



### Trends in Personal Credit & Deposits – Q4 2015<sup>1</sup>

#### Key Developments

- Loans for principal dwelling houses (PDHs) increased by €78 million during Q4 2015; the first net increase since the flow series began in Q1 2011 (Chart 1). Overall, lending for house purchase declined by €430 million during Q4 2015; driven by net repayments buy-to-let (BTLs) mortgages. In annual terms, growth remained negative at minus 2.6 per cent; the lowest rate of decline since Q3 2011. However, there were some interesting developments within the mortgage loan categories, as follows:

- The preference for fixed-rate loans<sup>1</sup> over floating rate loans continued; a net increase of €2.3 billion was recorded during 2015. This was driven entirely by PDH loans (Chart 2).
- Floating-rate loans, conversely, recorded a significant decrease of €4.3 billion during 2015, for PDH and BTLs mortgages in aggregate. These developments are reflective of the current interest rate environment where fixed-rate mortgages have increasingly favourable rates.<sup>2</sup>

- While household credit continued to decline, household deposits increased by €2.5 billion (2.8 per cent) during 2015. This marks the largest annual inflow since end-2008 (Chart 3).

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

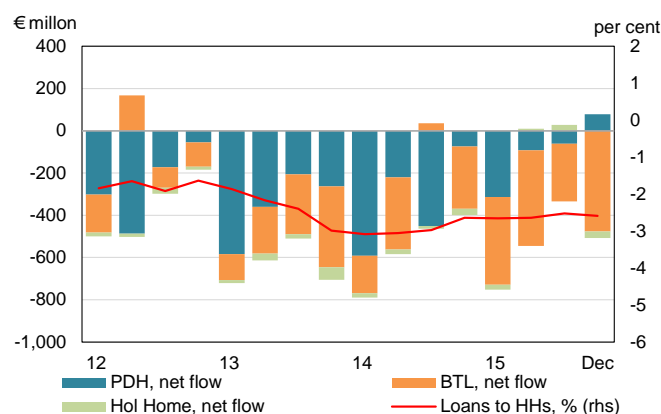


Chart 2: Contributions of PDH and BTL, floating and fixed rate loans to annual growth in mortgages

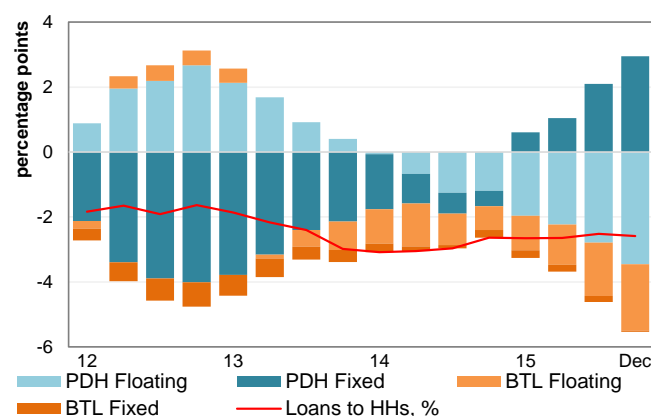
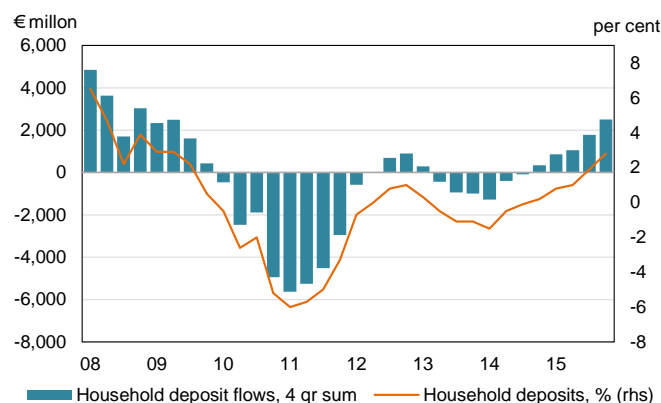


Chart 3: Household deposits; net flows (4-qr sum) and annual rate of change



<sup>1</sup> Fixed rate loans account for just 10 per cent of total loans for house purchase. The large annual growth rate recorded at end-Q4 2015 is due to the low level of stock.

<sup>2</sup> See [Retail Interest Rates release](#) for more information.

### Developments in PDH Loans

- Decomposing the developments in PDH mortgages further, loans fixed for over one and up to three years were the predominant driver of the positive flows during 2015 (Chart 4). This category increased by €1.8 billion during 2015; equal to 49 per cent of outstanding stock in this category at end-Q4.
- PDH fixed rate loans recorded an annual increase of €2.3 billion (47.2 per cent) at end-Q4 2015. This is in stark contrast to an annual decline of 7.8 per cent at end-Q4 2014.
- Meanwhile, floating rate mortgages declined by €2.7 billion (4.8 per cent) in the year to end-Q4 2015. Standard variable and tracker mortgages contributed equally to this reduction. PDH loans fixed for up to one year<sup>3</sup> increased on both a quarterly and annual basis.

### Developments in BTL Loans

- BTL mortgages recorded an annual decline of 9.6 per cent at end-Q4 2015 with net repayments of €1.6 billion during the year. Tracker mortgages were responsible for the annual decline, falling by €1.4 billion over the year to end-Q4 2015 (Chart 5). BTL loans fixed for up to one year increased by €3 million in Q4 2015; equivalent to 4 per cent of the outstanding stock. BTL fixed rate mortgages account for just one per cent of total BTL loan stock.

### Developments in Mortgage Arrears

- Despite the positive developments in PDH drawdowns, a significant level of arrears remains, with **12 per cent of total loans for PDHs in arrears of over 90 days at end-Q4 2015** (Chart 6). BTL mortgages had a higher level of arrears over 90 days, at 24 per cent.

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

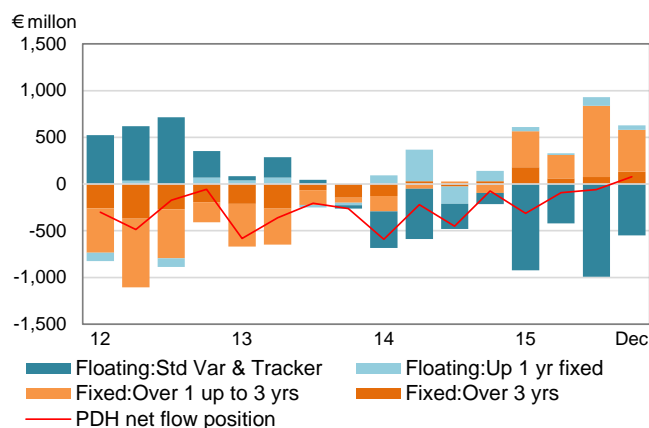


Chart 5: BTL fixed and floating rate loans; quarterly developments in net flows and net position

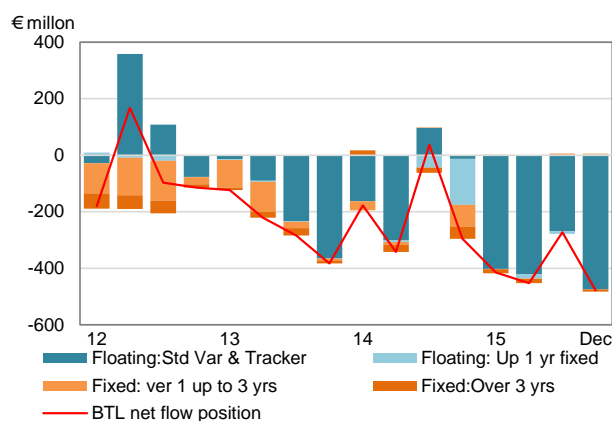
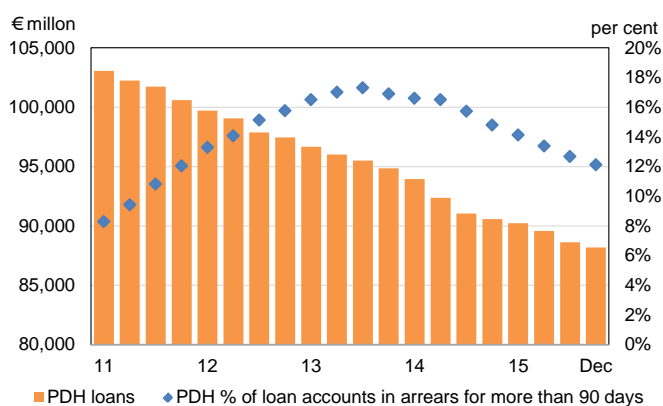


Chart 6: PDH mortgages; outstanding amounts and corresponding level of arrears over 90 days<sup>4</sup>



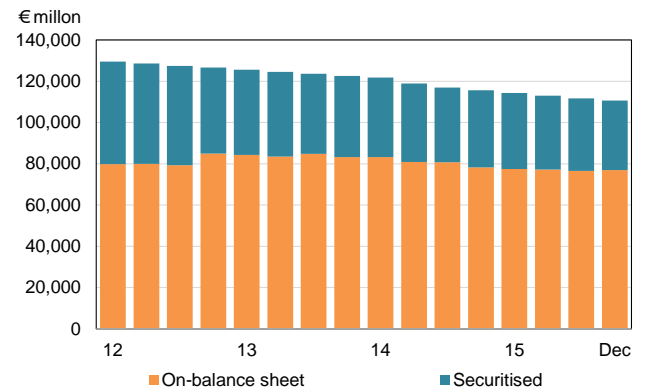
<sup>4</sup> Note: The outstanding amounts and level of arrears are sourced from two different data sources; [personal credit tables](#) and the [mortgage arrears data](#), respectively. These datasets are not directly comparable due to differences in reporting population.

<sup>3</sup> Floating rate loans include loans fixed for up to one year.

**Developments in Securitised Loans**

- **The total outstanding stock of securitised loans** stood at €33.6 billion at end-Q4 2015; a decrease of €1.5 billion over the quarter. Total household loans, including both on-balance sheet and securitised mortgages, stood at €110.6 billion at end-Q4 2015 (Chart 7).

**Chart 7: Outstanding stock of on-balance sheet and securitised mortgages**



### 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:

Money and Banking Statistics, Irish Financial Statistics, Loans, Deposits, Credit, Mortgage, Repayments, Arrears, Tracker, Interest rate