Lending to Irish Resident Households

**Definition:** Lending to Irish households covers developments in lending for house purchase, and lending for consumption and other purposes by banks within Ireland.

**Summary:** The pace of expansion in lending to Irish households in the pre-crisis years was among the highest in the euro area. An extended period of negative growth began in 2009/10, however. Growth has been steadily recovering since reaching a low-point in 2012/13, with total lending to households turning positive in mid-2017. Initially, this growth was led by consumer lending, before this slowed over the past year. Growth in lending for house purchase continues to increase, having turned positive in 2017, and is now at the highest level since 2009.

Full Data Set Available Here (See Table A.1)

Lending to Irish Resident Non-Financial Corporations

**Definition:** Lending to Irish non-financial corporations (NFCs) covers developments in lending to all non-financial enterprises by banks within Ireland.

**Summary:** The pace of expansion in lending to Irish NFCs in the pre-crisis years was among the highest in the euro area, mainly driven by property-related lending. The post-crisis decline in NFC lending was initially concentrated in medium- and long-term loans, with short-term lending continuing to record positive growth until 2012.

Growth in total NFC lending turned positive in 2018. This has been driven by strong growth in medium-term lending. Short-term lending has recorded negative growth since 2012, although the rate of decline has reduced over the past couple of years. Growth in long-term lending has also been weak, and recently turned negative again after a brief period of growth.

Full Data Set Available Here (See Table A.5)

Lending to Irish Non-Financial Enterprises

**Definition:** Credit to Irish non-financial enterprises (NFEs) covers all credit to non-financial businesses, irrespective of legal form, by banks within Ireland. Small- and medium-sized enterprises (SMEs) are identified based on standard EU definitions.

**Summary:** The majority of credit advanced to NFEs continues to be to SMEs. These enterprises are more likely to be indigenous and have a higher reliance on funding from the Irish resident banking system than larger and multinational enterprises.

Full Data Set Available Here (See Table A.14 and Table A.14.1)

For queries contact: statistics@centralbank.ie
Since 2012, growth in deposits from Irish-resident private sector enterprises has been mostly positive. Deposits from Irish-resident non-financial corporations began to show positive growth from 2012, with growth reaching double-digits in some periods, before slowing down recently. Growth in Irish household deposits turned positive in 2014 and is now at the highest rate since 2009. The outstanding stock of Irish-resident private sector deposits has now surpassed the pre-crisis peak.

Apart from brief periods, growth in non-resident private-sector deposits has been mostly negative since late 2008. The outstanding stock of non-resident private sector deposits has declined significantly, with non-euro area deposits falling the most.

Note: This series refers to deposits in all credit institutions, including those in the IFSC. Breakdowns of certain deposit categories by type of bank are available on Full Data Set Available Here (See Table A.1 and Table A.12.2).

Summary: Since 2012, growth in deposits from Irish-resident private sector enterprises has been mostly positive. Deposits from Irish-resident non-financial corporations began to show positive growth from 2012, with growth reaching double-digits in some periods, before slowing down recently. Growth in Irish household deposits turned positive in 2014 and is now at the highest rate since 2009. The outstanding stock of Irish-resident private sector deposits has now surpassed the pre-crisis peak.

Apart from brief periods, growth in non-resident private-sector deposits has been mostly negative since late 2008. The outstanding stock of non-resident private sector deposits has declined significantly, with non-euro area deposits falling the most.

Definition: Deposits by the non-MFI private sector held in banks within Ireland.

Summary: Since 2012, growth in deposits from Irish-resident private sector enterprises has been mostly positive. Deposits from Irish-resident non-financial corporations began to show positive growth from 2012, with growth reaching double-digits in some periods, before slowing down recently. Growth in Irish household deposits turned positive in 2014 and is now at the highest rate since 2009. The outstanding stock of Irish-resident private sector deposits has now surpassed the pre-crisis peak.

Apart from brief periods, growth in non-resident private-sector deposits has been mostly negative since late 2008. The outstanding stock of non-resident private sector deposits has declined significantly, with non-euro area deposits falling the most.

Definition: Weighted average interest rate between Irish resident banks and households on loans and deposits.

Summary: Interest rates on mortgage loans (which account for about 85 per cent of total outstanding loans to households) have typically reflected changes to the ECB’s main refinancing rate, due to the high proportion of tracker and other variable rate products in the Irish market. However, over the last number of years, Irish rates have decoupled from their traditional correlation with the MRO benchmark. Irish rates remain higher than equivalent euro area interest rates.

Definition: Credit to Irish enterprises covers all credit to businesses, irrespective of legal form, by credit institutions within Ireland. Sector classifications are based on NACE Rev.2.

Summary: Financial Intermediation (including FVCs) and the property-related sectors of Real Estate and Construction activities account for 64 per cent of total credit advanced. Of the remaining 36 per cent, Wholesale/Retail Trade & Repairs, Hotels & Restaurants, Business & Administrative Services, Primary, and Manufacturing industries are the main sectors accessing credit from Irish resident credit institutions.

Full Data Set Available Here (See Table A.14)
**Chart 7: Household Net Worth**

**Definition:** Household net worth is equal to the household sector’s stock of financial and housing assets minus its stock of liabilities.

**Summary:** The expansion of net worth in the run up to the financial crisis was largely driven by the rapid growth in the value of housing assets. The subsequent decline in net worth was also significantly driven by this factor, but mitigated by the reduction in household liabilities. Since Q2 2012, net worth began to increase once more and exceeded its previous peak in Q4 2017.

**Note:** Housing Assets based on internal Central Bank of Ireland estimates (available upon request).

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**Chart 8: Household Debt**

**Definition:** Household debt is represented by total household loans at the end of each quarter. Household indebtedness can be measured by total household loans as a percentage of disposable income measured by a four-sum moving average. The latter is sourced from the CSO’s institutional accounts.

**Summary:** The chart shows the growth in household indebtedness over the series as households’ loans grew strongly. Household loans peaked at Q3 2008.

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**Chart 9: Mortgage Arrears**

**Definition:** The number of mortgage accounts on principal dwelling homes (PDH) that are in arrears equivalent to at least 90 days past due.

**Summary:** The number of PDH mortgage accounts in arrears over 90 days peaked at 12.9 per cent at end-Q3 2013. Since then, the number of accounts in arrears over 90 days has declined for twenty-one consecutive quarters, to stand at 6 per cent at end-Q4 2018 – the lowest percentage since Q4 2010.
**Statistical Release**

**Financial Statistics Summary Chart Pack**

**Chart 10: Government Liabilities**

- **Definition:** Government liabilities differ from the Excessive Deficit Procedure (EDP) measure of debt as it is calculated on a non-consolidated basis, and is measured at a market value. The chart also shows Quarterly Government Debt (QGD), which is the standard quarterly measure of debt consistent with EDP methodology.

- **Summary:** Government liabilities have grown substantially since 2008. The expansion has been largely driven by an increase in loans and securities. The promissory note issued to IBRC is classified as loans in financial accounts. The funding from the EU/IMF programme is also classified as loans.

**Full Data Set Available Here**

**Information Release Available Here**

Note: QGD available from: http://epp.eurostat.ec.europa.eu/

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**Chart 11: Foreign Claims of Irish-Owned Banks**

- **Definition:** The 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.

- **Summary:** Domestic banks’ largest foreign claims were on the United Kingdom (including Northern Ireland), with exposures of €52.4 billion at end-December 2018. These claims are predominantly vis-à-vis the household and NFC sectors, while exposures to banks and the official sector are relatively small in comparison.

**Full Data Set Available Here**

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**Chart 12: Securities Holdings Statistics**

- **Definition:** Statistics on holdings of securities across resident institutional sectors are published by the Central Bank of Ireland on a quarterly basis. These statistics show the trends in the market value of holdings (stock) at each quarter-end and cover debt securities, quoted shares and investment fund shares/units.

- **Summary:** The market value of holdings of securities by Irish residents stood at €2,851 billion at end-Q4 2018, a decrease of 2.9 per cent over the quarter. Holdings of debt securities stood at €1,647 billion at end-Q4 2018. Holdings of government issued securities were €649 billion (or 39 per cent) in Q4 2018, with UK Government debt accounting for €262 billion (or 40 per cent).

The securities holdings of Irish-resident households with domestic custodians was €8,255 million in Q4 2018. This represents just 0.3 per cent of the total holdings of Irish residents.

**Full Data Set Available Here**

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For queries contact: statistics@centralbank.ie
Definition: The value of Irish resident investment funds and inflows from investors.

Summary: The Net Asset Value (NAV) of Investment Funds (IFs) resident in Ireland decreased by 6 per cent to €1,934bn during Q4-2018. This decrease was comprised of outflows of €12bn and valuation losses of €123bn. Total assets held by Irish IFs decreased from €2,446bn in Q3-2018 to €2,327bn in Q4-2018.

Equity holding (including shares/units of other funds) decreased to €1,001bn in Q4-2018 from €1,103bn in Q3-2018. This decrease in the value of equity holdings was underpinned by decreases in the equity valuation of non-financial corporations (NFCs), particularly those in the United States which recorded net sales of just €0.5bn but net valuation losses of €39bn, a fall of almost 14 per cent.

This is the first quarter in the last five years to witness negative net flows across investment funds resident in Ireland.

Full Data Set Available Here

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Definition: A Special Purpose Entity (SPE) is a legal entity created to fulfil narrow, specific or temporary objectives. Financial Vehicle Corporations (FVCs) are SPEs that are set up for the purpose of carrying out securitisation activities, where these vehicles transfer the credit risk of an asset. Other Special Purpose Entities (other SPEs) are vehicles not engaged in securitisation.

Summary: Total assets of Irish-resident SPEs increased by €16.6bn to €726.8bn in Q4 2018. New vehicles securitising a wide range of assets are driving this longer-term growth trend.

Within Irish-resident Securitisation SPEs, or Financial Vehicle Corporations (FVCs), total assets increased by €14.1bn, to €446.6bn in Q4 2018. This growth was led by the "Other" category*, which increased by €18.3bn to €150.4bn.

Within Non-Securitisation Irish-resident SPEs, or Other SPEs, total assets increased by €2.5bn to €280.2bn in Q4 2018. This growth was led by the "Other" category*, which increased by €3.7bn to €10.9bn.

Full Data Set Available Here

For queries contact: statistics@centralbank.ie