

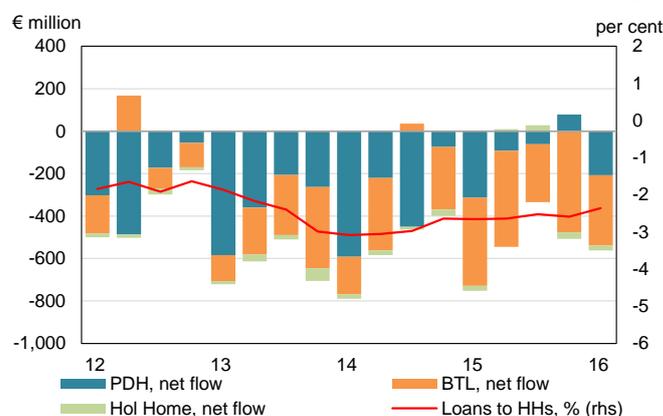


## Trends in Personal Credit & Deposits – Q1 2016<sup>1</sup>

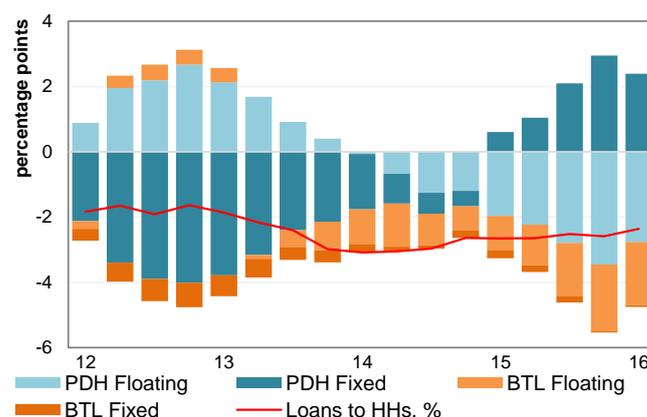
### Key Developments

- While total loans for house purchase declined by 2.4 per cent over the year to March 2016, this masks divergent trends in the PDH and BTL markets. **PDH loans declined by 0.5 per cent, while BTL loans recorded a more substantial decline of 9.4 per cent.**
- The move from floating to fixed rate PDH loans continued. **In Q1 2016, PDH fixed rate loans recorded a year-on-year increase of €1.8 billion (33.9 per cent).**
- **Loans for principal dwelling houses (PDHs) decreased by €207 million during Q1 2016** (Chart 1). Overall, lending for house purchase declined by €563 million during the same period, driven by net repayments in both PDH and buy-to-let (BTL) mortgages. In annual terms, growth remained negative at minus 2.4 per cent.
- While household credit continued to decline, household deposits increased by €2.3 billion (2.6 per cent) in the four quarters to end-Q1 2016 (Chart 3).

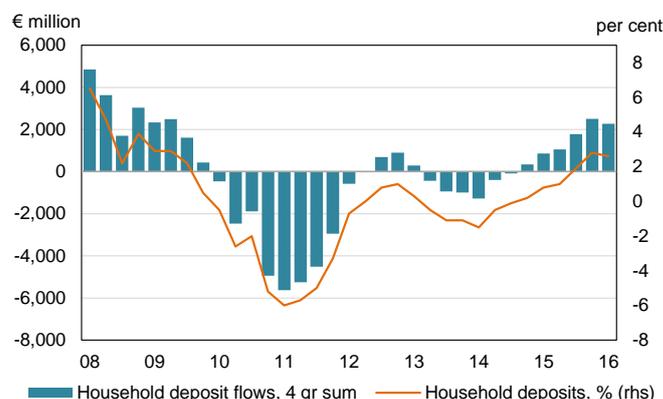
**Chart 1: Loans for house purchase; quarterly developments in net flows and annual rate of change**



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



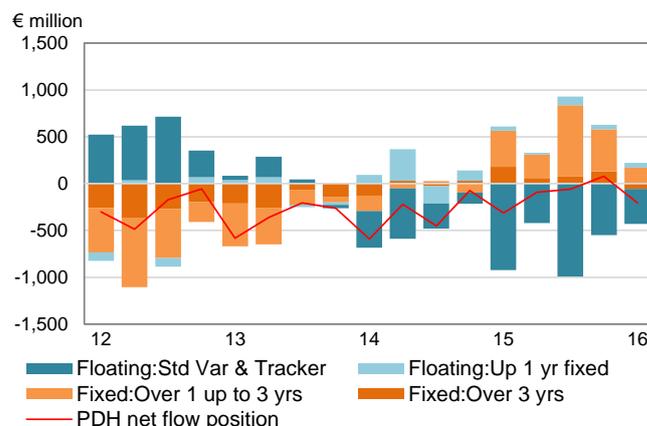
**Chart 3: Household deposits; net flows (4-qr sum) and annual rate of change**



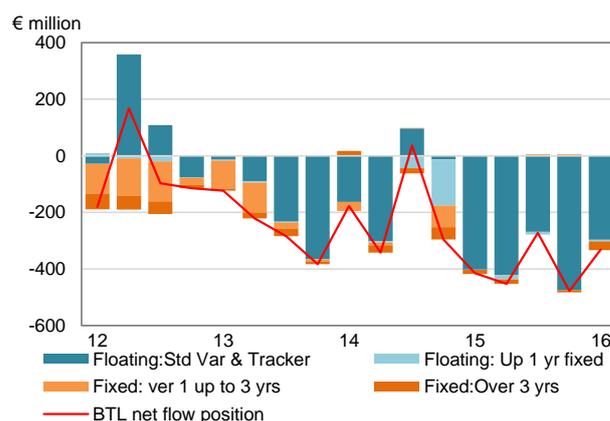
### Developments in PDH Loans

- Within the mortgage loan categories, growth in **fixed-rate loans<sup>1</sup>** again **outpaced floating rate loans; growing by 32 per cent in annual terms at end-March 2016** (Chart 2). By contrast, **Floating-rate loans decreased by 5.1 per cent** during the same period, for PDH and BTL mortgages in aggregate. These developments reflect the low interest rate environment with fixed rates lower than variable rates in most cases.<sup>2</sup>
- **Loans fixed for over one and up to three years again drove positive net flows in PDH loans during Q1 2016** (Chart 4) increasing by €172 million during the quarter. In annual terms, this category of loans increased by 70.5 per cent.
- **Meanwhile, floating rate mortgages on PDHs declined by €322 million (3.9 per cent) in the year to end-Q1 2016** with tracker mortgages falling by 5 per cent and standard variable rate mortgages declining by 3.9 per cent. PDH loans fixed for up to one year<sup>3</sup> increased on an annual basis by 11.2 per cent on an annual basis and 2.6 per cent on a quarterly basis.

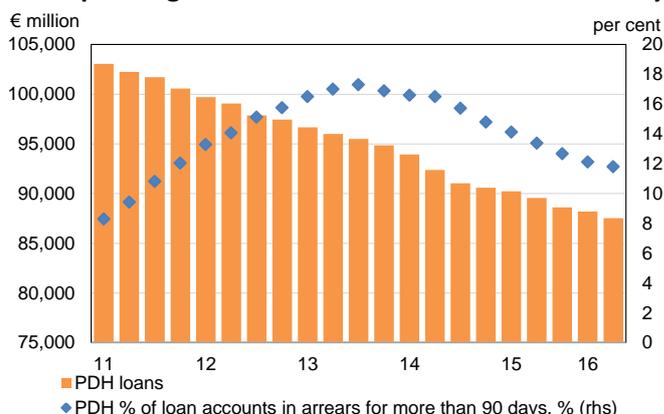
**Chart 4: PDH fixed and floating rate loans; quarterly developments in net flows and net position**



**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>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-Q1 2016 is due to the low level of stock.

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

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

<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.

### Developments in BTL Loans

- **BTL mortgages recorded an annual decline of 9.4 per cent** in Q1 2016, with net repayments of €1.5 billion during the year. Within the BTL mortgage market, floating rate loans fell by 9.2 per cent while fixed rate loans fell by 26.2 per cent, predominantly driven by a large decline in loans fixed for over three and up to five years. It is important to note however that BTL fixed rate mortgages account for just 0.9 per cent of the total BTL loan stock.

### Developments in Securitised Loans

- **The total outstanding stock of securitised loans** stood at €35 billion at end-Q1 2016(Chart 7); an increase of €1.4 billion over the quarter. Total household loans, including both on-balance sheet and securitised mortgages, stood at €109.5 billion at end-Q1 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:

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

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

