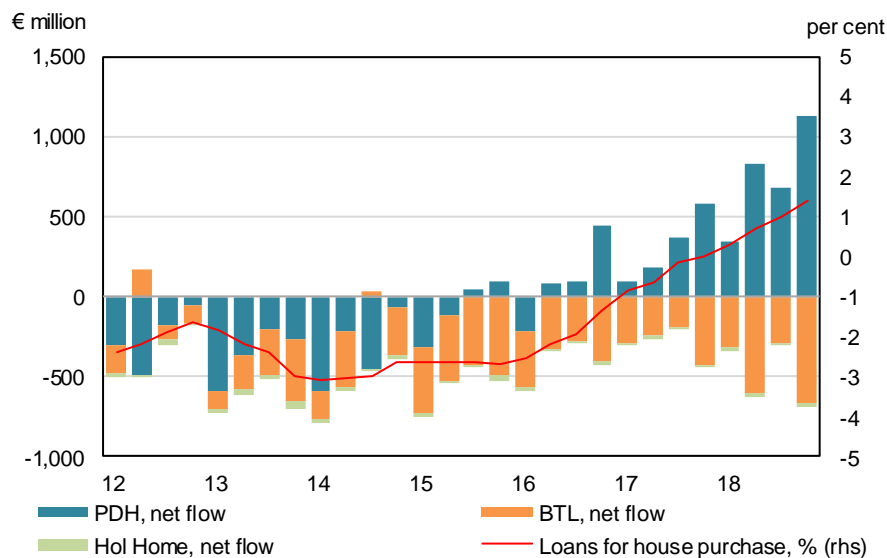




Key Developments

Lending for house purchase increased by €439 million (0.6 per cent) over the quarter, and by over €1 billion (1.4 per cent) in annual terms. These were the largest increases on both a quarterly and annual basis since 2009. Net lending for principal dwelling houses (PDHs) and buy-to-lets (BTLs) continued to diverge in the fourth quarter of 2018 (Chart 1). PDH lending increased for the eleventh consecutive quarter, with a positive net flow of €1.1 billion over the quarter; this represented the largest quarterly increase in PDH lending since the series began. Conversely, BTL lending declined by €661 million over the quarter.

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



Developments in PDH Loans

- Fixed-rate mortgages, increased over Q4 2018, with new drawdowns exceeding repayments by €1.8 billion. This increase represented the highest quarterly increase since the series began. The predominant driver was an increase of €1.6 billion (21.5 per cent) in the over three and to five years category. Mortgages in the over one and up to three year and the over five year categories grew in net terms by €105 million and €94 million, respectively (Chart 2).
- PDH floating-rate mortgages, which currently represent 71 per cent of the PDH market, declined in net terms, by €637 million (1.3 per cent) during Q4 2018.¹ This resulted from quarterly declines in all sub-categories over the quarter, with standard variable rate mortgages recording the largest decline, of €435 million. The developments are reflective of an increasing number of borrowers entering into fixed-rate contracts with a lower interest rate than variable rate contracts.²
- In annual terms, PDH fixed-rate loans recorded an increase of €6.1 billion (47.8 per cent). Conversely, PDH floating-rate loans declined by €3.1 billion (6.2 per cent) over the year.

Developments in BTL Loans

- During Q4 2018, BTL mortgages fell, in net terms, by €661 million (6.1 per cent).
- BTL floating-rate loans declined in net terms by €652 million during Q4 2018. The fall in floating-rate loans saw its most pronounced decline within tracker mortgages, of €605 million, over the quarter (Chart 3).

Chart 2: PDH fixed and floating-rate loans; quarterly developments in net flows and net position

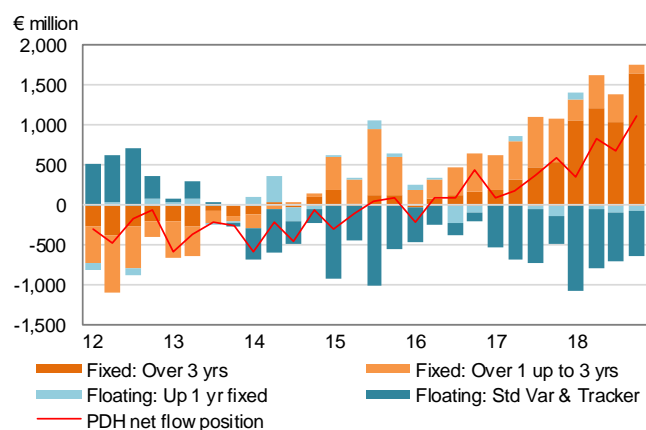
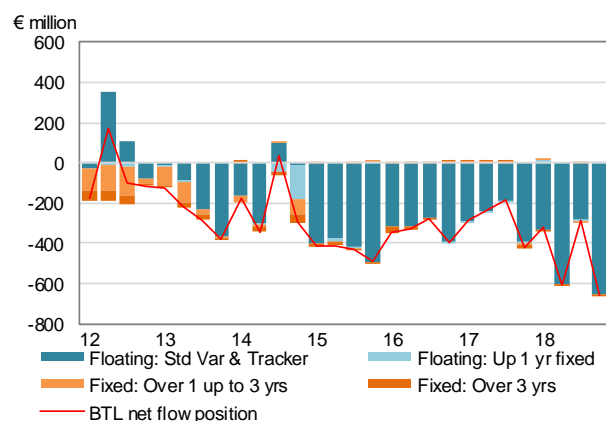


Chart 3: BTL fixed and floating-rate loans; quarterly developments in net flows and net position



¹ Floating-rate loans include loans fixed for up to one year.

² See [Retail Interest Rates release](#) for more information.

- BTL fixed-rate mortgages decreased in net terms by €9 million, reversing the quarterly increase in Q3 2018. This decrease saw declines in the over one and up to three year and the over five year categories, which was partly offset by an increase of €7 million in the over three and up to five year fixation category.

Developments in Securitised Loans

- The total outstanding stock of securitised loans for house purchase stood at €21.6 billion at end-December (Chart 4); there was a decrease of €2.4 billion over the quarter. Total loans for house purchase, which includes both on-balance sheet and securitised mortgages, stood at €97.5 billion at end-Q4 2018.

Other Personal Lending and Deposits

- Other personal lending increased in net terms by €275 million over the quarter.
- Household deposits grew by €4.1 billion, or 4.3 per cent, over the year to end-December 2018 (Chart 5). This was the largest annual increase since early 2008.

Chart 4: Outstanding stock of on-balance sheet and securitised mortgages

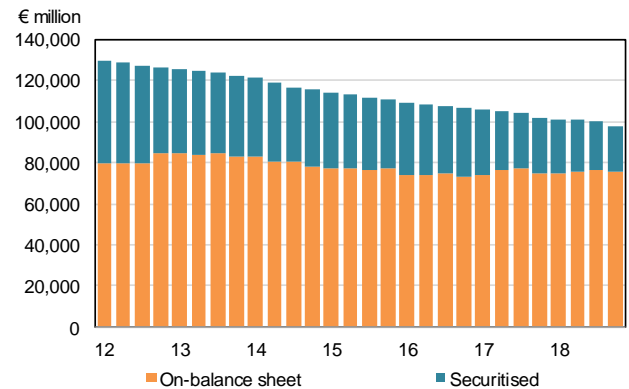
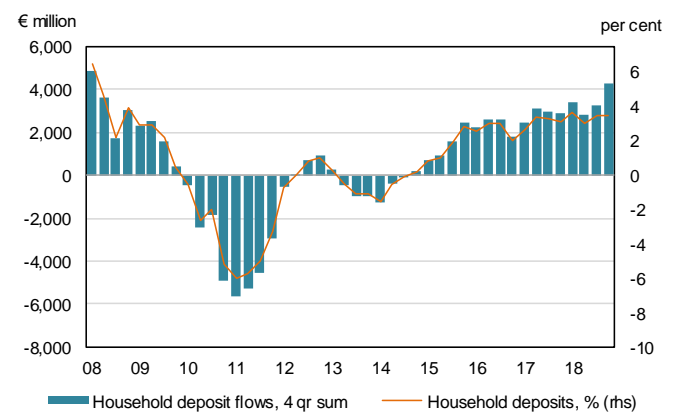


Chart 5: Household deposits; net flows (4-qr sum) and annual rate of change



Further information

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

<https://www.centralbank.ie/statistics/data-and-analysis/credit-and-banking-statistics/private-household-credit-and-deposits>

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