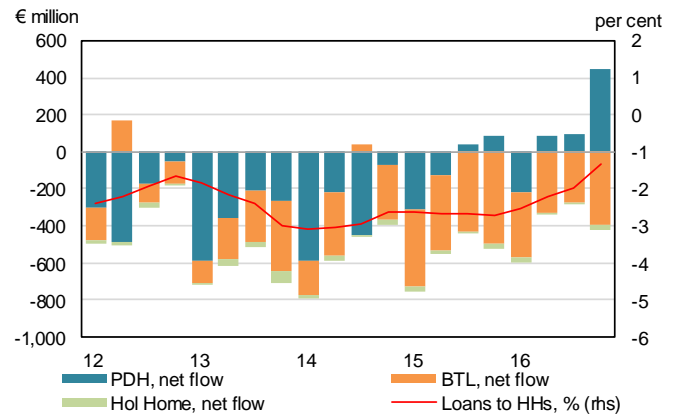


## Trends in Personal Credit & Deposits – Q4 2016

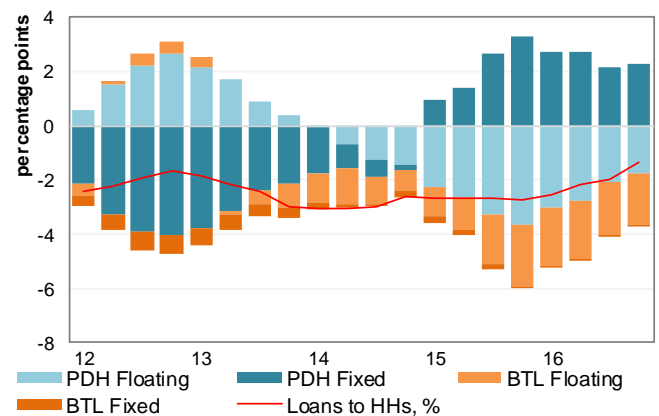
### Key Developments

- Principal dwelling house (PDH) mortgages recorded the largest net increase since the series began in March 2011, with a positive net flow of €449 million over the last quarter of 2016 (Chart 1).
- Within this increase, PDH fixed-rate loans recorded a net increase of €657 million over the quarter, in contrast to floating rate loans, which recorded a fall of €208 million (Chart 2). This reflects a current trend by borrowers to enter fixed-rate contracts in the current lower interest rate environment.<sup>1</sup>
- In broader terms, lending for house purchase increased by €27 million over the quarter signifying the first net increase since Q4 2009. This development masks divergent trends, however, between the PDH and buy-to-let (BTL) markets, with BTL mortgages decreasing by €394 million over the quarter.
- Household deposits increased by €1.8 billion (2 per cent) over the year to Q4 2016 (Chart 3).

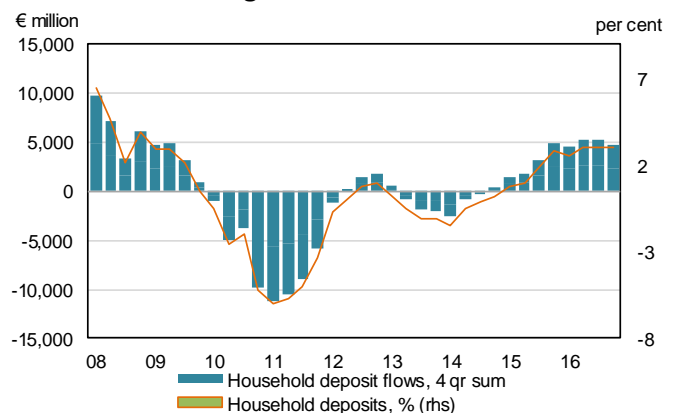
**Chart 1: Loans for house purchase; quarterly developments in net flows and annual rate of change**



**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**



<sup>1</sup> See [Retail Interest Rates release](#) for more information.

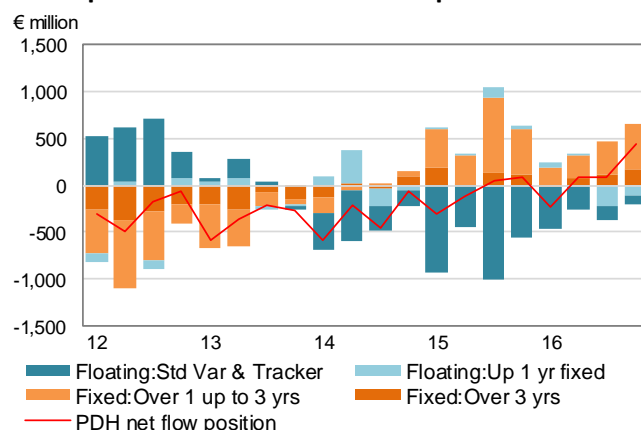
### Developments in PDH Loans

- Fixed-rate mortgages, which currently represent 15 per cent of the PDH market, increased over Q4 2016, with new drawdowns exceeding repayments by €657 million (7.7 per cent). This was the largest net increase since Q3 2015. The increase was mostly attributable to a 10 per cent increase within fixed-rate loans of over one and up to three years (Chart 4). The three and up to five-year rate fixation loan category also contributed to the quarterly increase and registered its largest year-on-year net increase since the series began in March 2011.
- PDH floating rate mortgages declined in net terms by €208 million during Q4 2016.<sup>2</sup> This resulted from quarterly declines within tracker mortgages, which accounted for 40 per cent of PDH mortgages in Q4, and loans fixed for up to one year (Chart 4). Standard variable rate mortgages continued to increase, and currently represent 43 per cent of the PDH market. In annual terms, standard variable rate mortgages recorded its largest increase since Q3 2014.
- In annual terms, PDH fixed-rate loans recorded a net increase of €1.6 billion (21.3 per cent). Conversely, PDH floating-rate loans declined by €1.2 billion (2.3 per cent) over the same period.

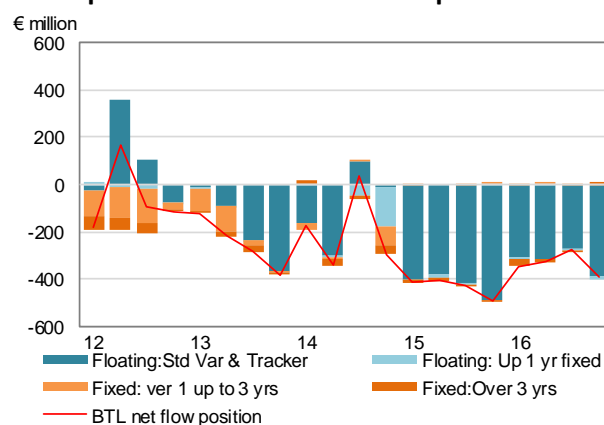
### Developments in BTL Loans

- BTL mortgages recorded a year-on-year decline of €1.3 billion or 9 per cent at end-December.
- BTL floating-rate loans declined, in net terms, by €400 million (2.9 per cent) during Q4 2016. The decline in floating-rate loans saw declines in all categories, with tracker mortgages showing the most predominant decrease of €264 million over the quarter (Chart 5).

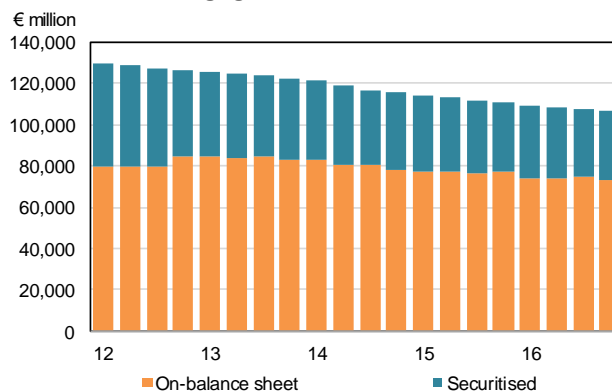
**Chart 4: PDH fixed and floating rate loans; quarterly developments in net flows and net position**



**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 the quarter, BTL fixed-rate mortgages increased by €6 million (3.7 per cent). This increase was seen across all fixed-rate trends.

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

- The total outstanding stock of securitised loans for house purchase stood at €33.3 billion at end-December (Chart 6); there was an increase of €175 million in the stock over the quarter. Total loans for house purchase, including both on-balance sheet and securitised mortgages, stood at €106.7 billion at end-Q4 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, Tracker, Interest rate