



### **Results Summary<sup>1</sup>**

#### **Ireland**

- In Q4 2023, Irish banks tightened their credit standards on loans to firms somewhat and do not expect to change their credit standards in Q1 2024.
- Banks reported that firms' aggregate loan demand increased marginally in Q4 2023, and a further moderate increase is expected in Q1 2024.
- On aggregate, banks tightened credit standards significantly for both mortgages and consumer loans. In Q1 2024, banks expect to tighten credit standards on mortgages somewhat, but do not expect to change standards for consumer loans.
- Aggregate demand for consumer loans and mortgages decreased slightly. Banks expect demand for both types of loans to be unchanged in Q1 2024.

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<sup>1</sup> The January 2024 Bank Lending Survey (BLS) was conducted between 6<sup>th</sup> December and 20<sup>th</sup> December and examined changes in credit market conditions during Q4 2023 as well as expected changes in credit standards and loan demand during Q1 2024.

Please note that a number of data revisions have been made to the Excel file, "Bank Lending Survey Results January 2003 – January 2024".



### Credit supply firms

**Credit standards on loans to firms tightened somewhat in Q4 2023 for lending to all firms, except SMEs (see Figure 1).<sup>2</sup> Banks highlighted the general economic situation and outlook and, industry and firm specific situation as the main drivers. Looking forward to Q1 2024, banks do not expect to change credit standards**

**On aggregate, overall terms and conditions were unchanged in 2023 Q4.** However, banks reported that margins on riskier and average loans narrowed. In addition, the share of firms' loans applications that were rejected remained constant.

### Credit supply – households

**In Q4 2023, banks tightened credit standards significantly for consumer lending.** They highlighted the general economic situation and outlook, creditworthiness of consumers, risk on the collateral demand and their risk tolerance as the drivers of their decisions. **In Q4 2023, banks also tightened credit standards for mortgages significantly** driven by the general economic situation and outlook, housing market prospects, borrower creditworthiness and their risk tolerance. **In Q1 2024, banks expect to tighten credit standards on mortgages slightly and to make no change to credit standards for consumer loans (see Figure 1).**

**Terms and conditions on new mortgage and consumer loans were unchanged in Q4 2023.** The share of mortgage applications that was rejected was unchanged but increased moderately for consumer loans.

### Credit demand firms

**In Q4 2023, demand for loans increased slightly across all firm types except SMEs.** The need for financing for mergers and acquisitions and the general level of interest rates were key factors driving these developments. **Next quarter (Q1 2024), aggregate loan demand is expected to increase across all categories (except SMEs) and particularly for short-term loans.**

### Credit demand - households

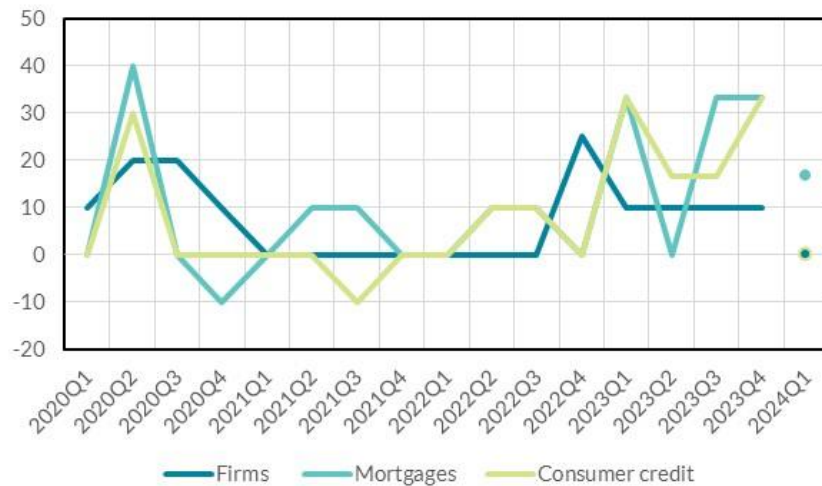
**On aggregate, banks reported that demand for mortgages contracted slightly.** Banks identified the general level of interest rate as the main drivers of this decline. **As for consumer loans, banks reported that demand contracted slightly** driven by lower spending on durable consumer goods. **Looking forward, demand for mortgages and consumer loans is expected to be unchanged in Q1 2024.**

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<sup>2</sup> Enterprise lending categories in the BLS are: lending to large enterprises, to SMEs, short-term and long-term lending.



**Figure 1. Bank credit standards for firm and household lending, (Diffusion index).**



Lines refer to backward looking changes to credit standards, circles refer to expected change in credit standards next quarter. Firms and lending to consumer have the same forward looking value (0), while mortgages lending has a value of 17. Values above zero refer to a net tightening of credit standards. The diffusion index gives responses which relate to "tighten (ease) credit standards somewhat" a lower weight than those which refer to a "tighten (ease) credit standards considerably".

**Figure 2. Demand for firm and household lending, (Diffusion index).**



Lines refer to backward looking changes to demand, circles refer to expected change in demand next quarter. Mortgage and lending to consumer have the same forward looking value (0), while firm demand has a value of 10. Values above zero refer to an expansion in demand.



### Ad-hoc questions

The ad-hoc questions in this round related to:

- Access to retail and wholesale funding
- The impact of new regulatory or supervisory requirements
- The impact of banks' non-performing loan ratios and other indicators of credit quality
- Credit standards, terms and conditions and demand for loans across the main sectors of economic activity
- The impact of changes in banks' excess liquidity

**On aggregate, Irish banks reported no change in their access to funding over the past 3 months, but expect a small impact over the next 3 months.** Banks expect a moderate easing in access to medium and long-term debt securities.

**Irish banks reported limited impact of new regulatory or supervisory requirements over the past 12 months.** Banks reported a moderate increase in risk-weighted assets on average loans, a tightening of credit standards on loans to large firms and on mortgages and a narrowing of margins for loans to large enterprises. Banks also reported that funding conditions had tightened as a result of the requirements. **On aggregate, Irish banks expect a small impact of new regulatory or supervisory requirements over the next 12 months,** with similar impacts on assets, lending conditions and funding conditions as in the previous 12 months.

**Non-performing loans and other indicators of credit quality had a limited impact on Irish banks behaviour over the past 6 months.** The NPL ratio and other indicators of credit quality contributed somewhat to the tightening of credit standards for consumer loans. **On aggregate, Irish banks do not expect any further impact over the next 6 months.**

**Over the past 6 months Irish banks tightened credit standards for the real estate sector moderately.** Credit standards were unchanged for all other sectors. During the next 6 months, Irish banks also expect to tighten credit standards for the real estate sector slightly, with no change expected for other sectors.

**Irish banks did not report any impact of changing excess liquidity on their lending conditions and loan volumes over the past 6 months, and do not expect any impact in the next 6 months.**