Banking Update

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Welcome

Christine O’Donovan
Partner & Head of Financial Services,
Mason Hayes & Curran
Emerging Secondary Market for Loans in Ireland

Neil Campbell
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Litigation Update

Gareth Steen, Senior Associate, Mason Hayes & Curran
Cyber Security for Financial Institutions

Jeanne Kelly
Partner
Mason Hayes & Curran
Ireland’s economy
Performance and prospects

Dan O’Brien
Chief Economist
Institute of International and European Affairs
Ireland is volatile
“The fastest growing economy in Europe”

GDP (€m)

- 2008Q1
- 2008Q3
- 2009Q1
- 2009Q3
- 2010Q1
- 2010Q3
- 2011Q1
- 2011Q3
- 2012Q1
- 2012Q3
- 2013Q1
- 2013Q3
- 2014Q1
- 2014Q3
- 2015Q1
The jobs rollercoaster

Person aged 15 years and over in Employment (Seasonally Adjusted) (Thousand)
by Quarter
All IACE economic sectors, Both sexes (Thousand)

© CSO
East and west

Employment growth by region
(% change)

- Change over 3 years
- Change over 1 year
Irish inflation lowest in the rich world

Inflation: % change in consumer prices 2008-2015

- Romania
- Hungary
- Estonia
- Poland
- Lithuania
- Finland
- Austria
- Malta
- Luxembourg
- Croatia
- EU 28
- Belgium
- Slovakia
- Netherlands
- Italy
- Czech Republic
- Slovenia
- Latvia
- Denmark
- Bulgaria
- Germany
- France
- Spain
- Cyprus
- Portugal
- Sweden
- Greece
- Ireland
Banks
Back in the black

Irish Domestic Banks: Breakdown of Profits 1/
(Billions of euros)

Source: Central Bank of Ireland.
1/ Refers to Bank of Ireland, Allied Irish Banks, and Permanent tsb.
Dud loan level among the highest in EZ

Non-Performing Loans 1/
(Percent of gross loans)

Source: Central Bank of Ireland.
1/ Refers to Bank of Ireland, Allied Irish Banks, and Permanent tsb.
Borrowing costs for SMEs are very high...

...though interest rates on new SME lending remain comparatively high.
...and SME loan level continues to fall

Figure 3. Credit outstanding to SMEs, Q1 2010 - Q3 2015
Prospects

Sectoral strengths and weaknesses
Strengths

• Social stability
• Rule of law and independent judiciary
• Demographics
• Education
• Good business environment
• Very large stock of Foreign investment
• Exports > 100% GDP
• Services > 50% of exports
Weaknesses

- Some high taxes
- Weak banking system
- Political inertia
- Insufficient entrepreneurialism
- And…
Debt!
Upside and downside risks
Consumers are more upbeat.

Historical Picture: Personal Situation This Time Next Year. For the first time since the crash, our financial outlook is in positive territory.

Base: All Aged 18+ (984)

Q. This time next year, do you think that you personally will be better off, worse off or in the same situation as you are now?
Possible political instability

Political fragmentation
(Share of 1st preference votes)

- FF+FG+Labour
- All others

(locals)
Many external risks, mostly downside

- World economy, China etc
- Grexit/euro crisis
- Brexit
Any questions?

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Thank you

For any queries on upcoming events, please contact events@mhc.ie

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