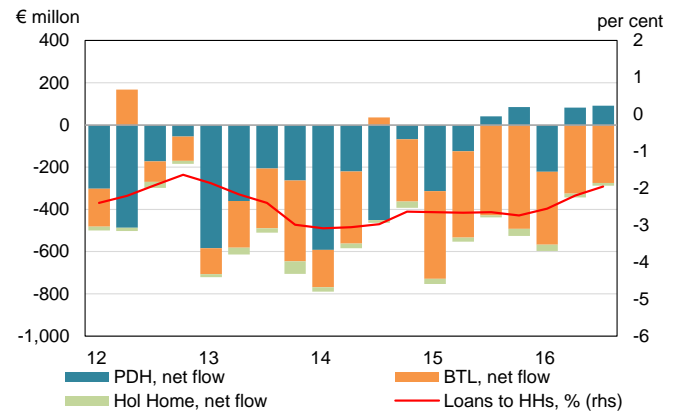


## Trends in Personal Credit & Deposits – Q3 2016

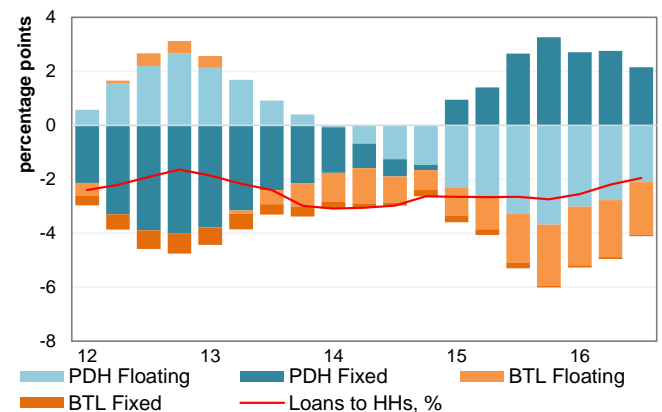
### Key Developments

- Lending for house purchase declined by 0.3 per cent over the quarter and 2 per cent in annual terms. This development masks divergent trends between the PDH and BTL markets during the quarter. Buy-to-let (BTL) mortgages decreased, while principal dwelling house (PDH) loans increased during Q3 2016 (Chart 1).
- Over the year to end-September, the outstanding stock of PDH and BTL floating-rate loans saw net repayments of €1.5 billion and €1.4 billion. There was a net increase in PDH fixed-rate loans of €1.5 billion over this period, in contrast to fixed-rate BTL loans, which recorded a fall of €38 million (Chart 2). This shows a trend by borrowers to enter fixed-rate contracts in the current lower interest-rate environment.<sup>1</sup>
- Household deposits increased by €2.6 billion (3 per cent) over the year to Q3 2016 (Chart 3). This was the largest annual net increase since Q4 2008.

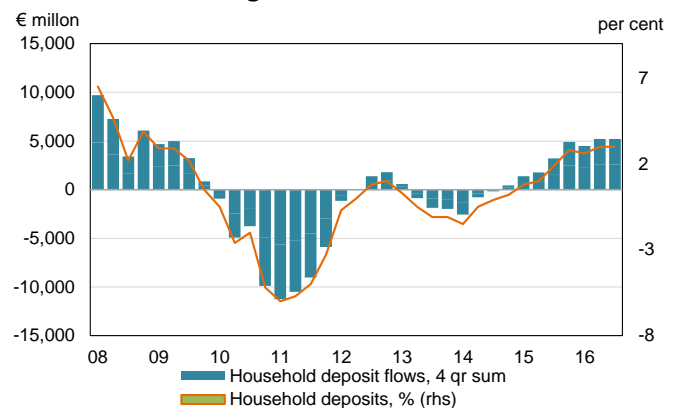
**Chart 1: Loans for house purchase; quarterly developments in net flows and annual rate of change**



**Chart 2: Contributions of PDH and BTL, floating and fixed rate loans to annual growth in mortgages**



**Chart 3: Household deposits; net flows (4-qr sum) and annual rate of change**



<sup>1</sup> See [Retail Interest Rates release](#) for more information.

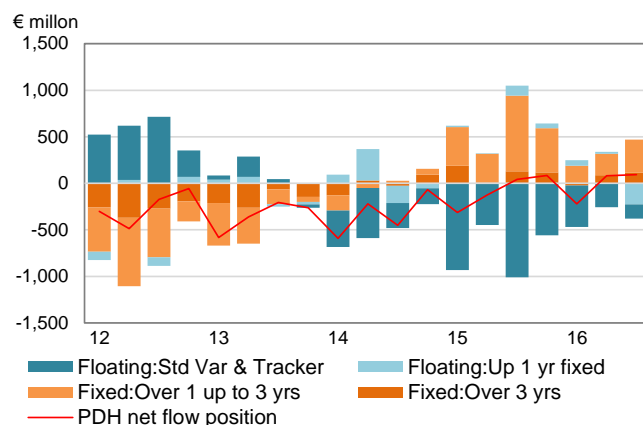
### Developments in PDH Loans

- The growth in fixed rate loans in the PDH market continued in Q3 2016, with new drawdowns exceeding repayments by €470 million (5.9 per cent) during the quarter. This increase was mostly attributable to loans fixed for over one and up to three years (Chart 4).
- PDH floating rate mortgages declined in net terms by €379 million during Q3 2016.<sup>2</sup> This resulted from quarterly declines within tracker mortgages and loans fixed for up to one year. The decline within loans fixed for up to one year reverses the trend of increases for the previous six quarters within this category (Chart 4). By contrast, standard variable rate mortgages recorded a quarterly increase of €423 million (1.7 per cent); this marks the largest quarterly increase since Q4 2013.
- In annual terms, PDH fixed rate loans recorded a net increase of €1.5 billion (22.2 per cent). Conversely, PDH floating rate loans declined by €1.5 billion (2.8 per cent) over the same period.

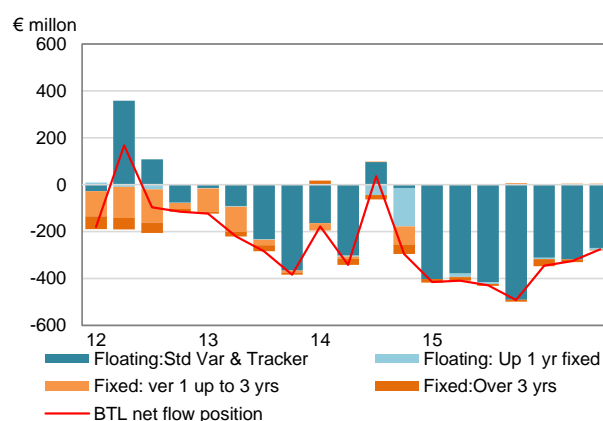
### Developments in BTL Loans

- During Q3 2016, BTL floating rate loans fell, in net terms, by €277 million (2 per cent). The fall in floating rate loans was predominantly driven by tracker mortgages, which account for 65 per cent of outstanding stock (Chart 5). However, the reverse was true for standard variable rate mortgages, which increased for the first time since Q4 2014.
- During the quarter, BTL fixed rate mortgages increased by €2 million (1.2 per cent), recording the first quarterly increase since Q1 2011.
- BTL mortgages recorded a year-on-year decline of €1.4 billion or 9.3 per cent at end-September.

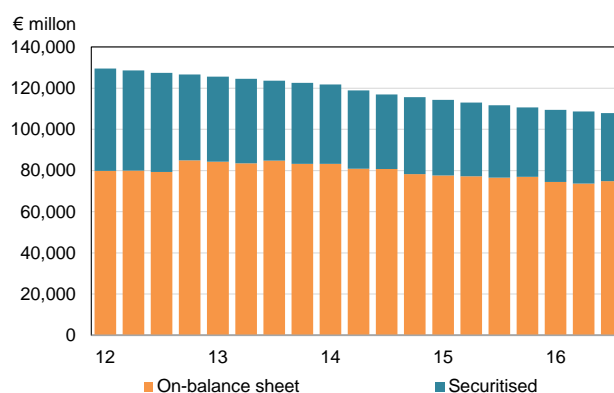
**Chart 4: PDH fixed and floating rate loans; quarterly developments in net flows and net position**



**Chart 5: BTL fixed and floating rate loans; quarterly developments in net flows and net position**



**Chart 6: Outstanding stock of on-balance sheet and securitised mortgages**



<sup>2</sup> Floating rate loans include loans fixed for up to one year.

### **Developments in Securitised Loans**

- The total outstanding stock of securitised loans for house purchase stood at €33 billion at end-September (Chart 6); there was a decrease of €1.9 billion in the stock over the quarter. Total loans for house purchase, including both on-balance sheet and securitised mortgages, stood at €108 billion at end-Q3 2016.

### **Further information**

The extensive set of Private Credit Statistics tables, along with a detailed set of explanatory notes is available at:

<http://www.centralbank.ie/polstats/stats/cmab/Pages/HouseholdCredit.aspx>.

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### **Keywords:**

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