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# Macroprudential Measures and Irish Mortgage Lending: An Overview of 2017

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## Abstract

This note provides an overview of residential mortgage lending in Ireland in 2017. It uses data reported to the Central Bank of Ireland as part of the macroprudential mortgage measures. In total, 35,472 loans are covered with a value of €7.4 billion. For first-time buyers (FTBs), the average loan-to-value (LTV) and loan-to-income (LTI) were 79.8 per cent and 3.0 times gross income respectively. Regarding the LTI limit, 18 per cent of the aggregate value of lending to both FTBs and second and subsequent buyers (SSBs) exceeded the limit of 3.5 in 2017. This corresponds to 25 per cent of the value of FTB lending and 10 per cent of the value of SSB lending. Regarding LTV, 17 per cent of the aggregate value of SSB lending in 2017 exceeded the 80 per cent LTV limit. On average, borrowers with an LTI allowance had larger loan sizes and loan terms, were more likely to be based in Dublin and be single compared to those borrowers without an LTI allowance. SSBs with an LTV allowance had larger loan sizes and incomes but lower property values and were younger than those without an LTV allowance. We observe that allowances were allocated to borrowers in all four quarters of 2017.

## 1 Introduction

The Central Bank of Ireland's macroprudential mortgage measures ('the Regulations') were introduced on 9 February 2015. The measures aim to increase both bank and borrower resilience and mitigate the risks of credit-house price spirals emerging, by limiting the LTV and LTI ratios applying to new residential mortgage lending. The macroprudential mortgage measures form an integral part of the Central Bank of Ireland's macroprudential policy framework. To monitor compliance with the measures, the Central Bank of Ireland collects detailed loan-by-loan information from financial institutions on a biannual basis. The

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data include a range of information on loan and borrower characteristics of each loan originated since the Regulations were introduced, allowing for an exploration of lending developments among different borrower groups (first-time buyers (FTBs), second and subsequent buyers (SSBs) and buy-to-lets (BTLs)).

Following the first review of the Regulations in 2016, a number of refinements to the measures were announced and became effective on 1 January 2017.<sup>1</sup> This note provides insights on lending under the Regulations as they applied in 2017. The note proceeds as follows: Section 2 provides an overview of the measures and data employed. Section 3 examines the characteristics of in-scope lending in 2017. Section 4 focuses on loans with an allowance to exceed the LTV and LTI limits. Section 5 details key summary statistics for switcher loans. Section 6 concludes.

## 2 Market Overview

### 2.1 The Measures

The mortgage measures specify limits on the LTV and LTI ratios applying to new lending for residential purposes. The measures differentiate between borrower types, with different LTV limits applying to FTBs and SSBs for purchases of primary dwelling homes (PDH), and a separate LTV limit for BTLs. Table 1 provides an overview of the measures as they applied in 2017. There are a number of exemptions to the Regulations and these are shown in the bottom row of Table 1.

In 2017, FTBs were subject to a maximum LTV of 90 per cent.<sup>2</sup> SSBs were subject to a maximum LTV of 80 per cent while BTLs were subject to a 70 per cent maximum LTV. The LTI limit was set at 3.5 times gross income for PDH borrowers.

Recognising that higher LTV and LTI mortgages can be appropriate in certain circumstances, the Regulations allow for a share of new lending above the LTV and LTI limits, referred to as allowances, and detailed in column 4 of Table 1. Financial institutions were permitted to lend up to 5 per cent of the value of new FTB lending in excess of the FTB LTV limit, up to 20 per cent of the value of new SSB lending in excess of the SSB LTV limit and up to 10 per cent of the value of new BTL lending in excess of the LTV limit for that group. Regarding the LTI limit, in 2017, financial institutions could originate up to 20 per cent of the value of their new PDH lending in excess of the LTI cap (Note, these allowances are a proportion of new lending rather than a pre-assigned euro value). Table 1 also provides information on changes to the LTI allowances, following the 2017 review of the macroprudential mea-

<sup>1</sup>The "Review of Residential Mortgage Lending Requirements" is available at: [Outcome of the 2016 Review](#).

<sup>2</sup>Over the period 9 February 2015 to 31 December 2016, FTBs were subject to a sliding LTV limit, where the first €220,000 of their purchase required a 10 per cent deposit and the balance above €220,000 required a 20 per cent deposit.

asures.<sup>3</sup> The changes to LTI allowances arising from the 2017 Review came into effect on 1 January 2018. Lending in 2018 is not covered in this Note as we focus on 2017 lending only.

## 2.2 Data

In order to measure compliance with the measures, financial institutions that advance at least €50 million of new mortgage lending in a six month period (January - June or July - December) are required to submit loan-by-loan data to the Central Bank of Ireland. Over the period 1 January to 31 December 2017, seven lenders met the criteria. These were Allied Irish Bank (AIB, including the Educational Building Society (EBS)), Bank of Ireland (BoI), Permanent TSB (PTSB), Ulster Bank Ireland DAC (UBI), KBC Bank Ireland (KBC), Pepper Money Ireland and Dilosk DAC.

This note analyses data on 35,472 loans originated in 2017.<sup>4</sup> Figure 1 displays the evolution of new lending in 2017 on a monthly basis. November 2017 was the most active month for new loan drawdowns.

## 2.3 Market Overview

Table 2 provides an overview of new mortgage lending in 2017 by the institutions reporting loan-by-loan data to the Central Bank of Ireland.<sup>5</sup> The total value of all loans extended over the period was €7.4 billion. The majority of this lending (93 per cent) was in-scope of the Regulations. Lending for PDH purchases accounted for 97 per cent of in-scope lending in 2017, with the remaining 3 per cent being for BTL purchases. Among PDH lending, 54 per cent was extended to FTBs while the remaining 46 per cent was extended to SSBs.

For 2017, less than 1 per cent of the aggregate value of new lending exceeded the FTB LTV limit of 90 per cent (5 per cent, per institution is permitted under the Regulations). In the case of SSBs, 17 per cent of the aggregate value of new lending exceeded the LTV limit (20 per cent of new lending is allowed per institution). Regarding the LTI allowance, 18 per cent of the aggregate value of PDH borrowing exceeded the 3.5 limit in 2017. Table 3 shows the distribution of LTI allowances by borrower type. We observe that 25 per cent of the value of FTB lending and 10 per cent of the total value of SSB lending exceeded the LTI cap.

Lending that was exempt from some aspect of the Regulations accounted for 7 per cent of the value of lending in 2017. Among this group, switcher mortgages accounted for 78 per cent of exempt lending, with a total value of €408 million.<sup>6</sup> Negative equity loans ac-

<sup>3</sup>See [Review of Residential Mortgage Lending 2017](#) for further information.

<sup>4</sup>This note excludes some loans on the basis of data quality.

<sup>5</sup>This table also provides the percentage of value in each category split by whether the loan originated in H1 2017 or H2 2017. It should be noted that this data may differ to that published in the Economic Letter 'Macprudential Measures and Irish Mortgage Lending: Insights from H1 2017' due to changes in the sample composition.

<sup>6</sup>Switchers out-of-scope of the measures are those borrowers who refinance their mortgage with no increase in capital.

counted for 17 per cent of exempt lending with a value of €87 million and the 'other' category (primarily restructuring of distressed loans) accounted for the remaining 6 per cent (€29 million in value) of exempt loans.<sup>7</sup>

### 3 In-Scope Lending in 2017

In this section, we examine key loan and borrower characteristics of in-scope lending in 2017 for each borrower type.<sup>8</sup> Approximately 93 per cent of total lending in 2017 was in-scope of the mortgage measures, as shown in Table 2. We focus on **loans for house purchase and self-builds only** to provide an overview of new lending.<sup>9</sup> A comparison to lending in 2016 is presented.

#### 3.1 First Time Buyers

Table 4 presents the average loan and borrower characteristics for FTBs in-scope in 2017 and 2016, along with the differences between the two periods. The average loan drawn down by FTBs was €206,216 and the average property value was €272,655.<sup>10</sup> **The average LTV was 79.8 per cent and average LTI was 3 times gross income.** These figures are broadly similar to 2016 (78.8 per cent and 2.9 respectively). Further, FTBs in 2017 had a larger loan size, property value and income compared to FTBs in 2016. A higher share of FTBs were on a fixed interest rate compared to 2016 (approximately 62 per cent in 2017 versus 56 per cent in 2016) and we observe a higher proportion of loans originating in the Leinster (excluding Dublin) region in 2017.

Figure 2 presents the distribution of LTVs for FTB loans originated in 2017 by corresponding property valuation. The majority of FTBs purchased properties below the LTV limit of 90 per cent. Figure 3 displays the distribution of LTV and LTI ratios for FTBs in 2017 compared to 2016. We observe a higher share of lending at a LTV of 89-90 per cent LTV in 2017 and a decrease in the share of lending with an LTV between 81-88 per cent.<sup>11</sup> For LTI, we observe an increase in loans with an LTI between 3.5 and 4.5 in 2017.

Furthermore, Figure 4 presents the evolution of LTV and LTI ratios among FTBs over the period 2006 to 2017. We observe a slight increase in the average values in the recent data.

<sup>7</sup>Negative equity loans are exempt from the LTV limits only.

<sup>8</sup>The borrower characteristics presented in this *Financial Stability Note* refer to those of the primary earner on the loan application.

<sup>9</sup>We therefore exclude borrowers who switched mortgage provider and increased their loan size and equity release / top-up loans.

<sup>10</sup>Data from the Central Statistics Office indicate that mean residential selling prices increased by 13.8% per cent for FTBs between December 2016 and December 2017. The overall CSO Residential Property Price Index increased by 12.1% year-on-year in 2017.

<sup>11</sup>Prior to this date, in-scope FTBs were subject to a sliding LTV limit, with the first €220,000 of a property purchase subject to a 90 per cent LTV, and any value above that subject to an 80 per cent LTV.

## 3.2 Second and Subsequent Buyers

For SSBs (Table 5), we observe a larger average loan size (€232,275) and larger average property value (€407,110) in comparison to 2016.<sup>12</sup> The average income of SSBs in 2017 was €106,926 as shown in Table 5. **The average LTV in 2017 was 67.6 per cent and the average LTI was 2.6.** This represents a slight increase compared to the average values recorded in 2016 (66.4 per cent and 2.4 respectively). There was an increase in the share of loans on a fixed interest rate for SSBs compared to one year earlier (up 10 percentage points) while SSBs were again predominantly couples (73 per cent) and employed (89 per cent).

Figure 2 presents the distribution of LTVs for SSB loans originated in 2017 by corresponding property valuation. While the bulk of SSB lending took place at LTVs less than the SSB LTV limit of 80 per cent, a sizeable number of loans had LTVs greater than 80 per cent. Figure 3 shows the distribution of LTV and LTI for SSBs in 2017 compared to 2016. We observe an increase in the share of lending at LTV ratios over 80 per cent in 2017, relative to 2016. For LTI, we observe an increase in loans with an LTI greater than 2.75. Figure 4 presents the evolution of LTV and LTI ratios among SSBs over the period 2006 to 2017. A slight upward trend in average LTV and LTI ratios is evident in 2017.

## 3.3 Buy-to-Let Borrowers

The average characteristics of BTLs are displayed in Table 6. Given the small number of observations, we focus only on loan characteristics. The average loan drawn down by BTL borrowers in 2017 was €127,750 and the average property price was €246,293. Average LTV was 57.6 per cent, compared to 55.9 per cent in 2016.

## 4 Allowances to Exceed the Regulatory LTV and LTI limits

In this section we compare the characteristics of loans with an allowance to exceed the LTV and LTI limits to those without an allowance. We find that only a small number of FTBs (49 loans in total) had an LTV greater than 90 per cent (see Table 2). In contrast, 17 per cent of the aggregate value of SSB lending exceeded the 80 per cent LTV limit. SSBs with an LTV allowance had higher loan sizes and incomes but lower property values compared to those with no allowances. Additional characteristics are described in Section 4.1 below. Similar to prior years, LTI allowances were predominately allocated to FTBs (74 per cent). The characteristics of both FTBs and SSBs with an LTI greater than 3.5 were similar. Those with an LTI allowance had lower incomes, were younger on average and were more likely to be single and located in Dublin. Section 4.2 provides further information on the differences between those with and without an LTI allowance.

<sup>12</sup>Data from the Central Statistics Office indicate that residential selling prices increased by 10.3% per cent year-on-year for STBs.

Table 7 presents the percentage of allowances in each quarter, split by SSB LTV and PDH LTI allowances respectively. In 2017, SSB LTV allowances were relatively evenly distributed across the four quarters of 2017. However, a higher percentage of LTI allowances were observed in the second half of the year for PDH borrowers.

## 4.1 LTV Allowances

In this section, we focus on SSB LTV allowances. Table 8 presents the loan and borrower characteristics for SSBs with and without an LTV allowance, along with the differences between the two groups. SSB loans with an allowance to exceed the LTV limit had, on average, a larger loan size, a higher level of income, a higher LTI and a lower property value compared to those without an allowance. The average loan size of SSBs with an allowance was €293,714 while the average income was €123,246. These figures compare to values of €221,540 and €104,016, respectively, for SSBs without an LTV allowance. We observe that the loan term for borrowers with an allowance (27 years) was, on average, three years longer than those without an allowance. Considering borrower characteristics, SSBs with an allowance were younger by three years, on average, than SSBs without an allowance. There was also a higher share of couples among SSBs with an allowance, relative to those without and a higher share of broker originated loans in the 'with allowance' group. A higher share of borrowers with an allowance were based in Leinster (excluding Dublin). These findings are broadly consistent with those observed in 2015 and 2016.<sup>13</sup>

## 4.2 LTI Allowances

In this section, we provide a description of the loan and borrower characteristics for PDH borrowers with and without an allowance to exceed the 3.5 LTI limit. This information is presented in Table 9.

Considering FTBs first, we see that the average loan size, property value and LTV were higher for FTBs with an LTI allowance, as was the average LTI, at 3.9, compared to 2.8 for those in the 'without allowance' group. The average income of borrowers with an LTI allowance was lower than that of borrowers without an allowance by approximately €2,000. We observe that FTBs with an LTI allowance have a loan term that is 3 years longer than those without an allowance (32 years). Regarding borrower characteristics, FTBs with an LTI allowance were younger, with a larger share of single borrowers and borrowers based in Dublin compared to those without an LTI allowance. Further, we observe a higher share of broker originated loans in the 'with allowance' group.

For SSBs, the average loan size, property value, LTV and LTI were higher among the group with an LTI allowance. Similar to FTBs, SSBs with an LTI allowance had a longer loan term, were younger, with a larger share of single borrowers and borrowers based in Dublin than

<sup>13</sup>Please refer to the bibliography for a list of previous publications.

the 'without allowance' group. Finally, the average income of SSB borrowers with an allowance was approximately €12,000 lower than for borrowers without an LTI allowance.

### 4.3 LTV and LTI Allowances

Figure 5 depicts the intersection of LTV and LTI by borrower type (FTB or SSB) and by allowance type (LTV only; LTI only; LTV and LTI or no allowance). While some FTB and SSB borrowers had allowances to exceed both the LTV and LTI limits set by the Regulations, these are small in number.

## 5 Switchers

Table 10 provides details on switcher mortgages in 2017. It provides summary statistics on the loan and borrower characteristics of switcher mortgages that are both in-scope and out-of-scope of the Regulations. In-Scope switchers are borrowers who refinance their mortgage and increase the size of their loan balance outstanding and are therefore subject to the measures. Out-of-scope switchers are borrowers who refinance an existing mortgage without any increase in the principal loan amount outstanding. These loans are not subject to the measures. We observe that the total number of switcher mortgages was 2,853, of which 1,140 were in-scope and 1,713 were out-of-scope.

The characteristics of both groups of switchers were similar, although the average loan size, average property value and average income was higher for out-of-scope borrowers. Taken as one overall group, the average loan size was €221,488, the average property value was €413,884 and the average income was €101,116. Loan term was approximately 22 years. The average LTV was 58 per cent, LTI was 2.4 and the average interest rate was 3.2 per cent. The main interest rate type for switchers was fixed (53.4 per cent).

Considering borrower characteristics, we observe an average borrower age of 41 years. The majority of switching borrowers were part of a couple (74 per cent), employed (91 per cent) and located in the Dublin region (48 per cent).

## 6 Conclusions

This note provides an overview of new residential mortgage lending in Ireland in 2017. It describes key loan and borrower characteristics of loans in-scope of the macroprudential measures and, for context, provides a comparison to lending in 2016. The note also provides details on loans with an allowance to exceed the LTV and LTI limits, as permitted under the Regulations. An overview of the key loan and borrower characteristics of switcher loans is also included. The note contains information on 35,472 new loans originated from 1 January to 31 December 2017, with a value of €7.4 billion. The majority of lending was



for PDH purchases (97 per cent). A relatively small share (7 per cent) of new lending was exempt from the Regulations in 2017 (primarily switcher loans, negative equity and mortgage arrears restructuring loans).

Exploring the credit conditions faced by different borrower groups in-scope of the mortgage Regulations, we find that FTBs in 2017 had an average LTV of 79.8 per cent and an average LTI of 3.0. This represents a marginal increase on the average LTV and LTI ratios reported in 2016. FTBs had a larger loan size, property value and income, compared to FTBs one year earlier. For SSBs, we observe increases in the average loan size and property value compared to 2016. The average LTV for SSBs in 2017 was 67.6 per cent and the average LTI was 2.6. For both FTBs and SSBs we find a higher proportion of loans are originated on a fixed interest rate, compared to 2016.

Considering the LTV limits set by the Regulations, there was limited lending to both FTBs and BTLs in excess of the LTV cap applying to each group. In contrast, 17 per cent of the aggregate value of SSB lending exceeded the SSB LTV limit (20 per cent is allowed by the Regulations per institution). Regarding the LTI limit on PDH borrowing, 18 per cent of new lending exceeded 3.5. A larger share of LTI allowances was accounted for by FTBs (74 per cent) relative to SSBs (26 per cent).

Similar to 2016, we observe differences in the characteristics of borrowers with and without an allowance to exceed the limits of the Regulations. In particular, borrowers with an LTI allowance had larger loan sizes, longer loan terms and tended to be based in Dublin and be single compared to those borrowers without an LTI allowance. SSBs with an LTV allowance had higher loan sizes and incomes but lower property values and were younger than those without an LTV allowance. Allowances were allocated to borrowers in all four quarters of 2017.

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## Tables

**Table 1 | Macprudential Regulations for Mortgage Lending**

<b>LTV limits</b>	For primary dwelling homes:	FTBs: 90%	5% of new lending to FTBs allowed above 90% limit
		SSBs: 80%	20% of SSB new lending allowed above 80% limit
	For buy-to-let borrowers (BTLs):	70% LTV limit	10% of new lending allowed above 70% limit
<b>LTI limits</b>	For primary dwelling homes:	3.5 times income	20% of new PDH lending allowed above 3.5 limit
			<b>From 01/01/18</b> 20% of new lending to FTBs allowed above 3.5 limit 10% of new lending to SSBs allowed above 3.5 limit
<b>Exemptions</b>	<b>From LTV Limit:</b> Borrowers in negative equity	<b>From LTI Limit:</b> BTL borrowers	<b>From both limits:</b> Switcher mortgages Restructuring of mortgages in arrears

2017 Review: [Report on 2017 Review, November 2017.](#)

2016 Review: [Report on 2016 Review, November 2016.](#)

**Table 2 | Overview of New Mortgage Lending - January 1st to December 31st 2017**

	Total Value (€mn)	No. of Loans	% Value	% H1	% H2
<b>Total Lending</b>	7,430	35,472	100	100	100
In-Scope of Regula- tions	6,905	33,135	93	93	93
<i>of which:</i>					
<b>PDH Lending</b>	6,708	31,618	97	97	97
FTB Lending	3,618	17,453	54	52	55
<i>of which FTB Over LTV Limit</i>	11	49	0	0	0
SSB Lending	3,091	14,165	46	48	45
<i>of which SSB Over LTV Limit</i>	536	1,843	17	19	16
PDH Over LTI Limit	1,220	4,471	18	17	18
<i>of which FTB</i>	900	3,348	74	72	75
<i>of which SSB</i>	320	1,123	26	28	25
<b>BTL Lending</b>	197	1,517	3	3	3
BTL Over LTV Limit	8	34	4	4	4
Exempt from Regula- tions	525	2,337	7	7	7
<i>of which:</i>					
Switcher	408	1,713	78	78	78
Negative Equity	87	411	17	16	17
Other Exemption	29	213	6	7	5

In-Scope Lending excludes negative equity loans which are in-scope for LTI purposes only.

These loans are included in the calculation of SSB loans over the LTI Limit.

H1 2017 figures may differ from those previously published.

This is due to changes in the underlying data sample.

**Table 3 | PDH Allowances to exceed the LTI Cap Split by FTB and SSB**

	Total Value (€mn)	No of Loans	%Value
FTB Lending	3,618	17,453	54
<i>of which FTB Over LTI Limit</i>	900	3,348	25
SSB Lending	3,091	14,165	46
<i>of which SSB Over LTI Limit</i>	320	1,123	10

SSB Lending excludes negative equity loans which are in-scope for LTI purposes only.

These loans are included in the calculation of SSB loans over the LTI Limit.

**Table 4 | Mean Loan Characteristics for FTBs In-Scope 2016 vs 2017**

	2016	2017	Difference
<b>Loan Characteristics</b>			
Loan Size (€)	185,963	206,216	20,253***
Property Value (€)	250,284	272,655	22,370***
Loan-to-Value(%)	78.8	79.8	1.0***
Income(€)	67,231	71,223	3,992***
Loan-to-Income	2.9	3.0	0.1***
Loan Term (Years)	29	29	0**
Property Size (sq.ft)	1,292	1,308	16**
Interest Rate (%)	3.6	3.4	-0.2***
Interest Rate Type, of which:			
<i>Fixed</i> (%)	56.0	61.9	5.8***
<i>SVR</i> (%)	43.9	38.1	-5.9***
<i>Other</i> (%)	0	0	0
<b>Borrower Characteristics</b>			
Borrower Age (Years)	34	34	0***
Marital Status, of which:			
<i>Couples</i> (%)	42.5	42.9	0.4
<i>Single</i> (%)	56.1	55.9	-0.3
<i>Other</i> (%)	1.3	1.2	-0.1
Employed	88.9	90.2	1.3***
Region, of which:			
<i>Dublin</i> (%)	34.7	34.7	-0.0
<i>Leinster excl. Dublin</i> (%)	26.1	27.9	1.8***
<i>Munster</i> (%)	24.7	24.2	-0.5
<i>Connaught</i> (%)	10.0	9.1	-0.9**
<i>Ulster</i> (%)	4.5	4.1	-0.3
% of loans	57	59	

Note: \*\*\* indicates significance at 1% level, \*\* at 5% level

Note: Outliers have been omitted by removing the 1st & 99th percentiles

**Table 5 | Mean Loan Characteristics for SSBs In-Scope 2016 vs H2017**

	2016	2017	Difference
<b>Loan Characteristics</b>			
Loan Size (€)	217,827	232,275	14,449***
Property Value (€)	388,798	407,110	18,312***
Loan-to-Value(%)	66.4	67.6	1.2***
Income(€)	105,967	106,926	959
Loan-to-Income	2.4	2.6	0.1***
Loan Term(Years)	24	24	0**
Property Size (sq.ft)	1,681	1,661	-20
Interest Rate (%)	3.3	3.2	-0.2***
Interest Rate Type, of which:			
<i>Fixed</i> (%)	37.0	47.0	9.9***
<i>SVR</i> (%)	52.8	44.7	-8.1***
<i>Other</i> (%)	10.2	8.1	-2.1***
<b>Borrower Characteristics</b>			
Borrower Age (Years)	41	41	0
Marital Status, of which:			
<i>Couples</i> (%)	71.9	73.1	1.1
<i>Single</i> (%)	20.1	19.9	-0.2
<i>Other</i> (%)	7.9	7.0	-0.9**
Employed	87.4	88.8	1.4***
Region, of which:			
<i>Dublin</i> (%)	41.8	40.4	-1.3
<i>Leinster (exclu. Dublin)</i> (%)	26.2	26.9	0.8
<i>Munster</i> (%)	21.5	21.2	-0.3
<i>Connaught</i> (%)	7.5	8.6	1.0***
<i>Ulster</i> (%)	3.1	2.9	-0.2
% of loans	38	36	

Note: \*\*\* indicates significance at 1% level, \*\* at 5% level

Note: Outliers have been removed from the data

**Table 6 | Mean Loan Characteristics for BTLs In-Scope 2016 vs 2017**

	2016	2017	Difference
<b>Loan Characteristics</b>			
Loan Size (€)	119,332	127,750	8,418***
Property Value (€)	233,529	246,293	12,764**
Loan-to-Value(%)	55.9	57.6	1.7***
% of loans	6	5	

Note: \*\*\* indicates significance at 1% level, \*\* at 5% level

Note: Outliers have been removed from the data

**Table 7 | Allowances (Percentages) by quarter, January - December 2017**

	Q1	Q2	Q3	Q4
<b>AllowanceType</b>				
SSB LTV	21.2	27.3	27.1	24.5
PDH LTI	16.6	24.6	30.3	28.5

**Table 8 | Mean Loan Characteristics for SSBs With or Without an LTV Allowance 2017**

	Without	With	Difference
<b>Loan Characteristics</b>			
Loan Size (€)	221,540	293,714	72,175***
Property Value (€)	409,266	395,173	-14,093***
Loan-to-Value (%)	64.1	87.9	23.8***
Income (€)	104,016	123,246	19,230***
Loan-to-Income	2.5	2.8	0.3***
Loan Term(Years)	24	27	3***
Property Size(sq.ft)	1,666	1,628	-38
Interest Rate(%)	3.1	3.4	0.2***
Interest Rate Type, of which:			
<i>Fixed</i> (%)	45.0	58.2	13.2***
<i>SVR</i> (%)	46.4	35.3	-11.1***
<i>Other</i> (%)	8.5	6.2	-2.3***
<b>Borrower Characteristics</b>			
Borrower Age (Years)	42	39	-3***
Marital Status, of which:			
<i>Couples</i> (%)	72.2	78.2	6.0***
<i>Single</i> (%)	20.2	18.5	-1.7
<i>Other</i> (%)	7.6	3.4	-4.3***
Employed	88.3	91.6	3.2***
<i>Broker</i> (%)	16.8	21.4	4.6***
Region, of which:			
<i>Dublin</i> (%)	40.1	41.9	1.8
<i>Leinster (exclu. Dublin)</i> (%)	26.3	30.6	4.4
<i>Munster</i> (%)	21.7	18.2	-3.5
<i>Connaught</i> (%)	8.8	6.9	-2.0
<i>Ulster</i> (%)	3.0	2.3	-0.7

Note: \*\*\* indicates significance at 1% level, \*\* at 5% level

Note: Outliers have been removed from the data

**Table 9 | Mean Loan Characteristics by Borrower Type With or Without an LTI Allowance 2017**

	Without	With	Difference
<b>First Time Buyer</b>			
<b>Loan Characteristics</b>			
Loan Size (€)	192,038	266,138	74,101***
Property Value (€)	255,376	344,335	88,958***
Loan-to-Value (%)	79.4	81.1	1.7***
Income (€)	71,605	69,641	-1,964***
Loan-to-Income	2.8	3.9	1.1***
Loan Term (Years)	29	32	3***
Interest Rate (%)	3.4	3.3	-0.0
<b>Borrower Characteristics</b>			
Borrower Age (Years)	34	33	-1***
Marital Status, of which:			
<i>Couples (%)</i>	45.6	31.7	-13.8***
<i>Single (%)</i>	53.1	67.7	14.6***
<i>Other (%)</i>	1.4	0.6	-0.8***
Broker (%)	20.1	24.1	4.0***
Employed (%)	90.1	90.8	0.8
Dublin (%)	28.1	62.6	34.6***
<b>Second Subsequent Buyer</b>			
<b>Loan Characteristics</b>			
Loan Size (€)	226,391	302,862	76,471***
Property Value (€)	397,309	523,748	126,440***
Loan-to-Value (%)	67.4	70.0	2.6***
Income (€)	107,874	95,879	-11,994***
Loan-to-Income	2.4	3.9	1.4***
Loan Term (Years)	24	28	4***
Interest Rate (%)	3.2	3.1	-0.1***
<b>Borrower Characteristics</b>			
Borrower Age (Years)	41	38	-3***
Marital Status, of which:			
<i>Couples (%)</i>	73.7	65.9	-7.8***
<i>Single (%)</i>	19.1	30.3	11.3***
<i>Other (%)</i>	7.3	3.8	-3.5***
Broker (%)	17.4	18.9	1.5
Employed (%)	88.8	89.5	0.7
Dublin (%)	38.0	69.2	31.2***

Note: \*\*\* indicates significance at 1% level, \*\* at 5% level

Note: Outliers have been removed from the data



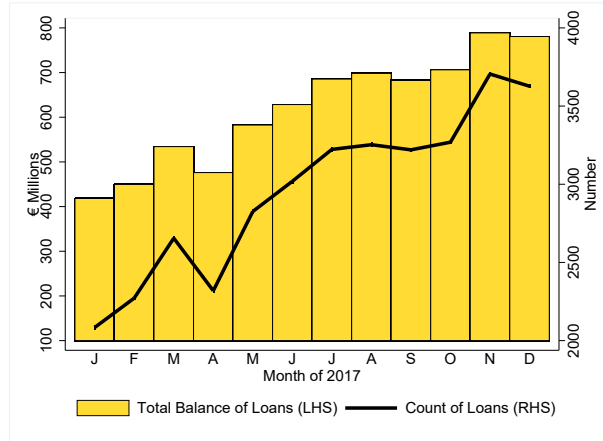
**Table 10 | Mean Loan Characteristics for Switchers In-Scope, Out-of-Scope 2017**

	In Scope 2017	Out of Scope 2017	Total 2017
<b>Loan Characteristics</b>			
Loan Size (€)	209,650	229,349	221,488
Loan Term	22	22	22
Property Value (€)	396,320	425,586	413,884
LTV (%)	57.2	57.9	57.6
Income (€)	97,551	103,499	101,116
Loan-to-Income	2.3	2.4	2.4
Property Size (sq.ft)	1,604	1,610	1,608
Interest Rate (%)	3.2	3.2	3.2
Interest Rate Type, of which:			
<i>Fixed (%)</i>	53.2	53.5	53.4
<i>SVR (%)</i>	46.2	45.1	45.6
<i>Other (%)</i>	0.6	1.3	1.1
<b>Borrower Characteristics</b>			
Borrower Age (Years)	42	40	41
Marital Status, of which			
<i>Couples (%)</i>	74.6	73.7	74.1
<i>Single (%)</i>	18.6	21.5	20.3
<i>Other (%)</i>	6.8	4.8	5.6
Employment, of which			
<i>Employed (%)</i>	89.3	91.4	90.5
<i>Broker (%)</i>	28.0	15.2	20.3
Region, of which:			
<i>Dublin (%)</i>	42.0	52.1	48.1
<i>Leinster (%)</i>	25.9	21.9	23.5
<i>Munster (%)</i>	22.4	17.6	19.5
<i>Connaught (%)</i>	7.5	6.3	6.8
<i>Ulster (%)</i>	2.2	2.1	2.1
No. of Loans	1,140	1,713	2,853

Note: Outliers have been removed. Switchers refer to borrowers who switched mortgage provider and either: maintained the same loan size (out-of-scope) or increased their loan size (in-scope).

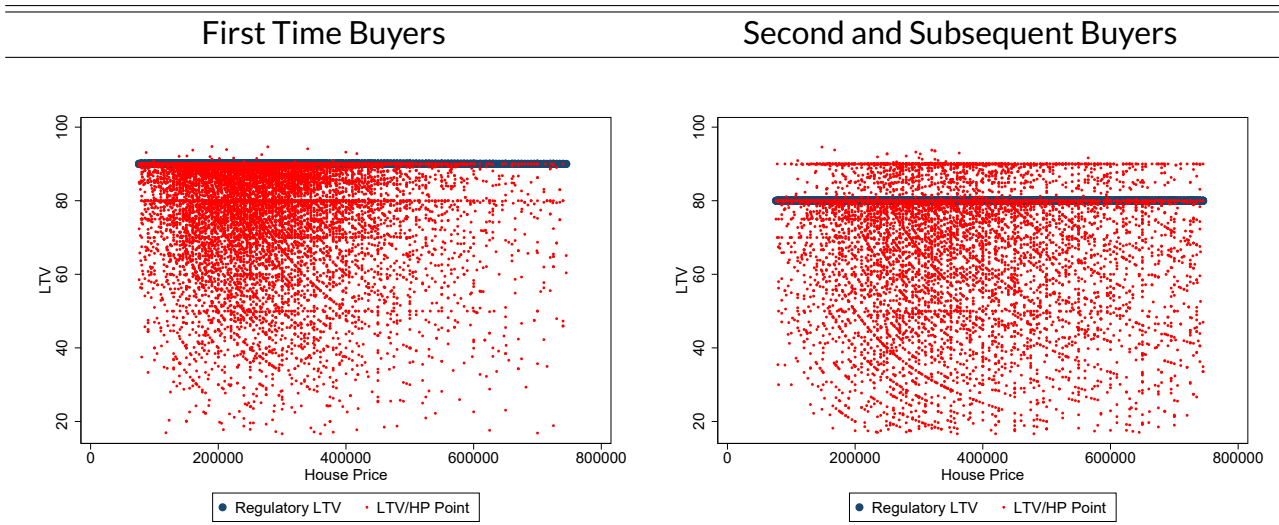
## Figures

**Figure 1 | Monthly Lending by Count and Balance in 2017**



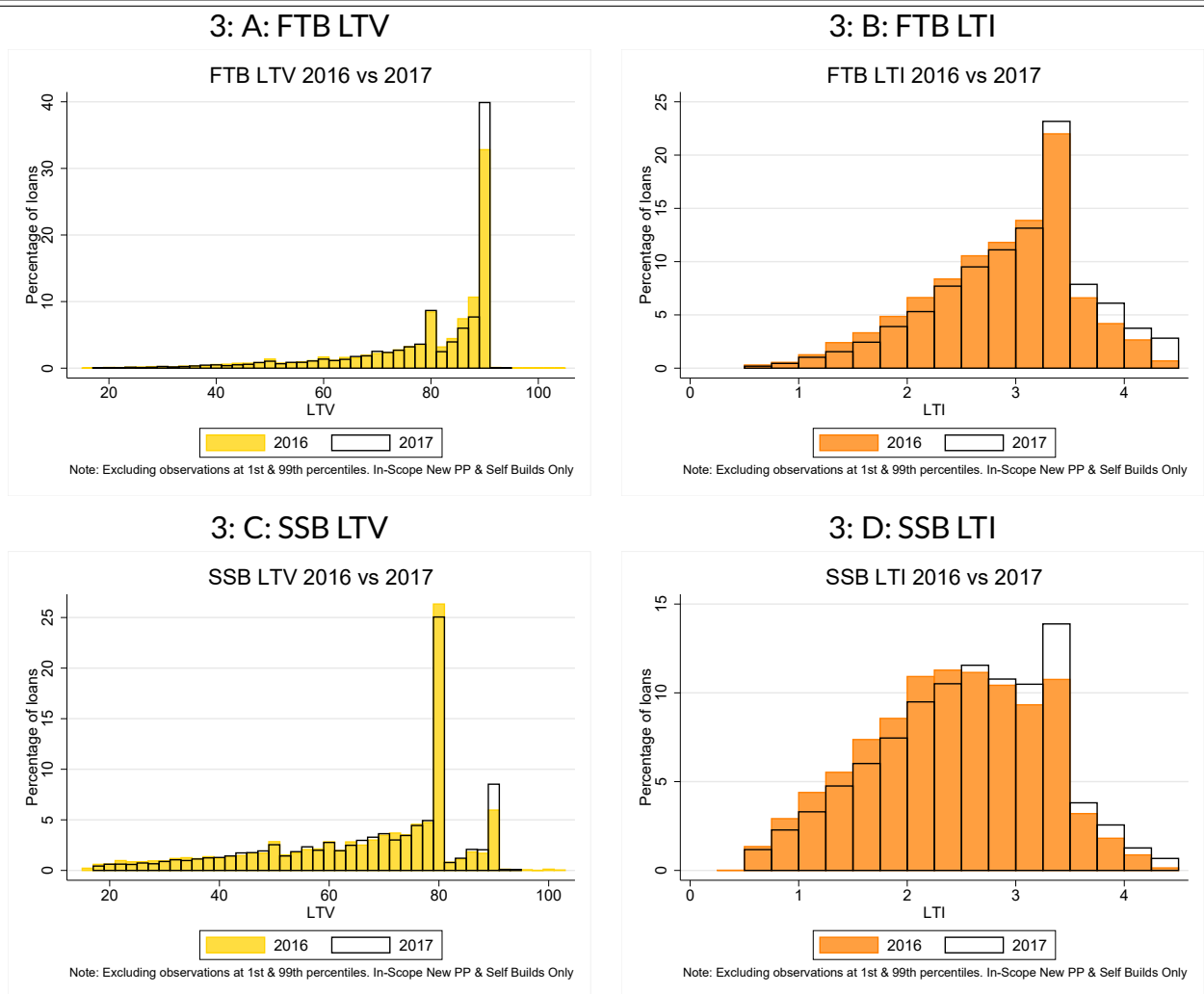
Source: Authors' calculations using Central Bank of Ireland data.

**Figure 2 | LTV and House Prices by Borrower Type, 2017**



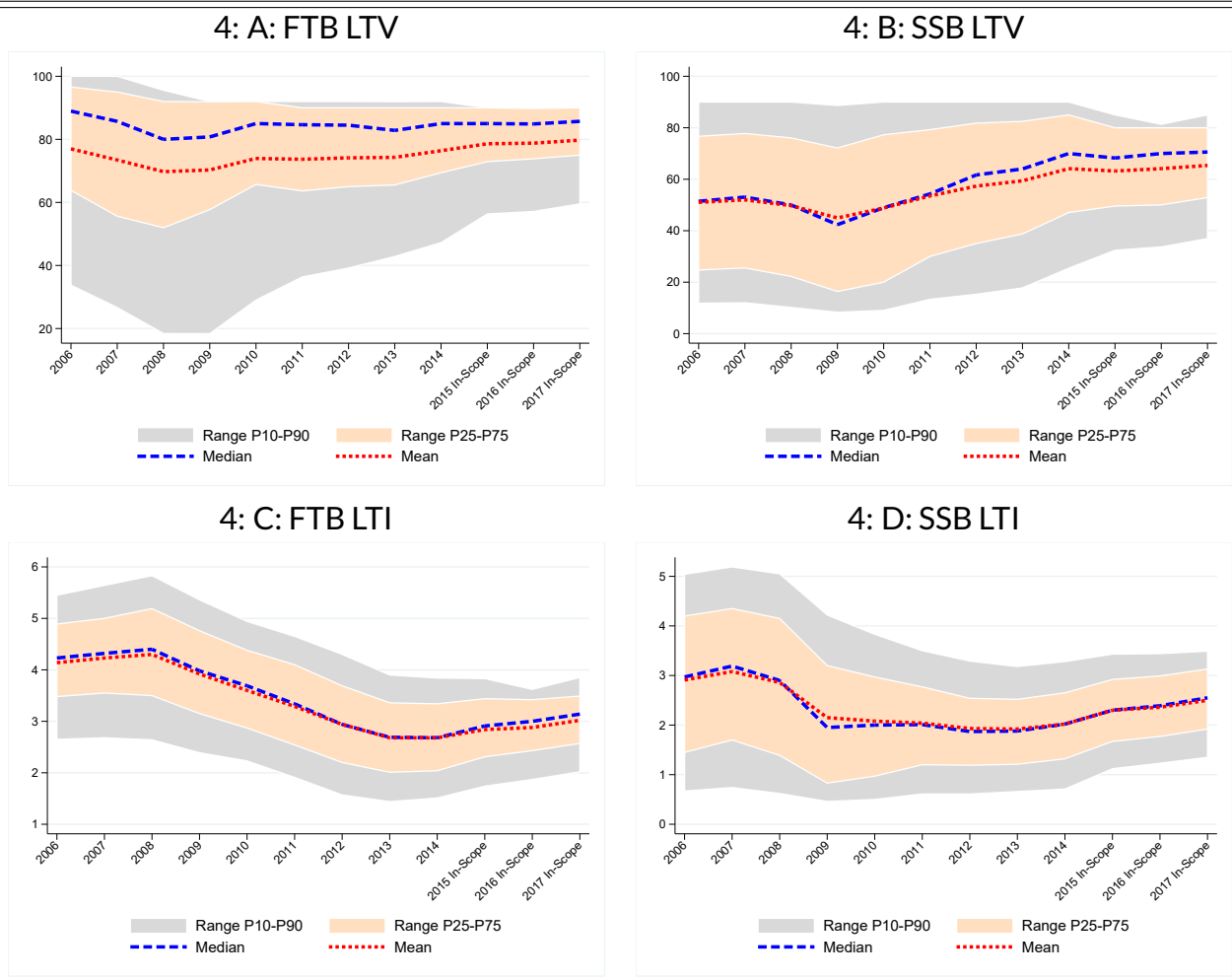
Source: Authors' calculations using Central Bank of Ireland data.

**Figure 3 | Comparison of LTV and LTI in 2016 and 2017 for FTBs and SSBs**



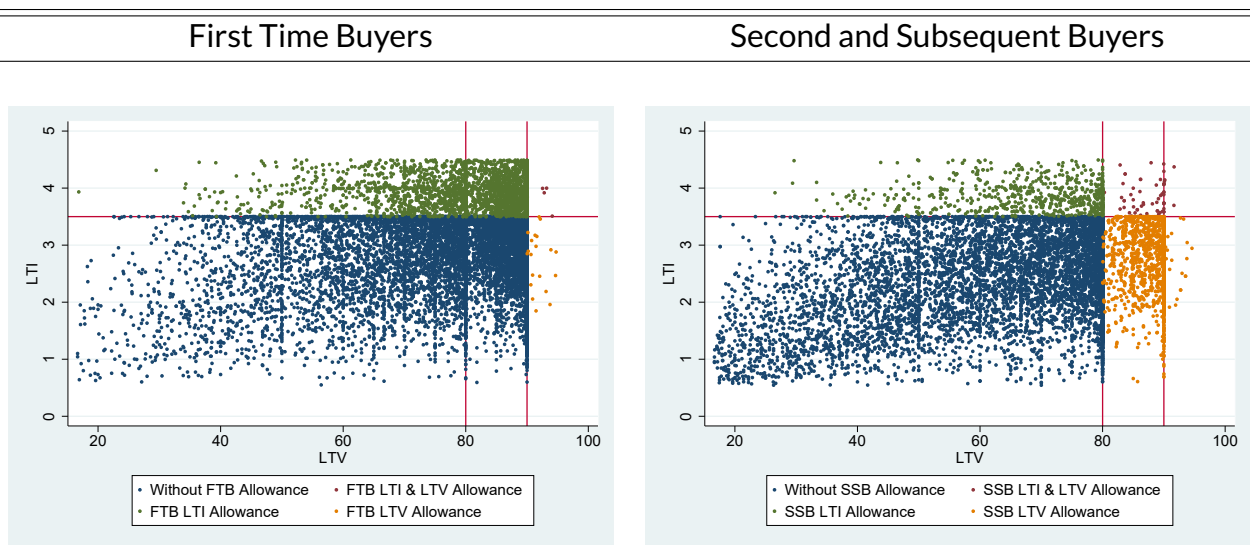
Source: Authors' calculations using Central Bank of Ireland data.

**Figure 4 | Trend Over Time in LTV and LTI ratios for FTBs and SSBs**



Source: Authors' calculations using Central Bank of Ireland data.  
LTI distributions are based on a 4-bank view from 2006-2014

**Figure 5 | Allocation of Allowances by Borrower Type, H1 2017**



Source: Authors' calculations using Central Bank of Ireland data.

