



Business Credit and Deposits Explanatory Notes

(September 2015)

General

Business Credit and Deposits (Tables A.14 – A.17) contain data on the main asset and liability categories of within-the-State offices of credit institutions, where the counterparty of the credit institution is a private-sector enterprise, irrespective of its legal form (corporation, partnership, sole trader etc.). The data are quarterly in frequency.

The reporting population which is covered in these tables are credit institutions resident in Ireland¹. Credit institutions, as defined in Community Law, are undertakings whose business is to receive deposits or other repayable funds from the public and to grant credits for their own account and/or issue means of payment in the form of electronic money. A resident office means an office or branch of the reporting institution which is located in the State (the Republic of Ireland). These are: institutions incorporated and located in the Republic of Ireland, including subsidiaries of parent companies located outside the Republic of Ireland; **and** branches of institutions that have their head office outside the Republic of Ireland. Reporting institutions report the data in respect of their resident offices only.

The reporting framework underpinning the compilation of *Business and Credit Deposits* was significantly changed in December 2010. While every effort has been made to avoid structural breaks in the series, users should note the possibility of such breaks in some series at that date.

The residency classification for counterparties conforms to international balance of payments convention. The tables presented here illustrate the credit and deposit position of resident credit institutions vis-à-vis Irish resident and non-resident private-sector enterprises. The definition of private-sector enterprises differs from the definition of non-financial corporations and non-bank financial intermediaries used in the European System of Accounts 2010 (ESA 2010) which governs the compilation of *Money and Banking Statistics*². In the case of the latter, non-incorporated enterprises, sole-traders and partnerships which are not large enough to be considered quasi-corporations are considered part of the Household institutional sector. As a result, credit and deposit balances for certain counterparties can be

¹ A list of the reporting population is available on the Central Bank of Ireland [website](#),

² *Money and Banking Statistics* are released on a monthly basis. See [Money and Banking Statistics Explanatory Notes](#) for further details.

included as Households in *Money and Banking Statistics* and also be included in *Business Credit and Deposits* as credit and deposit balances vis-à-vis enterprises.

The sector breakdown provided in *Business Credit and Deposits* is defined by the functional sector classification based on NACE Rev. 2³. This allows credit and deposit trends to be analysed on the basis of the primary economic activity of the counterparty (for credit and deposits) **and/or** the purpose of the credit. Where there is a conflict between these criteria in classifying a particular credit amount, it is classified based on the purpose for which the credit was sought.

NACE Rev. 2 is a hierarchical structure:

- i. A first level consisting of headings identified by an alphabetical code (sections), e.g. *C – Manufacturing*;
- ii. A second level consisting of headings identified by a two-digit numerical code (divisions), e.g. *10 – Manufacture of Food Products*;
- iii. A third level consisting of headings identified by a three-digit numerical code (groups), e.g. *10.1 – Processing and preserving of meat and production of meat products*;
- iv. A fourth level consisting of headings identified by a four-digit numerical code (classes), e.g. *10.11 – Processing and preserving of meat (non-poultry)*.

A full list of the sectors for which the credit and deposits data are published, including the corresponding NACE Rev.2 sections, divisions, groups, and (in some instances) classes are detailed in Appendix 1. Definitions are also included in Appendix 1 for those categories where NACE Rev.2 does not apply entirely, e.g. real estate and financial intermediation.

In some cases the totals in the tables may not equal the sum of their constituent parts due to rounding. Recent data are often provisional and may be revised in the future. The data presented in *Private Household Credit and Deposits* are neither seasonally nor working day adjusted. The following symbols are used in the tables:

- n.a. Not available
.. Nil or negligible

The *Business Credit and Deposits* tables presented here have three components for most series:

1. Outstanding amounts;
2. Quarterly transactions;

³ NACE Rev. 2 is the official statistical classification of economic activities in the European Community, which is maintained by Eurostat. Details are available at http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-RA-07-015/EN/KS-RA-07-015-EN.PDF.

3. Annual rates of change.

1. Outstanding amounts refer to the credit and deposits position recorded on the last working day of the reference period. All positions are recorded at the value in the reporting institutions' books (book value). All non-euro deposits and credit, regardless of residency classification, are valued at mid-spot exchange rates on the last working day of the period and recorded as euro equivalents of the amounts outstanding on those days. The valuation of deposits and credit would not normally include accrued interest payable or receivable on relevant accounts, nor would it include unearned interest charges. However, where a deposit or credit instrument is valued at market price which indistinguishably includes interest, such accrued interest may form part of the valuation; where interest is paid by means of discount, such interest may also be included in book value, if it is the accounting practice of reporting institutions to do so. As of December 2010, the outstanding amount of loans is reported at nominal value, i.e. the gross position owed on loans by the credit institutions' counterparties. Prior to December 2010, the book value of loans is reported, which reflects the carrying value of these loans on credit institutions' balance sheets and are net of impairment provisions recognised against those loans. As a result, the outstanding amount of loans and related series increased substantially in December 2010. The underlying transactions and growth rates in loans when comparing December 2010 with previous periods have been corrected to adjust for the impact of this change in methodology and reflect underlying business activity.

2. Quarterly transactions are calculated from quarterly differences in outstanding amounts adjusted for reclassifications, other revaluations, exchange rate variations and any other changes which do not arise from transactions. If L_t^{OBS} represents the outstanding amount on the credit institutions' balance sheet at the end of quarter t ; C_t , the reclassification adjustment in quarter t ; E_t , the exchange rate adjustment; and V_t , the other revaluation adjustments, the transactions value in the period, F_t , is defined as:

$$F_t = (L_t^{OBS} - L_{t-1}^{OBS}) - C_t - E_t - V_t$$

Reclassifications (C_t) comprise any change in the balance sheet of the credit institutions that arises due to changes in the reporting population, corporate restructuring, reclassification of assets and liabilities, the correction of long-standing reporting errors, or changes in reporting methodology. The occurrence of these factors gives rise to breaks in the series and, hence, affects the comparability of successive end-of-period outstanding amounts.

Foreign-exchange revaluations (E_t) comprise any change in the value converted into euro of balance sheet items originally denominated in foreign currency that arises due to changes in the exchange rate of the euro. A change in the exchange rate of the euro affects the euro value of these items, in addition to actual transactions.

Revaluations (V_t) comprise any change in the balance sheet of credit institutions that arises due to the (partial) removal from the balance sheet of loans that are subject to write-offs or write-downs where the counterparty remains liable to repay the nominal amount outstanding on the loan. A write-off or write-down of loans has an impact on the reported book value of the outstanding amount of loans, but is not related to a change in the amount of credit institutions financing to the economy. Prior to December 2010, the outstanding amounts of loans are valued net of impairment provisions recognised against them. Consequently any changes in the level of impairment provisions also impacts the comparison of successive end-of-period outstanding amounts up to September 2010, and such changes in the level of impairment provisions are also removed in calculating transactions to that point. As of December 2010 the outstanding amount of loans is reported at nominal value, i.e. the gross position owed on loans by the credit institutions' counterparties and does not exclude impairment provisions. Accordingly, from December 2010 there is no longer any need to include changes in the level of impairment provisions in determining the revaluation adjustment.

In the case of loans series, transactions are calculated by further removing the **net flow of loans securitised or otherwise transferred, S_t** , during the period:

$$F_t = (L_t^{OBS} - L_{t-1}^{OBS}) - C_t - E_t - V_t - S_t$$

3. Annual rates of change, a_t , for each period, i.e. the change in the four quarters ending in period t , are calculated using the transactions defined above using the following formula:

$$a_t = \left[\prod_{i=0}^{11} \left(1 + \frac{F_{t-i}^Q}{L_{t-1-i}^{OBS}} \right) - 1 \right] \times 100$$

Growth rates for intra-annual periods can be derived by adapting the annual formula. For example, the quarter-on-quarter rate of change, a_t^q can be calculated as

$$a_t^q = \left(\frac{F_t^Q}{L_{t-1}^{OBS}} \right) \times 100$$

In the case of the series on lending to Irish resident small and medium sized enterprises (SMEs), some further series are reported;

Gross New Lending - This component details the amount of new credit facilities drawn-down during the quarter by SME counterparties, i.e. where this credit facility was not part of the

outstanding amount of credit advanced at the end of the previous quarter. Gross new lending is defined in such a way as to exclude renegotiations or restructuring of existing loans. Gross new lending does not equate to loans sanctioned over the period.

Interest Rates on Outstanding Amounts/Gross New Lending – Interest rate statistics are presented as the weighted average rates agreed between credit institutions and customers. The reporting population for interest rate statistics are those credit institutions with a significant level of lending or deposit business with households or non-financial corporations. All other SME statistics are collected from the full population of resident banks. Although the interest rate data are collected from a sample of institutions and the coverage of the SME market is very high, gross new lending volumes underpinning the interest rates and volumes data will not match. The reporting population is monitored under Regulation ECB/2014/30.

Glossary of Instrument Categories

Credit refers to the sum of loans issued by and securities (both debt and equity) held by resident credit institutions.

- *Loans* are defined as funds lent by credit institutions to borrowers, which are not evidenced by documents or are represented by a single document (even if it has become negotiable).
- *Securities other than shares* are negotiable securities held by resident credit institutions and are usually traded on secondary markets, or can be offset on the market, and which do not grant the holder any ownership rights over the issuing institution.
- *Shares and other equity* are securities held by resident credit institutions which represent property rights in corporations or quasi-corporations. These securities generally entitle the holders to a share in the profits of corporations or quasi-corporations and to a share in their own funds in the event of liquidation. Mutual fund shares (other than money market fund shares/units) are included here.

Deposits are amounts owed to creditors of resident credit institutions other than those arising from the issue of negotiable securities, and comprise:

- *Overnight deposits* are convertible into currency and/or are transferrable on demand without significant delay, restriction or penalty. This would include current accounts and demand deposit accounts.
- *Agreed maturity deposits* are non-transferable deposits which cannot be converted into currency before an agreed fixed term or which can only be converted into currency before that agreed term provided that the account holder is charged some kind of penalty.
- *Redeemable at notice deposits* are defined as non-transferable deposits without any agreed maturity, which cannot be converted into currency without a period of prior

notice, before the term of which the conversion into cash is not possible or possible only with a penalty. They include deposits, which, although perhaps legally withdrawable on demand, would be subject to penalties and restrictions and investment accounts without period of notice or agreed maturity, but which contain restrictive drawing provisions.

Notes to Specific Tables

Table A.14 provides a table of credit advanced to Irish resident private-sector enterprises as reported by within-the-State offices of credit institutions by sector of economic activity.

Table A.14.1 presents loans advanced to Irish resident private-sector small and medium-sized enterprises (SMEs) as reported by within-the-State offices of credit institutions by sector of economic activity. The table also presents interest rate statistics on outstanding amounts and gross new lending. For the purpose of this table, an SME counterparty is defined as any entity engaged in an economic activity, irrespective of legal form (i.e. corporation, partnership, sole-trader, etc.), which employs fewer than 250 persons; and whose annual turnover does not exceed €50 million or whose annual balance sheet does not exceed €43 million. This is the standard EU definition of an SME.

Table A.15 provides a table of credit advanced to non-resident private-sector enterprises as reported by within-the-State offices of credit institutions by sector of economic activity.

Table A.16 provides a table of deposits received from Irish resident private-sector enterprises as reported by within-the-State offices of credit institutions by sector of economic activity.

Table A.17 provides a table of deposits received from non-resident private-sector enterprises as reported by within-the-State offices of credit institutions by sector of economic activity.

APPENDIX 1 – Sector of Economic Activity Definitions

Functional Sector Classification	NACE Rev.2 Section	NACE Rev.2 Division	NACE Rev.2 Group or relevant definition	NACE Rev.2 Class*
<u>Primary Industries</u>	<i>A, B</i>			
Growing of crops; market gardening; horticulture		01	01.1, 01.2, 01.3	
Farming of animals		01	01.4	
Other agricultural activities		01	01.5, 01.6, 01.7	
Forestry, logging, mining and quarrying		02, 05, 06, 07, 08, 09	02.1, 02.2, 02.3, 02.4, 05.1, 05.2, 06.1, 06.2, 07.1, 07.2, 08.1, 08.9, 09.1, 09.9	
Fishing and aquaculture		03	03.1, 03.2	
<u>Manufacturing</u>	<i>C</i>			
Manufacture of food, beverages and tobacco products		10, 11, 12	10.1, 10.2, 10.3, 10.4, 10.5, 10.6, 10.7, 10.8, 10.9, 11.0, 12.0	
Wood, pulp, paper, paper products, printing and reproduction of recorded media		16, 17, 18	16.1, 16.2, 17.1, 17.2, 18.1, 18.2	
Chemicals, rubber/plastic products, other non-metallic mineral products		20, 22, 23	20.1, 20.2, 20.3, 20.4, 20.5, 20.6, 22.1, 22.2, 23.1, 23.2, 23.3, 23.4, 23.5, 23.6, 23.7, 23.9	
Pharmaceutical products and preparations, medical and dental instruments and supplies		21, part 32	21.1, 21.2, 32.5	
Fabricated metal products, except machinery and equipment		25	25.1, 25.2, 25.3, 25.4, 25.5, 25.6, 25.7, 25.9	
Computer, electronic and optical products		26	26.1, 26.2, 26.3, 26.4, 26.5, 26.6, 26.7, 26.8	
Production, installation and repair of commercial machinery/equipment, not including computers		27, 28	27.1, 27.2, 27.3, 27.4, 27.5, 27.9, 28.1, 28.2, 28.3, 28.4, 28.9	
Other manufacturing		13, 14, 15, 19, 24, 29, 30, 31, part 32	13.1, 13.2, 13.3, 13.9, 14.1, 14.2, 14.3, 15.1, 15.2, 19.1, 19.2, 24.1, 24.2, 24.3, 24.4, 24.5, 29.1, 29.2, 29.3, 30.1, 30.2, 30.3, 30.4, 30.9, 31.0, 32.1, 32.2, 32.3, 32.4, 32.9	
<u>Electricity, Gas, Steam and Air Conditioning Supply</u>	<i>D</i>	35	35.1, 35.2, 35.3	
<u>Water Supply, Sewerage, Waste Management and Remediation Activities</u>	<i>E</i>	36, 37, 38, 39	36.0, 37.0, 38.1, 38.2, 38.3, 39.0	
<u>Construction</u>	<i>F</i>	part 41, 42, 43		

Construction of buildings carried out on contract	part 41	41.2
Civil engineering activities carried out on contract	42	42.1, 42.2, 42.9
Other construction activities	43	43.1, 43.2, 43.3, 43.9
<u>Wholesale/Retail Trade & Repairs</u>	<i>G, part S</i>	
Sale, maintenance/repair of motor vehicles; retail sale of fuel	45, part 47	45.1, 45.2, 45.3, 45.4, 47.3
Wholesale trade and commission trade (except vehicles)	46	46.1, 46.2, 46.3, 46.4, 46.5, 46.6, 46.7, 46.9
Retail trade (except vehicles); repair of personal/household goods	part 47, part 95	47.1, 47.2, 47.4, 47.5, 47.6, 47.7, 47.8, 47.9, 95.2
Other wholesale/retail	N/A	Wholesale/retail trade activity not included elsewhere.
<u>Transportation and Storage</u>	<i>H</i>	
Land, water and air transport	49, 50, 51	49.1, 49.2, 49.3, 49.4, 49.5, 50.1, 50.2, 50.3, 50.4, 51.1, 51.2
Postal, courier, warehousing and support activities for transportation	52, 53	52.1, 52.2, 53.1, 53.2
Other transportation and storage	N/A	Transport and storage activity not included elsewhere.
<u>Hotels and Restaurants</u>	<i>I</i>	
Hotels	55	55.1, 55.2, 55.3, 55.9
Restaurants	part 56	56.1, 56.2
Bars	part 56	56.3
Other accommodation and catering	N/A	Hotels and restaurants activity not included elsewhere.
<u>Information and Communication</u>	<i>J, part S</i>	
Publishing of printed material	part 58	58.1
Audio-visual production and publishing, programming and broadcasting activities	59, 60	59.1, 59.2, 60.1, 60.2
Telecommunications and information service activities	61, 63	61.1, 61.2, 61.3, 61.9, 63.1, 63.9
Software publishing, computer programming, consultancy and related activities	part 58, 62	58.2, 62.0
Other information and communication	part 95	95.1 and other information and communication activity not included elsewhere.

<u>Financial Intermediation (Excl. Monetary Financial Institutions)</u>		<i>part K</i>	
Financial leasing	part 64	part 64.9	64.91
Non-bank credit grantors, excluding credit unions	part 64	part 64.10	
Investment funds, excluding financial vehicle corporations and money market funds	N/A	Collective investment units which invest in financial or non-financial assets to the extent that their objective is investing capital raised from retail, professional and institutional investors, as defined in Regulation (EC) No. 958/2007 of the European Central Bank. This excludes MMFs, FVCs and pension funds.	
Financial vehicle corporations (FVCs)	N/A	Entities which intend to carry out, or carries out, one or more securitisation transactions and is insulated from the risk of bankruptcy or any other default of the originator and issues, or intends to issue, securities, securitisation fund units, other debt instruments and/or financial derivatives and/or legally or economically owns, or may 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.	
Life insurance	65	part 65.1	65.11
Pension funding	65	65.3	
Non-life insurance	65	part 65.1	65.12
Security broker/fund management	66	66.1, 66.3	
Other financial intermediation**	66	66.2 and other financial intermediation (excluding MFIs) not included elsewhere.	
<u>Real Estate, Land and Development Activities</u>		<i>L</i>	

Property investment/development of residential real estate	N/A	The buying and/or developing of land zoned for residential property. Projects where in excess of 75 per cent of floorspace is residential real estate should be included here. This would also include funds advanced to counterparties whose primary economic activity was not in real estate, land and development, but who is using the funds advanced for this purpose. Lending related to both green field and brown field residential real estate sites are included here.
Property investment/development of commercial real estate	N/A	The buying and/or developing of land zoned for commercial property. Projects where in excess of 75 per cent of floorspace is commercial real estate should be included here. This would also included funds advanced to counterparties whose primary economic activity was not in real estate, land and development, but who is using the funds advanced for this purpose. Lending related to both green field and brown field commercial real estate sites are included here.
Property investment/development of mixed real estate	N/A	The buying and/or developing of land zoned for mixed residential/commercial purposes. Projects where the share of either residential or commercial in the contribution to floorspace does not exceed 75 per cent of the development's total should be included here. This would also included funds advanced to counterparties whose primary economic

			activity was not in real estate, land and development, but who is using the funds advanced for this purpose. Lending related to both green field and brown field commercial real estate sites are included here.
Investment in unzoned land		N/A	Funds advanced for the purchase of unzoned land with the intention of seeking planning permission to build residential, commercial or mixed developments. This would also included funds advanced to counterparties whose primary economic activity was not in real estate, land and development, but who is using the funds advanced for this purpose. This category does not include funds advanced to a borrower whose primary economic activity is not real estate development and who intends on using the land purchased for the purpose of engaging in that primary economic activity.
Other real estate activities		part 68	68.3 and other real estate activities not included elsewhere.
<u>Business and Administrative Services</u>	<i>M, N, part K</i>		
Legal, accounting, and management consultant activities		69, 70	69.1, 69.2, 70.1, 70.2
Architectural and engineering activities; technical testing and analysis		71	71.1, 71.2
Scientific research and development		72	72.1, 72.2

Central Bank of Ireland - PUBLIC

Rental and leasing activities, services to buildings and landscape activities		77, 81	77.1, 77.2, 77.3, 77.4, 81.1, 81.2, 81.3	
Employment, office administration and business support activities		78, 82	78.1, 78.2, 78.3, 82.1, 82.2, 82.3, 82.9	
Other business and administrative services		73, 74, 75, 79, 80, part 64	64.2, 73.1, 73.2, 74.1, 74.2, 74.3, 74.9, 75.0, 79.1, 79.9, 80.1, 80.2, 80.3	
<u>Other Community, Social and Personal Services</u>	<i>R, part S, part Q</i>			
Recreational, cultural and sporting activities		90, 91, 92, 93	90.0, 91.0, 92.0, 93.1, 93.2	
Activities of membership organisations (business, employers, professional, trade unions, religious, political)		94	94.1, 94.2, 94.9	
Other service activities		96, part 88	96.0, part 88.9	88.91
<u>Education</u>	<i>P</i>	85	85.1, 85.2, 85.3, 85.4, 85.5, 85.6	
<u>Human Health and Social Work</u>	<i>Q</i>			
Hospitals and medical practice activities		part 86	86.1, 86.2	
Residential care activities		87	87.1, 87.2, 87.3	
Other health and social work		part 86, part 87, part 88	86.9, 87.9, 88.1, part 88.9	88.99
<u>Extra-Territorial Organisations and Bodies</u>		99	99.0	

*Where not included in the listed NACE Divisions

**In the event that any funds are not allocated to another functional sector they are included here.