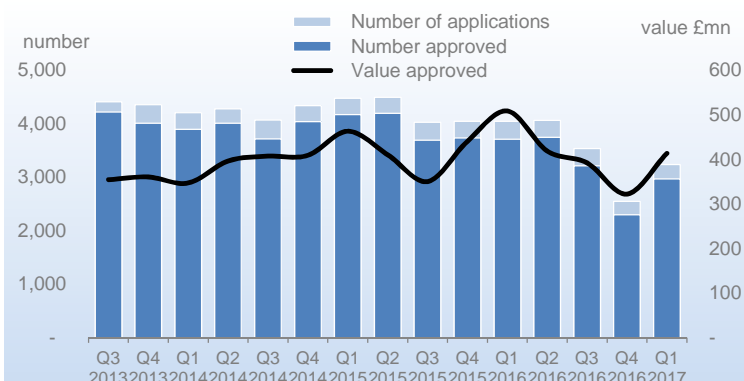


Northern Ireland banking – 1st Quarter 2017



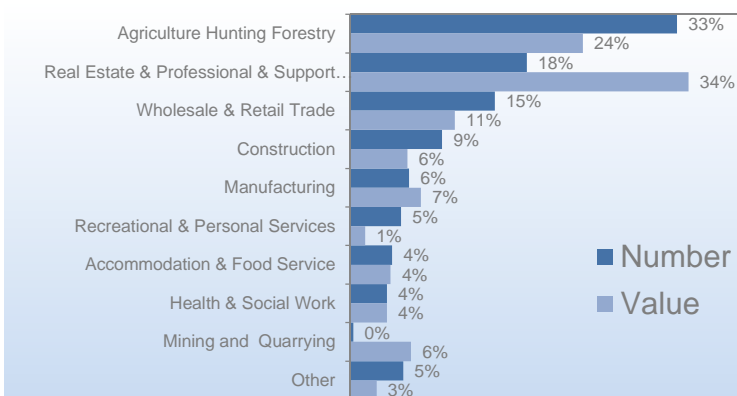
The voice of banking

SME quarterly borrowing



The first quarter of this year saw a recovery in the number of **SME applications for finance**, after subdued volumes through the second half of 2016. The approval rate remained at 9 out of 10 applications so that, with average loan values increasing, the aggregate value rose to £413mn.

Sector breakdown of quarterly lending approved for SMEs



Across the industry sectors, Q1 saw higher application volumes than the final quarter of last year, which appears to be an aberration in customer demand, perhaps associated with heightened business uncertainty towards the year-end.

The Agriculture sector again saw the highest number of **SME loans approved**, accounting for one-third of the total. By aggregate value, Real Estate & Professional Services was the largest single-sector recipient of new loans approved, receiving 34% of all new lending.

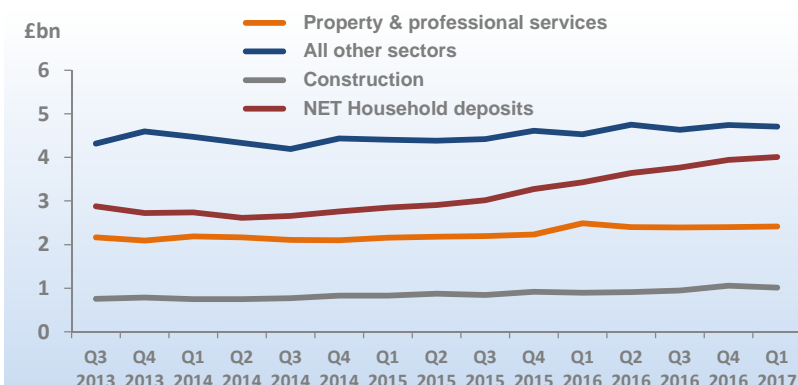
Lending stocks for industrial sectors



The stocks of outstanding lending have stabilised after the restructuring of balance sheets in recent years, particularly in the Property and Construction sectors.

The underlying picture of **overall lending stocks** is showing 4% annual growth.

Business deposits & households' banking



Business deposits are very stable, having increased marginally over the past three years.

At the end of Q1, **households' deposits** stood at £10.8bn, more than outweighing secured and unsecured borrowing of £6.8bn. The net deposit balance has been growing sharply since the middle of 2014 and is driven more by growth in deposits than reduced lending stocks resulting from net repayments.

Balance sheet £mn - Q1 2017

Deposits			Borrowing		
	Stock outstanding	Quarterly net change		Stock outstanding	Quarterly net change
Households	10,849	56	Households	6,846	13
of which: sight	8,669	108	of which: mortgages	6,270	17
of which: time	2,180	-53	of which: unsecured credit	576	-3
Businesses (non-financial)	7,878	-73	Businesses (non-financial)	8,393	-602
of which: sight	6,434	-38	of which: loans	7,326	-456
of which: time	1,444	-35	of which: overdrafts	1,068	-146
Businesses (financial, non-bank)	795	5	Businesses (financial, non-bank)	156	-34
Total	19,522	-12	Total	15,396	-623

Sector breakdown of balances £mn			Sector breakdown of balances £mn		
		Deposits share			Borrowing share
Agriculture, hunting and forestry	422	2.1%	Agriculture, hunting and forestry	966	6.3%
Fishing	23	0.1%	Fishing	13	0.1%
Mining and quarrying	57	0.3%	Mining and quarrying	30	0.2%
Manufacturing	859	4.3%	Manufacturing	942	6.1%
Utilities	151	0.8%	Utilities	128	0.8%
Construction	1,019	5.1%	Construction	504	3.3%
Wholesale and retail trade	1,158	5.9%	Wholesale and retail trade	854	5.5%
Accommodation and food service	130	0.7%	Accommodation and food service	324	2.1%
Transport, storage and communication	377	1.9%	Transport, storage and communication	185	1.2%
Real estate	2,414	12.2%	Real estate	3,886	25.2%
Public admin	220	1.1%	Public admin	8	0.1%
Education	320	1.6%	Education	72	0.5%
Social	296	1.5%	Social	246	1.6%
Recreational	691	3.5%	Recreational	182	1.2%
Financial intermediation	529	2.7%	Financial intermediation	157	1.0%
Insurance companies and pension funds	170	0.9%	Insurance companies and pension funds	51	0.3%
Activities auxiliary to financial intermediation	106	0.5%	Activities auxiliary to financial intermediation	11	0.1%
Individuals and individual trusts	10,847	54.8%	Individuals and individual trusts	6,838	44.4%
Total	19,789		Total	15,398	

n.b. totals differ slightly in coverage

Glossary - definitions and terms used above

'Households' are individuals, individual trusts, unincorporated businesses and non-profit institutions.

'Businesses' are UK private sector corporations, partnerships.

'SMEs' are businesses with debit turnover up to £25million.

Deposits

'sight' deposits are withdrawable on demand without penalty, 'time' deposits are subject to a notice period or withdrawal penalty.

Borrowing

'mortgages' are residential loans, secured on the property.

'unsecured credit' comprises overdrafts, personal loans and credit cards.

'overdrafts' reflects the overdrawn balance of a current account (whether in a buffer, arranged or unarranged facility).

Notes for editors

1. The industrial analysis table includes, indistinguishably, an element of deposits from, and borrowing by, businesses in the public sector. Other than for the household sector, totals shown do not therefore reconcile exactly to totals shown in other tables.

2. 'Businesses' include corporations, unlimited liability partnerships, unincorporated businesses and non-profit institutions serving households.

3. Asset-based lending, business credit cards and other non-'core' lending facilities provided directly by the reporting banks are included in lending stocks, but not in the SME application and approval data, which relate only to loans.

4. Approval of core credit products reflect the granting of facilities notified to customers for draw-down. Values reflect the full amount of facilities granted, irrespective of whether fully drawn or not.

5. Interim mid-term reviews of existing facilities (eg regular 3-yr reviews of a 15-yr term loan), annual renewals ('roll-overs') of overdraft facilities (where the level of facilities is unchanged or reduced), or restructuring of existing facilities (eg overdraft facilities re-structured as loan facilities) are not recorded as approvals.

6. Applications data reflect applications for new or increased overdraft facilities and new or increased loan facilities (ie the provision of additional credit to SMEs as a result of interaction with existing or new customers), where 'interaction' reflects the basis for formal credit assessments (including scoring models), based on having all the necessary supporting customer information to enable lending decisions to be made. Customer interaction leading to the provision of additional credit may arise as part of a review or renewal of existing facilities as well as from 'standard' customer applications.

7. Contributors to these datasets in full are Bank of Ireland, Danske Bank, First Trust Bank and Ulster Bank. The business components additionally include the SME customer business of Barclays, HSBC, RBS and Santander from Q2 2013.

8. The datasets cover banks' support for customers located in Northern Ireland and indistinguishably, a small number of customers in the UK, resident outside of Northern Ireland while taking products provided by Northern Ireland banks.

9. These datasets are consistent with data reported by the Business Finance programme in Great Britain. For information, see website <http://www.betterbusinessfinance.co.uk/>

SME application numbers

SME loan facilities	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1
Number of applications	4,469	4,489	4,018	4,041	4,040	4,056	3,528	2,547	3,229
Number approved	4,163	4,191	3,683	3,727	3,702	3,739	3,209	2,292	2,962
Percentage approved	93%	93%	92%	92%	92%	92%	91%	90%	92%
Value approved £mn	462	410	350	440	508	418	391	322	413

Number of applications approved split by sector

Agriculture Hunting Forestry	1,115	959	632	986
Fishing	6	11	12	16
Mining and Quarrying	21	5	9	8
Manufacturing	300	214	174	177
Utilities	16	20	19	23
Construction	396	318	241	276
Wholesale & Retail Trade	526	510	340	435
Accommodation & Food Service	120	131	95	126
Transport Storage Communication	121	119	81	102
Real Estate & Professional & Support Services	812	618	440	532
Public Administration	9	4	8	2
Education	25	10	11	16
Health & Social Work	130	89	88	110
Recreational & Personal Services	141	201	141	153

Value of applications approved split by sector (£ mn)

Agriculture Hunting Forestry	74	62	52	98
Fishing	0	1	1	1
Mining and Quarrying	18	0	5	25
Manufacturing	26	20	49	30
Utilities	3	3	4	2
Construction	52	21	33	24
Wholesale & Retail Trade	57	59	39	44
Accommodation & Food Service	31	21	17	17
Transport Storage Communication	13	27	18	6
Real Estate & Professional & Support Services	85	153	73	142
Public Administration	0	0	3	0
Education	3	0	0	2
Health & Social Work	41	8	16	15
Recreational & Personal Services	15	16	11	6