Key Developments in Loans

- The share of fixed rate mortgages continues to increase, accounting for 53 per cent of new agreements over the past three months. The share of euro area fixed rate mortgages over the past three months remains higher at 81 per cent (Chart 1).

- **The weighted average interest rate on new variable rate mortgage agreements** (excluding renegotiations) stood at 3.37 per cent in September (Chart 2). The rate on all new agreements, fixed and variable (excluding renegotiations), stood at 3.31 per cent. The equivalent euro area rate was 1.86 per cent.

- The **volume of new mortgage agreements** (excluding renegotiations) amounted to €632 million in September 2017, bringing new agreements to €6.1 billion over the past twelve months. This compares with new mortgage agreements of €4.7 billion in the twelve months to September 2016.

- Quarterly data[1] show a decrease in standard variable rates for new PDH mortgages of 6 basis points over the past year. Rates stood at 3.41 per cent in Q3 2017 (Chart 3). Fixed rate PDH mortgage rates also recorded a decline, with rates fixed for 1-3 years falling by 29 basis points over the same period, to 3.13 per cent at the end of Q3 2017.

- The share of fixed rate PDH mortgages (greater than 1 year) in new mortgage draw-downs increased in Q3 2017, accounting for 58 per cent of new draw-downs,

[1] Quarterly data provide further breakdown by mortgage product and property type.

Chart 1: New mortgage agreements: Share of fixed rate mortgages (3 month rolling average)
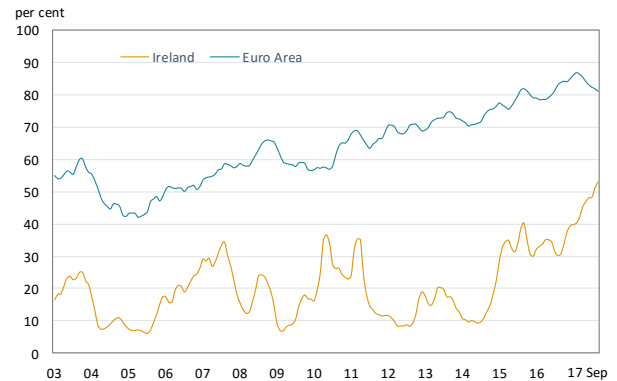
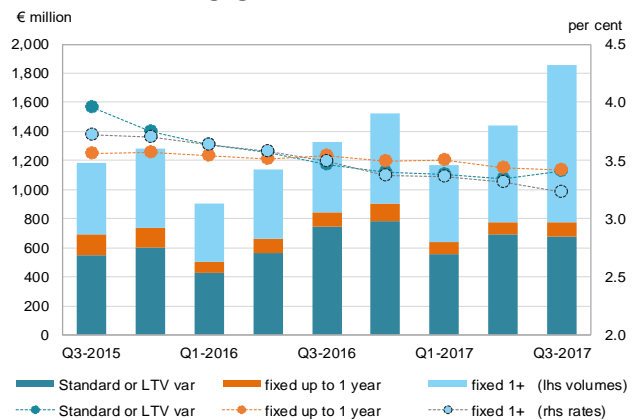*Sources: Retail Interest Rates Table B.2.1, and SDW*

Chart 2: Interest rates on new floating rate loan agreements to households for house purchase
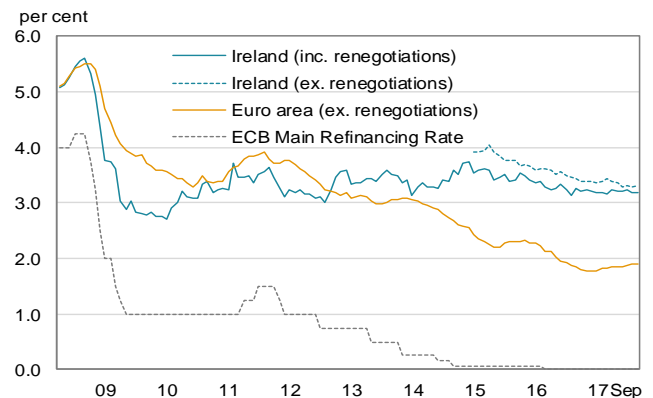
Sources: Retail Interest Rates Table B.2.1, and SDW

Chart 3: PDH mortgage interest rates and volumes[2]

Source: Retail Interest Rates Table B.3.1

[2] Refers to the volume of new business mortgages drawn down over the respective quarter. See Note 1.

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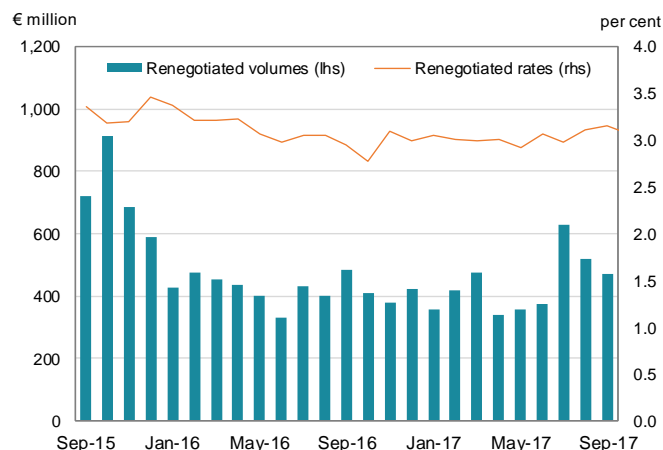
compared to 36 per cent during Q3 2016.

- **New variable BTL mortgage rates** stood at 4.73 per cent in Q3 2017, unchanged from Q3 2016. Fixed rate BTL mortgages increased by 1 basis point to 4.85 per cent over the same period. The majority of BTL lending is at variable rates - these accounted for 90 per cent of new draw-downs in Q3 2017.

- **Total renegotiated mortgages** amounted to €471 million in September (Chart 4), with variable rate products accounting for 50 per cent of renegotiations. The weighted average interest rate for renegotiated mortgages was 3.05 per cent in September.

Key Developments in Deposits

- **Interest rates on new household term deposits** remained low in September, at 0.07 per cent (Chart 5). This represented an 8 basis point decline over the last twelve months. Equivalent euro area rates had a somewhat larger decline of 14 basis points over the same period, but remain marginally higher at 0.38 per cent.

- **New business NFC term deposits** fell by 2 basis points over the last twelve months to stand at 0.01 per cent in September. Corresponding NFC term deposit rates for the euro area fell by 5 basis points over the same period, to 0.09 per cent in September (Chart 5).

- **The loan to deposit spread** stood at 378 basis points in September (Chart 6)[3], a decrease of 7 basis points on the previous month, owing to an decrease in lending rates to households for purposes other than house purchase or consumer purposes.

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[3] The loan to deposit spread is the difference between new business term deposits and the weighted average rate on new
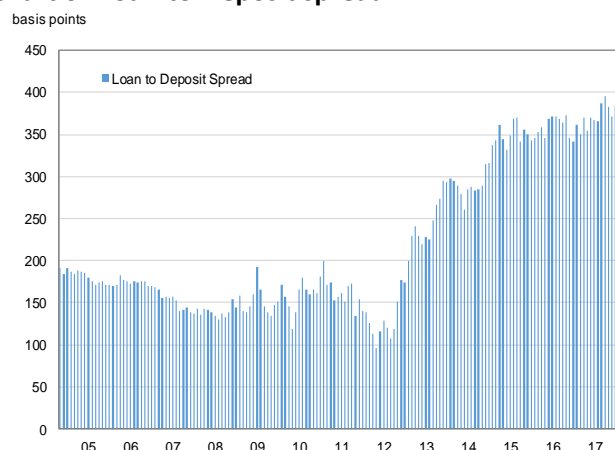
Chart 4: Renegotiated loans for house purchase

Source: Retail Interest Rates Table B.2.2

Chart 5: Interest rates on household & NFC term deposits
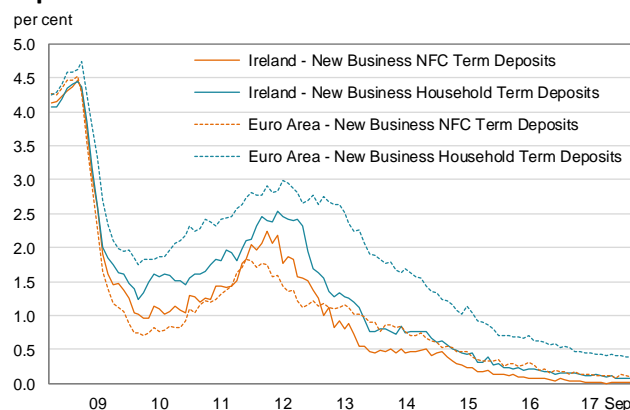
Sources: Retail Interest Rates Table B.2.1, and SDW

Chart 6: Loan-to-Deposit spread

Source: Retail Interest Rates Table B.2.1

business loans to households for either house purchase or consumer purposes, with a floating or up to one year initial fixation rate.

Note 1:

Interest rates and new business volumes are collected from credit institutions with a significant level of lending or deposit business with households or non-financial corporations (NFCs). The sample is monitored to ensure compliance with ECB Regulation.

Monthly *Retail Interest Rate Statistics* in Tables B.1.1 to B.2.2 cover all euro-denominated lending to, and deposits from, households and NFCs in the euro area. New business is defined as any new agreement during the month between the customer and the credit institution. This agreement covers all financial contracts that specify the interest rate for the first time, including any renegotiation of existing business (excluding automatic renewals). These statistics are compiled under ECB Regulation and are comparable across the euro area.

Quarterly *Retail Interest Rate Statistics* in Table B.3.1 cover all euro and non-euro denominated mortgage lending in the Republic of Ireland only. New business refers to new mortgage lending drawdowns during the quarter, broken down by type of interest rate (i.e. fixed, tracker and SVR). These statistics are not compiled under ECB MFI interest rate Regulation.

Note 2:

There are a number of factors that can lead to differences between *Retail Interest Rate* statistics and interest rates advertised by resident credit institutions. These include renegotiated loans, the inclusion of home improvement loans, and the underlying statistical compilation methodology.

Note 3:

In January 2015, a number of enhancements to the calculation of the national weighted average interest rates and national total business volumes were introduced under ECB Guideline (ECB/2014/15). As a result of these enhancements, data have been recalculated for previous reference periods in order to ensure a consistent compilation of data across time.

Recent data are often provisional and may be subject to revision.

For further detail please see the Retail Interest Rates webpage for:

- An extensive set of *Retail Interest Rate Tables*;
- *Retail Interest Rate Statistics Explanatory Note;*
- Previous *Interest Rate Statistical Releases* can be found here.