent in the rest of the euro area and 9 per cent within the state. The ownership of units has a relatively similar profile, with 70 per cent held by non-euro area residents, 24 per cent by other euro area residents and 6 per cent by Irish residents.

Irish IFs, held €171 billion of sovereign bonds and €253.4 billion of corporate bonds at end Q4. The largest concentration of sovereign bonds is in the UK, where growth in holdings of 12 per cent was driven exclusively by new subscriptions to close at €48 billion. Concerns over the fiscal cliff in the US may have been reflected in a slight outflow of 3 per cent from US sovereigns, which closed at €46.6 billion. There were also slight outflows from German, Belgian and French sovereign bonds, while Italian and Spanish sovereign holdings increased by 23 per cent and 49 per cent respectively, albeit from low bases, to close at €12 billion and €3.5 billion respectively. This re-balancing seems to indicate an increase in confidence in the sovereign debt of euro area peripheral countries following the Eurosystem announcement of Outright Monetary Transactions to support countries meeting the policy conditions. Exposure to MFIs remained relatively static at €101 billion.

Investment Funds by Category

Bond funds, which accounted for €385.3 billion of Irish IFs by shares/units in issue, experienced inflows of €11.6 billion and positive revaluations of €1.1 billion. This continues a trend of significant flows into bond funds, which have now experienced positive inflows for four consecutive quarters. In terms of asset allocation within bond funds, a rebalancing from core to peripheral euro area debt was evident.

Equity funds, which accounted for €303 billion of IFs, saw positive net transactions inflows of €7.3 billion and positive revaluations of €5.8 billion, reflecting growth in the global equity markets over the quarter. Acquisition of new stock by equity funds was concentrated in Asia, where holdings increased by 6.2 per cent, partly driven by proposed monetary policy actions by the Bank of Japan.

Hedge funds increased in value to €82.7 billion, driven by a net transactions inflow of €3.3 billion, or 4.2 per cent, and positive revaluations of €0.7 billion. In terms of asset allocation type, hedge funds significantly reduced holdings of core euro area sovereign debt in order to take larger positions in Spanish and Italian sovereign debt.

Other funds, comprising mostly mixed funds[2], experienced inflows of €5.8 billion, or 3.8 per cent, and positive revaluations of €3.8 billion, culminating in an increase in overall stock to €161.3 billion. Other funds have experienced positive new subscriptions for the second consecutive quarter after large outflows at the start of 2012.

Notes to Editors

These data were published under the requirements of Regulation (EC) No 958/2007 concerning statistics on the assets and liabilities of investment funds (ECB/2007/8), which was passed on 27 July 2007, obliging investment funds to report quarterly balance sheets. Reporting is obligatory for all investment funds resident in Ireland.

The full data series for Ireland is available from the Central Bank website while euro area statistics are available from the ECB website.

Equity funds are investment funds primarily investing in shares and other equity. The criteria for classifying an investment fund into an equity fund are derived from the public prospectus, fund rules, instruments of incorporation, established statutes or by-laws, subscription documents or investment contracts, marketing documents, or any other statement with similar effect.

Bond funds are investment funds primarily investing in securities other than shares. The criteria for classifying an investment fund into a bond fund are derived from the public prospectus, fund rules, instruments of incorporation, established statutes or by-laws, subscription documents or investment contracts, marketing documents, or any other statement with similar effect.

Mixed funds are investment funds investing in both equity and bonds with no prevalent policy in favour of one or the other instrument. The criteria for classifying an investment fund into a mixed fund are derived from the public prospectus, fund rules, instruments of incorporation, established statutes or by-laws, subscription documents or investment contracts, marketing documents, or any other statement with similar effect.

Hedge funds, for the purpose of IF data collection, mean any collective investment undertaking (CIU) regardless of its legal structure under national laws, which apply relatively unconstrained investment strategies to achieve positive absolute returns, and whose managers, in addition to management fees, are remunerated in relation to the fund's performance. For that purpose, hedge funds have few restrictions on the type of financial instruments in which they may invest and may therefore flexibly employ a wide variety of financial techniques, involving leverage, short-selling or any other techniques. This definition also covers funds that invest, in full or in part, in other hedge funds provided that they otherwise meet the definition. These criteria to identify hedge funds must be assessed against the public prospectus as well as fund rules, statutes or by-laws, subscription documents or investment contracts, marketing documents or any other statement with similar effect of the fund.

Real estate funds are investment funds primarily investing in real estate. The criteria for classifying an investment fund into a real estate fund are derived from the public prospectus, fund rules, instruments of incorporation, established statutes or by-laws, subscription documents or investment contracts, marketing documents, or any other statement with similar effect.

Other funds are investment funds other than bond funds, equity funds, mixed funds, real estate funds or hedge funds.

Open-ended investment funds are investment funds, the units or shares of which are, at the request of the holders, repurchased or redeemed directly or indirectly out of the undertaking's assets.

Closed-ended investment funds are investment funds with a fixed number of issued shares and whose shareholders have to buy or sell existing shares in order to enter or leave the fund.

[1] The figures recorded here and referred to as 'IFs' exclude Irish authorised Money Market Funds (MMFs).

[2] These also include real estate and other unclassified funds.

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Central Bank Data on Financial Vehicle Corporations Q4 2012

11 March 2013

The Central Bank today publishes Q4 2012 data on financial vehicle corporations (FVCs) resident in Ireland.

The Central Bank today publishes Q4 2012 data on financial vehicle corporations (FVCs) resident in Ireland. The information contains detailed quarterly financial vehicle balance sheet and transactions data, largely comprising holdings of securitised loans which have been originated by euro area Monetary Financial Institutions (MFIs) and debt securities issued on the back of these loans. The data are compiled from asset and liability information, provided to the Central Bank on a vehicle-by-vehicle basis.[1]

Total assets reported by FVCs resident in Ireland declined in value for the eighth consecutive quarter, falling to €441.9 billion in Q4 2012. This was largely driven by net outflows of securitised loans, other assets and securities other than shares of €7.8 billion, €4.0 billion and €3.1 billion respectively[2]. The main driver for the fall in securitised loans was real estate mortgage backed securities (RMBS) vehicles linked to Irish banks. These banks reversed a number of transactions of loan tranches which were not afforded a credit rating from more than one rating agency and therefore were unable to obtain liquidity from the ECB. Securitised loans linked to Irish commercial mortgage backed securities (CMBS) vehicles also fell in value due to impairments in mortgage loans. The negative transactions for other assets can be linked to the unwinding of some derivative positions while outflows for securities other than shares are related to the need to raise finance to make repayments as debt securities reached maturity. Despite continued declines in asset values and transactions over the course of 2012, reporting numbers stabilised at around 690 vehicles over the year and small positive revaluations were recorded in each quarter of 2012, mainly related to gains in derivative positions.

On the liabilities side, debt securities issued by FVCs reported negative transactions of €12.5 billion, primarily relating to debt securities with maturities of over two years. These were linked to the reversal of transactions in RMBS securitised loans. Loans and deposit liability transactions declined by €2.8 billion reflecting repayments of loans while other liabilities fell by €2.7 billion, driven by unwinding of derivative positions linked to maturing debt securities.

The fall in Irish FVC assets in Q4 2012 was broadly in line with the euro area trend, where total assets fell by €39.9 billion to €2,042 billion, mainly due to a decline in securitised loans linked to euro-area banks. Nevertheless, euro area outflows decreased by more than 50 per cent compared to Q3 outflows while Irish outflows increased by almost 26 per cent over the same period. This caused Ireland’s share of total euro area assets to decline marginally to 21.6 per cent from 21.9 per cent in Q3 2012.

The latest developments continued a trend of negative annual growth rates for the industry since the start of 2011. For securitised loans, while the growth rate remained negative, it decreased from 9.1 per cent in Q3 2012 to 6.5 per cent in Q4 2012. On the liabilities side, growth rates were also negative for debt securities issued, decreasing slightly from 16.4 per cent to 15.7 per cent over the same period. Overall, the negative growth rate for total FVC assets decreased marginally from 14.0 to 13.6 per cent in Q4 2012.

Notes to Editors

These data were collected under the requirements of Regulation (EC) No. 24/2009 concerning statistics on the assets and liabilities of financial vehicle corporations engaged in securitisation transactions (ECB/2008/30), which was passed on 19 December 2008, obliging financial vehicle corporations to report quarterly balance sheets. Reporting is obligatory for all financial vehicle corporations resident in Ireland.

'Financial vehicle corporations' (FVCs) are undertakings which are constituted pursuant to National or Community Law and whose principal activity meets both of the following criteria:

- to carry out securitisation transactions which are insulated from the risk of bankruptcy or any other default of the originator;
- to issue securities, securitisation fund units, other debt instruments and/or financial derivatives, and/or to legally or economically own assets underlying the issue of securities, securitisation fund units, other debt instruments and/or financial derivatives that are offered for sale to the public or sold on the basis of private placements.

'Securitisation' refers to a transaction or scheme whereby: (i) an asset or pool of assets is transferred to an entity that is separate from the originator and is created for or serves the purpose of the securitisation; and/or (ii) the credit risk of an asset or pool of assets, or part thereof, is transferred to the investors in the securities, securitisation fund units, other debt instruments and/or financial derivatives issued by an entity that is separate from the originator and is created for or serves the purpose of the securitisation.

[1] Definitions of an FVC and 'securitisation' can be found in Notes to Editors.

[2] Other assets comprise of financial derivatives, fixed and remaining assets.

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Statistics on Securities Issues of Irish Financial and Non-financial Firms January 2013

12 March 2013

At end-January 2013, the outstanding amount of debt securities issued by Irish financial and non-financial firms, and the Government was €985 billion (or a reduction of approximately 3 per cent since January 2012). This contrasts with a year-on-year increase of approximately 1 per cent across the euro area.

Market-based debt financing for the banking sector expanded during January with net issuance of approximately €560 million. The outstanding amount of debt securities for this sector saw a year-on-year fall of 24 per cent to €85 billion.

The outstanding amount of long-term Government debt stood at €90.4 billion; this represents a year-on-year increase of 6 per cent. At end-January 2013, Irish resident investors accounted for 28 per cent of long-term Irish Government bonds compared with 23 per cent in January 2012.

Equity shares had an outstanding value of €216.7 billion at end-January. This includes quoted shares issued by Irish residents (€216.2 billion) which saw a year-on-year net increase of 23 per cent (driven primarily by increases in the non-financial corporate sector). The value of the stock of quoted shares in the euro area increased by approximately 14 per cent in the year to January.

Government Debt Issuance:

Long-term Government debt fell to €90.4 billion in January 2013[1]. This represented a year-on-year increase of approximately 6 per cent when compared with January 2012 (€85.4 billion). Almost €16.4 billion (or 18 per cent) of the euro-denominated long-term debt will fall due over the next 3 years (see Table 1). Almost €10 billion (or 60 per cent) of this latter figure is payable to non-resident investors.

The NTMA raised €2.5 billion through the sale, by way of a syndicated tap, of its Treasury Bond 2017[2]. These funds were raised at a yield of 3.316 per cent. Total bids amounting to some €7 billion were received and the funds raised account for 25 per cent of the NTMA's target of €10 billion for 2013.

Holdings of Government Bonds:

At end-January 2013, Irish resident investors accounted for 28 per cent of long-term Irish Government bonds compared with 23 per cent in January 2012. The Irish banking sector accounted for a significant portion of this increase due to banks' demand for Government bonds to use as collateral for monetary policy operations. This sector accounted for 25 per cent of all holdings at end-January 2013 (or €22.8 billion), compared with 20 per cent at end-January 2012.

In the case of the aforementioned syndicated tap of the Treasury Bond 2017, 13 per cent of the amount issued was taken up by domestic investors. A significant proportion of the overseas investors were from the UK[3].

Approximately 51 per cent of all resident holdings will mature within the next 5 years. Furthermore, 40 per cent (or €25.8 billion) of those long-term bonds held by non-resident investors will mature between 2020 and 2025 (see Figure 2).

Banking Sector:

Market-based debt financing for the banking sector expanded during January with net issuance of €560 million (compared to net redemptions of €163 million in the previous month).

Following on from its issuance of a 3-year Asset Covered Security (ACS) Bond in late-2012, AIB[4] raised a further €500 million in January 2013[5]. This issuance was more than 4-times oversubscribed with over 99 per cent placed outside Ireland. Permanent tsb also raised €600 million in January whilst the Irish Exchequer also disposed of a €1 billion Contingent Convertible Capital Bond (or Co Co's) investment in Bank of Ireland in a transaction that was significantly over-subscribed.

The outstanding amount of debt securities for this sector saw a year-on-year fall of 24 per cent to €85 billion with short-term debt contracting by 42 per cent. Over the past 12 months, the total outstanding amount of debt securities for this sector across the euro area decreased by 3 per cent.

The outstanding amount of the banking sector's equity securities fell by almost 6 per cent in January 2013 to €16.5 billion. This represents a year-on-year decrease of 6 per cent.

Non-Financial Corporates:

The outstanding amount of debt securities issued by non-financial corporates (NFC) remained broadly stable at approximately €2.9 billion at end- January 2013. This represents a 5 per cent decrease from January 2012. The year-on-year increase in the outstanding debt securities for NFCs resident in the euro area was approximately 12 per cent.

In January 2013, the equity securities outstanding for the NFC sector increased by more than €7 billion (to €185.8 billion). This represents an increase of 26 per cent when compared to January 2012. The annual percentage change in market capitalisation for NFCs in the euro area was approximately 12 per cent.

Notes:

- The statistics are based on Irish resident sectors issuances of securities where an ISIN[6] code is assigned, irrespective of the market of issue or listing. Non-ISIN information is also provided for monetary financial institutions.
- Debt securities are broken down according to their original maturity and coupon type. Equity securities are classified into quoted and unquoted securities excluding investment fund shares/units.
- The difference between month-on-month equity stocks reflects valuations changes transactions in addition to transactions and other adjustments, for example, reclassifications and corrections.
- The data reflect revisions arising from data quality management activities performed by the Bank, which contribute to improvements in the data.
- Euro area figures are sourced from the ECB's Euro Area Securities Issues Statistics monthly publication.
- The methodological notes guiding the compilation of these statistics can be found on the ECB's website.

[1] Refers to debt securities in all currencies (but principally includes euro-denominated debt)

[2] Due to mature October 2017

[3] Overseas investors were mainly from the UK (33 per cent)

[4] Refers to AIB Mortgage Bank (a wholly-owned subsidiary of Allied Irish Banks, plc).

[5] ACS Bonds are not guaranteed by the Irish State.

[6] An ISIN code is a unique identifier assigned to an individual security.

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Central Bank Outlines Additional Measures on Mortgage Arrears

13 March 2013

New Mortgage Arrears Targets and Consultation on

Review of the CCMA Published

The Central Bank today (13 March 2013) announced new measures to address mortgage arrears, including the publication of performance targets for the main mortgage banks and proposed changes to the Code of Conduct on Mortgage Arrears (CCMA).

The new approach is aimed at ensuring banks offer and conclude sustainable solutions for their customers in arrears by setting specific performance targets and proposing revisions to provisioning standards. The Central Bank is also proposing to update the CCMA so that it continues to provide protection to customers who cooperate with their bank while facilitating and promoting the resolution of arrears cases.

Deputy Governor of the Central Bank, Matthew Elderfield, said: "The resolution of mortgage arrears is a key priority for the Central Bank and is important for the restoration of the banking system and economic and financial stability, as well as the fair treatment of borrowers. We are therefore setting performance targets for the banks to end the impasse on arrears and to ensure that sustainable solutions are put in place for borrowers. These targets will be backed by rigorous new provisioning standards and the possible imposition of higher capital requirements. Now is the time to see real delivery from the banks' on this critical issue."

The Bank has set out specific performance targets for banks to ensure borrowers in arrears will be put on more sustainable solutions, suitable and tailored to their individual situation. Banks will be required to meet specific targets for proposing and concluding sustainable solutions for borrowers in arrears over 90 days. The targets will include:

- Quarterly targets will be set in relation to the number of sustainable solutions proposed to customers. These will become progressively more demanding over time. The first targets will apply for the quarter ending 30 June 2013, and will be enhanced in subsequent quarters, with 2014 targets to be set in due course;
- Progressively more demanding quarterly targets will be set for the conclusion of sustainable solutions. These will be set in due course and will apply for the quarter ending 31 December 2013 onwards; and
- In addition specific and more detailed targets will be set for individual banks, based on their capacity, systems, and processes, principally focusing on the handling of early arrears.

The framework applies to ACC, AIB, Bank of Ireland, KBC Bank, permanent tsb and Ulster Bank in relation to both principal dwelling homes (PDH) and buy to let (BTL) mortgages. The Central Bank will audit each bank's performance against the targets periodically, with regular reporting requirements established.

The Central Bank is also setting out its plans to require more prudent provisioning for mortgage loans in arrears greater than 90 days which have not been subject to a sustainable solution.

A consultation paper on the review of the CCMA has also been published detailing proposed changes to strengthen the Code's protections for borrowers, while ensuring it allows for effective and timely resolution of individual arrears situations. Issues being considered for review include:

- New safeguards to ensure borrowers are given sufficient warning before being classified as 'non cooperating';
- Changes to the contact levels permitted, while ensuring consumers are not subject to harassment;
- Transparency on resolution options so borrowers have a full understanding before making a decision; and
- Consideration on whether there is merit in allowing a lender to move a borrower in arrears off a tracker rate where the lender has offered an alternative arrangement which is more advantageous in the long term.

A copy of the full consultation document is available here and submissions can be made until 10 April 2013.

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Central Bank of Ireland Issues Warning on Investment Firm AGF Europe Advisors (UK)

15 March

The Central Bank today published the name of an unauthorised investment firm, AGF Europe Advisors (UK). AGF Europe Advisors (UK) has been offering investment services to members of the Irish public and is not authorised as an investment firm in Ireland.

It is a criminal offence for an investment firm to operate in Ireland unless it has an authorisation from the Central Bank of Ireland. Consumers should be aware that, if they deal with an investment firm which is not authorised, they are not eligible for compensation from the Investor Compensation Scheme.

Any person wishing to contact the Central Bank of Ireland with information regarding such firms may telephone (01) 224 4000. This line is also available to the public to check if an investment firm is authorised. Since obtaining the necessary legal powers in August 1998, the names of 203 unauthorised firms have been published by the Central Bank.

Notes to editors

The name of the above firm is published under the European Communities (Markets in Financial Instruments) Regulations 2007. Such firm is not to be confused with AGF International Advisors Company Limited or AGFIA Ltd, which are regulated by the Central Bank of Ireland, or their affiliates, including AGF Investments Inc. and AGF Investments America Inc., regulated by the Ontario Securities Commission (OSC) and Securities Exchange Commission (SEC), respectively.

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Central Bank of Ireland Issues Warning on Investment Firm Izard Quin Division Holding Limited (Switzerland)

20 March 2013

The Central Bank today published the name of an unauthorised investment firm, Izard Quin Division Holding Limited (Switzerland). Izard Quin Division Holding Limited (Switzerland) has been offering investment services to members of the Irish public and is not authorised as an investment firm in Ireland.

It is a criminal offence for an investment firm to operate in Ireland unless it has an authorisation from the Central Bank of Ireland. Consumers should be aware that, if they deal with an investment firm which is not authorised, they are not eligible for compensation from the Investor Compensation Scheme.

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Notes to editors

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Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Central Bank of Ireland Issues Warning on Investment Firm Bernstein, Whitman & Lloyds (USA)

22 March

The Central Bank today published the name of an unauthorised investment firm, Bernstein, Whitman & Lloyds (USA). Bernstein, Whitman & Lloyds (USA) has been offering investment services to members of the Irish public and is not authorised as an investment firm in Ireland.

It is a criminal offence for an investment firm to operate in Ireland unless it has an authorisation from the Central Bank of Ireland. Consumers should be aware that, if they deal with an investment firm which is not authorised, they are not eligible for compensation from the Investor Compensation Scheme.

Any person wishing to contact the Central Bank of Ireland with information regarding such firms may telephone (01) 224 4000. This line is also available to the public to check if an investment firm is authorised. Since obtaining the necessary legal powers in August 1998, the names of 206 unauthorised firms have been published by the Central Bank.

Notes to editors

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Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Generation €uro Students' Award National Winners Announced

25 March 2013

The Central Bank of Ireland today announced the National Winners of the Generation €uro Students' Award for 2013, a competition for transition year students aimed at promoting an awareness of economics and monetary policy decision making.

Transition year students from Marian College in Dublin will go on to represent Ireland at the European Central Bank in April where they will meet President Mario Draghi and the other winning teams from across the euro area to take part in a series of educational workshops and events. The team captain was Luke Murphy and he was joined by fellow students Gary Smyth, Seán Scott, Cian Byrne and Shane Downes. Their teachers are Gavin Coleman and Norah Martyn.

Teams from St. Mary's Secondary School in Mallow and Midleton CBS in Cork were announced as joint runners-up in the competition.

The competition invites students to take on the role of the Governing Council of the European Central Bank in determining the most appropriate interest rate for the euro area, and consists of three rounds including an online quiz, a group assignment and the National Final: a presentation by the finalists to a judging panel at the Central Bank of Ireland.

Speaking at the event, Director of Economics and Chief Economist, Lars Frisell said: 'I am delighted to welcome our finalists to the Central Bank today, and to congratulate them on what is a remarkable achievement in reaching the National Final. From over 260 individual entries, the three teams represent the next generation of young economists in Ireland and, in getting to this stage of the competition, they should all be very proud of what they have achieved. Congratulations to Marian College for winning this year's competition.'

The panel members for today's event were Lars Frisell, Director of Economics and Chief Economist; Maurice McGuire, Director of Financial Operations; Mark Cassidy, Head of Monetary Policy and Jennie Harrington, President of the Business Studies Teachers' Association of Ireland.

Notes for Editors

The Generation Euro Students' Award is a euro area-wide initiative organised by the European Central Bank (ECB) and participating national central banks across the euro area including the Central Bank of Ireland. Further information is available at www.generationeuro.ie

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Trends in Personal Credit and Deposits: Q4 2012

26 March 2013

Summary

- Total credit to Irish private households outstanding on the balance sheet of resident credit institutions was €101.9 billion at end-December 2012, following a quarterly decline of 0.8 per cent and an annual decline of 3.4 per cent.
- The total amount of loans outstanding to private households, including loans that have been securitised and continue to be serviced by resident credit institutions, stood at €143.7 billion at end-December 2012.
- The total deposits held in resident credit institutions by Irish private households was €87 billion at end-December 2012, following a quarterly decline of 0.2 per cent and an annual increase of 1 per cent.

Credit Advanced to Private Households – Loans for House Purchase

- The annual rate of change in loans for house purchase was minus 1.6 per cent at end-December 2012, following a quarterly decline of 0.2 per cent. This was the twelfth consecutive quarterly decline in loans for house purchase; however the rate of decline has slowed over the last four quarters. The outstanding amount of loans for house purchase on-balance sheet stood at €85 billion at end-December 2012, while the outstanding amount of securitised mortgages, which continue to be serviced by resident credit institutions, was €41.8 billion at end-December 2012.
- Floating rate mortgages, which include standard variable rate, tracker rate, and mortgages with a fixed rate up to one year[1], accounted for 91 per cent of the outstanding amount of loans for house purchase on-balance sheet at end-December 2012. Tracker mortgages by themselves accounted for 50 per cent of outstanding loans for house purchase to Irish residents on the credit institutions' balance sheet; this follows an increase of €3.7 billion during the quarter. This increase was due to reclassifications; underlying transactions for these types of mortgages continued to be negative. The share of standard variable rate mortgages remained unchanged during Q4 2012 at 39 per cent.
- Fixed rate mortgages accounted for 9 per cent of the outstanding amount of loans for house purchase on-balance sheet at end-December 2012, following a net decline of almost €752 million during the quarter. Mortgages with rates fixed for over one year and up to three years accounted for 47 per cent of fixed rate mortgages outstanding.

- Loans for principal dwellings accounted for 76 per cent of on-balance sheet loans for house purchase at end-December 2012, similar to recent quarters. Loans for principal dwellings fell during Q4 2012 by €67 million, reflecting an underlying decline of €704 million in fixed rate mortgages and an increase of €637 million in floating rate mortgages. The annual decline in loans for principal dwellings was 1.8 per cent at end-December 2012.
- Standard variable mortgages on principal dwellings increased by €795 million during Q4 2012, while tracker mortgages declined by €227 million and mortgages fixed for up to one year rose by €69 million. Floating rate mortgages (of which 45 per cent standard variable, 53 per cent tracker, and 2 per cent up to one year fixed) accounted for 90 per cent of the outstanding amount of loans for principal dwellings at end-December 2012. The share of floating rate mortgages was slightly higher for those loans included in a securitisation pool, at 93 per cent (Chart 3).
- The outstanding amount of on-balance sheet loans for buy-to-let residential properties rose to €19.6 billion at end-December 2012 (again this increase reflected reclassifications), accounting for 23 per cent of loans for house purchase. There was a net decrease of €104 million in these loans during Q4 2012 (minus 0.5 per cent), reflecting a decline of €43 million in fixed rate mortgages and a decline of €62 million in floating rate mortgages. Buy-to-let floating rate mortgages (of which 37 per cent standard variable, almost 63 per cent tracker, and 0.1 per cent up to one year fixed) accounted for 95 per cent of the outstanding amount of loans for buy-to-let properties at end-December 2012. The annual decline in loans for buy-to-let residential properties was 1.1 per cent at end-December 2012.
- Loans for holiday homes/second homes accounted for over 1 per cent of on-balance sheet loans for house purchase at end-December 2012. Floating rate mortgages accounted for 94 per cent of the outstanding amount of loans for holiday homes/second homes at end-December (of which almost 40 per cent standard variable, 60 per cent tracker, and 0.1 per cent up to one year fixed). The annual decline in loans for holiday homes/second homes was 6.2 per cent at end-December 2012.

Credit Advanced to Private Households – Other lending

- Non-housing related lending, or 'other personal' lending, accounted for 17 per cent (€17 billion) of total on-balance sheet credit advanced to Irish private households by resident credit institutions at end-December 2012.
- Lending in this category fell by 10.6 per cent in the year ending December 2012. This followed an annual decrease of 9.5 per cent at end-September 2012.
- Non-housing related lending to private households peaked in Q1 2009. By end-December 2012 it had declined by 25 per cent from that peak.

- Non-housing related lending to private households declined by €585 million during Q4 2012 (3.3 per cent). This reflected a decline in both finance for investment purposes and finance for other non-housing related purposes of €128 million and €457 million, respectively.

Deposits from Private Households

- The deposits held in resident credit institutions by Irish private households stood at €87 billion at end-December 2012. This followed a decline of €179 million (0.2 per cent) during Q4 2012.
- The outstanding amount of personal deposits was 1 per cent higher on an annual basis at end-December 2012, compared with an annual rate of decline of 3.3 per cent for end-December 2011.
- The net flow of personal deposits in the year ending December 2012 was €901 million. This represents a significant improvement from the year ending December 2011 where the net flow of personal deposits was minus €2.9 billion.

[1] Loans with interest rates fixed for a period up to one year are included with floating rate loans in line with international practice.

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Trends in Business Credit and Deposits: Q4 2012

27 March 2013

Summary

- Lending to non-financial, non-property related SMEs by Irish resident credit institutions fell by €431 million over the quarter (1.6 per cent), and by €1.4 billion over the year ending December 2012 (5 per cent), bringing the total outstanding amount of credit advanced to SMEs in these sectors to €25.7 billion. This follows an annual decline of 4.9 per cent in the year to end-September 2012.
- Gross new lending to non-financial non-property related SMEs, which refers to drawn-down amounts of new facilities (excluding those related to the restructure or renegotiation of existing facilities), amounted to €677 million during Q4 2012.
- Credit advanced to all non-financial, non-property related enterprises declined by €243 million over the quarter (0.6 per cent), and €2.2 billion over the year to end-December 2012 (5.3 per cent), bringing total credit outstanding to non-financial, non-property related enterprises to €38.1 billion. This follows annual declines of 4.9 per cent and 5.9 per cent at end-June and end-September, respectively.
- Credit advanced to property-related enterprises engaged in construction and real estate activities was 4.1 per cent lower over the year ending December 2012, following a decrease of €935 million in Q4. Lending to SMEs in these sectors had fallen by 3.3 per cent in the year ending December 2012, which included a decline of €325 million in Q4.
- Deposits held by Irish resident private-sector enterprises in credit institutions in Ireland rose by €742 million (0.9 per cent) during Q4 2012, compared with an increase of €2.2 billion (2.8 per cent) during Q3 2012. Non-financial enterprise deposits were €36.3 billion at end-December 2012, following a quarterly increase of €900 million (2.5 per cent). Deposits from these enterprises grew by 1 per cent on an annual basis in December 2012, compared to an annual decline of 1.1 per cent in September 2012.

Credit Advanced to SMEs

- The outstanding amount of credit advanced to Irish SMEs by resident credit institutions was €71.1 billion at end-December 2012. This represented a decrease of 1.3 per cent over the quarter and a decline of 2.8 per cent over the year, compared with a decrease of 0.9 per cent in Q3 2012 and a decline of 2.7 per cent for the year ending September 2012.

- The total outstanding amount of SME credit includes lending to certain financial vehicle corporations in the financial intermediation sector, as their balance sheet size brings them into the SME category[1]. Excluding the financial intermediation sector, credit outstanding to SMEs totalled €58.5 billion at end-December 2012, a decrease of €756 million (1.3 per cent) during the quarter and a decline of €2.5 billion (4.1 per cent) over the year.
- There was €32.8 billion of loans outstanding to SMEs in the property-related sectors of construction and real estate activities at end-December 2012, equivalent to 56 per cent of total credit outstanding to non-financial SMEs. Lending to SMEs in these sectors fell by a combined 3.3 per cent over the year ending December 2012, a net flow of minus €1.1 billion (i.e. repayments exceeded drawdowns[2] by this amount).
- SMEs accounted for 68 per cent of total credit to non-property, non-financial private-sector enterprises at end-December 2012. Lending to these SMEs fell by 5 per cent (€1.4 billion) in the year ending December 2012, with a decline of 1.6 per cent (€431 million) during the quarter. This follows a decline in lending to these SMEs during Q3 2012 of €330 million (1.2 per cent).
- Lending to SMEs increased marginally in two non-financial, non-property related sectors during Q4 2012. These quarterly increases occurred in lending to the human health and social work sector (€34 million) and the electricity, gas, steam and air conditioning supply sector (€12 million). Each of the other sectors witnessed a decline, the largest quarterly decline in value terms (again excluding financial and property related sectors) was in lending to the agriculture sector (€146 million).
- A total of €677 million was drawn-down relating to new loans to SMEs in the non-property, non-financial sectors during Q4 2012. (i.e. drawdowns of new loans, excluding restructuring or renegotiations of existing facilities)[3], equivalent to 2.6 per cent of the previous quarter stock of lending. The agriculture sector continued to be significant in terms of new SME lending during the quarter (€165 million), followed by wholesale/retail trade and repairs (€122 million), and business and administrative services (€108 million). The sectors with the highest proportions of gross new lending relative to Q3 2012 stocks were electricity, gas, steam and air conditioning supply (15.2 per cent), information and communication (8.8 per cent) and business and administrative services (4.5 per cent).

Credit Advanced to All Irish Resident Private-Sector Enterprises

- The total amount of credit outstanding to Irish private-sector enterprises on the balance sheet of resident credit institutions was €199.3 billion at end-December 2012. Approximately 53 per cent of this amount was with respect to the financial intermediation sector, which would include holdings of debt securities issued by the NAMA Master SPV and other financial vehicle corporations. Excluding financial intermediation, the total amount of private-sector enterprise credit outstanding was €93.1 billion at end-December 2012.

- The annual rate of change in non-financial private-sector enterprise credit was minus 4.6 per cent at end-December 2012, equivalent to a net annual flow of minus €4.5 billion. Credit advanced to the construction and real estate sectors fell by €2.4 billion over the year, or 4.1 per cent.
- Excluding property-related and financial sectors, credit advanced to Irish private-sector enterprises stood at €38.1 billion at end-December 2012, a decline of 5.3 per cent (€2.2 billion) on an annual basis. Credit advanced to the wholesale/retail trade sector continued to have the largest share in the outstanding amount of credit to non-property non-financial enterprises at 22 per cent, followed by the hotels and restaurants sector at 20 per cent. Credit to these sectors was 8.2 per cent and 2.3 per cent lower on an annual basis, respectively at end-December 2012.
- Credit advanced to the manufacturing sector was 6 per cent lower on an annual basis at end-December 2012, which followed a quarter-on-quarter decrease of €100 million.
- Credit to enterprises in the business and administrative services sector rose by €114 million during Q4 2012, following an increase of €41 million in the previous quarter. On an annual basis, credit advanced to this sector declined by 4.2 per cent in the year ending Q4 2012, compared with an annual decrease of 14.3 per cent for the year ending Q4 2011.
- Credit advanced to the agriculture sector, which accounted for 11 per cent of all non-property, non-financial credit to enterprises at end-December 2012, was 2.9 per cent lower on an annual basis, following a decline of €122 million over the year. Most of this annual decline was experienced in the final quarter of the year and related to enterprises engaged in the farming of animals (€85 million).

Deposits from Irish Resident Private-Sector Enterprises

- The quarterly net flow of deposits from Irish private-sector enterprises during Q4 2012 was €742 million (0.9 per cent). This followed an increase of €2.2 billion during Q3 2012 (2.8 per cent). At end-December 2012 there was an annual increase in deposits from Irish resident private-sector enterprises of 4.1 per cent, compared with an annual increase of 2.9 per cent at end-September 2012.
- The financial intermediation sector (excluding monetary financial institutions) accounted for the majority of this annual increase, with deposits from this sector being €2.8 billion (7 per cent) higher over the year. Deposits from the financial intermediation sector declined in the final quarter of the year, however, by €158 million (0.4 per cent).
- Excluding financial intermediation, there was an annual increase in private-sector enterprise deposits of 1 per cent (€349 million) in the

year ending December 2012. Deposits from these sectors increased by €900 million during the final quarter of the year.

- During Q4 2012, deposits from seven of the fifteen non-financial sectors increased, with the largest increase from enterprises engaged in wholesale/retail trade and repairs (€525 million), followed by business and administrative services (€386 million). The largest decrease in deposits during the quarter was from enterprises engaged in transportation and storage (€376 million).

[1] SMEs are defined as enterprises with fewer than 250 employees and whose annual turnover does not exceed €50 million and/or whose annual balance sheet does not exceed €43 million. This is the standard EU definition of an SME.

[2] Drawdowns include any funds advanced to the customer during the quarter that were not part of the outstanding amount of credit advanced at the end of the previous quarter.

[3] New sanctions or agreements relating to restructuring may be higher than the amounts of new facilities drawn-down by customers in a given period. Gross new lending would include, however, funds drawn-down following a restructuring or renegotiation of an existing facility that were not included in credit advanced at the end of the previous quarter.

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Central Bank of Ireland Issues Warning on Unauthorised Investment Firms

27 March 2013

The Central Bank today published the names of three unauthorised investment firms, Hermann Brothers Group (USA), Westhill Partners Inc. (USA) and Scott and Fischer Consultancy Limited (USA). Hermann Brothers Group (USA), Westhill Partners Inc. (USA) and Scott and Fischer Consultancy Limited (USA) have been offering investment services to members of the Irish public and are not authorised as investment firms in Ireland.

It is a criminal offence for an investment firm to operate in Ireland unless it has an authorisation from the Central Bank of Ireland. Consumers should be aware that, if they deal with an investment firm which is not authorised, they are not eligible for compensation from the Investor Compensation Scheme.

Any person wishing to contact the Central Bank of Ireland with information regarding such firms may telephone (01) 224 4000. This line is also available to the public to check if an investment firm is authorised. Since obtaining the necessary legal powers in August 1998, the names of 209 unauthorised firms have been published by the Central Bank.

Notes to editors

The names of the above firms are published under the European Communities (Markets in Financial Instruments) Regulations 2007.

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Money and Banking Statistics: February 2013

28 March 2013

The Central Bank of Ireland today published the February 2013 Money and Banking Statistics[1].

Loans and other credit

- Loans to Irish households decreased at a rate of 4.2 per cent in the year ending February 2013, following a decrease of 4 per cent in January. Lending for house purchase was 1.8 per cent lower on an annual basis at end-February, while lending for consumption and other purposes decreased by 11.1 per cent over the same period.
- Lending to households declined by €634 million during the month of February, following a net monthly decrease of €827 million during January. The change during February was mainly driven by a decrease of €341 million in loans for non-housing and non-consumption purposes. Meanwhile, housing and consumption related loans decreased by €255 million and €38 million respectively over the month.
- The monthly net flow of loans to households averaged minus €611 million in the three months ending February 2013, comprising minus €209 million in loans for house purchase, minus €158 million in loans for consumption purposes, and minus €244 million in lending for other purposes.
- Lending to Irish resident non-financial corporations (NFCs) declined by 3.7 per cent in the year ending February 2013, following a decrease of 3.8 per cent in January.
- During February 2013 the net flow of loans to NFCs fell by €93 million. In comparison, the monthly net flow of loans to NFCs averaged minus €243 million in the three months ending February 2013.
- The developments in loans to NFCs during February 2013 were driven mainly by a decrease of €403 million in loans with an original maturity up to one year, which includes the use of overdraft facilities. Meanwhile, loans with an original maturity over one and up to five years increased by €39 million and longer-term NFC loans with and original maturity over five years rose by €271 million.
- On an annual basis, NFC loans with an original maturity up to one year decreased by 0.8 per cent over the year ending February 2013. Medium-term loans to NFCs declined by 16.3 per cent in the year, while NFC loans with an original maturity over five years increased by 3.7 per cent over the same period.
- Credit institutions' holdings of debt and equity securities issued by the Irish private sector declined by approximately €2.4 billion during the month of February 2013, following a decline of €296 million in January

2013. The annual rate of change for the year ending February 2013 was minus 19.7 per cent. The fall in holdings of private-sector securities over this period reflects developments in holdings of debt securities issued by other financial intermediaries (OFIs), which fell by approximately €2.6 billion in February 2013.

Deposits and other funding

- Irish resident private-sector deposits rose at an annual rate of 2.9 per cent in February 2013, following a 3.9 per cent increase in the year ending January 2013. Deposits from households were 1.1 per cent higher on an annual basis at end-February 2013, while deposits from insurance corporations and pension funds (ICPFs) and OFIs combined increased by 5.2 per cent. Deposits from NFCs rose by 5.1 per cent over the same period.
- There was a month-on-month decrease of approximately €1.4 billion in Irish resident private-sector deposits during February 2013. This was mainly driven by a decrease of €1.5 billion in deposits from the OFI sector. Over the same period, deposits from NFCs and ICPFs increased by €54 million and €58 million respectively, while household deposits decreased by €54 million over the month.
- Private-sector overnight deposits decreased by €617 million during February 2013, mainly driven by developments in the OFI sector, where overnight deposits decreased by €797 million. Overnight deposits from NFCs also fell during February, by €205 million. Meanwhile, overnight deposits from households and ICPFs increased during the month by €284 million and €100 million, respectively.
- Deposits with agreed maturity up to two years decreased by €61 million in February 2013, compared with an increase of €1.4 billion in January 2013. The substantial change is mainly due to developments in the ICPF sector, where deposits with agreed maturity up to two years decreased by €39 million in February 2013, compared with an increase of €983 million in January 2013. Meanwhile NFC and OFI deposits in this category increased by €189 million and €3 million respectively in February 2013. Over the same period deposits from the household sector in this category decreased by €214 million.
- Longer-term savings products covering deposits with agreed maturity over two years decreased by €640 million during the month of February, bringing the annual rate of increase in this category to 23.7 per cent. The most substantial decrease during February was recorded in deposits from the OFI sector, which fell by €611 million. Deposits from households and ICPFs also fell, by €43 million and €3 million, respectively. Meanwhile, deposits from NFCs showed a modest increase of €17 million.
- Private-sector deposits from non-residents declined by €477 million during February 2013. Other euro area private-sector deposits fell by €190 million, while private-sector deposits from non-euro area

residents fell by €287 million over the month. Total non-resident private-sector deposits had fallen by 7.3 per cent on an annual basis at end-February 2013, with deposits from other euro area private-sector entities being 10.9 per cent lower, and those from the non-euro area private sector 5 per cent lower.

- Credit institutions' borrowings from the Central Bank as part of Eurosystem monetary policy operations fell by €7 billion in February 2013. The outstanding stock of these borrowings amounted to €60 billion at end-February. Domestic market credit institutions[2] accounted for €49.4 billion of this total outstanding stock.

Note: Liquidation of IBRC and related transactions

The Irish Bank Resolution Corporation limited (IBRC) entered into special liquidation during February 2013. As a result, the Central Bank appropriated the collateral securing exceptional liquidity assistance (ELA) and Eurosystem refinancing operations with IBRC. This collateral included the promissory notes issued by the Irish Government in recapitalising IBRC (Anglo Irish Bank and Irish Nationwide Building Society at the time of recapitalisation) and some NAMA bonds. The Central Bank subsequently exchanged the promissory notes for a portfolio of Irish Government bonds with the Minister for Finance. In Money and Banking Statistics these developments are mostly reflected as follows:

- In relation to the appropriation of the promissory note by the Central Bank from IBRC, there was a drop in loans outstanding to the Irish Government by resident credit institutions (Tables A.4, A.4.1 and A.4.2).
- In relation to the reduction in IBRC borrowing from the Central Bank, there was a drop in Irish resident 'Remaining Liabilities' (Tables A.4, A.4.1 and A.4.2).
- In relation to the exchange of the promissory note for the portfolio of Irish Government Bonds, there was an increase in the Central Bank holdings of 'Securities of other euro area residents' (Table A.2).

[1] Money and Banking statistics are compiled in respect of business written out of all within-the-State offices of both credit institutions authorised to carry on banking business in the State under Irish legislation and credit institutions authorised in other Member States of the EU operating in Ireland on a branch basis. Credit institutions authorised in other EU Member States operating in Ireland on a cross-border basis, i.e. with no physical presence in the State, are not included in the statistics.

[2] Domestic market credit institutions are those who have a significant level of retail business with Irish households and NFCs, and would exclude the more internationally focused banks in the IFSC.

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

New Research on the Impact of the Financial Crisis on Banks' Net Interest Margins

28 March 2013

The Central Bank of Ireland today publishes a new Economic Letter "The Impact of the Financial Crisis on Banks' Net Interest Margins". (Economic Letter Vol 2013 No. 1).

The research traces the evolution of Irish banks' net interest margins from 1999 through to 2012 and identifies the key challenges facing banks in order to rebuild margins.

The net interest margin, defined as the ratio of net interest income[1] to average interest earning assets, is a measure of profitability arising from a bank's core lending function.

The key findings of the research are as follows:

- Irish banks' net interest margins reached lows of below 1 per cent during the crisis after over a decade of decline.
- The research shows that even before the crisis, competition to grow lending drove net interest margins down to levels that compare unfavourably with many other banking systems in Europe and beyond.
- The crisis affected Irish banks' funding costs and interest income in different ways. This led to a realisation of the substantial risk which some banks had exposed themselves to via loan pricing throughout the property boom.
- Banks have taken several steps to rebuild their margins, notably by increasing interest income where they can, while some lenders also re-introduced fees and charges to compensate for the loss of interest income.
- Despite these changes, the large proportion of very long-term, low margin loans on the banks' balance sheets (i.e. tracker mortgages) and the difficulties posed by mortgage arrears means that rebuilding net interest margins and overall profitability is likely to be a long and drawn-out process.

NOTES TO EDITORS:

The research is published by the Central Bank of Ireland as part of its Economics Letters series.

[1] Net interest income is the difference between interest earned on loans and other assets and interest paid on funding and other liabilities

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

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Central Bank of Ireland Issues Warning on Investment Firm

3 April 2013

The Central Bank today published the name of an unauthorised investment firm, Dean Witter Consultancy (USA). Dean Witter Consultancy (USA) has been offering investment services to members of the Irish public and is not authorised as an investment firm in Ireland.

It is a criminal offence for an investment firm to operate in Ireland unless it has an authorisation from the Central Bank of Ireland. Consumers should be aware that, if they deal with an investment firm which is not authorised, they are not eligible for compensation from the Investor Compensation Scheme.

Any person wishing to contact the Central Bank of Ireland with information regarding such firms may telephone (01) 224 4000. This line is also available to the public to check if an investment firm is authorised. Since obtaining the necessary legal powers in August 1998, the names of 210 unauthorised firms have been published by the Central Bank.

Notes to editors

The name of the above firm is published under the European Communities (Markets in Financial Instruments) Regulations 2007.

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Central Bank Publishes Research on Retail Payments Systems and Value Added by the Financial Sector

4 April 2013

The Central Bank of Ireland today published the signed articles from the Bank's second Quarterly Bulletin[1] for 2013 on the usage, cost and pricing of retail payments in Ireland and a measurement of the value added of the financial sector in Ireland.

Usage, cost and pricing of retail payments in Ireland highlights that Ireland remains very reliant on cash and cheques relative to other European countries. The research found:

Ireland remains one of the few EU countries where social welfare payments are still regularly paid over the counter in cash.

Cheque usage in Ireland is also one of the highest in Europe, and remains particularly prevalent among businesses.

The paper shows that heavy users of cash and cheques in Ireland are cross-subsidising those who use more efficient payment methods and argues that a rebalancing of pricing in favour of those who use the most efficient forms of payment could lead to more usage of debit cards and electronic banking, and ultimately could lower the cost of payments in aggregate to consumers.

Measuring the value added of the financial sector in Ireland shows that despite Government supports of €63.1bn to Irish banks, national accounts data record that the financial sector continues to add value within national statistical accounts, amounting to €15bn in 2011. This article examines this conundrum and looks at how the current measurement of financial sector output is presented. The research shows that financial sector output is likely to have been overstated, particularly after the onset of the financial crisis.

[1] To be published on 5 April 2013

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Central Bank of Ireland Quarterly Bulletin 2 2013

5 April 2013

The Central Bank of Ireland today published Quarterly Bulletin 2 2013.

Comment

Combined with survey data suggesting that aggregate employment grew, albeit slowly, on an annual basis for the first time since 2008, the latest Quarterly National Accounts data suggest that the gradual recovery of the Irish economy is continuing. Preliminary GDP data for 2012 point to a second consecutive year of positive growth, though at a slightly lower level than in 2011. This performance occurred despite the more challenging external environment, with the second half of 2012 witnessing a slowdown in growth at the broader international level and, particularly so, in Ireland's main trading partners. While weaker global demand has slowed export growth, the increase in export volumes has remained sufficiently strong to more than offset the impact of the continued decline in domestic demand. Of note has been the strength of services exports in 2012, which contrasts with a decline in goods exports, and has underpinned the resilience of the overall export performance. On the domestic side, while demand has continued to contract there has been a notable easing in the pace of decline. Both consumption and investment spending expanded modestly over the second half of 2012 and, allied to a marginal rise in employment, suggest that the fall in domestic demand may, finally, be nearing an end. With import demand remaining weak, the current account surplus reached new heights, with a preliminary outturn of 6.1 per cent of GNP, the highest on record. This is part and parcel of the necessary deleveraging of the economy and strengthening of balance sheets.

Looking ahead, with growth in trading partner countries expected to slow a little more than previously assumed, weaker external demand is set to dampen Irish export growth in 2013 as compared to the previous forecast. However, some offset to this is projected to be provided by a small upward revision to domestic demand. Taking account of these changes, the Bank's new forecasts for GDP growth for 2013 and 2014 are marginally lower than those published in the previous Bulletin. Having grown by 0.9 per cent in 2012, GDP growth of 1.2 per cent is now projected for this year, with growth of 2.5 per cent forecast for 2014, representing a small downward revision of 0.1 per cent to the previous forecast for 2013 and no change to the projection for next year. The 2014 projection is based on consensus assumptions from the main international institutions, which forecast a recovery in external demand back towards its long run trend. Uncertainty attaches to these forecasts, however, and they remain very sensitive to developments in the international and European economy.

Adherence to EU/IMF Programme targets remains strong and further progress on the main policy challenges continues to be made. In the financial sector, slow progress by banks in dealing with non-performing loans has prolonged the uncertainty persisting about bank asset quality and profitability prospects and has also inhibited the durable resolution of the problems of distressed borrowers. To ensure that substantial progress will be made on these issues in the coming years, the Bank has introduced a new prudential regulatory framework to accelerate the resolution of cases where

mortgages are in arrears. The framework covers all residential mortgages and the main mortgage lenders prudentially supervised by the Central Bank. The framework sets quantitative targets, which become progressively more demanding over time, and requires that institutions offer and conclude sustainable solutions for distressed borrowers.

In addition, the Bank is also proposing changes to the Code of Conduct on Mortgage Arrears that, while continuing to provide protection for borrowers – and even improving this protection in certain respects – will facilitate the effective and timely resolution of arrears cases. Resolving the problem of non-performing loans at a reasonable cost while, at the same time, addressing the distress of households will help to strengthen the prospects for recovery.

Turning to the public finances, while figures have yet to be finalised, the latest indications are that the General Government Deficit outturn for 2012 was significantly below target. However, while the favourable outturn for 2012 improves the prospects for 2013, full implementation of the announced budget measures remains essential to preserve market confidence and to keep a buffer against negative shocks. Recent months have seen progress on some important issues which help with the task of returning the public finances to a sustainable position. Among these has been the liquidation of IBRC and the replacement of the promissory notes with a portfolio of longer-term non-amortising Irish Government bonds. As outlays in relation to the ending of the Eligible Liabilities Guarantee scheme largely offset lower interest payments this year, the transaction is relatively deficit neutral in 2013. However, it is expected to have a positive impact on the General Government Balance from 2014 onwards. Another significant recent development is the proposed new Public Service Agreement 2013-2016, which aims to produce savings of €1bn in the public service pay and pensions bill by 2015.

Competitiveness improvements remain a key factor in returning the economy to steady growth. While measures of national competitiveness have moved in the right direction in recent years, the decline in relatively labour-intensive sectors, such as construction, means these overall measures overstate the improvement that has been made. In the past, competitiveness in the manufacturing sector has been a critical factor in determining Ireland’s overall competitiveness, however, reflecting the changed nature of the economy, a broader sense of competitiveness now seems more relevant – particularly one that encompasses the characteristics of the increasingly important services sectors. While progress has been made in regaining some of the competitiveness that was lost during the boom, further improvements are required in order to maximise the prospects for a return to more solid growth.

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Statement - Matthew Elderfield

9 April 2013

The Central Bank of Ireland is today announcing that Matthew Elderfield will step down from the position of Deputy Governor in six months' time. He plans to return to the United Kingdom to pursue other interests.

Central Bank Governor, Patrick Honohan said: "Matthew accepted the role of financial regulator at a key moment in the history of the State. With energy, commitment and integrity he has managed the necessary transformation in our approach to the stabilisation, regulation and supervision of financial institutions. He has contributed enormously to the organisational effectiveness of the Central Bank. Although it was always evident to me that we were very likely to have Matthew with us for only a few years, it is sad that this period is now drawing to a close. We will miss him greatly, though the institutional structures he has built and the work practices he has inculcated will endure as his lasting legacy."

Mr Elderfield said: "It has been a great privilege to be a public servant in Ireland in such challenging times. But after some six years away, it is time to return home to London. With the help of a fantastic team at the Central Bank, I feel we have built a strong regulator and set Ireland on a path to financial stability. I am very grateful for all the support I have had during my time here and will remain a friend of Ireland for years to come."

Mr Elderfield has advised the Commission of the Central Bank that he has waived his €100,000 bonus entitlement at the end of his contract of employment.

Mr Elderfield will step away with immediate effect from involvement in supervisory and other issues if and where a conflict could be perceived.

Mr Elderfield commenced his role at the Central Bank of Ireland in January 2010. He was previously the CEO of the Bermuda Monetary Authority from June 2007.

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Central Bank of Ireland Issues James Joyce Collector Coin

10 April 2013

The Central Bank of Ireland has launched a collector coin in honour of James Joyce.

The coin features a portrait of Joyce and lines from Chapter 3 of Ulysses depicted as a continuous stream of consciousness.

Speaking at the launch in Newman House UCD, Governor Patrick Honohan said: 'The coin's design, combining portrait and concept in an original manner, reflects Joyce's standing as one of the leading figures in the modernist movement'.

The coin was designed by Mary Gregoriy with an issue limit of 10,000 units and is available to the public from Thursday 11 April 2013.

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Statistics on Securities Issues of Irish Financial and Non-Financial Firms February 2013

11 April 2013

At end-February 2013, the outstanding amount of debt securities issued by Irish financial and non-financial firms, and the Government was €1 trillion (or a reduction of less than 1 per cent since February 2012). This contrasts with a year-on-year increase of more approximately 0.5 per cent across the euro area.

Market-based debt financing for the banking sector contracted during February with net redemptions of approximately €1.7 billion. The outstanding amount of debt securities for this sector saw a year-on-year fall of 17 per cent to €83.3 billion.

The outstanding amount of long-term Government debt stood at €115.5 billion (compared to €90.4 billion in January 2013); this represents a year-on-year increase of 35 per cent. At end-February 2013, Irish resident investors accounted for 45 per cent of long-term Irish Government bonds compared with 24 per cent in February 2012.

Emergency legislation, the Irish Bank Resolution Corporation Act, was enacted in February 2013 to provide for the liquidation of IBRC. The Promissory Notes used by IBRC as security for borrowings from the Central Bank of Ireland were terminated and replaced with long-term Irish Government bonds with a much longer repayment schedule. The latter are held by the Central Bank of Ireland.

Equity shares had an outstanding value of €221 billion at end-February. This includes quoted shares issued by Irish residents (€220.5 billion) which saw a year-on-year net increase of 21 per cent (driven primarily by increases in the non-financial corporate sector). The value of the stock of quoted shares in the euro area increased by approximately 8 per cent in the year to February.

Government Debt Issuance:

Long-term Government debt increased to €115.5 billion in February 2013[1]. This represented a year-on-year increase of approximately 35 per cent when compared with February 2012 (€85.4 billion). Almost €16.4 billion (or 14 per cent) of the euro-denominated long-term debt will fall due over the next 3 years (see Table 1). Approximately €9.7 billion (or 59 per cent) of this latter figure is payable to non-resident investors.

Holdings of Government Bonds:

At end-February 2013, Irish resident investors accounted for 45 per cent of long-term Irish Government bonds compared with 24 per cent in February 2012. The Irish banking sector accounted for a significant portion of this increase. This sector accounted for 42 per cent of all holdings at end-February 2013 (or €48.7 billion), compared with 20 per cent at end-February 2012.

In the case of the aforementioned exchange of the Promissory Notes for approximately €25 billion in long-term Irish Government bonds, the latter are held by the Central Bank of Ireland. This is reflected in the increase in the holdings of resident investors.

Approximately 26 per cent of all resident holdings will mature within the next 5 years. Furthermore, 40 per cent (or €25.5 billion) of those long-term bonds held by non-resident investors will mature between 2020 and 2025 (see Figure 2).

Detailed historical information from 1969 on the Securities Holdings Statistics are published here.

Banking Sector:

Market-based debt financing for the banking sector contracted during February with net redemptions of €1.7 billion (compared to net issuance of €560 million in the previous month).

The outstanding amount of debt securities for this sector saw a year-on-year fall of 17 per cent to €83.3 billion with short-term debt contracting by 18 per cent. Over the past 12 months, the total outstanding amount of debt securities for this sector across the euro area decreased by more than 4 per cent.

The outstanding amount of the banking sector's equity securities fell by just over 1 per cent in February 2013 to €16.3 billion. This represents a year-on-year increase of almost 1 per cent.

Non-Financial Corporates:

The outstanding amount of debt securities issued by non-financial corporates (NFC) fell to approximately €2.5 billion at end-February 2013. This represents an 18 per cent decrease from February 2012. The year-on-year increase in the outstanding debt securities for NFCs resident in the euro area was approximately 13 per cent.

In February 2013, the equity securities outstanding for the NFC sector increased by more than €4 billion (to €189.7 billion). This represents an increase of 24 per cent when compared to February 2012. The annual percentage change in market capitalisation for NFCs in the euro area was approximately 8 per cent.

Notes:

The statistics are based on Irish resident sectors issuances of securities where an ISIN[2] code is assigned, irrespective of the market of issue or listing. Non-ISIN information is also provided for monetary financial institutions.

Debt securities are broken down according to their original maturity and coupon type. Equity securities are classified into quoted and unquoted securities excluding investment fund shares/units.

The difference between month-on-month equity stocks reflects valuations changes transactions in addition to transactions and other adjustments, for example, reclassifications and corrections.

The data reflect revisions arising from data quality management activities performed by the Bank, which contribute to improvements in the data.

Euro area figures are sourced from the ECB's Euro Area Securities Issues Statistics monthly publication.

The methodological notes guiding the compilation of these statistics can be found on the ECB's website.

[1] Refers to debt securities in all currencies (but principally includes euro-denominated debt)

[2] An ISIN code is a unique identifier assigned to an individual security.

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Central Bank Consultation on Code of Conduct on Mortgage Arrears

11 April 2013

The Central Bank of Ireland (Central Bank) has now concluded a four week public consultation on the review of the Code of Conduct on Mortgage Arrears (CCMA). Approximately 230 submissions from consumers, industry, representative bodies and other stakeholders have been received. The Central Bank will now begin a process to review and analyse all submissions and it is anticipated that the revised CCMA will be published by 31 May 2013.

As outlined in the Consultation Paper (CP63) the aim of the review of the CCMA is to strengthen the CCMA's protections, where necessary, while ensuring effective and timely resolution of individual arrears situations.

Director of Consumer Protection, Bernard Sheridan said: "The review of the CCMA is a key priority of the Central Bank for 2013. I would like to thank everyone who made a submission for taking the time to do so. The CCMA is a statutory code that provides a strong framework to protect borrowers in financial difficulty and this framework will be further enhanced through this review. It is important that borrowers cooperate and engage fully with their lender in order to avail of these protections and to influence the outcome of their situation. We will now fully consider all submissions and we aim to publish a revised CCMA, together with these submissions, by 31 May 2013."

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

James Joyce Silver Proof Coin Sold Out

12 April 2013

A Silver Proof €10 coin in honour of James Joyce coin is now sold out. The coin went on sale on 11 April 2013 and a total of 10,000 coins were minted.

We would like to express our thanks to customers for their unprecedented interest in the coin.

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Retail Interest Rate Statistics: February 2013

12 April 2013

The Retail Interest Rate Statistics[1]cover lending to, and deposits from, households and non-financial corporations (NFCs) in the euro area by credit institutions resident in Ireland. Interest rates and business volumes refer to euro-denominated loans and deposits only. Interest rates on outstanding amounts cover all loans and deposits outstanding on the last working day of the month. Interest rates on new business volumes cover all new loan and deposit business agreed during the month[2]. Irish residents accounted for approximately 99 per cent of outstanding household loan & deposit activity and 88 per cent of outstanding NFC loan & deposit activity at end-December 2012.

Households

Loans to Households

The weighted average interest rate on outstanding loans to households for house purchase stood at 3 per cent at end-February 2013, remaining relatively stable over the past year with a twelve-month average of 2.95 per cent. The corresponding interest rate reported by all credit institutions resident in the euro area declined to 3.5 per cent at end-February 2013, representing a 4 basis point decline over the month and a decline of 36 basis points since end-February 2012.

The average interest rates on outstanding mortgages in Ireland have more closely reflected movements in the ECB's main refinancing rate (MRO) than the comparable euro area rates over the last number of years (Chart 1). This relationship is principally derived from the higher proportion of "tracker" and variable rate mortgage products in the domestic market. However, over the past eight months the Irish rate seems to have diverged somewhat from the ECB's MRO rate. The ECB rate has remained constant at 0.75 per cent since July 2012, while the applicable Irish rate has increased by 14 basis points. The corresponding euro area rate has decreased by 21 basis points over the same period.

The weighted average interest rate on outstanding loans to households for consumption and other purposes increased by 4 basis points during February 2013, to stand at 5.67 per cent. This represented a fall of 42 basis points since end-February 2012. The interest rate on short-term loans for consumption and other purposes with an agreed maturity up to one year[3] stood at 9.17 per cent at end-February 2013, representing a 10 basis point decrease since end-January 2013. The corresponding short-term rate reported by all credit institutions in the euro area was significantly lower at 7.77 per cent at end-February 2013. In terms of longer-term loans, the interest rate reported by Irish resident credit institutions on loans with an original maturity over five years was 4.01 per cent at end-February, falling by 23 basis points since end-February 2012. In the euro area, the equivalent long-term interest rate reported by all credit institutions stood at 4.91 per cent at end-February 2013.

Interest rates on new business loans for house purchase with either a floating rate or initial rate fixation of up to one year were 3.18 per cent at end-February 2013, falling by 2 basis points compared with January 2013. In the euro area, the corresponding interest rate on loans for house purchase with either a floating rate or an initial fixation period of up to one year was 2.86 per cent at end-February 2013. In the domestic market, loans in this instrument category accounted for 85 per cent of new mortgage business at end-February 2013. In contrast, loans in the same instrument category accounted for just 29 per cent of new mortgage business in the euro area.

The weighted average interest rate on new loans to households for non-housing purposes stood at 6.96 per cent at end-February 2013, this represented a fall of 79 basis points since end-February 2012. New business volumes in this instrument category have been quite low, averaging approximately €180 million per month for the year ending February 2013. As a result, the corresponding interest rate series has been quite volatile.

Deposits from Households

The weighted average interest rate on total outstanding household term deposits declined from 3.13 per cent at end-January 2013, to stand at 3.06 per cent at end-February 2013. The interest rate on household deposits with an agreed maturity of up to two years decreased by eight basis points to 3.15 per cent at end-February 2013. Longer-term interest rates on deposits with an agreed maturity over two years were unchanged at 2.41 per cent at end-February 2013. These rates have remained relatively constant over recent periods, averaging 2.48 per cent for the year ending February 2013.

Interest rates on household term deposits increased steadily during 2011 and the first half of 2012, peaking at 3.53 per cent in April 2012. However, since then this trend has been reversed. Total term deposit rates reported by Irish resident credit institutions declined for the tenth consecutive month, to stand at 3.06 per cent at end-February 2013.

Interest rates on shorter-term deposits, which are redeemable at notice[4], stood at 1.38 per cent at end-February 2013. This represents a 12 basis point decrease since end-January 2013 and a decline of 70 basis points since end-February 2012.

In terms of new deposit business, interest rates on household term deposits fell to 1.26 per cent at end-February 2013, compared with 1.29 per cent at end-January 2013.

Non-Financial Corporations (NFCs)

Loans to NFCs

The weighted average interest rate on outstanding loans to NFCs issued by Irish resident credit institutions remained unchanged for the third consecutive month, standing at 2.97 per cent at end-February 2013. This compares with a twelve-month average of 3.16 per cent for the year ending February 2013. The equivalent euro area weighted average interest rate was 3.33 per cent at end-February 2013.

Loans with an original maturity of over five years accounted for 49 per cent of all outstanding loans issued to NFCs by Irish resident credit institutions as of end-February 2013. The interest rate on these longer-term loans was 2.96 per cent at end-February 2013, unchanged from the previous month. Interest rates applicable to both short- and medium-term loans[5] were 3.19 per cent and 2.72 per cent, respectively at end-February. This represents a 3 basis point increase in short-term loans and a decrease of 3 basis points in the medium-term category when compared with the previous month.

The weighted average interest rate on new loan agreements to NFCs up to €1 million[6] stood at 4.64 per cent at end-February 2013. This represents an increase of 25 basis points compared with January 2013 and brings the current rate above the twelve-month average of 4.53 per cent for the year ending February 2013. The corresponding interest rate reported by all euro area credit institutions for February 2013 was substantially lower at 3.81 per cent. Pronounced month-on-month volatility is derived from particularly low volumes in this instrument category, where relatively few contracts can cause sizable movements within the overall series.

In terms of new business NFC loans above €1 million, Irish resident credit institutions reported an increase of 9 basis points over the month, to stand at 2.62 per cent at end-February 2013, resulting in a twelve-month average rate of 2.89 per cent. The equivalent euro zone interest rate decreased by 6 basis points over the month, bringing the twelve-month average to 2.4 per cent.

Deposits from NFCs

The weighted average interest rate on outstanding NFC term deposits declined by 14 basis points to stand at 2.2 per cent at end-February 2013. Interest rates on deposits with agreed maturity up to two years, which accounted for 96 per cent of NFC term deposits, stood at 2.22 per cent at end-February 2013, down from 2.36 per cent at end-January 2013. The equivalent rate at euro area level was 1.72 per cent at end-February 2013.

In relation to new deposit business, the weighted average interest rate on new NFC term deposits was 0.88 per cent at end-February 2013, representing an increase of 7 basis points since January 2013. The equivalent weighted average euro area interest rate decreased by 5 basis points to 1.12 per cent over the same period.

[1] Recent data are often provisional and may be subject to revision. The extensive set of Retail Interest Rate Statistics tables and Retail Interest Rate Statistics Explanatory Notes, are available on the Central Bank of Ireland website.

[2] For retail interest rate statistics purposes, new business is defined as any new agreement between the customer and the credit institution. This agreement covers all financial contracts that specify, for the first time, the interest rate of the deposit or loan, including any re-negotiation of existing deposits and loans. Automatic renewals of existing contracts, which occur without any involvement by the customer, are not included in new business. New business volumes have been exceptionally low in various instrument categories during the last number of months. Low volumes of this nature can result in increased volatility within the interest rate series.

[3] Short-term loans for consumption and other purposes with an agreed maturity of up to one year include both overdrafts and credit card debt.

[4] For the purpose of these statistics, deposits redeemable at notice cover both the household and NFC sectors. At end-December 2012, households accounted for 88 per cent of outstanding deposits redeemable at notice.

[5] Short-term loans are those with an original maturity up to one year. Medium-term loans have an original maturity of between one and five years.

[6] The weighted average interest rate on new loans to NFCs, up to €1 million, is often taken as a reasonably accurate proxy for the prevailing rate applicable to SME lending.

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Update on DGS Payout to IBRC Limited Account Holders

15 April 2013

The Deposit Guarantee Scheme (DGS) has made further compensation payments totaling €580,957 to 200 depositors of IBRC Limited, which was placed in liquidation on 7 February 2013. The DGS has made total compensation payments of €9.6 million to 594 depositors to date.

The Special Liquidators continue to review deposits held by customers who also hold loans, to establish if a right of set off applies. The Central Bank is processing applications for DGS compensation from small companies.

These investigations may identify additional accounts which qualify for DGS compensation and further payments will be made in due course.

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Irish Locational Banking Statistics: Q4 2012

19 April 2013

The Central Bank of Ireland today publishes an enhanced dataset on the geographic and sectoral profile of the assets and liabilities of banking offices resident in Ireland. These Irish Locational Banking Statistics detail the external positions of banking offices resident in Ireland, by counterpart country and by sector. These statistics also present the statistical income statements of banking offices resident in Ireland, which include income, expenditure, corporation tax, and profit (loss)[1] for the reference quarter.

This dataset is similar to the Locational Banking Statistics published by the Bank for International Settlements (BIS). While the BIS dataset covers the external assets and liabilities of banking offices resident in Ireland, the Central Bank dataset separately identifies domestic market banks (or Irish domestically-relevant banks) and International Financial Services Centre banks. The reporting population is explained in detail in the accompanying Explanatory Notes.

The enhanced Central Bank dataset includes granular detail on assets and liabilities, by category of financial instrument[2] and currency. External positions include the positions of all banking offices resident in Ireland vis-á-vis non-residents in all currencies and vis-á-vis residents in foreign currencies.

This dataset incorporates an electronic time-series commencing Q4 1977, which was previously only available in hard-copy format in the Central Bank Quarterly Bulletin (Tables A.19.1 and A.19.2). This time series encompasses the geographic, currency and bank/non-bank sectoral profiles of the total assets and liabilities of banking offices resident in Ireland. The data published today relate to Q4 2012. These data will be updated each quarter.

External Positions of Banking Offices Resident in Ireland: An Overview

1. Total Positions by Sector and Geography

Assets

At end-Q4 2012, the total external assets of all banking offices resident in Ireland stood at €462 billion. Domestically-relevant banks accounted for €147 billion (or 32 per cent) of the external assets of the Irish banking system (see Table 1A).

Non-residents accounted for 93 per cent (or €431 billion) of the assets of all banking offices resident in Ireland. Foreign credit institutions were the counterparties to 59 per cent of these assets.

The UK accounted for 63 per cent (or €93 billion) of the external assets of the domestically-relevant banking sector. Germany, France and Italy accounted for a further 5 per cent (or €7 billion).

Liabilities

By end-Q4 2012, the total external liabilities of all banking offices resident in Ireland stood at €430 billion. Domestically-relevant banks accounted for €122 billion (or 28 per cent) of the external liabilities of the Irish banking system (see Table 1B).

Liabilities to non-residents accounted for 91 per cent (or €390 billion) of the external liabilities of all banking offices resident in Ireland. Foreign credit institutions were the counterparties to approximately 74 per cent of these liabilities.

Liabilities to the UK accounted for 60 per cent (or €73 billion) of the external liabilities of the domestically-relevant banking sector. Liabilities to Germany, France and the Netherlands accounted for a further 11 per cent (or €13 billion).

2. Loans and Deposits by Sector and Geography

Assets

By end-Q4 2012, loans and deposits of all banking offices resident in Ireland stood at €260 billion (or 56 per cent of total external assets). Domestically-relevant banks accounted for €100 billion (or 39 per cent) of these assets (see Table 2A).

Loans and deposits vis-á-vis non-residents accounted for 90 per cent (or €234 billion) of the assets of all banking offices resident in Ireland. Foreign credit institutions were the counterparties to 67 per cent of these assets.

The UK accounted for 69 per cent (or €69 billion) of the loan and deposit assets of the domestically-relevant banking sector. The United States accounted for a further 4 per cent (or €4 billion), whilst Germany, France and Italy accounted for 2 per cent.

Liabilities

By end-Q4 2012, the loans and deposits of all banking offices resident in Ireland stood at €258 billion (or 60 per cent of total external liabilities). Domestically-relevant banks accounted for €80 billion (or 31 per cent) of these liabilities (see Table 2B).

Loans and deposits vis-á-vis non-residents accounted for 93 per cent (or €241 billion) of the liabilities of all banking offices resident in Ireland. Foreign credit institutions were counterparties to 67 per cent of these liabilities.

The UK accounted for 68 per cent (or €54 billion) of the loan and deposit liabilities of the domestically-relevant banking sector. Germany, France and Belgium accounted for a further 11 per cent (or €9 billion), whilst the United States accounted for 3 per cent.

3. Debt Securities by Sector and Geography

Assets

By end-Q4 2012, the debt securities of all banking offices resident in Ireland stood at €132 billion (or 29 per cent of total external assets). Domestically-relevant banks accounted for €23 billion (or 18 per cent) of these assets (see Table 3A).

Debt securities vis-á-vis non-residents accounted for 99 per cent (or €131 billion) of the assets of all banking offices resident in Ireland. Foreign non-bank financial institutions accounted for 34 per cent of these assets.

The UK accounted for 56 per cent (or €13 billion) of the debt securities of the domestically-relevant banking sector. Italy, Spain and Germany accounted for a further 13 per cent (or €3 billion), whilst the United States accounted for 3 per cent.

Liabilities

At end-Q4 2012, the debt securities of all banking offices resident in Ireland stood at €64 billion (or 15 per cent of total external liabilities). Domestically-relevant banks accounted for €19 billion (or 30 per cent) of these liabilities (see Table 3B).

Debt securities vis-á-vis non-residents accounted for 97 per cent (or €62 billion) of the liabilities of all banking offices resident in Ireland. Foreign credit Institutions were counterparties to 86 per cent of these liabilities.

The UK accounted for 51 per cent (or €10 billion) of the debt securities of the domestically-relevant banking sector. Germany and France accounted for a further 36 per cent (or €7 billion).

4. Income Statement

In Q4 2012, all banking offices resident in Ireland reported Total Operating Income of €2.8 billion (see Table 4).

[1] After interest and corporation tax.

[2] Financial instruments comprise loans & deposits, debt securities and other instruments (incl. equity, etc.).

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

National Payments Plan Targets Savings of €1bn to Economy

24 April 2013

The National Payments Plan was launched today, aimed at making savings of €1bn annually to the Irish economy by increasing the use of electronic forms of payment such as debit cards and electronic banking.

Ireland has the second highest usage of cheques among major European countries, the highest ATM withdrawal per capita and still pays out half of all social welfare payments in cash. The efficiency of Ireland's existing payment systems infrastructure could be improved by making more use of electronic payments such as debit cards and electronic banking.

At the launch the Deputy Governor of the Central Bank, Stefan Gerlach said: 'Operating an excessively paper-based payment system is like imposing an unnecessary tax on the economy, pulling scarce resources into activities which can be done far more effectively with electronic payments. Ireland can and should be a leader in the payments area – Ireland has the youngest population in Europe and has shown itself to be a very fast adopter of new technology.'

The National Payments Plan Steering Committee[1] oversaw the development of the plan, and consisted of representatives of consumers, business, Government, banks and the Central Bank, and has now been approved by Government. The monitoring and implementation of the plan will continue until the end of 2014. The plan has a target of doubling the number of electronic payments from 2011 to 2015.

The recommendations in the plan include:

1. Cheques: A date will be set in 2014 at which time the public sector will no longer write or accept cheques to/from business users. The aim of this is to encourage SMEs to migrate from cheque usage;
2. New ways to pay: Make new technologies, such as mobile payments and contactless cards, generally available in Ireland;
3. Social Welfare: The modernisation of Social Welfare payments, with half of all payments currently being cash-based;
4. Cash cycle review: The national cash cycle will be reviewed in full to identify cost savings, and will include a rounding trial which could reduce the use of 1c and 2c coins;
5. €10s in ATMs: Increase the dispensing of €10 notes in ATMs;
6. Pricing: The fees consumers and merchants pay for payments should be set to appropriately incentivise them to use the most efficient forms of payment; and
7. Education: A broad education and support campaign is needed to drive a change in payment habits among many consumers and business.

According to Tony Grimes, Chairman of the National Payments Plan and former Deputy Governor of the Central Bank, 'This plan is not about closing down options for consumers and businesses, but expanding them. Our vision is for a society where modern forms of payment will be universally accepted, and be the preferred payment choice for most. However cash will remain a widely used method of payment, while cheques continue to be available for those consumers who want to use them.'

Note for the editor:

In June 2011 the Minister for Finance, Mr Michael Noonan T.D., asked the Central Bank of Ireland to take a lead role in preparing a National Payments Plan. To this end, the Central Bank formed a Steering Committee to oversee the development and implementation of the National Payments Plan consisting of the organisations referred to in the footnote above.

[1] Tony Grimes (Chairman), Department of Finance, Department of Social Protection, National Consumer Agency, IBEC, Central Bank of Ireland, RGDATA, Irish Payment Services Organisation, AIB, Bank of Ireland, Electric Ireland

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Central Bank of Ireland Publishes Irish Responses to the April 2013 Euro Area Bank Lending Survey

The Central Bank of Ireland has published the Irish responses to the April 2013 Euro Area Bank Lending Survey.

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Central Bank Publishes New Research on Job Creation by Firm Characteristics

25 April 2013

The Central Bank of Ireland today publishes new research entitled “Age versus Size? Determinants of Job Creation”.

Small firms account for a significant percentage of employment and it has frequently been argued that there is a disproportionate contribution of small firms to net job creation. The research investigates if this is the case and examines the rates at which different types of firms create and destroy jobs.

The key findings of the research are as follows:

- Job turnover and firm growth vary systematically across firm size with smaller firms making an important contribution to new job creation relative to larger firms. Firm age is a key driver of these results rather than firm size;
- Younger firms, and entrants in particular, are the largest contributors to the creation of new jobs;
- Younger firms are consistently more dynamic than older firms, and
- Small young firms have the highest growth rates, but there is little relationship between size and growth for older firm age groups.

The results suggest that an environment supportive of business start-ups might be more effective in generating job creation than policies aimed more generically at specific size classes of firm.

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Central Bank of Ireland Published Annual Report 2012 and Annual Performance Statement Financial Regulation 2012 - 2013

30 April 2013

The Central Bank of Ireland today published its Annual Report 2012 and Annual Performance Statement Financial Regulation 2012 - 2013.

Opening remarks by Governor Patrick Honohan

The major focus for the Central Bank during 2012, and into 2013, has been the restoration of financial stability to the Irish economy. This has been, and remains, a significant challenge. However, despite the scale of this task and the backdrop of a weak external economic environment, the overall policy stance is moving things in the right direction.

The Bank's efforts to contribute to this recovery during the past year are set out in detail in the Annual Report. This work included further reforms to the supervision of the repair of the domestic banking sector, the provision of necessary liquidity support, and the introduction of enhanced consumer protection measures. Two major elements of the Bank's work during 2012 came to decisive junctures early this year – the liquidation of IBRC and related replacement of the promissory notes with marketable government bonds; and the introduction of an enhanced mortgage arrears resolution framework, which was announced in recent weeks.

All of these measures are ultimately concerned with creating the environment for sustainable economic growth and reduction in unemployment. Meanwhile, price stability is of course anchored by the policy of the Eurosystem.

During the year there was further considerable progress towards the delivery by Ireland on its commitments under the EU-IMF Programme. For our part the Bank met all of the various benchmarks for financial sector reform; while the government continued with its implementation of legislative and structural reforms. The continued adherence to the targets helped Ireland re-enter international capital markets and has increased the prospect of a successful exiting of the Programme at the end of this year. Full implementation of the government's announced budgetary measures remains essential to preserve market confidence.

The Bank works to a publicly stated strategy. In 2012, we published a new three-year Strategic Plan which details the key strategic priorities over the coming years, all of which are closely aligned to the Bank's statutory objectives. Based on this approach, the Bank will continue to work towards furthering the progress already made in restoring financial stability and supporting economic recovery.

Turning to our financial accounts, the Bank's profit for the year to 31 December 2012 amounted to €1.4 billion. After retained earnings, surplus income of €1.1 billion will be paid over to the Exchequer.

Finally, I would draw your attention to the publication also today of the Annual Performance Statement for Financial Regulation, which is available, along with the Annual Report, on our website.

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Money and Banking Statistics: March 2013

30 April 2013

The Central Bank of Ireland today published the March 2013 Money and Banking Statistics[1]

Loans and other credit

- Loans to Irish households decreased at a rate of 4.1 per cent in the year ending March 2013, following a decrease of 4.2 per cent in February. Lending for house purchase was 1.7 per cent lower on an annual basis at end-March, while lending for consumption and other purposes decreased by 11.1 per cent over the same period.
- Lending to households declined by €50 million during the month of March, following a net monthly decrease of €634 million during February. The change during March was mainly driven by a decrease of €121 million in loans for consumption purposes. Meanwhile, housing and non-housing non-consumption related loans increased by €45 million and €26 million, respectively over the month.
- The monthly net flow of loans to households averaged minus €504 million in the three months ending March 2013, comprising minus €192 million in loans for house purchase, minus €183 million in loans for consumption purposes, and minus €128 million in lending for other purposes.
- Lending to Irish resident non-financial corporations (NFCs) declined by 4.1 per cent in the year ending March 2013, following a decrease of 3.7 per cent in February.
- During March 2013 loans to NFCs fell by €261 million. The monthly net flow of loans to NFCs averaged minus €202 million in the three months ending March 2013.
- The developments in loans to NFCs during March 2013 were driven mainly by a decrease of €182 million in loans with an original maturity over five years. Over the same period, loans with an original maturity up to one year which includes the use of overdraft facilities increased by €57 million, while loans with an original maturity over one and up to five years decreased by €136 million.
- On an annual basis, NFC loans with an original maturity up to one year decreased by 1.1 per cent over the year ending March 2013. Medium-term loans to NFCs declined by 17.2 per cent in the year, while NFC loans with an original maturity over five years increased by 3.9 per cent over the same period.
- Credit institutions' holdings of debt and equity securities issued by the Irish private sector declined by €112 million during the month of March 2013, following a decline of €2.4 billion in February 2013. The

annual rate of change for the year ending March 2013 was minus 19.5 per cent. The fall in holdings of private-sector securities during March 2013 reflects developments in holdings of debt securities issued by other financial intermediaries (OFIs), which fell by €114 million over the month.

Deposits and other funding

- Irish resident private-sector deposits rose at an annual rate of 9.8 per cent in March 2013, following a 2.9 per cent increase in the year ending February 2013. Deposits from households (HHs) were 0.5 per cent higher on an annual basis at end-March 2013, while deposits from insurance corporations and pension funds (ICPFs) and OFIs combined increased by 34.8 per cent. Deposits from NFCs rose by 3.7 per cent over the same period.
- There was a month-on-month increase of approximately €12.2 billion in Irish resident private-sector deposits during March 2013. This was mainly driven by an increase of €12.5 billion in deposits from the OFI sector. Over the same period, deposits from NFCs and ICPFs decreased by €408 million and €64 million respectively, while household deposits increased by €176 million over the month.
- The monthly and annual developments in OFI deposits, and by extension total private-sector deposits, were driven by transactions related to the liquidation of the Irish Bank Resolution Corporation (IBRC), whose liability to the Central Bank of Ireland was replaced by a liability to the National Asset Management Agency (NAMA), classified as an overnight deposit. This position will be unwound as the assets which currently remain on the IBRC balance sheet are transferred. Excluding the impact of this transaction, OFI deposits would have risen by 3.2 per cent on an annual basis and total private-sector deposits would have risen by 2.3 per cent.
- Overnight deposits from HHs held in resident credit institutions also increased during March 2013, by €597 million. Meanwhile, overnight deposits from ICPFs and NFCs decreased during the month by €194 million and €133 million, respectively.
- Deposits with agreed maturity up to two years decreased by €159 million in March 2013, compared with a decrease of €61 million in February 2013. This change is mainly due to developments in the household and NFC sectors, where deposits with agreed maturity up to two years decreased by €278 million and €253 million, respectively in March 2013. Meanwhile OFI and ICPF deposits in this category increased by €370 million and €1 million, respectively in March 2013.
- Longer-term savings products covering deposits with agreed maturity over two years increased by €186 million during the month of March, bringing the annual rate of increase in this category to 21.8 per cent.

The increase was reflected across all four categories, with ICPFs recording an increase of €133 million, while OFIs, NFCs and Households showed increases of €28 million, €17 million and €8 million, respectively.

- Private-sector deposits from non-residents declined by €491 million during March 2013. Other euro area private-sector deposits increased by €58 million, while private-sector deposits from non-euro area residents fell by €549 million over the month. Total non-resident private-sector deposits had fallen by 7.7 per cent on an annual basis at end-March 2013, with deposits from other euro area private-sector entities being 9.5 per cent lower, and those from the non-euro area private sector 6.6 per cent lower.
- Credit institutions' borrowings from the Central Bank as part of Eurosystem monetary policy operations fell by €7 billion in March 2013. The outstanding stock of these borrowings amounted to €53.1 billion at end-March. Domestic market credit institutions[2] accounted for €43.8 billion of this total outstanding stock.

[1] Money and Banking statistics are compiled in respect of business written out of all within-the-State offices of both credit institutions authorised to carry on banking business in the State under Irish legislation and credit institutions authorised in other Member States of the EU operating in Ireland on a branch basis. Credit institutions authorised in other EU Member States operating in Ireland on a cross-border basis, i.e. with no physical presence in the State, are not included in the statistics.

[2] Domestic market credit institutions are those who have a significant level of retail business with Irish households and NFCs, and would exclude the more internationally focused banks in the IFSC.

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

New €5 notes to enter into circulation from 2 May

30 April 2013

The Central Bank of Ireland has announced today the introduction into circulation of a new series of euro banknotes across Ireland and the euro area.

The new 'Europa series' of banknotes will be phased in over a number of years, starting with the €5 note, which will enter into circulation on the 2 May 2013.

The new note, which is the same size and is similar in appearance to the previous note, includes a number of new security features, including a portrait watermark of the Greek goddess Europa, raised lines along the sides of the note, a shiny emerald colour number and a portrait hologram of Europa.

The new €5 note will circulate alongside the existing €5 note. There is no change to the status of our existing €5 notes which will remain legal tender.

For further details on the new ES2 €5 note and the new Europa series of banknotes, visit www.new-euro-banknotes.ie.

Notes to Editor:

To check the new note's security features:

As with the first series of euro banknotes, it's easy to check using the FEEL, LOOK and TILT approach.

FEEL

Feel of the paper – Feel the banknote. It is crisp and firm.

Raised print – the main image, the lettering and the large value numeral feel thicker.

What's new - On the new banknote, there is a series of short raised lines on the left and right edges.

LOOK

Portrait – Look at the banknote against the light. A faint image showing the value of the banknote and a window becomes visible.

What's new? – On the new banknote, a portrait of Europa is also visible.

Security Thread - Look at the banknote against the light. The security thread appears as a dark stripe and the value of the banknote can be seen in tiny white lettering.

What's new? - The € symbol can be seen in the security thread on the new banknote, while the word 'EURO' appears in the banknotes of the first series.

TILT

Hologram - Tilt the banknote. The silvery stripe on the right reveals the value of the banknote and the € symbol.

What's new – Portrait hologram on the new banknote, a portrait of Europa and a window also appear.

Emerald number - tilt the banknote. On the new banknote, the shiny number in the bottom left corner displays an effect of the light that moves up and down. The number also changes colour from emerald green to deep blue.

Some interesting facts about the euro:

- The total number of €5 banknotes in circulation in the Eurozone was €1.55bn as of end March 2013; (As euro banknotes circulate throughout the euro area, it is not possible to provide a specific circulation figure for Ireland.)
- The net issuance number for Ireland of €5 banknote as at end March 2013 was 36.8 million; (Net issuance comprises the number of banknotes issued by the Central Bank less the number of banknotes received by the Central Bank.)
- 11 years: euro banknotes and coins enter into circulation in 2002 ;
- 332 million people use them in the euro area ;
- 15.2 billion banknotes are in circulation with an €883 billion face value (March 2013) ;
- 8 billion banknotes are expected to be produced in 2013 ;
- 531,000 counterfeit notes were taken out of circulation in 2012, with a face value of €26.8 million, a decrease in volume of over 12% from the previous year.

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Quarterly Financial Accounts for Ireland: Q4 2012

Information release 8 May 2013

Quarterly Financial Accounts, released on 8 May 2013[1], present a complete and consistent set of quarterly data for all resident institutional sectors in Ireland. They provide comprehensive information not only on the economic activities of households, non-financial corporations, financial corporations and Government, but also on the interactions between these sectors and the rest of the world. Transactions presented in this commentary are based on four-quarter moving averages, so as to smooth seasonality within the data.

Results summary, Q4 2012

- Household net worth increased during Q4 2012 for the second consecutive quarter, reaching €461.6bn or €100,674 per capita. This represented an increase of 1 per cent or €4.7bn over the quarter.
- Household debt to disposable income, an indicator of debt sustainability, fell to 201.6 per cent, its lowest level since Q4 2006. Household Debt as a proportion of total assets also declined during Q4, to stand at 27 per cent.
- Total Government liabilities rose further during Q4 2012, reaching €214.4bn. This represented an increase of 1.4 per cent or €3bn.
- Non-financial corporation debt declined to 184 per cent of GDP, the lowest since Q3 2010. This represented a decline of €22 bn or 14 per cent of GDP, compared with the previous quarter. The reduction in NFC debt moved Irish NFCs down to third place when compared to 21 other countries.

1. Net Lending/Borrowing of All Sectors

The net lending/borrowing position of all sectors is depicted in Chart 1.1[2]. The domestic sector continued to be a net lender during Q4 2012, albeit to a lesser extent that in Q3. This marked the second consecutive quarter for which the domestic sector was a net lender. The net lending/borrowing trends of households, Government and non-financial corporations are described in detail in sections 3, 4 and 5 respectively.

2. Private Sector Debt

Private sector non-consolidated debt[3] declined significantly during Q4 2012, falling to 289.9 per cent of GDP (Chart 2.1). This represented a reduction in private sector debt over the quarter of 16.4 per cent of GDP, the largest decline to date. Private sector debt is now at its lowest level since Q2 2009.

The decline in debt occurred as both NFCs and households reduced debt over the quarter by 14.2 per cent of GDP and 2.2 per cent of GDP, respectively. The former largely reflected the relocation of some multinational NFCs. Household and NFC debt are analysed further in Sections 3 and 5 respectively.

Private sector indebtedness form part of the EU Commission's scoreboard of macroeconomic imbalances. The Commission sets an indicative threshold of 160 per cent of GDP for private sector debt sustainability, substantially lower than Ireland's 289.9 per cent. However, this ratio does not take account of the size of the MNC sector in Ireland relative to GDP.

3. Household Sector

Household net worth[4] increased during Q4 2012 for the second consecutive quarter, reaching €461.6bn or €100,674 per capita. This represented an increase of 1 per cent or €4.7bn over the quarter (Chart 3.1). The rise in net worth largely reflected the continued reduction in household liabilities (€2.8bn), as well as, further investment in financial assets (€2.0bn). The value of housing assets remained largely unchanged over the quarter.

The rate at which Irish households continued to deleverage increased during Q4 2012. Household debt[5] declined by €2.9bn over the quarter, to stand at €173.9bn or €37,928 per capita (Chart 3.2). This represented a decline of 1.7 per cent, the largest reduction in household debt since Q2 2010. The decrease in household debt over the quarter was comprised of: net loan repayments (1.8bn), loan write-downs (€0.4bn), and reclassifications and exchange rate movements (€0.8bn).

The reduction in debt over the quarter contributed towards a further improvement in indicators of household debt sustainability (Chart 3.3). Debt as a proportion of disposable income fell to 201.6 per cent, its lowest level since Q4 2006. This reflected further increases in household disposable income, as well as, the decline in debt. Disposable income, when measured as a four-sum moving average, increased by 0.4 per cent over the quarter. Disposable income has been on an upward trend since Q3 2011. Debt as a proportion of total assets also declined for the second consecutive quarter, as shown in Chart 3.3. At its peak in Q2 2012, debt to total assets stood at 28.2 per cent. It currently stands at 27 per cent. The decrease was attributable to increases in the stock of total household assets, in addition to, the declining debt levels.

Household investment in financial assets continued to further recover during Q4 2012, reaching €1.6bn. This represented the most substantial investment by households in financial assets since Q3 2009 (Chart 3.4). The increase in investment was largely attributable to a further recovery in household transactions in 'currency and deposits'. Households slightly reduced investment in 'shares and other equity' over the quarter, albeit to a lesser extent than in previous quarters. Investment in 'insurance technical reserves'[6] remained largely unchanged.

Household net lending increased by €0.8bn during Q4 2012, reaching €3.3bn (Chart 3.5). This upward trend reflected increased investment in financial assets over the quarter, as well as, continued debt reduction. Households have been net lenders since Q1 2009, as they continue reducing debt incurred in the years preceding the financial crisis.

Combining household saving and gross capital formation[7] data from the CSO's non-financial accounts (i.e. the real side of the economy) with households' transactions data from Quarterly Financial Accounts allows for a decomposition of how households use their savings[8]. Chart 3.6 shows that household saving remained relatively unchanged during Q4 2012 totalling €2.77bn, when measured as a four quarter moving average. The continuing high levels of household saving over the quarter was attributable to further debt reduction (€1.6bn), increased investment in financial assets (€1.6bn) and, to a lesser extent, investment in gross fixed capital formation (€1.1bn).

4. Government Sector

Government liabilities rose further during Q4 2012, reaching €214.4bn (Chart 4.1). This represented an increase of 1.4 per cent or €3bn. Quarterly Government Debt (QGD), which is the standard quarterly measure of debt consistent with Excessive Deficit Procedure (EDP)[9] methodology, also increased over the quarter, albeit to a lesser extent.

The increase in Government liabilities during Q4 2012 largely reflected further funding of €2.8bn received as part of the EU/IMF programme. The total value of EU/IMF loans stood at €57.9bn at end-2012.

Government net financial wealth, the difference between financial assets and liabilities, declined by €5.8bn during Q4 2012 (Chart 4.2). This reflected a decline in financial assets (€2.8bn), coupled with, the increase in liabilities (€3bn). At Q4 2012 net financial wealth stood at minus €136.7bn. Overall net financial wealth has declined by €134.5bn since Q4 2007.

The Government deficit, when measured as a 4-quarter moving average, continued to decline during Q4 2012, falling to minus €2.8bn (Chart 4.3). This marked the second consecutive quarter where there was an improvement in the deficit.

Non-financial corporation (NFC) debt[10] decreased during Q4 2012 to reach €300bn or 184 per cent of GDP, the lowest since Q3 2010 (Chart 5.1). This represented a decline of €22bn, or 14 per cent of GDP, compared with the previous quarter. The reduction in debt was largely as a result of a decrease in the NFC reporting population, following the relocation of some multinational corporations (MNCs). In addition, NFCs also, on net, repaid debt in excess of €4bn.

A cross country comparison shows that Irish NFCs had the third highest debt to GDP ratio in the EU during Q4 2012 (Chart 5.2). Only Luxembourg and Belgium have higher levels of indebtedness at 303 and 186 per cent of GDP respectively.

Like Ireland, these results reflect the significant contribution of MNC activity relative to the size of their economies.

The ability of Irish NFCs to manage their debt can be assessed by comparing debt to overall balance sheet size. Chart 5.3 presents two approaches to analysing NFC debt: NFC debt as a percentage of financial assets and NFC debt as a percentage of total liabilities. The decline in the reporting population impacted on both sides of NFCs balance sheet, as both financial assets and liabilities declined by approximately €20 bn. The chart shows that NFC debt as a percentage of financial assets declined by 1.9 per cent over the quarter, to 47.5 per cent in Q4 2012. This implies that debt levels are less than half the size of NFC financial assets. The chart also shows that NFC debt as a percentage of total liabilities declined during Q4 2012 by 1.2 per cent, to 38 per cent. The reduction in the ratio is driven by a reduced reliance by NFCs on funding from loans and debt securities, compared with funding from equity and other accounts payable.

NFCs have been net lenders since Q1 2008 (Chart 5.4). Net lending amounted to €2.7bn during Q4 2012, the lowest level since Q4 2009. NFCs continued to be net lenders, as their acquisition of financial assets (€9bn) over the quarter, outstripped their significant incurrence of liabilities (€6bn). This was the greatest incurrence of liabilities by NFCs since Q1 2009.

Note: Methodological Change to Loans Data

Loans data in the Quarterly Financial Accounts release up to May 2012 were measured on a net basis (total loans less provisions for bad debts). As at the 30 July 2012 release, this approach was changed to a gross basis, meaning that provisions for bad debts are not subtracted from total loans. This change in methodology has been applied to the entire financial accounts time series so that there is no break in the series.

The result of the change in methodology is an upward revision in the loan assets on the balance sheet of monetary financial institutions and other financial intermediaries. The corresponding loan liabilities on the balance sheet of households and NFC have also increased. The change in methodology has a substantial impact on NFC debt, where significant provisions for bad debts had been made since late 2008. Transactions data is unaffected by the change.

The change in methodology will make the financial accounts data more comparable with other data sets. At November 2010, the Central Bank's Money and Banking statistics also moved from a net basis to a gross basis. In addition, most countries report Quarterly Financial Accounts data on a gross basis, so the change in methodology further facilitates cross country comparison work.

[1] The publication includes results for Q4 2012 for the first time. It also incorporates revisions to some time series to include the latest available raw data vintages.

[2] While a positive value indicates that a sector is a net lender, a negative value indicates that a sector is a net borrower. Overall, the sum of net lending/borrowing of all sectors will sum to zero as, for every lender, there must be a corresponding borrower.

[3] Debt is comprised of debt securities and loans.

[4]Household net worth is calculated as the sum of household housing and financial assets minus their liabilities. The Central Bank of Ireland estimate of housing assets is based on the size and value of housing stock. Data on the value of housing is obtained from the CSO's 'Residential Property Price Index' (RPPI).

[5] Household debt is defined as total loans.

[6] 'Insurance technical reserves' include life assurance policies and pension funds.

[7] Gross capital formation consists of acquisitions of fixed assets less disposals. It includes acquisitions of dwelling.

[8] The derivation of savings from a non-financial accounts perspective and a financial accounts perspective is elaborated upon further in Cussen, O' Leary, Smith (2012), 'The Impact of the Financial Crisis on Households: a Cross Country Comparison', Central Bank of Ireland, Quarterly Bulletin No. 2.

[9] Government liabilities in QFA differ from the EDP measure of debt as they are calculated on a non-consolidated basis, and employ different coverage and valuation criteria.

[10] NFC debt is defined as the sum of its 'securities other than shares' and 'loans' liabilities. Debt is non-consolidated, meaning that inter-company debt is included.

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Central Bank Announces Pilot Scheme for Consumer Multi-Debt Restructuring

Press release 8 May 2013

The Central Bank of Ireland today announced its intention to operate a pilot scheme for the restructuring of secured and unsecured distressed consumer debt across multiple lenders. The aim of the pilot framework is to achieve sustainable and fair outcomes without the need for the borrower to enter the full insolvency process. It is focused on enhancing cooperation between lenders of secured and unsecured debt in order to resolve distressed debt at an early stage.

The framework will be implemented on a pilot basis by participating lenders to a representative sample of borrowers who are experiencing significant financial difficulty repaying the mortgage on the family home and who have other unsecured debt. The pilot scheme will run for three months and will conclude with a thorough review of all results to evaluate the effectiveness of the framework in dealing with such cases and to determine next steps.

The framework is designed to produce fair, reasonable and consistent outcomes for dealing with secured and unsecured debt from multiple lenders. It establishes a series of principles to be applied in debt restructuring solutions for borrowers. In particular it outlines a 'Resolution Waterfall' which sets out a series of debt affordability scenarios. Treatments will be applied to the borrower's debts in order to establish the most appropriate, affordable modification that sets the borrower on a sustainable footing for the remaining period of the loans.

Director of Credit Institutions and Insurance Supervision, Fiona Muldoon, said, 'The decision to enter into this pilot is a constructive step by the lenders involved to help their own customers. The aim of the scheme is to test the viability of the proposed negotiated approach and to determine its effectiveness in achieving workable sustainable outcomes for borrowers and lenders. Participation in the pilot scheme is open to secured and unsecured lenders. We actively encourage the involvement of all lenders to ensure maximum effectiveness of this learning and information gathering pilot stage. I expect that the lenders participating in the pilot scheme will include all the main retail banks and many credit unions as well as other unsecured lenders. The Central Bank of Ireland will be closely engaged throughout the process and will oversee the pilot.'

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Retail Interest Rate Statistics: March 2013

Information release 10 May 2013

The Retail Interest Rate Statistics[1] cover lending to, and deposits from, households and non-financial corporations (NFCs) in the euro area by credit institutions resident in Ireland. Interest rates and business volumes refer to euro-denominated loans and deposits only. Interest rates on outstanding amounts cover all loans and deposits outstanding on the last working day of the month. Interest rates on new business volumes cover all new loan and deposit business agreed during the month[2]. Irish residents accounted for approximately 99 per cent of outstanding household loan & deposit activity and 88 per cent of outstanding NFC loan & deposit activity at end-December 2012.

Households

Loans to Households

The weighted average interest rate on outstanding loans to households for house purchase stood at 3 per cent at end-March 2013, remaining relatively stable over the past year with a twelve-month average of 2.96 per cent. The corresponding interest rate reported by all credit institutions resident in the euro area declined to 3.49 per cent at end-March 2013, falling by 36 basis points since March 2012.

The average interest rates on outstanding mortgages in Ireland have more closely reflected movements in the ECB's main refinancing rate (MRO) than comparable euro area rates over the last number of years (Chart 1). This relationship is principally derived from the higher proportion of "tracker" and variable rate mortgage products in the domestic market. However, over the past nine months the applicable Irish rate has diverged somewhat from the ECB's MRO rate. While the ECB's main refinancing rate has stood steady at 0.75 per cent the applicable Irish rate has increased by 14 basis points. The corresponding euro area rate has decreased by 23 basis points over the same period.

The weighted average interest rate on outstanding loans to households for consumption and other purposes remained unchanged at 5.67 per cent during March 2013. This represents a fall of 28 basis points since end-March 2012. The interest rate on short-term loans for consumption and other purposes with an agreed maturity up to one year[3] stood at 9.18 per cent at end-March 2013, representing a 1 basis point increase since end-February 2013. The corresponding short-term rate reported by all credit institutions in the euro area was significantly lower at 7.79 per cent at end-March 2013. In terms of longer-term loans, the interest rate reported by Irish resident credit institutions on loans with an original maturity over five years was 4.03 per cent at end-March 2013, increasing by just 2 basis points since end-February 2012. In the euro area, the equivalent long-term interest rate reported by all credit institutions stood at 4.89 per cent at end-March 2013.

Interest rates on new business loans for house purchase with either a floating rate or initial rate fixation of up to one year were 3.16 per cent at end-March 2013, falling by 2 basis points compared with February 2013. In the euro area, the corresponding interest rate on loans for house purchase with either a floating rate or an initial fixation period of up to one year was 2.86 per cent at end-March 2013. In the domestic market, loans in this instrument category accounted for 84 per cent of new mortgage business at end-March 2013. In contrast, loans in the same instrument category accounted for just 27 per cent of new mortgage business in the euro area.

The weighted average interest rate on new loans to households for non-housing purposes stood at 5.89 per cent at end-March 2013, representing a fall of 7 basis points since end-March 2012. New business volumes in this instrument category have been quite low, averaging approximately €177 million per month for the year ending March 2013. As a result, the corresponding interest rate series has been quite volatile.

Deposits from Households

The weighted average interest rate on total outstanding household term deposits declined from 3.06 per cent at end-February 2013, to stand at 2.98 per cent at end-March 2013. The interest rate on household deposits with an agreed maturity of up to two years decreased by nine basis points to 3.06 per cent at end-March 2013. Longer-term interest rates on deposits with an agreed maturity over two years declined by one basis point to 2.40 per cent at end-March 2013. These longer term rates have remained relatively constant over recent periods, averaging 2.47 per cent for the year ending March 2013.

Interest rates on household term deposits increased steadily during 2011 and the first half of 2012, peaking at 3.53 per cent in April 2012. However, following this period total term deposit rates reported by Irish resident credit institutions have declined. Applicable Irish rates have fallen for the eleventh consecutive month, to stand at 2.98 per cent at end-March 2013.

Interest rates on shorter-term deposits, which are redeemable at notice[4], stood at 1.25 per cent at end-March 2013. This represents a 13 basis point decrease since end-February 2013 and a decline of 70 basis points since end-March 2012.

In terms of new deposit business, interest rates on household term deposits fell to 1.19 per cent at end-March 2013, compared with 1.26 per cent at end-February 2013.

Non-Financial Corporations (NFCs)

Loans to NFCs

The weighted average interest rate on outstanding loans to NFCs issued by Irish resident credit institutions rose by three basis point at end-March 2013, standing at 3 per cent. This compares with a twelve-month average of 3.12 per cent for the year ending March 2013. The equivalent euro area weighted average interest rate was 3.30 per cent at end-March 2013.

Loans with an original maturity of over five years accounted for 48 per cent of all outstanding loans issued to NFCs by Irish resident credit institutions as of end-March 2013. The interest rate on these longer-term loans was 2.98 per cent at end-March 2013, increasing two basis points from the previous month. Interest rates charged for both short- and medium-term loans[5] were 3.24 per cent and 2.74 per cent, respectively, at end-March 2013.

The weighted average interest rate on new loan agreements to NFCs up to €1 million[6] stood at 4.55 per cent at end-March 2013. This represents a decrease of 9 basis points compared with February 2013 and brings the current rate above the twelve-month average of 4.53 per cent for the year ending March 2013. The corresponding interest rate reported by all euro area credit institutions for March 2013 was substantially lower at 3.75 per cent. Pronounced month-on-month volatility is derived from particularly low volumes in this instrument category, where relatively few contracts can cause sizable movements within the overall series.

In terms of new business NFC loans above €1 million, Irish resident credit institutions reported an increase of 8 basis points at end-March 2013, to stand at 2.70 per cent, yielding a twelve-month average rate of 2.81 per cent. The equivalent euro zone interest rate decreased by 3 basis points, bringing the equivalent twelve-month average to 2.37 per cent.

Deposits from NFCs

The weighted average interest rate on outstanding NFC term deposits declined by 10 basis points to stand at 2.1 per cent at end-March 2013. Interest rates on deposits with agreed maturity up to two years, which accounted for 96 per cent of NFC term deposits, stood at 2.13 per cent at end-March 2013, down from 2.22 per cent at end-February 2013. The equivalent rate at euro area level was 1.65 per cent at end-March 2013.

In relation to new deposit business, the weighted average interest rate on new NFC term deposits was 0.7 per cent at end-March 2013, representing a decrease of 18 basis points since February 2013. The equivalent weighted average euro area interest rate decreased by 12 basis points to 0.99 per cent over the same period.

[1] Recent data are often provisional and may be subject to revision. The extensive set of Retail Interest Rate Statistics tables and Retail Interest Rate Statistics Explanatory Notes, are available on the Central Bank of Ireland website.

[2] For retail interest rate statistics purposes, new business is defined as any new agreement between the customer and the credit institution. This agreement covers all financial contracts that specify, for the first time, the interest rate of the deposit or loan, including any re-negotiation of existing deposits and loans. Automatic renewals of existing contracts, which occur without any involvement by the customer, are not included in new business. New business volumes have been exceptionally low in various instrument categories during the last number of months. Low volumes of this nature can result in increased volatility within the interest rate series.

[3] Short-term loans for consumption and other purposes with an agreed maturity of up to one year include both overdrafts and credit card debt.

[4] For the purpose of these statistics, deposits redeemable at notice cover both the household and NFC sectors. At end-December 2012, households accounted for 88 per cent of outstanding deposits redeemable at notice.

[5] Short-term loans are those with an original maturity up to one year. Medium-term loans have an original maturity of between one and five years.

[6] The weighted average interest rate on new loans to NFCs, up to €1 million, is often taken as a reasonably accurate proxy for the prevailing rate applicable to SME lending.

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Central Bank of Ireland issues warning on investment firm

Press release 13 May 2013

The Central Bank today published the name of an unauthorised investment firm, Geneve Invest Ireland. Geneve Invest Ireland has been offering investment services to members of the Irish public and is not authorised as an investment firm in Ireland.

It is a criminal offence for an investment firm to operate in Ireland unless it has an authorisation from the Central Bank of Ireland. Consumers should be aware that, if they deal with an investment firm which is not authorised, they are not eligible for compensation from the Investor Compensation Scheme.

Any person wishing to contact the Central Bank of Ireland with information regarding such firms may telephone (01) 224 4000. This line is also available to the public to check if an investment firm is authorised. Since obtaining the necessary legal powers in August 1998, the names of 212 unauthorised firms have been published by the Central Bank.

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Statistics on securities issues of Irish resident entities: March 2013

Information release 14 May 2013

The Central Bank of Ireland, today, released its statistics on market-based financing activities of financial and non-financial firms incorporated in Ireland at end-March 2013. The dataset contains information on the volume of bonds and notes issued during March, as well as the market valuation of outstanding equity shares by sector of issuer at end-March. The sectors of the issuers are: banks; Government; other financial intermediaries; non-financial corporates; and insurance companies and pension funds.

Overview

At end-March 2013, the outstanding amount of debt securities issued by Irish financial and non-financial firms, and by the Government sector was €997.4 billion (a reduction of almost 2 per cent since March 2012). This contrasts with an unchanged position across the euro area.

Market-based debt financing for the banking sector contracted during March with net redemptions of approximately €1.9 billion. The outstanding amount of debt securities for this sector saw a year-on-year fall of 16 per cent to €81.3 billion.

The outstanding amount of long-term Government debt securities stood at €120.2 billion (compared to €115.5 billion in February 2013); this represents a year-on-year increase of 51 per cent. At end-March 2013, Irish resident investors held 45 per cent of long-term Irish Government bonds compared with 24 per cent in March 2012.

Equity shares had an outstanding value of €223 billion at end-March. This includes quoted shares issued by Irish residents (€222.7 billion) which saw a year-on-year net increase of 19 per cent (driven primarily by increases in the non-financial corporate sector). The value of the stock of quoted shares in the euro area increased by approximately 9 per cent in the year to March.

Government Debt Issuance

- Long-term Government debt securities increased to €120.2 billion in March 2013[1]. This represented a year-on-year increase of approximately 51 per cent when compared with March 2012 (€79.7 billion). The termination of promissory notes used by IBRC as security for borrowings from the Central Bank of Ireland and replacement with long-term Irish Government bonds in February 2013 was largely responsible for this increase.

- The NTMA raised €5 billion in March through the sale of a 10-year Treasury Bond maturing in 2023. These funds were raised at a yield of 4.15 per cent with domestic investors taking up 18 per cent of the issuance. There was significant interest in this issue with bids received totalling some €13 billion.
- Almost €15.9 billion (or 13 per cent) of the euro-denominated long-term debt will fall due over the next 3 years (see Table 1). Approximately €9.6 billion (or 61 per cent) of this latter figure is payable to non-resident investors.

Holdings of Government Bonds

- At end-March 2013, Irish resident investors held 45 per cent of long-term Irish Government bonds compared with 24 per cent in March 2012. The Irish banking sector, including the Central Bank of Ireland, was primarily responsible for this increase. This sector accounted for 41 per cent of all holdings at end-March 2013 (or €49.1 billion), compared with 22 per cent at end-March 2012.
- Approximately 26 per cent of all resident holdings will mature within the next 5 years. Furthermore, 32 per cent (or €20.9 billion) of those long-term bonds held by non-resident investors will mature between 2020 and 2023.

Banking Sector

- Market-based debt financing for the banking sector contracted during March with net redemptions of €1.9 billion (compared to net redemptions of €1.7 billion in the previous month).
- The outstanding amount of debt securities for this sector saw a year-on-year fall of 16 per cent to €81.3 billion with short-term debt contracting by 23 per cent. Over the past 12 months, the total outstanding amount of debt securities for this sector across the euro area decreased by approximately 6 per cent.
- The outstanding amount of the banking sector’s equity securities increased by just over 3 per cent in March 2013 to €16.9 billion. This represents a year-on-year increase of almost 8 per cent.

Non-Financial Corporates

- The outstanding amount of debt securities issued by non-financial corporates (NFC) increased to approximately €2.7 billion at end-March 2013 (compared with approximately €2.5 billion at end-February 2013). This represents an 11 per cent decrease from March 2012. The year-on-year increase in the outstanding debt securities for NFCs resident in the euro area was almost 13 per cent.
- In March 2013, the equity securities outstanding for the NFC sector increased by approximately €0.5 billion, to €190.7 billion. This represents an increase of 20 per cent when compared to March 2012. The annual percentage change in market capitalisation for NFCs in the euro area was approximately 9 per cent.

Notes to editors:

- The statistics are based on Irish resident sectors issuances of securities where an ISIN[2] code is assigned, irrespective of the market of issue or listing. Non-ISIN information is also provided for monetary financial institutions.
- Debt securities are broken down according to their original maturity and coupon type. Equity securities are classified into quoted and unquoted securities excluding investment fund shares/units.
- The difference between month-on-month equity stocks reflects valuations changes transactions in addition to transactions and other adjustments, for example, reclassifications and corrections.
- The data reflect revisions arising from data quality management activities performed by the Bank, which contribute to improvements in the data.
- Euro area figures are sourced from the ECB's Euro Area Securities Issues Statistics monthly publication.
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[1] Refers to debt securities in all currencies (but principally includes euro-denominated debt)

[2] An ISIN code is a unique identifier assigned to an individual security.

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Central Bank launches Alternative Investments Fund Managers Directive Regime

Press release 15 May 2013

The Central Bank of Ireland today issued the necessary application forms and accompanying rules to allow alternative investment fund managers (AIFMs) and alternative investment funds (AIFs) to apply for authorisation under the new Alternative Investment Fund Managers Directive (AIFMD).

The Central Bank is ready to receive applications for authorisation under this new non-UCITS regulatory regime. This is particularly important for those firms aiming to have AIFMD-compliant structures on 22 July 2013, when the AIFMD comes into effect.

In addition to the application forms, the Central Bank has published a new format 'AIF Rulebook' which sets out text for the conditions which will be applied when authorisations are issued.

The Central Bank has also published a Q&A document which addresses the key questions about how the transition to the new regime will operate. This Q&A provides important guidance on exactly what firms must do by July 2013, what they may do during the transitional period between July 2013 and July 2014 and how they can plan for achieving AIFMD compliance while maintaining the continuity of their business in the interim.

Key developments include:

- The Central Bank intends to authorise AIFs which have non-EU AIFM;
- The Central Bank will allow AIFMs benefitting from the transitional arrangements to launch AIFMD-compliant AIFs;
- During the transition period, AIFMs may rely on depositories that do not have an AIFMD-compliant authorisation;
- Umbrella QIFs authorised under the old regime can continue to issue sub-funds during the transition period without having to transition to the new regime.

The Central Bank will update the Q&A as questions requiring a public response are received.

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Central Bank of Ireland Issues Warning on Investment Firm

Press release 15 May 2013

The Central Bank today published the name of an unauthorised investment firm, Claridon Asset Management (UK). Claridon Asset Management (UK) has been offering investment services to members of the Irish public and is not authorised as an investment firm in Ireland.

It is a criminal offence for an investment firm to operate in Ireland unless it has an authorisation from the Central Bank of Ireland. Consumers should be aware that, if they deal with an investment firm which is not authorised, they are not eligible for compensation from the Investor Compensation Scheme.

Any person wishing to contact the Central Bank of Ireland with information regarding such firms may telephone (01) 224 4000. This line is also available to the public to check if an investment firm is authorised. Since obtaining the necessary legal powers in August 1998, the names of 213 unauthorised firms have been published by the Central Bank.

Notes to editors

The name of the above firm is published under the European Communities (Markets in Financial Instruments) Regulations 2007.

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Central Bank issues update on its Payment Protection Insurance Review

17 May 2013

The Central Bank of Ireland today issued an update on its on-going investigation into the sales of Payment Protection Insurance (PPI) policies. Ten firms[1] are currently undertaking reviews of their PPI sales since July 2007. At the request of the Central Bank, these firms had previously informed all their customers included in the PPI sales review of their intention to provide updates to them as the Review progresses.

The firms have now commenced writing to their customers who purchased PPI in July 2007 to inform them of the outcome of the Review as it relates to their situation. Approximately 13,000 customers will receive letters over the next week. The Central Bank is advising customers who receive a letter and have any questions, to contact their bank or credit institution directly.

Firms will continue to conduct the Review and will directly contact all other PPI customers included in the Review with the outcome of the on-going Review throughout 2013. The Central Bank will continue to require firms to take an orderly, co-ordinated and consistent approach to the Review and will monitor progress on an on-going basis with the firms involved, and with the independent third party overseers who were appointed at the request of the Central Bank.

Note to Editors:

It is too early to comment on the number of consumers that will receive refunds or the potential total amount to be refunded. The Central Bank will make a comprehensive statement at the conclusion of the overall process.

[1] Bank of Ireland, Allied Irish Banks, EBS, GE Money, permanenttsb, Ulster Bank, Bank of Scotland (Ireland), Danske, RaboDirect and KBC Bank.

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Central Bank of Ireland Publishes Further Consultation on Inquiry Guidelines

Information release 23 May 2013

The Central Bank of Ireland today issued a further public consultation, Consultation Paper No. 65, on draft Inquiry Guidelines to be prescribed pursuant to section 33BD of the Central Bank Act 1942 (as amended).

This further consultation follows the Central Bank of Ireland's consideration of the responses to Consultation Paper No. 57. The Central Bank of Ireland today also issued Feedback to Consultation Process on CP57 on the proposed Inquiry Guidelines to be prescribed pursuant to section 33BD the Central Bank Act 1942 (as amended).

The aim of the draft Inquiry Guidelines is to provide a framework for the Central Bank to conduct, in appropriate cases, an Inquiry as part of the Administrative Sanctions Procedure under Part IIIC of the Central Bank Act 1942 (as amended).

The draft Inquiry Guidelines provide significant detail in terms of the practice and procedure to be adopted during an Inquiry. It is intended that, once finalised, the Inquiry Guidelines will replace the existing "Administrative Sanctions Guidelines" published by the Central Bank in 2005.

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Central Bank statement on the Review on the Risk Assessment Process for the National Payments Systems

Statement 24 May 2013

The Central Bank welcomes the publication of the review of the Risk Assessment Process for the National Payments Systems (Paper and Electronic clearing).

While recognising the review finds the current Irish Payment Services Organisation's risk management process is relatively robust, the Central Bank notes that the review also finds that a number of actions and enhancements are necessary.

The Central Bank will work closely with IPSO to oversee and monitor the implementation of these actions to strengthen the Irish Payments Systems' risk management processes.

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Central Bank of Ireland Issues Warning on Investment Firm Nelson Capital Advisors

Press Release 24 May 2013

The Central Bank today published the name of an unauthorised investment firm, Nelson Capital Advisors. Nelson Capital Advisors has been offering investment services to members of the Irish public and is not authorised as an investment firm in Ireland.

It is a criminal offence for an investment firm to operate in Ireland unless it has an authorisation from the Central Bank of Ireland. Consumers should be aware that, if they deal with an investment firm which is not authorised, they are not eligible for compensation from the Investor Compensation Scheme.

Any person wishing to contact the Central Bank of Ireland with information regarding such firms may telephone (01) 224 4000. This line is also available to the public to check if an investment firm is authorised. Since obtaining the necessary legal powers in August 1998, the names of 214 unauthorised firms have been published by the Central Bank.

Notes to editors:

The name of the above firm is published under the European Communities (Markets in Financial Instruments) Regulations 2007.

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Central Bank of Ireland Issues Warning on Investment Firm

Press Release 28 May 2013

The Central Bank today published the name of an unauthorised investment firm, The Celtic Group LLC (Ireland). The Celtic Group LLC is also known as Celtic Finance Group, Celtic Finance Brokers and Cead Mile Failte Finance Services. The Celtic Group LLC is not authorised as an investment firm in the State and is claiming or holding itself out as an investment firm in the State.

It is a criminal offence for an investment firm to operate in Ireland unless it has an authorisation from the Central Bank of Ireland. Consumers should be aware that, if they deal with an investment firm which is not authorised, they are not eligible for compensation from the Investor Compensation Scheme.

Any person wishing to contact the Central Bank of Ireland with information regarding such firms may telephone (01) 224 4000. This line is also available to the public to check if an investment firm is authorised. Since obtaining the necessary legal powers in August 1998, the names of 215 unauthorised firms have been published by the Central Bank.

Notes to editors

The name of the above firm is published under the European Communities (Markets in Financial Instruments) Regulations 2007.

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Money and Banking Statistics: April 2013

Information release 31 May 2013

The Central Bank of Ireland today published the April 2013 Money and Banking Statistics[1]

Loans and other credit

- Loans to Irish households declined by 4.1 per cent in the year ending April 2013, following a decrease of 4.3 per cent in March. Lending for house purchase was down 2 per cent over the year, while lending for consumption and other purposes was 9.9 per cent lower for the same period.
- Households' repayments of loans to credit institutions outstripped drawdowns by €334 million during the month of April, following a net monthly decrease of €116 million during March. Developments in April were mainly driven by a decrease of €336 million in loans for house purchase. Meanwhile, a decline in consumption related loans of €214 million was more than offset by an increase of €217 million in non-housing, non-consumption related lending over the month.
- The monthly net flow of loans to households averaged minus €385 million in the three months ending April 2013, comprising minus €228 million in loans for house purchase, minus €124 million in loans for consumption purposes, and €33 million in lending for other purposes.
- Lending to Irish resident non-financial corporations (NFCs) declined by 5.1 per cent in the year ending April 2013, following a decrease of 4.1 per cent in March.
- During April 2013 loans to NFCs fell by €1.3 billion, as NFC loan repayments exceeded drawdowns by that amount. The monthly net flow of loans to NFCs averaged minus €541 million in the three months ending April 2013.
- The developments in loans to NFCs during April 2013 were driven mainly by a fall of €951 million in loans with an original maturity of over one and up to five years. Over the same period, loans with an original maturity up to one year which includes the use of overdraft facilities decreased by €250 million, while loans with an original maturity of over five years decreased by €53 million.
- On an annual basis, NFC loans with an original maturity up to one year were 2.7 per cent lower over the year ending April 2013. Medium-term loans to NFCs declined by 19.3 per cent in the year, while NFC loans with an original maturity over five years increased by 3.9 per cent over the same period.
- Credit institutions' holdings of debt and equity securities issued by the Irish private sector declined by €32 million during the month of April

2013, following a decline of €112 million in March 2013. The annual rate of change for the year ending April 2013 was minus 18 per cent. The fall in holdings of private-sector securities during April 2013 reflects developments in holdings of debt securities issued by other financial intermediaries (OFIs), which fell by €114 million over the month, bringing the annual rate of decline in these holdings to 17.1 per cent.

Deposits and other funding

- Irish resident private-sector deposits rose at an annual rate of 7.7 per cent in April 2013, following a 9.8 per cent increase in the year ending March 2013. Deposits from households were unchanged on an annual basis at end-April, while deposits from insurance corporations and pension funds (ICPFs) and OFIs combined were by 24.3 per cent higher. Deposits from NFCs rose by 5.9 per cent over the same period.
- There was a month-on-month increase of approximately €854 million in Irish resident private-sector deposits during April 2013. This was mainly driven by an increase of almost €1.4 billion in deposits from the NFC sector. Over the same period, deposits from households and ICPFs decreased by €515 million and €382 million respectively, while OFI deposits increased by €380 million over the month.
- The annual developments in OFI deposits, and by extension total private-sector deposits, were driven by transactions in March 2013 related to the liquidation of the Irish Bank Resolution Corporation (IBRC). IBRC's liability to the Central Bank of Ireland was replaced by a liability to the National Asset Management Agency (NAMA), classified as an overnight deposit. This position will be unwound as the assets which currently remain on the IBRC balance sheet are transferred. Excluding the impact of this transaction, OFI deposits at end-April would have fallen by 7 per cent on an annual basis and total private-sector deposits would have been unchanged over the year.
- Overnight deposits from households increased during April 2013 by €518 million. Meanwhile, overnight deposits from NFCs rose during the month by almost €1.2 billion. Deposits in the same category from ICPFs declined by €71 million.
- Deposits with agreed maturity up to two years decreased by €1.2 billion in April 2013, compared with a decrease of €159 million in March. This change is mainly due to developments in the household sector, where deposits with agreed maturity up to two years decreased by €876 million during April. Meanwhile OFI and ICPF deposits in this category also fell by €246 million and €248 million, respectively in April 2013. Deposits from NFCs in this category rose by €184 million.
- Longer-term savings products covering deposits with agreed maturity over two years declined by €40 million during April, bringing the annual rate of increase in this category to 19.4 per cent. Increases in deposits of this category were seen from households (€8 million) and OFIs (€39 million), which were offset by reductions in these deposits from NFCs (€16 million) and ICPFs (€72 million).

- Private-sector deposits from non-residents increased by almost €5 billion during April 2013. Other euro area private-sector deposits decreased by €665 million, while private-sector deposits from non-euro area residents rose by €5.6 billion over the month. Developments during April were driven by deposits in IFSC banks by non-resident affiliated companies. Total non-resident private-sector deposits decreased by 0.2 per cent on an annual basis at end-April 2013, with deposits from other euro area private-sector entities being 11 per cent lower, and those from the non-euro area private sector 6.9 per cent higher.
- Credit institutions' borrowings from the Central Bank as part of Eurosystem monetary policy operations fell by €295 million in April 2013. The outstanding stock of these borrowings amounted to €52.8 billion at end-April. Domestic market credit institutions[2] accounted for €43.7 billion of this total outstanding stock.

[1] Money and Banking statistics are compiled in respect of business written out of all within-the-State offices of both credit institutions authorised to carry on banking business in the State under Irish legislation and credit institutions authorised in other Member States of the EU operating in Ireland on a branch basis. Credit institutions authorised in other EU Member States operating in Ireland on a cross-border basis, i.e. with no physical presence in the State, are not included in the statistics.

[2] Domestic market credit institutions are those who have a significant level of retail business with Irish households and NFCs, and would exclude the more internationally focused banks in the IFSC.

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Central Bank publishes new research on wage flexibility in Europe

Press Release 5 June 2013

The Central Bank of Ireland today publishes new research entitled Why Firms Avoid Cutting Wages: Survey Evidence from European Firms.

The paper uses evidence from a survey of private sector firms conducted in a number of EU countries from the second half of 2007 and the first quarter of 2008 to investigate theories as to why firms across Europe appear reluctant to lower wages. Just over two per cent of firms had cut wages in the five years prior to the survey.

The main findings are:

- The two most important causes for avoiding wage cuts are the belief that this would result in a reduction in morale or effort and the danger that the most productive workers would leave.
- The greatest variation across countries was in the importance attached to labour regulations and collective bargaining, which was almost twice as high in the euro area countries as in the non-euro area countries.
- Firms covered by collective agreements were the most likely to rank labour regulations and bargaining institutions as a prominent reason for avoiding reductions in nominal pay.
- The small group of firms with previous experience of having actually cut wages indicated a much lower relevance score for most categories.

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Trends in Personal Credit and Deposits: Q1 2013

Information release 11 June 2013

Summary [1]

- Total credit to Irish private households outstanding on the balance sheet of resident credit institutions was €100.4 billion at end-March 2013, following a quarterly decline of 1.5 per cent and an annual decline of 3.7 per cent.
- The total amount of loans outstanding to private households, including loans that have been securitised and continue to be serviced by resident credit institutions, stood at €141.8 billion at end-March 2013.
- The total deposits held in resident credit institutions by Irish private households was €87.2 billion at end-March 2013, following a quarterly increase of 0.2 per cent and an annual increase of 0.3 per cent.

Credit Advanced to Private Households – Loans for House Purchase

The below analysis relates to on-balance sheet lending, unless otherwise indicated.

- The annual rate of change in loans for house purchase was minus 1.9 per cent at end-March 2013, following a quarterly decline of 0.8 per cent. This was the thirteenth consecutive quarterly decline in loans for house purchase and the largest decline seen since June 2010. The outstanding amount of loans for house purchase on-balance sheet stood at €84.3 billion at end-March 2013. A further €41.4 billion of securitised mortgages, which continue to be serviced by resident credit institutions, was outstanding at end-March 2013.
- Floating rate mortgages, which include standard variable rate, tracker rate, and mortgages with a fixed rate up to one year[2], accounted for 92 per cent of the outstanding amount of loans for house purchase on-balance sheet at end-March 2013. Tracker mortgages by themselves accounted for 50 per cent of outstanding loans for house purchase. The share of standard variable rate mortgages increased during Q1 2013 to 40 per cent, following a net increase of €485 million during the quarter.
- Fixed rate mortgages accounted for 8 per cent of the outstanding amount of loans for house purchase at end-March 2013, following a net decline of €780 million during the quarter. Mortgages with rates fixed for over one year and up to three years accounted for 44 per cent of fixed rate mortgages outstanding.
- Loans for principal dwellings accounted for 76 per cent of loans for house purchase at end-March 2013, similar to recent quarters. Loans for

principal dwellings fell during Q1 2013 by €439 million, reflecting an underlying decline of €668 million in fixed rate mortgages and an increase of €228 million in floating rate mortgages. The annual decline in loans for principal dwellings was 1.9 per cent at end-March 2013.

- Standard variable mortgages on principal dwellings increased by €451 million during Q1 2013, while tracker mortgages declined by €262 million and mortgages fixed for up to one year rose by €39 million. Floating rate mortgages (of which 46 per cent standard variable, 52 per cent tracker, and 2 per cent up to one year fixed) accounted for 91 per cent of the on-balance sheet outstanding amount of loans for principal dwellings at end-March 2013. For securitised mortgage pools, the share was slightly higher at 94 per cent (Chart 3).
- The outstanding amount of loans for buy-to-let residential properties decreased slightly to stand at €19.4 billion at end-March 2013; representing 23 per cent of loans for house purchase. There was a net decrease of €123 million in these loans during Q1 2013 (minus 0.6 per cent), reflecting a decline of €106 million in fixed rate mortgages and a decline of €17 million in floating rate mortgages. Buy-to-let floating rate mortgages (of which almost 38 per cent standard variable, 62 per cent tracker, and 0.1 per cent up to one year fixed) accounted for 95 per cent of the outstanding amount of loans for buy-to-let properties at end-March 2013. The annual decline in loans for buy-to-let residential properties was 0.9 per cent at end-March 2013.
- Loans for holiday homes/second homes accounted for 1 per cent of loans for house purchase at end-March 2013. Floating rate mortgages accounted for 94 per cent of the outstanding amount of loans for holiday homes/second homes at end-March (of which 40 per cent standard variable, almost 60 per cent tracker, and 0.1 per cent up to one year fixed). The annual decline in loans for holiday homes/second homes was 6.8 per cent at end-March 2013.

Credit Advanced to Private Households – Other lending

- Non-housing related lending, or 'other personal' lending, accounted for 16 per cent (€16.1 billion) of total on-balance sheet credit advanced to Irish private households by resident credit institutions at end-March 2013.
- Lending in this category fell by 12.1 per cent in the year ending March 2013. This followed an annual decrease of 10.6 per cent at end-December 2013.
- Non-housing related lending to private households peaked in Q1 2009. By end-March 2013 it had declined by 29 per cent from that peak.
- Non-housing related lending to private households declined by €826 million during Q1 2013 (4.9 per cent). This reflected a decline in both finance for investment purposes and finance for other non-housing related purposes of €337 million and €489 million, respectively.

Deposits from Private Households

- The deposits held in resident credit institutions by Irish private households stood at €87.2 billion at end-March 2013. This followed an increase of €215 million (0.2 per cent) during Q1 2013.
- The outstanding amount of personal deposits was 0.3 per cent higher on an annual basis at end-March 2013, compared with an annual decline of 0.7 per cent for end-March 2012.
- The net flow of personal deposits in the year ending March 2013 was €290 million. This represents a significant improvement from the year ending March 2012 where the net flow of personal deposits was minus €570 million.

[1] The extensive set of Private Households Credit and Deposits Statistics tables, along with a detailed set of explanatory notes are available here. Recent data are often provisional and may be subject to revision.

[2] Loans with interest rates fixed for a period up to one year are included with floating rate loans in line with international practice.

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Statistics on securities issues of Irish resident entities: April 2013

Information Release 12 June 2013

The Central Bank of Ireland, today, released its statistics on market-based financing activities of financial and non-financial firms incorporated in Ireland at end-April 2013. The dataset contains information on the volume of bonds and notes issued during April, as well as the market valuation of outstanding equity shares by sector of issuer at end-April. The sectors of the issuers are: banks; Government; other financial intermediaries; non-financial corporates; and insurance companies and pension funds.

Summary:

At end-April 2013, the outstanding amount of debt securities issued by Irish financial and non-financial firms, and by the Government sector was €983.6 billion (a reduction of almost 3 per cent since April 2012). This contrasts with a broadly unchanged position across the euro area.

Market-based debt financing for the banking sector contracted during April with net redemptions of approximately €1.5 billion. The outstanding amount of debt securities for this sector saw a year-on-year fall of 16 per cent to €79.8 billion.

The outstanding amount of long-term Government debt securities stood at €115.6 billion (compared to €120.2 billion in March 2013). This represents a year-on-year increase of 39 per cent. At end-April 2013, Irish resident investors held approximately 43 per cent of long-term Irish Government bonds compared with 27 per cent in April 2012.

Equity shares had an outstanding value of almost €220 billion at end-April. This includes quoted shares (€219.6 billion) which saw a year-on-year net increase of 16 per cent (driven primarily by increases in the non-financial corporate sector). The value of the stock of quoted shares in the euro area increased by approximately 16 per cent in the year to April.

Government Debt Issuance:

Long-term Government debt securities decreased to €115.6 billion in April 2013[1]. This represented a decrease of 4 per cent when compared to the equivalent figure for March 2013 (€120.2 billion). The 5% Treasury Bond 2013 matured during April.

The NTMA raised €500 million in April through an auction of Irish Treasury Bills which will mature in July 2013. Bids totalling 4.8 times the amount on offer were received and these bills were sold at an annualised yield of 0.195 per cent.

The April 2013 figure represents a year-on-year increase of approximately 39 per cent when compared with April 2012 (€83.2 billion). The termination of promissory notes used by IBRC as security for borrowings from the Central Bank of Ireland and replacement with long-term Irish Government bonds in February 2013 was largely responsible for this increase.

Approximately €21.4 billion (or 19 per cent) of the euro-denominated long-term debt will fall due over the next 3 years (see Table 1). Approximately €13 billion (or 61 per cent) of this latter figure is payable to non-resident investors.

Holdings of Government Bonds:

At end-April 2013, Irish resident investors held 43 per cent of long-term Irish Government bonds compared with 27 per cent in April 2012. The Irish banking sector, including the Central Bank of Ireland, was primarily responsible for this increase. This sector accounted for 43 per cent of all holdings at end-April 2013 (or €49.4 billion), compared with 20 per cent at end-April 2012.

Approximately 23 per cent of all resident holdings will mature within the next 5 years. Furthermore, 33 per cent (or €22.1 billion) of those long-term bonds held by non-resident investors will mature between 2020 and 2023 (see Figure 2).

Banking Sector:

Market-based debt financing for the banking sector contracted during April with net redemptions of €1.5 billion (compared to net redemptions of €1.9 billion in the previous month).

The outstanding amount of debt securities for this sector saw a year-on-year fall of 16 per cent to €79.8 billion with short-term debt contracting by 36 per cent. Over the past 12 months, the total outstanding amount of debt securities for this sector across the euro area decreased by approximately 6 per cent.

The outstanding amount of the banking sector's equity securities increased by approximately 3 per cent in April 2013 to €17.3 billion. This represents a year-on-year increase of approximately 11 per cent.

Non-Financial Corporates:

The outstanding amount of debt securities issued by non-financial corporates (NFC) decreased to approximately €2.6 billion at end-April 2013; this represented a 2 per cent contraction compared to March. This also represents a 5 per cent decrease from April 2012. The year-on-year increase in the outstanding debt securities for NFCs resident in the euro area was almost 12 per cent.

In April 2013, the equity securities outstanding for the NFC sector decreased by approximately €3.3 billion (to €187.3 billion). This represents an increase of 16 per cent when compared to April 2012. The annual percentage change in market capitalisation for NFCs in the euro area was approximately 14 per cent.

Detailed tables can be found on the Central Bank of Ireland's website here. The data are largely compiled from an ESCB securities reference database, the Centralised Securities Database.

Notes:

- The statistics are based on Irish resident sectors issuances of securities where an ISIN[2] code is assigned, irrespective of the market of issue or listing. Non-ISIN information is also provided for monetary financial institutions.
- Debt securities are broken down according to their original maturity and coupon type. Equity securities are classified into quoted and unquoted securities excluding investment fund shares/units.
- The difference between month-on-month equity stocks reflects valuations changes transactions in addition to transactions and other adjustments, for example, reclassifications and corrections.
- The data reflect revisions arising from data quality management activities performed by the Bank, which contribute to improvements in the data.
- Euro area figures are sourced from the ECB's Euro Area Securities Issues Statistics monthly publication.

[1] Refers to debt securities in all currencies (but principally includes euro-denominated debt)

[2] An ISIN code is a unique identifier assigned to an individual security.

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Trends in Business Credit and Deposits: Q1 2013

Information release 12 June 2013

Summary

- Lending to non-financial, non-property related SMEs by Irish resident credit institutions fell by €417 million during Q1 2013 (1.6 per cent), and by €1.6 billion over the year ending March 2013 (5.8 per cent), bringing the total outstanding amount of credit advanced to SMEs in these sectors to €25.7 billion at end-March 2013. This follows an annual decline of 5.0 per cent in the year to end-December 2012.
- Gross new lending to non-financial, non-property related SMEs, which refers to drawn-down amounts of new facilities (excluding those related to the restructure or renegotiation of existing facilities), amounted to €464 million during Q1 2013.
- Credit advanced to all non-financial, non-property related enterprises increased by €20 million over the quarter (0.1 per cent), and decreased by €1.6 billion over the year to end-March 2013 (4.0 per cent), bringing total credit outstanding to non-financial, non-property related enterprises to €38.9 billion. This follows annual declines of 5.3 per cent and 5.9 per cent at end-December and end-September, respectively.
- Credit advanced to property-related enterprises engaged in construction and real estate activities was 5.1 per cent lower over the year ending March 2013, following a decrease of €812 million in Q1 2013. Lending to SMEs in these sectors had fallen by 3.6 per cent in the year ending March 2013, which included a decline of €481 million in Q1 2013.
- Deposits held by Irish resident private-sector enterprises in credit institutions in Ireland rose by €12.4 billion (15.6 per cent) during Q1 2013, compared with an increase of €737 million (0.9 per cent) during Q4 2012. This significant increase was driven by developments in deposits from the financial intermediation sector (excluding monetary financial institutions) which increased by €12.9 billion in Q1 2013. Non-financial enterprise deposits were €35.7 billion at end-March 2013, following a quarterly decrease of €578 million (1.6 per cent). Deposits from these enterprises grew by 2.5 per cent on an annual basis in March 2013, compared to an annual increase of 1 per cent in December 2012.

Credit Advanced to SMEs

- The outstanding amount of credit advanced to Irish SMEs by resident credit institutions was €70.7 billion at end-March 2013. This represented a decrease of 1.4 per cent over the quarter and a decline of

3.2 per cent over the year, compared with a decrease of 1.3 per cent in Q4 2012 and a decline of 2.8 per cent for the year ending December 2012.

- The total outstanding amount of SME credit includes lending to certain financial vehicle corporations in the financial intermediation sector, as their balance sheet size brings them into the SME category[1]. Excluding the financial intermediation sector, credit outstanding to SMEs totalled €58.2 billion at end-March 2013, a decrease of €897 million (1.5 per cent) during the quarter and a decline of €2.8 billion (4.6 per cent) over the year.
- There was €32.6 billion of loans outstanding to SMEs in the property-related sectors of construction and real estate activities at end-March 2013, equivalent to 56 per cent of total credit outstanding to non-financial SMEs. Lending to SMEs in these sectors fell by a combined 3.6 per cent over the year ending March 2013, a net flow of minus €1.2 billion (i.e. repayments exceeded drawdowns[2] by this amount).
- SMEs accounted for 66 per cent of total credit to non-property, non-financial private-sector enterprises at end-March 2013. Lending to these SMEs fell by 5.8 per cent (€1.6 billion) in the year ending March 2013, with a decline of 1.6 per cent (€417 million) during the quarter. This follows a decline in lending to these SMEs during Q4 2012 of €431 million (1.6 per cent).
- Lending to SMEs increased slightly in three non-financial, non-property related sectors during Q1 2013. These quarterly increases occurred in lending to the water supply, sewerage and waste management and remediation activities sector (€36 million), the manufacturing sector (€20 million) and the information and communications sector (€17 million). Each of the other sectors witnessed a decline, the largest quarterly decline in value terms (again excluding financial and property related sectors) was in lending to the wholesale/retail trade and repairs sector (€122 million).
- A total of €464 million was drawn-down relating to new loans to SMEs in the non-property, non-financial sectors during Q1 2013 (i.e. drawdowns of new loans, excluding restructuring or renegotiations of existing facilities)[3], equivalent to 1.8 per cent of the previous quarter stock of lending. The agriculture sector continued to be significant in terms of new SME lending during the quarter (€149 million), followed by wholesale/retail trade and repairs (€92 million). The sectors with the highest proportions of gross new lending relative to Q4 2012 stocks were water supply, sewerage, waste management and remediation activities (60 per cent), electricity, gas, steam and air conditioning supply (4.8 per cent) and fishing and aquaculture (4.1 per cent).

Credit Advanced to All Irish Resident Private-Sector Enterprises

- The total amount of credit outstanding to Irish private-sector enterprises on the balance sheet of resident credit institutions was

€195.5 billion at end-March 2013. Approximately 53 per cent of this amount was with respect to the financial intermediation sector, which would include holdings of debt securities issued by the NAMA Master SPV and other financial vehicle corporations. Excluding financial intermediation, the total amount of private-sector enterprise credit outstanding was €92.8 billion at end-March 2013.

- The annual rate of change in non-financial private-sector enterprise credit was minus 4.7 per cent at end-March 2013, equivalent to a net annual flow of minus €4.5 billion. Credit advanced to the construction and real estate sectors fell by €3 billion over the year, or 5.1 per cent.
- Excluding property-related and financial sectors, credit advanced to Irish private-sector enterprises stood at €38.9 billion at end-March 2013, a decline of 4 per cent (€1.6 billion) on an annual basis. Credit advanced to the wholesale/retail trade sector continued to have the largest share in the outstanding amount of credit to non-property non-financial enterprises at 22 per cent, followed by the hotels and restaurants sector at 20 per cent. Credit to these sectors was 6.1 per cent and 2.1 per cent lower on an annual basis, respectively at end-March 2013.
- Credit advanced to the manufacturing sector was 0.3 per cent higher on an annual basis at end-March 2013, which followed a quarter-on-quarter increase of €90 million.
- Credit to enterprises in the business and administrative services sector rose by €2 million during Q1 2013, following an increase of €114 million in the previous quarter. On an annual basis, credit advanced to this sector declined by 3.8 per cent in the year ending Q1 2013, compared with an annual decrease of 8.7 per cent for the year ending March 2012.
- Credit advanced to the agriculture sector, which accounted for 11 per cent of all non-property, non-financial credit to enterprises at end-March 2013, was 1.8 per cent lower on an annual basis, following a decline of €77 million over the year. Most of this annual decline was experienced in Q4 2012 (€128 million) while Q1 2013 showed an increase of €65 million.

Deposits from Irish Resident Private-Sector Enterprises

- The quarterly net flow of deposits from Irish private-sector enterprises during Q1 2013 was €12.4 billion (15.6 per cent). This followed an increase of €737 million during Q4 2012 (0.9 per cent). At end-March 2013 there was an annual increase in deposits from Irish resident private-sector enterprises of 20.6 per cent, compared with an annual increase of 4.1 per cent at end-December 2012.
- The financial intermediation sector (excluding monetary financial institutions) accounted for the majority of this annual increase, with deposits from this sector being €15 billion (36 per cent) higher over the year. Deposits from the financial intermediation sector showed significant increase of €12.9 billion (30 per cent) in the final quarter of the year.

- The quarterly and annual developments in Irish private-sector deposits, were driven by transactions related to the liquidation of the Irish Bank Resolution Corporation (IBRC), whose liability to the Central Bank of Ireland was replaced by a liability to the National Asset Management Agency (NAMA), classified as an overnight deposit. This position will be unwound as the assets which currently remain on the IBRC balance sheet are transferred.
- Excluding financial intermediation, there was an annual increase in private-sector enterprise deposits of 2.5 per cent (€867 million) in the year ending March 2013. Deposits from these sectors decreased by €578 million (1.6 per cent) during Q1 2013.
- During Q1 2013, deposits from six of the fifteen non-financial sectors increased, with the largest increase from enterprises engaged in transportation and storage (€353 million), followed by enterprises engaged in information and communication (€141 million). The largest decrease in deposits during the quarter was from enterprises engaged in wholesale/retail trade and repairs (€650 million).

[1] SMEs are defined as enterprises with fewer than 250 employees and whose annual turnover does not exceed €50 million and/or whose annual balance sheet does not exceed €43 million. This is the standard EU definition of an SME.

[2] Drawdowns include any funds advanced to the customer during the quarter that were not part of the outstanding amount of credit advanced at the end of the previous quarter.

[3] New sanctions or agreements relating to restructuring may be higher than the amounts of new facilities drawn-down by customers in a given period. Gross new lending would include, however, funds drawn-down following a restructuring or renegotiation of an existing facility that were not included in credit advanced at the end of the previous quarter.

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Central Bank Data on Financial Vehicle Corporations in Q1 2013

Information Release 18 June 2013

The overall balance sheet of Irish-resident FVCs increased in the quarter; however, this was entirely driven by NAMA issuing debt securities in relation to IBRC assets. The underlying trend of declining asset values persisted for the majority of FVC type vehicles, while the number of vehicles also continued to decline.[1]

The underlying decline of assets held by Irish resident FVCs, evident since Q4 2010, persisted in Q1 2013 for the majority of FVC types, when NAMA transactions are excluded. This decline was particularly marked for cash collateralised debt obligations (CDO), commercial mortgage-backed securities (CMBS) and other FVC types. An outflow of €4.9 billion from securitised loans drove the decline in asset values in Q1, mainly comprising loans originated by euro area monetary financial institutions (€2.1 billion) and by non-euro area residents (€1.6 billion). Rating downgrades of debt securities backed by these securitised loans meant that they were no longer eligible as collateral for ECB funding. The number of reporting vehicles in the asset-backed commercial paper (ABCP), multi-issuance vehicles (MIVs), and consumer asset-backed securities (ABS) categories fell by twelve over the quarter.

Total FVC assets increased by €8.3 billion to €450.2 billion over the quarter, due to aggregated transactions of €9.2 billion combined with a negative revaluation of €0.9 billion (Chart 1). The increase in FVC assets was the first seen since Q4 2010; however, this was entirely driven by NAMA transactions. NAMA bonds worth €12.9 billion were issued to the Central Bank in order to cover IBRC assets which are currently being used as collateral for repo transactions with the Central Bank. IBRC assets will be liquidated in mid-2013, and the proceeds of the sale along with any unsold loans will then be moved on to NAMA's balance sheet.

In contrast to the overall trend, asset values in some Irish FVC types increased over the quarter. Synthetic CDOs and ABCP FVCs increased by €2.6 billion and €1.3 billion respectively, driven by net transactions into securities other than shares. Corporate ABS saw an increase in asset values of €1.6 billion with net inflows into deposits and loan claims.

Euro area FVCs asset values declined by €22.9 billion in Q1 2013, the fifth consecutive quarterly decline recorded. This occurred despite positive revaluations of €8.2 billion. Transactions of minus €31.1 billion were almost entirely driven by a large outflow of €29 billion in securitised loans originated by euro area MFIs, as euro-area FVCs continued to face similar challenges to Irish FVCs. Ireland's share of euro area assets increased to 22.3 per cent, from 21.6 per cent in the previous quarter.

Notes to Editors

These data were collected under the requirements of Regulation (EC) No. 24/2009 concerning statistics on the assets and liabilities of financial vehicle corporations engaged in securitisation transactions (ECB/2008/30), which was passed on 19 December 2008, obliging financial vehicle corporations to report quarterly balance sheets. Reporting is obligatory for all financial vehicle corporations resident in Ireland.

'Financial vehicle corporations' (FVCs) are undertakings which are constituted pursuant to National or Community Law and whose principal activity meets both of the following criteria:

- to carry out securitisation transactions which are insulated from the risk of bankruptcy or any other default of the originator;
- to issue securities, securitisation fund units, other debt instruments and/or financial derivatives, and/or to legally or economically own assets underlying the issue of securities, securitisation fund units, other debt instruments and/or financial derivatives that are offered for sale to the public or sold on the basis of private placements.

'Securitisation' refers to a transaction or scheme whereby: (i) an asset or pool of assets is transferred to an entity that is separate from the originator and is created for or serves the purpose of the securitisation; and/or (ii) the credit risk of an asset or pool of assets, or part thereof, is transferred to the investors in the securities, securitisation fund units, other debt instruments and/or financial derivatives issued by an entity that is separate from the originator and is created for or serves the purpose of the securitisation.

[1] Definitions of an FVC and 'securitisation' can be found on page 4 – in Notes to Editors.

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Central Bank of Ireland introduces fitness and probity regime for credit unions

Press Release 19 June 2013

The Central Bank today (19 June 2013) announced the introduction of a tailored Fitness and Probity regime for credit unions.

Announcing the new regime the Registrar of Credit Unions, Sharon Donnery, said: 'The introduction of a Fitness and Probity regime for credit unions will help improve governance standards at board and management levels and will complement the new governance framework for credit unions set out in the Credit Union and Co-operation with Overseas Regulators Act 2012'.

The Fitness and Probity regime for credit unions will be implemented on a phased basis to allow credit unions time to introduce internal controls and procedures to comply with the Regulations and Standards

The first phase will apply to credit unions with total assets greater than €10 million from 1 August 2013. During this phase:

- Existing and new officers in pre-approval controlled functions (PCFs) will be subject to the Regulations and Standards;
- From 1 November 2013 new appointments to controlled functions (CFs) will be subject to the Regulations and Standards;
- From 1 August 2014 the Regulations and Standards will apply to all officers in existing CFs.

The second phase will commence two years later on 1 August 2015 when all remaining credit unions will be brought within the scope of the regime with similar transitional arrangements.

The Central Bank has also published additional information on the Fitness and Probity regime for credit unions, including the Individual Questionnaire for Credit Unions, the Guidance on Fitness and Probity Standards for Credit Unions and a Frequently Asked Questions document to assist the credit unions in complying with their obligations under the new regime.

Further information: Press Office: (01) 224 6299; press@centralbank.ie

ENDS

Notes to Editors

The 'Feedback Statement on CP62 Fitness and Probity for Credit Unions' is attached. This document outlines the Central Bank's response to the key matters raised during the consultation process. Individual submissions will be published on www.centralbank.ie in due course.

The Central Bank of Ireland published the Regulations and Standards of Fitness and Probity for credit unions under Part 3 of the Central Bank Reform Act 2010.

The Fitness and Probity regime will complement the governance framework set out in the Credit Union and Co-operation with Overseas Regulators Act 2012.

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Residential Mortgage Arrears and Repossessions Statistics: Q1 2013

Information release 21 June 2013

Summary

The Central Bank today (21 June 2013) publishes the latest data on mortgage arrears, repossessions and restructures for the period ending March 2013. The main points are as follows:

- There were 95,554 (12.3 per cent) private residential mortgage accounts for principal dwelling houses (PDH) in arrears of over 90 days at end-March 2013, up from 92,349 accounts (11.9 per cent) at end-December 2012.
- The number of PDH accounts in longer-term arrears over 180 days increased by 4.8 per cent in Q1 relative to Q4, while quarter-on-quarter growth in the number of accounts in arrears over 720 days was 12 per cent.
- The number of PDH accounts in early arrears fell marginally during the first quarter of the year. The figures show that 46,564 PDH accounts were in arrears of less than 90 days at end-March, reflecting a quarter-on-quarter decline of 0.7 per cent.
- There was a total stock of 79,689 PDH mortgage accounts classified as restructured at end-March. New data collected this quarter indicate that 76 per cent of these are deemed to be meeting the terms of their restructure arrangement.
- There were 29,369 (19.7 per cent) residential mortgage accounts for buy-to-let (BTL) properties in arrears of over 90 days at end-March 2013, up from 28,366 (18.9 per cent) at end-December 2012.

Residential Mortgages on Principal Dwelling Houses

Arrears

At end-March 2013, there were 774,109 private residential mortgage accounts for principal dwellings held in the Republic of Ireland, to a value of €109.9 billion. Of this total stock of accounts, 95,554, or 12.3 per cent, were in arrears of more than 90 days.[1] This compares with 92,349 accounts (11.9 per cent of total) that were in arrears of more than 90 days at end-December 2012. The outstanding balance on PDH mortgage accounts in arrears of more than 90 days was €18.1 billion at end-March, equivalent to 16.5 per cent of the total outstanding balance on all PDH mortgage accounts.

The divergent trends in early arrears and longer-term arrears continued in Q1. There was a quarter-on-quarter decline of 0.7 per cent in the number of accounts in arrears of less than 90 days, which stood at 46,564 at end-March, or 6 per cent of the total stock. Meanwhile, the number of accounts in arrears of over 360 days increased by 7.4 per cent during Q1. At end-March 2013, 54,135 PDH accounts, or 7 per cent of the total stock, were in arrears of over 360 days. Just under half of these were in arrears of more than 720 days. The outstanding balance on PDH accounts in arrears over 360 days was €10.8 billion at end-March, equivalent to 9.8 per cent of the total outstanding balance on all PDH mortgage accounts.

Restructuring Arrangements

Forbearance techniques include a switch to an interest only mortgage; a reduction in the payment amount; a temporary deferral of payment; extending the term of the mortgage; and capitalising arrears amounts and related interest[2]. The figures also include a small number of modification options such as split mortgages and trade-down mortgages, which have been introduced in recent months to provide more long-term solutions for customers in difficulty.

A total stock of 79,689 PDH mortgage accounts were categorised as restructured at end-March 2013. This reflects an increase of 1.8 per cent from the stock of restructured accounts reported at end-December 2012. Of the total stock recorded at end-March, 53 per cent were not in arrears. Restructured accounts in arrears include accounts that were in arrears prior to restructuring where the arrears balance has not yet been eliminated, as well as accounts that are in arrears on the current restructuring arrangement. New data collected this quarter indicate that 76 per cent of restructured PDH accounts were deemed to be meeting the terms of their arrangement. This means that the borrower is, at a minimum, meeting the agreed monthly repayments according to the restructure arrangement. Meeting the terms of the arrangement should not be interpreted as a measure of sustainability, as not all restructure types represent longer-term sustainable solutions.

A total of 24,706 new restructure arrangements were agreed during the first quarter of the year.[3] Interest only arrangements and reduced payment arrangements (interest plus some capital) continue to account for the majority of all restructures in place, although their share fell to 55 per cent of total restructures at end-March, compared to 59 per cent at end-December 2012. A breakdown of restructured mortgages by type is presented in Figure 2. The data on arrears and restructures indicate that of the total stock of 142,118 PDH accounts that were in arrears at end-March 2013, 37,454, or 26 per cent, were classified as restructured at that time.

Legal Proceedings and Repossessions

During the first quarter of 2013, legal proceedings were issued to enforce the debt/security on a PDH mortgage in 255 cases. Court proceedings concluded in 222 cases during the quarter, and in 105 of these cases the Courts granted an order for repossession or sale of the property. There were 897 properties in the banks' possession at the beginning of the quarter. A total of 166 properties were taken into possession by lenders during the quarter, of which 49 were repossessed on foot of a Court Order, while the remaining 117 were voluntarily surrendered or abandoned. During the quarter 153 properties were disposed of. As a result, lenders were in possession of 910 PDH properties at end-March 2013.

Residential Mortgages on Buy-to-Let Properties

Arrears

At end-March 2013, there were 149,395 residential mortgage accounts for buy-to-let properties held in the Republic of Ireland, to a value of €30.9 billion. Of this total stock of accounts, 29,369, or 19.7 per cent, were in arrears of more than 90 days. This compares with 28,366 (18.9 per cent of total) that were in arrears of more than 90 days at end-December 2012. The outstanding balance on BTL mortgage accounts in arrears of more than 90 days was €8.6 billion at end-March, equivalent to 27.7 per cent of the total outstanding balance on all BTL mortgage accounts.

The number of accounts that were in arrears of more than 180 days was 24,760 at end-March 2013, reflecting a quarter-on-quarter increase of 4.9 per cent. This compares to an increase of 7.2 per cent recorded in Q4 2012, relative to Q3. Meanwhile, the number of accounts in arrears of over 360 days increased by 8.4 per cent during Q1 2013. At end-March 2013, 18,199 BTL accounts, or 12.2 per cent of the total stock, were in arrears of over 360 days. The outstanding balance on these accounts was €5.7 billion at end-March, equivalent to 18.3 per cent of the total outstanding balance on all BTL mortgage accounts. There was an increase of 5.2 per cent in the number of early arrears cases during the first quarter of the year. The number of BTL mortgage accounts in arrears of less than 90 days was 10,002 at end-March, or 6.7 per cent of the total stock.

Restructuring Arrangements

A total stock of 21,504 BTL mortgage accounts were categorised as restructured at end-March 2013, reflecting a decrease of 1.1 per cent from the stock of restructured accounts reported at end-December 2012. Of the total stock recorded at end-March, 61 per cent were not in arrears, while 78 per cent were meeting the terms of their restructure arrangement. A total of 5,897 new restructure arrangements were agreed during the first quarter of the year. Interest only arrangements and reduced payment arrangements (interest plus some capital) continued to account for the majority of restructures in place for BTL mortgages (approximately 69 per cent). The data on arrears and restructures indicate that of the total stock of 39,371 BTL accounts that were in arrears at end-March 2013, 8,363, or 21.2 per cent, were classified as restructured at that time.

Legal Proceedings and Repossessions

There were 447 BTL properties in the banks' possession at the beginning of Q1 2013. A total of 77 properties were taken into possession by lenders during the quarter, of which 30 were repossessed on foot of a Court Order, while the remaining 47 were voluntarily surrendered or abandoned. During the quarter 45 properties were disposed of. As a result, lenders were in possession of 479 BTL properties at end-March 2013.

The Central Bank of Ireland has produced a number of consumer guides to assist consumers who are in arrears or facing arrears, including

- Mortgage Arrears - A Consumer Guide to Dealing with your Lender;
- Mortgage Arrears - Frequently Asked Questions; and
- Guide to Completing a Standard Financial Statement.

The above guides, that include information on the protections that are available to consumers in financial difficulty, are available to download from the consumer information section of the Central Bank website.

[1] The figures published here represent the total stock of mortgage accounts in arrears of more than 90 days, as reported to the Central Bank of Ireland by mortgage lenders. They include mortgages that have been restructured and are still in arrears of more than 90 days, as well as mortgages in arrears of more than 90 days that have not been restructured.

[2] Arrears capitalisation is an arrangement whereby some or all of the outstanding arrears are added to the remaining principal balance, to be repaid over the life of the mortgage.

[3] This includes first-time restructures and further modifications of existing restructures.

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Central Bank of Ireland Issues Warning on Investment Firm

Press release 24 June 2013

The Central Bank today published the name of an unauthorised investment firm, Telemar Data Management (Brazil). Telemar Data Management (Brazil) has been offering investment services to members of the Irish public and is not authorised as an investment firm in Ireland.

It is a criminal offence for an investment firm to operate in Ireland unless it has an authorisation from the Central Bank of Ireland. Consumers should be aware that, if they deal with an investment firm which is not authorised, they are not eligible for compensation from the Investor Compensation Scheme.

Any person wishing to contact the Central Bank of Ireland with information regarding such firms may telephone (01) 224 4000. This line is also available to the public to check if an investment firm is authorised. Since obtaining the necessary legal powers in August 1998, the names of 216 unauthorised firms have been published by the Central Bank.

Notes to editors

The name of the above firm is published under the European Communities (Markets in Financial Instruments) Regulations 2007.

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

The Domestic Irish Banks' Consolidated Foreign Claims

Information Release 25 June 2013

Domestic Banks' Foreign Claims decreased by 6.1 per cent to €106 billion at end Q1-2013

The Central Bank of Ireland today publishes updated statistics on the domestic Irish banking system's claims on the rest of the world. These consolidated banking statistics detail the claims of the domestic banks on non-residents, by counterpart country and sector on an ultimate risk basis i.e. according to the country and sector where the ultimate guarantor of the risk resides. The dataset used is similar in methodology to the Consolidated Banking Statistics published by the Bank for International Settlements (BIS), but differs in coverage, as it refers only to the domestic Irish banks[1].

At end-March 2013, the domestic banks had foreign claims of €106 billion, reflecting a decrease of €7 billion over the quarter. The decrease was driven by a decline in claims on foreign private sectors, which fell by €5.3 billion (6 per cent) over the quarter. The domestic banks' claims on foreign credit institutions also fell during the final quarter of the year, by €2.0 billion (16 per cent), while claims on public sectors increased by €346 billion (2.8 per cent) over the quarter. Claims on foreign private sectors are predominant, accounting for approximately 78 per cent of total foreign claims at end-March, while claims on foreign public sectors are relatively low. The decline over the quarter means that the domestic banks' foreign claims have decreased by 20 per cent since end-March 2012. The annual reduction in total foreign claims is expected, given that the domestic banking groups continue to downsize their operations abroad, including the disposal of overseas units.

Consistent with the recent trend, the end-March 2013 data show that local claims[2], at €80 billion, were far greater than cross-border claims which stood at €26 billion. The reduction in foreign claims since mid-2009 had been driven by a fall in cross-border credit, which was declining at a much faster annual rate than local claims. However, during Q1 2013 this trend seems to have reversed, with cross-border claims showing an annual decline of 17 per cent, while local claims recorded a more substantial annual decline of 21 per cent at end-March 2013. The equivalent figures for Q4 2012 show a decline of 29 per cent for cross-border claims and a more modest decline of 18 per cent for local claims.

The domestic banks' largest foreign claims are on the United Kingdom (including Northern Ireland), with exposures of €78 billion located there at end-March 2013. Foreign claims on the UK decreased by 7.2 per cent over the quarter. Claims on UK credit institutions decreased by 37.7 per cent, while claims on the UK private sector and the UK public sector decreased by 5.5 per cent and 5.4 per cent, respectively, over the quarter. Chart 2 shows the vast majority of the domestic banks' claims on the UK are on the non-bank private sector, while exposures to the public sector are very small relative to overall foreign exposures.

The outstanding amount of foreign claims on the US increased by 2.4 per cent during Q1 2013, with the increase in claims by domestic banks on US credit institutions more than offsetting the decrease in claims by domestic banks on the US public and private sectors. Claims on the private sector, which account for approximately 66 per cent of US claims, fell by 8.2 per cent during the quarter. Local claims on the US increased by 9.8 per cent during the quarter, while cross-border claims decreased by 2.4 per cent.

France, Spain and Germany continue to hold a sizeable share of the foreign claims, although they declined by a collective €400 million over the quarter. Claims on the Isle of Man decreased by €175 million over the same period. However, it remains the fifth largest in terms of foreign claims at end-March 2013.

At end-March 2013, 78 per cent of foreign claims were on the non-bank private sector. Foreign claims on the private sector and credit institutions fell during the quarter by 6 per cent and 16 per cent respectively, while claims on the public sector increased by 2.8 per cent. Credit institutions accounted for 10 per cent of foreign claims at end-March 2013, while the public sector accounted for 12 per cent.

Credit commitments, derivatives and guarantees are not included in the total claims figures but are detailed separately in the published tables. These series recorded a decrease over the quarter to end-March 2013. Guarantees and credit commitments declined by €205 million and €164 million respectively, while derivatives declined by €931 million. These series have been relatively volatile over the period covered by the dataset.

[1]In this case, the Central Bank of Ireland defines domestic banks as those banks whose ultimate parent entity is resident in Ireland.

[2] Local claims refer to lending by non-resident affiliates of domestic banks in the country where the affiliate is located.

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Settlement Agreement between the Central Bank of Ireland and Susquehanna International Securities Limited

Press release 27 June 2013

The Central Bank of Ireland (the "Central Bank") has entered into a Settlement Agreement with effect from 25 June 2013 with Susquehanna International Securities Limited, a regulated financial service provider, (the "Firm") in relation to breaches of Regulations 112 and 33(1)(a) of the European Communities (Markets in Financial Instruments) Regulations 2007 (the "MiFID Regulations").

The five identified breaches of the MiFID Regulations can be summarised as follows:

- In breach of Regulation 112, between 3 November 2008 and 19 December 2012, the Firm failed to report by close of business on the following working day or reported incorrectly, a total of 91,034 transactions in financial instruments admitted to trading on a regulated market and/or Multilateral Trading Facility operated by a market operator.
- In breach of Regulation 33(1)(a), between 30 December 2010 and 19 December 2012, the Firm failed to establish adequate policies and procedures sufficient to ensure compliance with the MiFID Regulations.

The Central Bank reprimanded the Firm and required it to pay a monetary penalty of €78,000.

One of these five breaches was specifically brought to the attention of the Central Bank by the Firm, and all the transaction reports relating to all of the breaches were submitted to the Central Bank upon discovery by the Firm. The Firm explained that three of the breaches occurred due to different technical issues and one of the breaches occurred due to human error.

These identified failures gave rise to the concerns of the Central Bank about the sufficiency of the policies and procedures being relied upon within the Firm to ensure compliance with the Firm's obligations under the MiFID Regulations.

The penalties imposed in this case reflect the importance the Central Bank places on accurate and timely reporting of transactions in financial instruments under the MiFID Regulations.

In deciding on the appropriate penalty to impose, the Central Bank has taken the following into account:

- This is the second occasion on which a monetary penalty has been imposed on the Firm for breaches of sections 112 and 33(1)(a) of the MiFID Regulations, the previous settlement agreement being in December 2011.
- The breaches in this case occurred during a period of heightened awareness as a result of four previous Central Bank settlements with firms (since 2010) in relation to transaction reporting failures and

repeated public statements by the Central Bank reinforcing the need for accurate and timely transaction reporting as well as appropriate policies and procedures.

- The breaches were unintentional and once discovered the Firm submitted the transaction reports correctly and took appropriate action to rectify the causes of the breaches.
- The Firm fully co-operated with the investigation and settled early in the Administrative Sanctions Procedure.

The Central Bank confirms that the matter is now closed.

The Central Bank also issued a general comment from Director of Enforcement, Derville Rowland:

“This is the fifth settlement conducted by the Central Bank since 2010 with a firm for transaction reporting failures. Particularly in light of the public statements made and enforcement actions taken by the Central Bank, firms should be fully aware of the importance of compliance with obligations regarding accurate and timely transaction reporting, which is essential to enable the Central Bank to fulfil its statutory obligations to monitor markets to detect market abuse and financial crime. This area has been repeatedly identified by the Central Bank as an enforcement priority throughout 2012 and 2013.

"The Central Bank fully expects firms to have appropriate policies and procedures to ensure that they provide accurate and timely transaction reports, but where errors do occur, the Central Bank expects that these matters are immediately brought to its attention.

"Such compliance is also essential for the Central Bank to fulfil its obligations under Regulation 112(4) to report transactions onwards to the relevant competent authorities in the EEA. Thus, misreporting of transactions in such instruments has a wider impact within the EEA and hinders the market monitoring obligations of other regulators. The Central Bank regards with utmost seriousness any action or omission which interferes with its ability to perform its reporting obligations under the MiFID Regulations. Therefore, firms should be aware that the Central Bank will continue, where appropriate, to take enforcement actions against firms that fall short of the required standards in this area. In this regard, the Central Bank’s Transaction Reporting and Monitoring Unit has significantly enhanced the scope and depth of its surveillance operations since the introduction of MiFID”.

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Central Bank of Ireland issues John F. Kennedy collector coins

Press release 27 June 2013

The Central Bank of Ireland has today launched two collector coins to mark the 50th anniversary of President John F. Kennedy's visit to Ireland.

A €10 Silver Proof coin and a €20 Gold Proof coin have both been issued. The coins feature an iconic portrait of John F. Kennedy, the first President of the United States to appear on an Irish coin. The silver coin is available individually and both coins are available as a set.

Speaking at the launch in the Tholsel in New Ross today, Central Bank Director of Financial Operations, Maurice McGuire, said: 'It is very appropriate that we launch this coin in New Ross today because it was on this very day fifty years ago that the President made the historic visit to his ancestral home, which has had such a lasting impact on the people of Ireland.'

Both coins were designed by Tom Fitzgerald and have an issue limit of 35,000 units; 25,000 units of the €10 silver coin and 10,000 units of the €20 gold coin.

The coin will be available to the public from Friday 28 June 2013. Coins can be purchased by phoning 1890 307 607 or directly from the Central Bank on Dame Street in Dublin at a cost of €50 for the silver proof coin and €130 for the double box set.

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Central Bank Publishes Revised Code of Conduct on Mortgage Arrears

Press release 27 June 2013

The Central Bank of Ireland today published the revised Code of Conduct on Mortgage Arrears (CCMA) setting out requirements for mortgage lenders dealing with borrowers facing or in mortgage arrears. The CCMA provides a strong consumer protection framework to ensure that borrowers struggling to keep up mortgage repayments are treated in a fair and transparent manner by their lender, and that long term resolution is sought by lenders with each of their borrowers. The revised CCMA comes into effect from 1 July 2013.

The publication of the revised CCMA follows engagement with key consumer and industry stakeholders and incorporates feedback from the Central Bank's public consultation, which received a large volume of submissions, as well as the ongoing compliance monitoring, inspection and research conducted by the Central Bank.

Director of Consumer Protection, Bernard Sheridan, said: "The protection of borrowers who are facing or are currently in mortgage arrears, and the resolution of those cases, remains a top priority for the Central Bank. We carried out this review to strengthen consumer protections where necessary and to ensure the Code is facilitating the resolution of each arrears case in a fair, sustainable and transparent way. The changes to the Code support these objectives and ensure that borrowers who cooperate with their lender retain their protections throughout the process.

"We would encourage all borrowers in mortgage arrears to engage fully with their lender to ensure they can avail of the protections under the Code and to enable lenders to deliver long-term sustainable solutions that are in the best interests of their customers."

The main changes to the CCMA are:

- Greater clarity around when a borrower is considered to be cooperating and, in recognition of the serious impact of being classified as not cooperating, a new provision requiring lenders to provide a warning letter giving at least 20 business days' notice to the borrower, outlining the implications of being classified as not cooperating and providing specific information on how to avoid this classification.
- Requirement on lenders to have a board-approved communications policy that will protect borrowers against unnecessarily frequent contacts and harassment, while ensuring that lenders can make the necessary contact to progress resolution of arrears cases. This replaces the limit of three successful, unsolicited communications per month and allows for an approach to lender and borrower communication that is suited to individual needs and circumstances.

- A new requirement for lenders to provide the Standard Financial Statement (SFS) at the earliest opportunity, and to offer assistance to borrowers with completing it. In addition, lenders can now agree with the borrower to put a temporary arrangement in place to prevent the arrears from worsening while the full SFS is being completed and assessed.
- Where there is no other sustainable option available, lenders can now offer an arrangement to distressed mortgage holders which provides for the removal of the tracker rate, but only as a last resort, where the only alternative option is repossession of the home. Lenders must be able to demonstrate that there is no other sustainable option that would allow the borrower to keep the tracker rate, and the arrangement offered must be a long-term, sustainable solution that is affordable for the borrower.
- Cooperating borrowers must now be given at least eight months from the date arrears first arise before legal action can commence and at the end of the MARP process, lenders will be required to provide a newly introduced three-month notice period to allow co-operating borrowers time to consider their options, such as voluntary surrender or an arrangement under the Personal Insolvency Act (once available), before legal action can commence.
- Transparency for borrowers has been improved through increased information requirements for lenders, including more detail in the MARP booklet on: how the alternative repayment arrangements offered by the lender work and their key features;

- explanations of other options such as voluntary surrender or trading down;

- explanations of the meaning and implications of not co-operating

- summary information on a lender's potential use of confidentiality agreements;

- information on the borrower's right of appeal;

- a link to keepingyourhome.ie, where borrowers can get further information and assistance;

- and summary of the lender's communications policy.

The Central Bank is committed to the on-going monitoring of lenders' compliance with the CCMA and will closely monitor its implementation by lenders. It is recognised that compliance with the revised CCMA will, in some instances, require lenders to amend and/or introduce systems and procedures, and implement staff training. This will be allowed for the first six months, provided that lenders are actively progressing their transition to the new requirements.

In addition to the revised CCMA, the Central Bank is publishing all submissions received to the public consultation, as well as a Feedback Document. Accompanying guidance for consumers is included in a Consumer Guide to the CCMA.

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Central Bank of Ireland issues Warning on Investment Firm Legacy Capital Management

28 June 2013

The Central Bank today (28 June 2013) published the name of an unauthorised investment firm, Legacy Capital Management. Legacy Capital Management has been offering investment services to members of the Irish public and is not authorised as an investment firm in Ireland.

It is a criminal offence for an investment firm to operate in Ireland unless it has an authorisation from the Central Bank of Ireland. Consumers should be aware that, if they deal with an investment firm which is not authorised, they are not eligible for compensation from the Investor Compensation Scheme.

Any person wishing to contact the Central Bank of Ireland with information regarding such firms may telephone (01) 224 4000. This line is also available to the public to check if an investment firm is authorised. Since obtaining the necessary legal powers in August 1998, the names of 217 unauthorised firms have been published by the Central Bank.

Ends

Further information: Press Office (01) 224 6299, press@centralbank.ie

Notes to editors

The name of the above firm is published under the European Communities (Markets in Financial Instruments) Regulations 2007.

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.

Money and Banking Statistics: May 2013

28 June 2013

Loans and other credit

- Loans to Irish households declined by 4.5 per cent in the year ending May 2013, following a decrease of 4.3 per cent in April. Lending for house purchase was down 2.1 per cent over the year, while lending for consumption and other purposes was 11.5 per cent lower for the same period.
- Households' repayments of loans to credit institutions exceeded drawdowns by €507 million during the month of May, following a net monthly decrease of €631 million during April. Developments in May were mainly driven by a decrease of €322 million in loans for house purchase. Meanwhile, consumption related loans and non-housing, non-consumption related loans also decreased over the month by €82 million and €103 million respectively.
- The monthly net flow of loans to households averaged minus €418 million in the three months ending May 2013, comprising minus €226 million in loans for house purchase, minus €139 million in loans for consumption purposes, and minus €53 million in lending for other purposes.
- Lending to Irish resident non-financial corporations (NFCs) declined by 5.1 per cent in the year ending May 2013, following a decrease of 4.8 per cent in April.
- During May 2013 loans to NFCs fell by €613 million, as NFC loan repayments exceeded drawdowns by that amount. The monthly net flow of loans to NFCs averaged minus €610 million in the three months ending May 2013.
- The developments in loans to NFCs during May 2013 were driven mainly by a fall of €824 million in loans with an original maturity of over one and up to five years. Over the same period, loans with an original maturity of over five years decreased by €342 million while loans with an original maturity up to one year, which includes the use of overdraft facilities, increased by €552 million.
- On an annual basis, NFC loans with an original maturity up to one year were 0.4 per cent higher over the year ending May 2013. Medium-term loans to NFCs declined by 21.6 per cent in the year, while NFC loans with an original maturity over five years increased by 3.1 per cent over the same period.
- Credit institutions' holdings of debt and equity securities issued by the Irish private sector declined by €299 million during the month of May 2013, following a decline of €32 million in April 2013. The annual rate of change for the year ending May 2013 was minus 18.3 per cent. The fall in holdings of private-sector securities during May 2013 reflects

developments in holdings of debt securities issued by other financial intermediaries (OFIs), which fell by €301 million over the month, bringing the annual rate of decline in these holdings to 17.4 per cent.

Deposits and other funding

- Irish resident private-sector deposits rose at an annual rate of 7.6 per cent in May 2013, following a 7.7 per cent increase in the year ending April 2013. Deposits from households decreased by 0.3 per cent in the year ending May 2013, while deposits from insurance corporations and pension funds (ICPFs) and OFIs combined were by 25.1 per cent higher. Deposits from NFCs rose by 5.3 per cent over the same period.
- There was a month-on-month decrease of €197 million in Irish resident private-sector deposits during May 2013. This was reflected in a fall in deposits from ICPFs (€279 million) households (€193 million) and NFCs (€121 million), while OFI deposits increased by €397 million over the month.
- The annual developments in OFI deposits, and by extension total private-sector deposits, were driven by transactions in March 2013 related to the liquidation of the Irish Bank Resolution Corporation (IBRC). IBRC's liability to the Central Bank of Ireland was replaced by a liability to the National Asset Management Agency (NAMA), classified as an overnight deposit. This position will be unwound as the assets which currently remain on the IBRC balance sheet are transferred. Excluding the impact of this transaction, OFI deposits at end-May would have decreased by 4.8 per cent on an annual basis, and total private-sector deposits would have fallen by 0.1 per cent over the year.
- Overnight deposits from households increased during May 2013 by €374 million. Meanwhile, overnight deposits from NFCs decreased during the month by €40 million. Deposits in the same category from ICPFs declined by €10 million.
- Deposits with agreed maturity up to two years decreased by €759 million during May 2013, compared with a decrease of €1.2 billion in April. This change is mainly due to developments in the household sector, where deposits with agreed maturity up to two years decreased by €398 million. Meanwhile ICPF, NFC and OFI deposits in this category also fell by €222 million, €96 million and €43 million, respectively in May 2013.
- Longer-term savings products covering deposits with agreed maturity over two years increased by €77 million during May, bringing the annual rate of change in this category to 16.9 per cent. Increases in deposits in this category were seen from households (€71 million), OFIs (€50 million) and NFCs (€2 million). Meanwhile deposits with agreed maturity over two years from the ICPF sector declined €46 million.

- Private-sector deposits from non-residents increased by €3.4 billion during May 2013. Other euro area private-sector deposits increased by €347 million, while private-sector deposits from non-euro area residents rose by €3 billion over the month. Developments during May were driven by deposits from non-euro area residents in IFSC banks which increased by €2.3 billion. At end-May 2013, total non-resident private-sector deposits increased by 3.8 per cent on an annual basis, with deposits from other euro area private-sector entities being 11.2 per cent lower, and those from the non-euro area private sector 13.7 per cent higher.
- Credit institutions' borrowings from the Central Bank as part of Eurosystem monetary policy operations fell by €5.9 billion in May 2013. The outstanding stock of these borrowings amounted to €46.9 billion at end-May. Domestic market credit institutions[1] accounted for €39.5 billion of this total outstanding stock.

[1] Domestic market credit institutions are those who have a significant level of retail business with Irish households and NFCs, and would exclude the more internationally focused banks in the IFSC.

Note: You can request publications or documents referenced in this press release by emailing webadmin@centralbank.ie.