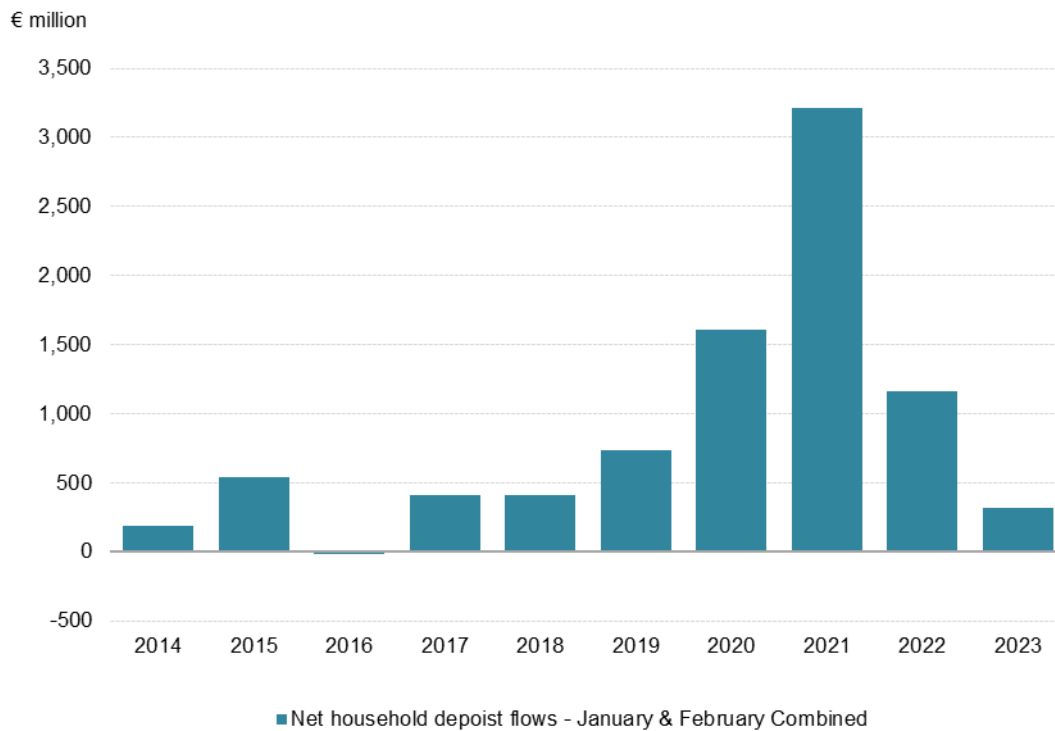




## Money and Banking Statistics<sup>1</sup> – February 2023

Household deposits rose by €188 million in February 2023, following January's increase of €130 million. This equates to an increase of €318 million for the opening two months of 2023, and represents the lowest year-opening increase since 2016.

### Deposits from Irish resident households (January and February months combined)



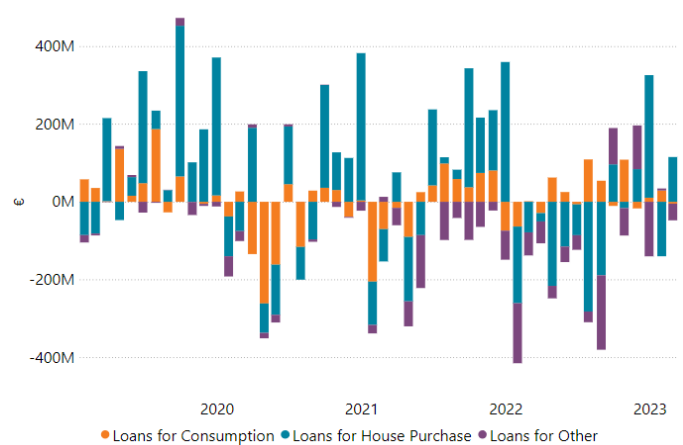
Source: Money and Banking [Table A.1](#)

<sup>1</sup> See notes on page 4.

**Developments in Household credit and deposits**

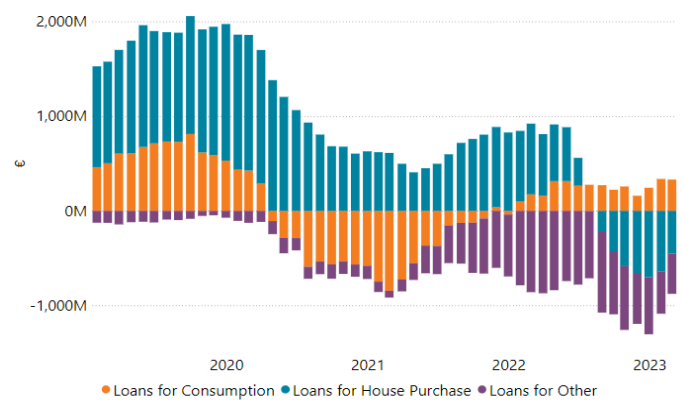
- **Net lending to households** was €68 million in February 2023. This increase was predominantly driven by loans for house purchase of €115 million, reversing the decrease seen in both categories in the previous month (Chart 1). Conversely, on an annual basis, loans to households recorded a decline of €545 million. This annual decline compares to an increase of €63 million recorded in the same month of the previous year.
- **The annual change in loans for house purchase<sup>2</sup>**, when including both on balance sheet and securitised loans, has remained relatively stable, with a current rate of decline of -0.7 per cent (see table A.6).
- **Net consumer lending** saw a decline of €5 million in February; following two months of positive net flows. On an annual basis, drawdowns exceeded repayments by €329 million, or 2.9 per cent (Chart 2).
- **Loans for other purposes** decreased on both a monthly and annual basis, declining by €43 million and €428 million, respectively.
- **Household’s deposits** increased by €188 million in February (Chart 3). In annual terms, net household deposits increased by over €6.8 billion, signifying the lowest annual increase since the end of 2019. In percentage terms, the annual increase slowed to 4.8 per cent.
- **Overnight deposits**, which include current accounts, continued to be the driver of the increases in household deposits, and account for 94 per cent of outstanding household deposits.

• **Chart 1: Loans to Households (excluding securitised loans); developments in monthly net flows**



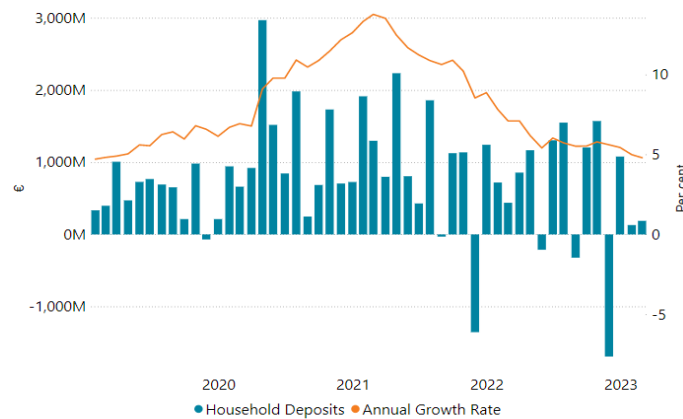
Source: Money and Banking [Table A.1](#)

**Chart 2: Loans to Households (excluding securitised loans); developments in annual net flows**



Source: Money and Banking [Table A.1](#)

**Chart 3: Deposits from Irish resident households; development in net flows, and annual rate of change**



Source: Money and Banking [Table A.11.1](#)

<sup>2</sup> See note 4

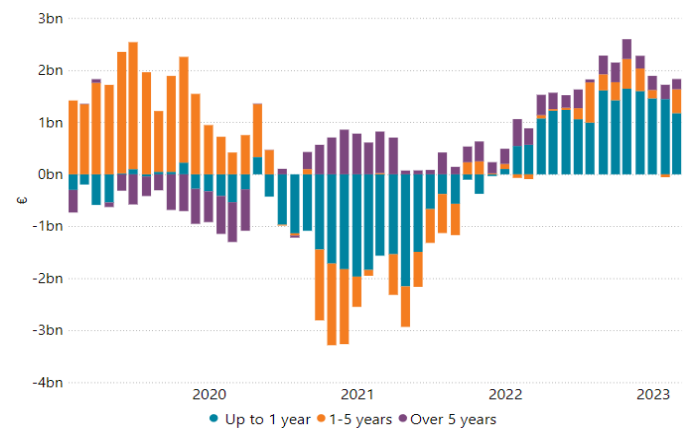
### Developments in NFC credit and deposits

- **Net lending to non-financial corporations (NFCs)** was €184 million in February 2023; a slight increase of €19 million when compared to January. On an annual basis, NFC lending increased by €1.8 billion or 5.9 per cent over the year to February (Chart 4).
- **Deposits from NFCs** increased by €1.1 billion in February, reversing the decrease recorded in the previous month. In annual terms, NFC deposits increased by €6.1 billion or 8.0 per cent (Chart 5). This compares to the peak growth rate of 13.6 per cent seen in early 2022.

### Developments in other counterparty sectors

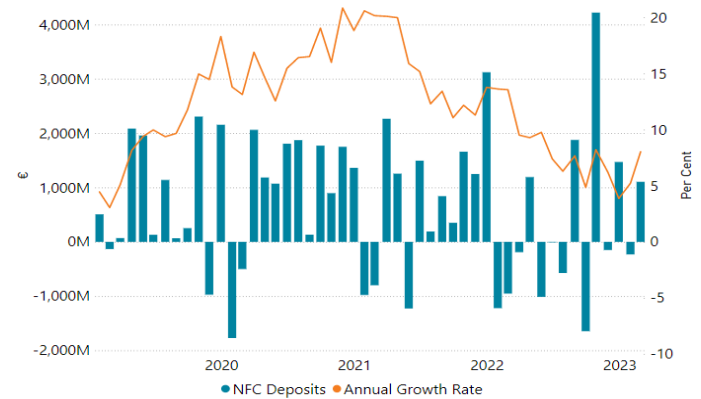
- **Total bank lending** to Irish resident sectors increased by 7.1 per cent in February, the largest annual increase seen since 2009. Lending to monetary financial institutions continued to be the driver of this annual increase.
- **Banks' holdings of deposits** from the Irish resident private sector continued to decline, recording a net outflow of €401 million in February. Over the twelve months to February 2023, banks' holding of deposits showed an increase amount of €11.2 billion, or 3.7 per cent. This compares to €27.1 billion or 10.7 per cent recorded within the same period last year.
- **Irish-resident banks' outstanding borrowing from the Central Bank as part of Eurosystem monetary policy operations<sup>3</sup>** declined in February.

**Chart 4: Loans to NFCs; net flows (12-month sum) by original maturity category**



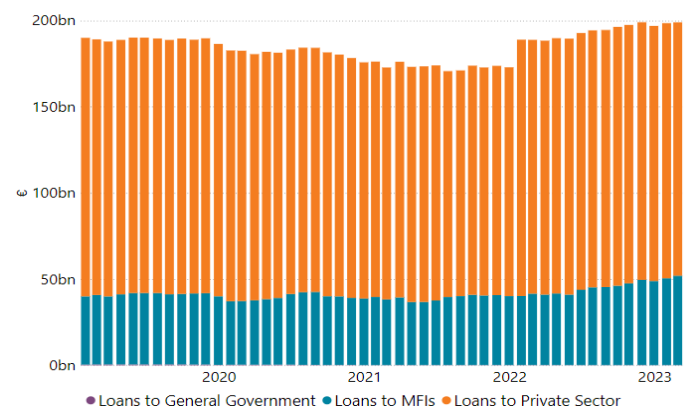
Source: Money and Banking [Table A.5](#)

**Chart 5: Deposits from NFCs; developments in net flows, and annual rate of change**



Source: Money and Banking [Table A.1](#)

**Chart 6: Composition of Irish Bank Lending; Stocks**



Source: Money and Banking [Table A.4](#)

<sup>3</sup> This figure has now been excluded from Table A.4, due to confidentiality restrictions.

**Note 1:**

Money and Banking statistics cover all credit institutions resident in Ireland. This includes licensed banks, building societies and, since January 2009, credit unions. A resident office means an office or branch of the reporting institution which is located in the Republic of Ireland. Data are reported in respect of resident office business only. Recent data are often provisional and may be subject to revision. For further detail, please see the [Money and Banking](#) webpage for:

- An extensive set of [Money and Banking Tables](#);
- A list of [Irish Resident Credit Institutions](#);
- [Money and Banking statistics Explanatory Note](#).

Irish-headquartered banks refers to institutions whose ultimate parent entity is resident in Ireland.

**Note 2:**

A number of lenders have agreed payment breaks with their customers since the onset of the COVID-19 crisis. These breaks are likely to significantly affect the Money and Banking lending data in this period, predominantly by keeping outstanding loan balances higher than they would be, had repayments followed their initial schedule. As well as this, on-quarter months' data is affected by quarterly interest capitalisation, which increases balances in on-quarter months.

**Note 3:**

Convenience credit debt is defined as the credit granted at an interest rate of 0 per cent in the period between payment transaction(s) undertaken with the card during one billing cycle and the date at which debit balances from the specific billing cycle becomes due. Extended credit debt is defined as the credit granted after the due date(s) of the previous billing cycle(s) has/have passed, for which an interest rate is charged.

**Note 4:**

**Treatment of securitised loans**

As a result of an update to the ECB Regulation '*on the statistical reporting of balance sheet items of credit institutions and of the monetary financial institutions sector (recast) (ECB/2021/2)*', there have been changes to how certain securitised loans are required to be classified for the purposes of statistical reporting. The below treatment, allowed under the previous

Regulation, is no longer permitted under the updated Regulation:

*'MFIs (...) may be allowed by their NCB to exclude from the stocks (...) any loans disposed of by means of a securitisation in accordance with national practice (...).'*

The removal of this clause means that banks are now required to report all previously excluded securitised balances within their on-balance sheet stocks of outstanding loans.

This has resulted in an increase in the on-balance sheet stock of house purchase loans in tables such as Table A.1 and Table A.4. These securitised loans were already captured in Table A.6, which combined on-balance sheet and securitised loans since the series began in January 2003. This change does not impact on published transactions and growth rates for January 2022. As a result of this change, we will be discontinuing publication of confidential series within table A.6 in the future.

**Statistical classification of sole proprietors**

In line with their treatment in ESA 2010, the Central Bank is harmonising the treatment of sole proprietors by reporting agents across various datasets. This has resulted in a reclassification of loans and deposits from the NFC to the Household sector. These amendments have been made with respect to January 2022 reference data, with revisions to historical data to follow. Specifically, these changes mean an increase in loan and deposit balances reported against the household sector, and a decline in balances reported against the NFC sector. This change does not impact on published transactions and growth rates for January 2022.