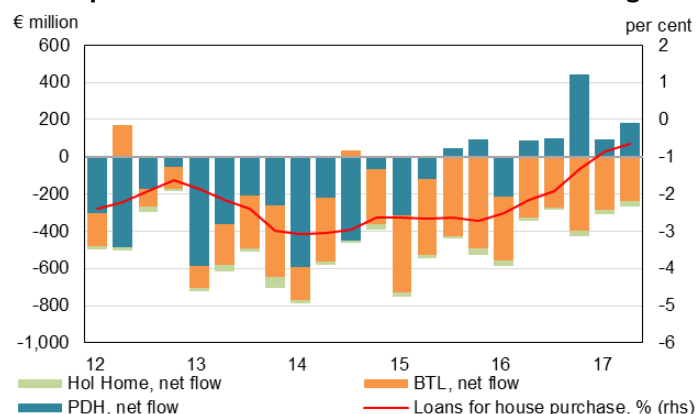


### Trends in Personal Credit & Deposits – Q2 2017

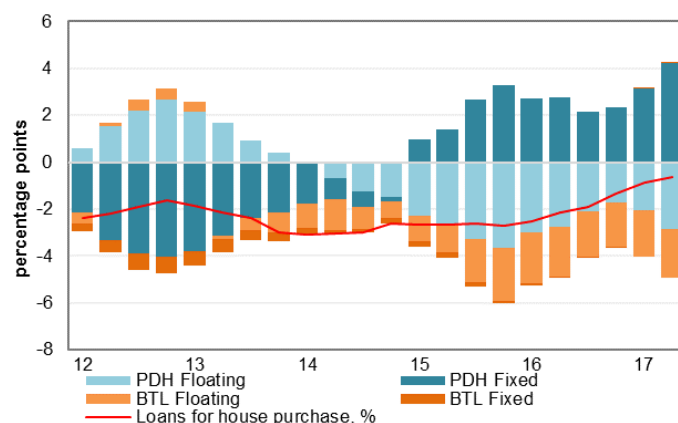
#### Key Developments

- Principal dwelling house (PDH) mortgages recorded net new lending of €182 million over the second quarter of 2017 (Chart 1). This marked the fifth consecutive quarter of growth.
- PDH fixed-rate loans recorded a net increase of €794 million over the quarter, in contrast to floating rate loans, which recorded a fall of €612 million (Chart 2). This continues to reflect an increasing number of borrowers entering into fixed-rate contracts in the current lower interest rate environment.<sup>1</sup>
- It is worth noting the divergent trends between the PDH and buy-to-let (BTL) markets, with BTL mortgages decreasing by €239 million and PDH mortgages growing by €182 million over the quarter. As a result, total lending for house purchase remained negative two for consecutive quarters, with net repayments of €86 million.
- Household deposits grew by €3.1 billion (3.4 per cent) over the year to end-June 2017 (Chart 3). This was the eleventh consecutive quarter of positive net flows based on a 4-quarter sum.

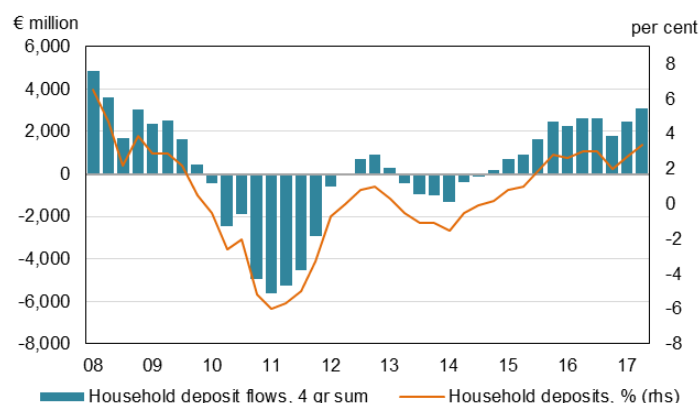
**Chart 1: Loans for house purchase; quarterly developments in net flows and annual rate of change**



**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.

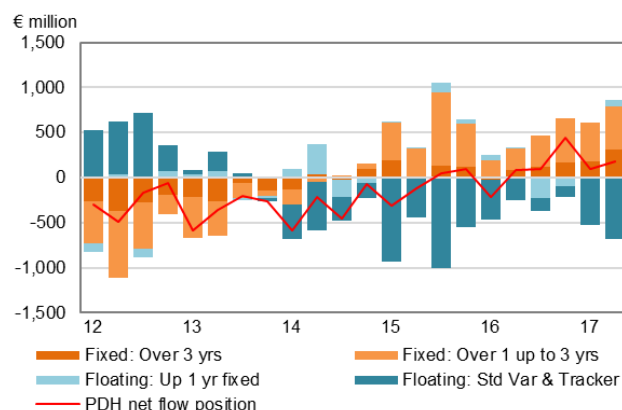
### Developments in PDH Loans

- Fixed-rate mortgages, which currently represent 17 per cent of the PDH market, increased over Q2 2017, with new drawdowns exceeding repayments by €794 million. The rise was mostly attributable to 8.7 per cent, growth within fixed-rate loans of between one and three years (Chart 4). The over three years rate fixation category also contributed to the quarterly increase, with growth of €313 million over the quarter.
- All PDH floating-rate mortgages declined in net terms by €612 million during Q2 2017.<sup>2</sup> This stemmed from decreases across tracker mortgages (€492 million) and standard variable rate mortgages (€187 million), which account for 39 per cent and 42 per cent of PDH mortgages respectively (Chart 4). Floating-rates with a fixation period of up to 1 year slightly offset this decline, with positive flows of €67 million.
- In annual terms, PDH fixed-rate loans recorded a net increase of €2.5 billion (31.9 per cent). Conversely, PDH floating-rate loans declined by €1.7 billion (3.3 per cent) over the same period.

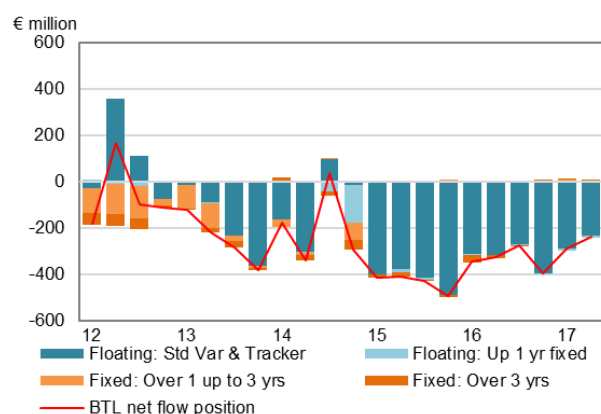
### Developments in BTL Loans

- BTL mortgages recorded a year-on-year decrease of €1.2 billion, or 8.6 per cent, at end-June.
- BTL floating-rate loans declined, in net terms, by €243 million (1.9 per cent) during Q2 2017. The decline in floating-rate loans featured across all categories. Tracker mortgages experienced a €205 million decrease over the quarter while standard variable rate mortgages witnessed a fall of €31 million (Chart 5).

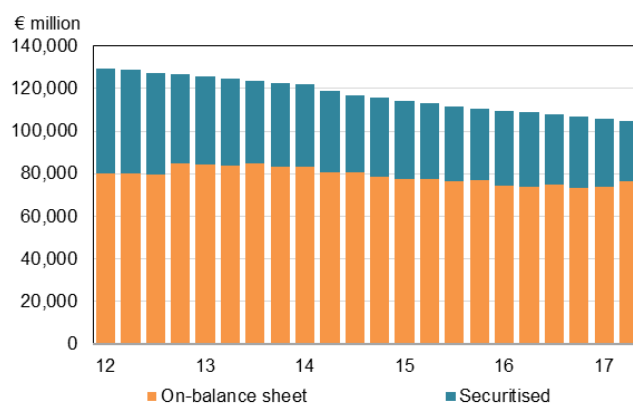
**Chart 4: PDH fixed and floating-rate loans; quarterly developments in net flows and net position**



**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.

- During Q2 2017, BTL fixed-rate mortgages rose by €3 million (2 per cent), with positive movements in the over one and up to three years category (€2 million) and the over three years group (€1 million).

#### ***Developments in Securitised Loans***

- The total outstanding stock of securitised loans for house purchase stood at €28.6 billion at end-June (Chart 6); there was a fall of €3.5 billion in the stock over the quarter. Total loans for house purchase, including both on-balance sheet and securitised mortgages, stood at €104.8 billion at end-June 2017.

#### **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, Tracker, Interest rate