Results Summary [1]

Ireland

The latest results of the Bank Lending Survey (2025 Q1) indicate that Irish banks are passing through the ECB's monetary policy easing to lending rates for households and firms, via a narrowing of margins.[2] However, banks made no change to credit standards on loans to firms, mortgages, or consumer credit. Banks reported that demand for mortgages increased in 2025 Q1, but was unchanged for firms and consumer credit. Next quarter, banks expect firms' demand to increase, but no change to household demand for credit.

[1] The January Bank Lending Survey (BLS) was conducted between 7th March and 20th March and examined changes in credit market conditions during Q1 2025 as well as expected changes in credit standards and loan demand during Q2 2025.

[2] This is consistent with Central Bank data on new lending rates.

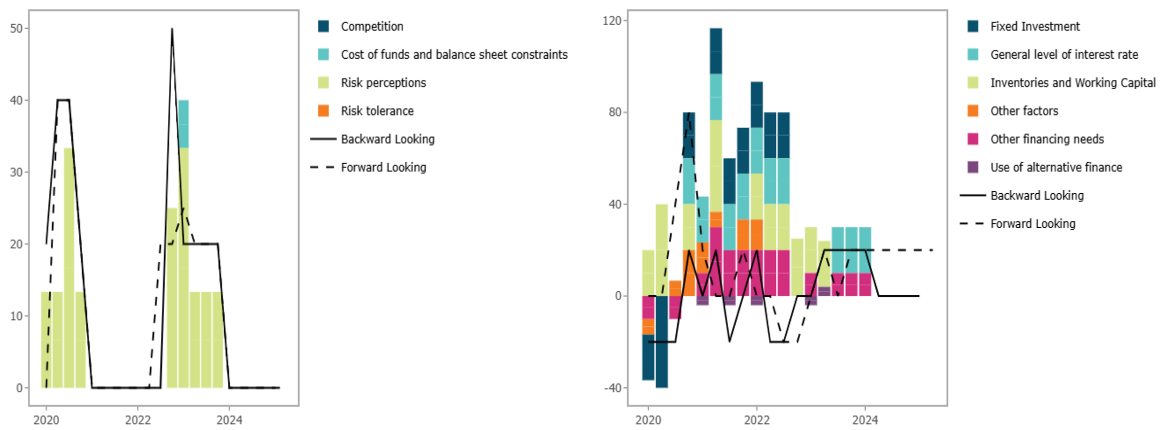
Firms

In 2025 Q1, Irish banks made no change to credit standards for the fifth consecutive quarter. Banks also expect to make no changes to credit standards in 2025 Q2. Banks reported no overall change in their terms and conditions in 2025 Q1 or the past five quarters. However, for the last four quarters they have reported that margins on average loans have narrowed.

In 2025 Q1, the share of firms' loan applications that were rejected was unchanged. This was the eighth consecutive quarter of no change.

Irish banks reported no change in firms' demand for loans, despite expecting that demand would increase during this quarter. Next quarter, they once again expect demand for credit to increase.

Figure 1: Credit standards (lhs) and demand (rhs) loans to firms, net percentage



Net percentages are defined as the difference between the sum of the percentages of banks responding "tightened considerably" and "tightened somewhat" and the sum of the percentages of banks responding "eased somewhat" and "eased considerably.

Households

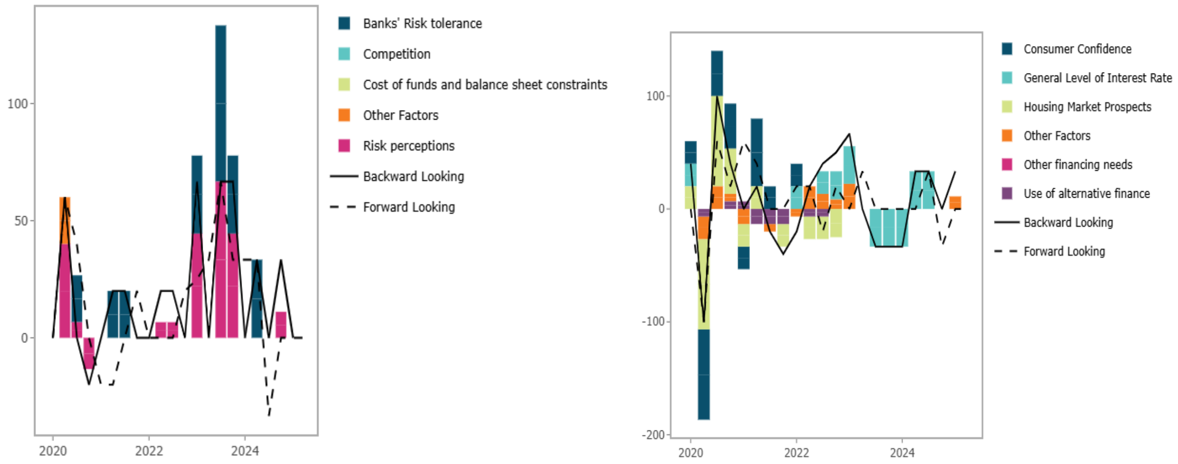
Mortgages

In 2025 Q1, Irish banks made no change to credit standards on mortgages, in line with expectations. However, there has been no material easing of credit standards on mortgages since the beginning of the hiking cycle. Nevertheless, there was no change in the share of mortgage applications that were rejected.

Over the same period, Irish banks reported no change in their overall terms and conditions. However, they reported an easing of lending rates, margins on average loans and margins on riskier loans.

Irish banks reported that mortgage demand increased unexpectedly in 2025 Q1. In three of the last four quarters, Irish banks have reported an increase in demand, albeit earlier in the year this was supported by the general level of interest rates.

Figure 2: Credit standards and demand, mortgages



Net percentages are defined as the difference between the sum of the percentages of banks responding “tightened considerably” and “tightened somewhat” and the sum of the percentages of banks responding “eased somewhat” and “eased considerably.

Consumer Credit

Banks reported no change in credit standards for consumer credit, but expect to tighten credit standards once again in 2025 Q2. Banks also reported that the share of applications that were rejected was unchanged in 2025 Q1 for the third consecutive quarter. In 2025 Q1, banks also reported no change to their overall terms and conditions on consumer credit. However, lending rates, and margins on average and riskier loans were all reported to have eased. Banks reported no change to demand for consumer credit, with no change in demand expected in 2025 Q2.

Ad-hoc questions

The ad-hoc questions in this round related to:

- Access to retail and wholesale funding
- The effect of the ECB’s monetary policy asset portfolio on balance sheets and lending behaviour
- The effect of credit quality on lending policies.

- The effect of the ECB’s monetary policy decision on bank profitability

Irish banks reported no change in their access to funding in 2025 Q1 and expect little change next quarter. They also reported no effects of credit quality on their lending policies.

Overall, banks reported limited effects of the ECB’s monetary policy portfolio on their balance sheets. However, they expect it to reduce profitability over the next 6 months.

Irish banks reported negative effects of the ECB’s interest rate decisions on their profitability. This was driven by falling net interest margins, but was partially offset by greater volumes. Banks reported no overall effect of the ECB’s monetary policy on their non-interest income. However, commissions, fees and lower provisioning were all viewed to have supported non-interest income. This is expected to continue over the next 6 months.