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Macroprudential Measures and Irish Mortgage Lending: A Review of Recent Data

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Abstract

Using loan-by-loan information collected by the Central Bank of Ireland to monitor compliance with the loan-to-value (LTV) and loan-to-income (LTI) macroprudential Regulations, this *Economic Letter* provides an overview of residential mortgage lending that took place in Ireland in 2015. We caution that these data cover a period in which the banking sector was transitioning to the new regulatory arrangement and drawing inference from one snapshot of data may be premature. A total of €4.6bn of mortgage loans was covered by these data in 2015, with 56 per cent in-scope of the measures. The average property price for first-time buyers in-scope of the measures was €234,599 at an average LTV of 78.7 per cent. For second- and subsequent borrowers, the average property price was €374,644 with an average LTV of 65.8 per cent. Comparing in-scope and out-of-scope lending for 2015, we find that average LTVs and LTIs for principal dwelling house (PDH) lending were marginally lower in-scope. Under the Irish Regulations, a proportion of lending is permitted at levels of LTV and LTI above the limits. A total of 13 per cent of in-scope PDH lending exceeded the LTV cap and 17 per cent of in-scope PDH lending exceeded the LTI cap. We observe differences in the characteristics of borrowers with and without an allowance. Notably, differences were evident across income, borrower age, marital status and region.

1 Introduction

On the 9th February 2015, the Central Bank of Ireland introduced macroprudential Regulations to limit the loan-to-value (LTV) and loan-to-income (LTI) ratios applying to new residential mortgage lending. The measures, which are part of the Central Bank's macroprudential toolkit, were introduced with the aim of strengthening the resilience of households and banks to financial shocks, and to reduce the risk of future bank credit and house price spirals.[2]

Measures to ensure prudent lending in the mortgage market are particularly important given the role played by mortgage default and high household indebtedness in the recent Irish and global financial crises (Lydon and McCarthy, 2013), and the evident link between loose origina-

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[2]See Cassidy and Hallissey (2016) for an overview of the rationale for the measures as well as their design.

tion lending conditions and subsequent loan delinquency (Hallissey et al., 2014; McCarthy and McQuinn, 2013; Kelly and O'Toole, 2016).

Using new loan-by-loan information collected by the Central Bank to monitor compliance with these measures, this *Economic Letter* provides an overview of residential mortgage lending that took place in Ireland in 2015, following the introduction of the new Regulations. The information in this *Letter* may be useful to inform the public call for submissions on the impact and effectiveness of the new macroprudential Regulations. In this regard, we: a) provide a review of the data employed and an overview of trends in the market; b) provide information on the lending during 2015 that was in-scope of the Regulations and a comparison to that lending which was out-of-scope in 2015 (primarily pre-approved), and; c) explore differences between the loans to which allowances under the proportionate cap system applied and those loans to which the proportionate cap allowances did not apply. For b) and c), we explore loan and borrower characteristics for first time buyers (FTBs), second and subsequent borrowers (SSBs) and buy-to-let (BTL) loans separately.

It should be noted that this first set of data covers a period when banks and borrowers were transitioning to the new regulatory environment. The trends observed over this period may not necessarily reflect those of future years. This *Economic Letter* does not provide any insight into whether observed differences are related to changes in bank policies (supply-side factors) or borrower behaviour (demand-side factors) in the new regulatory environment. Furthermore, we do not provide a comparison to lending prior to 2015; work is ongoing to produce comparable databases linking these monitoring data to previous loan-level data.

The *Letter* proceeds as follows: Section 2 provides an overview of the Regulations, discusses the data used and presents some key market trends. In Section 3, in-scope and out-of-scope lending is compared over the period of interest. Section 4 compares lending within the limits of the Regulations to the allowable lending that took place in excess of the limits. Finally, Section 5 offers some concluding comments.

2 Overview of the Measures and Monitoring Data

2.1 Details of the Measures

Table 1 provides an overview of the measures, which specify limits on LTV and LTI ratios applying to new residential mortgage lending from 9th February 2015. The measures provide for differentiated treatment by group, with variations in the LTV and LTI requirements depending on the type of borrower and purchase (primary dwelling or investment) involved. Column 3 of Table 1 shows the LTV and LTI limits applicable under the Regulations. For first-time buyers of a principal dwelling house (PDH), a sliding LTV cap applies. For the first €220,000 of the property purchase price, a 90 per cent LTV applies; for any value over that amount, an 80 per cent LTV applies. Second and subsequent buyers of a PDH are subject to an 80 per cent LTV limit, while buy-to-let purchasers are subject to an LTV limit of 70 per cent. The LTI limit is set at 3.5 times gross income, and applies only to PDH borrowers.

In recognition of the fact that higher LTV and LTI mortgages can be appropriate in some circumstances, the Regulations allow for a certain amount of lending in excess of the LTV and LTI limits - these proportionate caps are documented in Column 4 of Table 1. Specifically, financial institutions are permitted to lend up to 15 per cent of the value of new PDH lending in excess of the LTV limit for PDH borrowers. For BTL borrowers, this figure is 10 per cent of the value of new BTL lending. In the case of the LTI limit, financial institutions are permitted up to 20 per cent of the value of new PDH lending in excess of the limit. Furthermore, there are a number of exemptions from the Regulations - these are detailed in the bottom row of the table.

2.2 Data

To monitor compliance with the Regulations, financial institutions are required to complete a return called "SI 47 Monitoring Template" on a six monthly basis. In this return, lenders[3] must provide detailed loan-level information for all loans covered by the Regulations, reporting, for example, the mortgage terms at loan drawdown, bor-

[3] As per S.I. No. 47 of 2015, a "lender" means a regulated financial services provider that advances a housing loan to a borrower.

rower characteristics and gross income, the LTV and LTI applying to each loan and, for loans exempted from the Regulations, the reason for exemption.[4] These detailed loan-level data are only required of lenders who advance at least €50 million of residential loans over the six-month reporting period. Over the 9th February to 31st December period, five lenders met the criteria and returned Monitoring Templates to the Central Bank of Ireland. These are Allied Irish Bank (AIB, including the Educational Building Society (EBS)), Bank of Ireland (BoI), Permanent TSB (PTSB), Ulster Bank Ireland (UBIL) and KBC Bank Ireland (KBC). In what follows, we utilize these data to examine lending in 2015.

More specifically, we use detailed information on 25,513 loans with an origination date from the 9th of February to the 31st December 2015 for the five main banking institutions currently active in the Irish mortgage market.[5]

2.3 Market Overview

An overview of new lending is provided in Table 2. The total value of all loans was approximately €4.6 billion with 78.1 per cent provided for property purchase, 9.4 per cent allocated for refinance/switchers, 2.7 per cent for equity release or top-ups and 9.7 per cent for other lending activities.[6] Across borrower types, 48.8 per cent of overall lending was to FTBs, 46.1 per cent to SSBs and 5.1 per cent to BTL investors. Figure 1 provides an overview of the number and volume of total lending covered by these data in each month in 2015.

Regarding the share of loans covered by the Regulations, 56 per cent (€2.6 billion) were subject to (in-scope of) the new mortgage Regulations. The remaining 44 per cent were exempt, primarily due to pre-Regulation mortgage approval.[7] In what follows, we refer to exempt loans as "out-of-scope".

In line with the Regulations, 15 per cent of the value of each banks' PDH lending can exceed the LTV limit. Of the value of loans that were in-scope of the Regulations, 13 per cent exceeded the LTV limit. The LTI threshold can be exceeded by 20 per cent of each banks' PDH lending. A total of 17 per cent of the value of lending exceeded this limit.[8] A total of 2.5 per cent of lending exceeded both the LTV and LTI cap.[9] For BTL lending, a total of 10 per cent of new lending for each financial institution can exceed the LTV limit. Of new lending that was in-scope in 2015, a total of 5 per cent of the value of BTL loans exceeded this limit.

3 Exploring Differences Across In- and Out-of Scope Loans

As discussed in section 2.1, a number of loan types are exempt from, or out-of-scope of, the Regulations (pre-approvals, negative equity loans, switchers and mortgage modification arrangements).[10] In what follows, we focus on **loans for house purchase** only, i.e. we exclude switchers and equity release / top-up loans. Restricting our analysis to this loan type provides a clear snapshot of new mortgages approved and extended in 2015. It must be noted that comparison between distributions presented here and those previously published in the other Central Bank of Ireland publications[11] is not readily possible due to different loan compositions, the underlying sample of banks as well as definitional considerations.

We: a) provide information on the loans in-scope of the measures in 2015 and b) examine key loan and borrower characteristics for in- and out-of-scope loans. Where characteristics (age, employment and marital status) are provided, these

[4]Note that the LTV is calculated as the total amount advanced under the loan (drawn plus undrawn balances) divided by the value of the residential property.

[5]The 9th February is the effective date of the mortgage Regulations. Loans drawn down prior to this date are excluded. We also omit a small number of commercial loans with links to residential property that were included in the data submission. This is to ensure that we are correctly capturing new residential lending only.

[6]These loans are primarily self-builds but also include negative equity loans and mortgage resolution agreements.

[7]While the majority of exempt loans were accounted for by loans that were approved prior to February 9th, when the Regulations came into force, this category will not exist in future years, and exempt loans will include only those loans specified in the bottom row of Table 1.

[8]We determine the percentage of loans with an allowance by establishing the LTI or LTV cap applicable to each borrower in-scope for the Regulations and examining whether either or both caps were exceeded.

[9]This was approximately €60.5million worth of lending.

[10]Mortgage switchers are exempt only where there is no increase in the current outstanding balance.

[11]This includes the Household Credit Market Report and the Macro-Financial Review.

refer to the first borrower listed on the loan contract only e.g. the age of the first borrower.[12] To provide a granular impact across buyer type, we present this comparison for FTB, SSB and BTL borrowers separately.

3.1 A Focus on First Time Buyers

Focusing firstly on FTBs, Table 3 displays average loan and borrower characteristics for FTBs overall and disaggregated by whether the loans were in- or out-of-scope. We also test for statistically significant differences between in- and out-of-scope loans. On average, the loan size drawn down by FTBs in-scope of the measures was €172,872. The average property price was €234,599 and average income was €64,721. Average LTV was 78.7 per cent and average LTI was 2.8.[13] A majority share of FTB in-scope lending was accounted for by single borrowers (57.5 per cent) and the average age was 33 years. A majority of loans were accounted for by employed relative to self-employed borrowers.

FTBs in-scope of the mortgage Regulations had slightly lower LTV and LTI ratios, relative to the out-of-scope group, and these differences are statistically significant at the 1 per cent level. In terms of borrower characteristics, FTBs in-scope of the Regulations had a slightly higher share of couples relative to out-of-scope borrowers. There do not appear to be any substantial differences in the shares of FTB lending across regions between in-scope and out-of-scope loans.

To provide further detail across the distribution of lending conditions, Figure 2 presents the distribution of LTV and LTI for in-scope as compared to out-of-scope FTB lending. The right tail of the LTV distribution is closer to the 90 per cent threshold for in-scope loans, i.e. where lending took place above 90 LTV for first-time buyers for out-of-scope loans, this did not occur as frequently for in-scope loans. Focusing on the LTI distribution, there is an evident clustering of loans at the 3.5 LTI maximum limit when compared to the cohort of out-of-scope loans.

3.2 Second and Subsequent Borrowers

Table 4 examines SSB loans in- and out-of-scope. Focusing on in-scope lending, on average, the loan size drawn down by SSBs was €203,539. The average property price was €374,644 and average income was €104,331. Average LTV was approximately 65.8 per cent and average LTI was 2.3. The share of couples in SSB in-scope and out-of-scope lending was high (approximately 72 per cent) and the average age was 41 years for in-scope lending. As with FTBs, a majority of loans were accounted for by employed relative to self-employed borrowers.

Comparing in- and out-of-scope loans, property values were higher in-scope, as were incomes. LTV and LTI were lower for in-scope loans. There was also a marginally higher share of lending to borrowers in Dublin for in-scope relative to out-of-scope loans. Figure 3 shows that for in-scope loans there was a greater degree of clustering of LTV values at the 80 per cent maximum limit. Less lending also took place at higher LTI levels for loans in-scope.

3.3 Lending for Buy-To-Let Investments

The number of loans made to BTL investors is currently low. However, we include some insights on these loans for completeness. Table 5 presents the comparison of in-scope and out-of-scope lending for BTL loans. Focusing on in-scope lending, on average, the loan size drawn down by BTLs was €119,778 which was higher in-scope than out-of-scope. The average property price was €250,252, which was again higher in-scope. Average LTV was 54.8 per cent. LTVs were lower in-scope than out-of-scope. Figure 4 shows that the LTV distribution for BTLs for in-scope lending has fewer loans at high LTV values relative to out-of-scope loans. Specifically, a considerable portion of in-scope lending took place at the 70 per cent LTV limit.

[12] We provide the following characteristics: age, marital status, income, employment status. Notes: a) **Marital Status** - 'Couples' (borrowers who are married, co-habiting, common-law spouse or engaged), 'Single', 'Other' (borrowers who are divorced, separated or widowed); b) **Employment Status** - 'Employed' (borrowers in full or part-time temporary positions, full or part-time permanent positions, casual workers or fixed term workers), 'Self-Employed', 'Other' (borrowers who are house-persons, retired or in full-time education). We omit a small number of unemployed borrowers due to small sample size. c) Borrower age is generated using the date of birth of borrower 1.

[13] In general, LTVs are expected to be higher for FTBs relative to SSBs as they are more likely to face downpayment constraints. Please see Kelly et al. (2015) for a discussion of the literature.

4 Allowances and The Use of Proportionate Caps

In this section, we focus on new loans for house-purchase that were in-scope for the Regulations and compare differences between lending activity with allowance to exceed its LTV or LTI threshold relative to lending to which an allowance did not apply. Allowing proportionate caps recognises that some lending at high LTV and LTI levels can be appropriate (see Cassidy and Hallissey (2016) for a discussion). We examine key loan and borrower characteristics for FTB, SSB and BTL loans. For PDH borrower groups (FTB/SSB), we explore the differences across loans with or without either an LTV or LTI allowance. For BTLs, we explore allowances on the LTV limit.

4.1 Allowances and First-Time Buyers

Table 6 provides an overview of the loans for first-time buyers with an allowance to exceed the LTV limit, relative to those without such an allowance. There are differences between the two groups. Notably, an examination of loan characteristics shows that loan size, property value and income were all higher for borrowers with an allowance and a t-test of the sample means indicates that these differences are statistically significant at the 1 per cent level. There was also a higher share of couples with an LTV allowance. Differences in lending activity across regions are also evident; notably, a sizeable share (54.7 per cent) of borrowers with an allowance resided in Dublin, and this share is significantly different from the share of Dublin borrowers in the "without an allowance" group.

Figure 5 presents the distribution of LTV and LTI for FTB loans over and under the LTV proportionate cap. For borrowers with an LTV allowance, the data indicate that many of these had an LTI in the range of 2.5-3.5, which is within the LTI Regulations. However, a number of borrowers had LTI values above 3.5, indicating that some lending took place with both an LTV allowance and an LTI allowance. The LTV distribution again shows a lower share of high LTV values for borrowers without an allowance.

We now focus on FTBs with an allowance to the LTI rule. Similar to borrowers with an LTV allowance, Table 7 shows that both loan size and property value were higher for borrowers with an allowance than without. These differences are also statistically significant at the 1 per cent level. Average borrower income, however, was lower for those with an LTI allowance, at €58,455 compared to €66,189 for those without an allowance. FTB borrowers with an LTI allowance were also slightly younger, on average, and there was a higher share of single borrowers with an LTI allowance. Borrowers residing in Dublin accounted for a large share of the group with an LTI allowance (59.1 per cent).

Figure 6 presents the distribution of LTV and LTI for FTBs with an LTI allowance. A clear division of LTI at the 3.5 limit for borrowers over and under the cap is evident. Those with an allowance primarily had an LTI in the range of 3.5-4.5.

4.2 Allowances and Second- and Subsequent Borrowers

Table 8 shows that borrowers with an allowance to exceed the 80 per cent LTV had higher incomes and borrowed larger amounts than borrowers without such an allowance. The difference in the mean between lending with and without an allowance was significant at the 1 per cent level. However, property values were lower. Regarding borrower characteristics, those with an allowance were on average younger, with an average age of 38, compared to 41 for those without an LTV allowance. There was also a slightly higher share of couples with an allowance.

Figure 7 presents the distribution of LTV and LTI for SSBs with an LTV allowance. For LTV there was a clear divide either side of the 80 per cent limit. Many loans were clustered at this LTV point. For those with an LTV allowance, the most common level of LTV contracted was circa 90 per cent, with few loans higher than this point. Looking across the LTI distribution, there is some evidence that those borrowers with an LTV allowance, also had a higher LTI (Table 8 also indicates a higher average LTI for borrowers with this allowance). However, many LTIs were within the range of 2.5-3.5.

Examining the characteristics of SSB borrowers who exceeded the 3.5 LTI threshold, we observe very similar trends to those FTBs who exceeded the LTI cap. As shown in Table 9, loan size and property value were higher and income was lower at an average of €87,542 compared to €105,635 for those without an allowance. Relative to the group without an allowance, the average age of borrowers with an allowance was lower and there was a higher share of single and Dublin borrowers in the "with allowance" group. These differences are all statistically significant.

Figure 8 displays the LTV and LTI distributions for SSB borrowers with an LTI allowance. Considering the interaction of LTV and LTI allowances, again there appears to be some evidence that lending took place with both allowances. For LTI the majority of allowances were clustered just over 3.5 and in the range of 3.5-4.5 times income.

4.3 Allowances and Buy-to-Let Investors

Table 10 shows differences in those investors with and without an allowance to the 70 per cent LTV limit. It must be noted that there are only 34 loans in the 'without an allowance group', so caution is needed in interpreting these numbers. Property values were lower for those with an allowance. We do not provide distributional information or borrower characteristics due to the small sample size of BTL borrowers with an allowance.

5 Conclusions

This *Economic Letter* provides an overview of residential mortgage lending that took place in Ireland in 2015, following the introduction of the new macroprudential Regulations. We provide an overview of the loan-by-loan monitoring data collected by the Central Bank of Ireland for the period between 9th February 2015 and 31st December 2015. We focus on reviewing differences between 2015 mortgage lending that was in-scope relative to out-of-scope of the Regulations. We also explore the characteristics of loans provided with an allowance to the limits under the proportionate cap system.

A number of findings emerge. First, comparing in-scope and out-of-scope lending in 2015, the average LTV and LTI were lower for PDH loans in-scope of the measures and LTV was lower for BTL borrowers. Across the distributions of LTV and LTI, there was a lower share of lending in the right tail for in-scope loans. The highest share of both in-scope and out-of-scope lending was accounted for by employed borrowers. Dublin accounted for the largest share of lending by region. There was also a higher share of couples relative to single borrowers in the SSB group and a higher share of single borrowers (relative to couples) in the FTB group.

Second, we examine loan and borrower characteristics for FTB, SSB and BTL loans with and without an allowance to the limits under the proportionate cap system. We find FTB loans with an LTV allowance had a larger average loan size and a higher average property valuation than those without an allowance. For those borrowers with an LTV allowance, average income was higher than for those borrowers without an allowance and there was also a higher share of couples and Dublin borrowers.

For SSBs with an LTV allowance, the average age was lower and the share of couples higher relative to those without an allowance. SSBs with an allowance also had a higher average income. Additionally, loan sizes were larger but property values were lower for SSB borrowers with an allowance.

For PDH borrowers with LTI allowances, for both FTBs and SSBs, the average age and incomes were lower than those borrowers without an allowance. There was a higher share of single borrowers and loans for properties in the Dublin area amongst borrowers with an allowance than those without. For those with an allowance over the LTI cap there is some evidence that the average LTV was also higher and vice versa, including some cases with both LTV and LTI allowances. This is acceptable under the Regulations provided the overall limits are not breached. For BTL investors with an LTV allowance, the average property price and loan size were both lower than for those without an allowance.

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Figures and Tables

Table 1: Overview of Macroprudential Regulations for Mortgage Lending

Loan-to-value limits	Private dwelling homes	FTBs: Sliding LTV limit from 90%* Non-FTBs: 80%	To be exceeded by no more than 15% of new lending
	Investors	70% LTV limit	To be exceeded by no more than 10% of new lending
Loan-to-income limits	Primary dwelling homes	3.5 times LTI limit	To be exceeded by no more than 20% of new lending
Exemptions**	*From LTV:* Borrowers in negative equity	*From LTI:* Borrowers for investment properties	*From Both:* Switcher mortgages; Restructuring of mortgages in arrears

* Note: FTBs are allowed a 90 per cent LTV up to a house value of €220,000. An 80 per cent LTV applies above this value.
** Note: Mortgages approved prior to the introduction of the Regulations are also exempt.

Table 2: Overview of New Mortgage Lending - Feb 9th to Dec 31th 2015

	Total Value (mn)	No of Loans	% Value
Total Lending	4,591	25,513	100
In-Scope of Regulations	2,587	14,530	56
of which:			
PDH Lending	2,492	13,756	96
of which FTB	*1,241*	*7,182*	*50*
of which SSB	*1,251*	*6,574*	*50*
PDH Over LTV Cap	329	1,322	13
of which FTB	*131*	*499*	*40*
of which SSB	*198*	*823*	*60*
PDH Over LTI Cap	414	1,827	17
of which FTB	*296*	*1,355*	*71*
of which SSB	*118*	*472*	*29*
BTL Lending	95	774	4
BTL Over LTV Cap	4	34	5
Out-Of-Scope of Regulations	2,004	10,983	44
of which:			
Pre-approval	1,745	9,516	87
Switcher	156	729	8
Negative Equity	74	420	4
Other Exemption	29	318	1

Table 3: Mean Loan Characteristics for FTBs, In- and Out-Of-Scope

	Overall	Out-of-Scope	In-Scope	Difference
Loan Characteristics				
Loan Size (€)	173,437	174,204	172,872	-1,333
Property Value (€)	232,830	230,424	234,599	4,175
Loan-to-Value (%)	79.6	80.7	78.7	-2.0***
Income (€)	64,055	63,152	64,721	1,570***
Loan-to-Income	2.9	2.9	2.8	-0.1***
Borrower Characteristics				
Borrower Age (Years)	33	33	33	0
Marital Status, of which:				
Couples (%)	39.6	37.2	41.3	4.1***
Single (%)	59.1	61.1	57.5	-3.6***
Other (%)	1.4	1.7	1.1	-0.6***
Employment Status, of which:				
Employed (%)	89.2	88.9	89.4	0.5
Self-Employed (%)	2.2	2.1	2.2	0.1
Other (%)	8.6	8.9	8.4	-0.6
Region, of which:				
Dublin (%)	34.3	34.4	34.2	-0.3
Leinster (exclu. Dublin) (%)	26.2	26.1	26.3	0.2
Munster (%)	24.4	24.7	24.1	-0.6
Connaught (%)	10.6	10.4	10.7	0.2
Ulster (%)	4.6	4.4	4.7	0.4
% of New Loans	55.9	56.3	55.7	

Note: *** indicates significance at 1% level, ** at 5% level

Table 4: Mean Loan Characteristics for SSBs, In- and Out-Of-Scope

	Overall	Out-of-Scope	In-Scope	Difference
Loan Characteristics				
Loan Size(€)	203,372	203,141	203,539	398
Property Value(€)	361,678	343,878	374,644	30,766***
Loan-to-Value (%)	68.7	73.0	65.8	-7.2 ***
Income (€)	102,016	98,831	104,331	5,500***
Loan-to-Income	2.4	2.6	2.3	-0.2***
Borrower Characteristics				
Borrower Age (Years)	40	40	41	1***
Marital Status, of which:				
Couples (%)	72.7	72.6	72.8	0.2
Single (%)	20.4	21.1	20.0	-1.1
Other (%)	6.9	6.4	7.3	0.9
Employment Status, of which:				
Employed (%)	88.8	89.8	88.1	-1.7
Self-Employed (%)	6.0	4.8	6.8	2.1**
Other (%)	5.2	5.4	5.1	-0.3
Region, of which:				
Dublin (%)	39.6	37.8	40.9	3.1***
Leinster (excl. Dublin) (%)	27.0	27.7	26.5	-1.3
Munster (%)	21.7	22.8	20.9	-1.9**
Connaught (%)	8.3	8.5	8.1	-0.4
Ulster (%)	3.4	3.1	3.6	0.6
% of New Loans	38.4	38.3	38.5	

Note: *** indicates significance at 1% level, ** at 5% level

Table 5: Mean Loan Characteristics for BTLs, In- and Out-Of-Scope

	Overall	Out-of-Scope	In-Scope	Difference
Loan Characteristics				
Loan Size (€)	114,780	107,408	119,778	12,370**
Property Value (€)	230,821	201,509	250,252	48,743***
Loan-to-Value (%)	56.2	58.4	54.8	-3.6***
% of New Loans	5.6	5.4	5.8	

Note: *** indicates significance at 1% level, ** at 5% level

Table 6: Mean Loan Characteristics for FTBs, With or Without LTV Allowance

	Without	With	Difference
Loan Characteristics			
Loan Size (€)	166,396	259,593	93,197***
Property Value (€)	228,503	315,088	86,585***
Loan-to-Value (%)	77.9	89.8	12.0***
Income (€)	62,841	89,432	26,590***
Loan-to-Income	2.8	3.2	0.4***
Borrower Characteristics			
Borrower Age (Years)	33	33	0
Marital Status, of which:			
Couples (%)	40.4	53.1	12.7***
Single (%)	58.4	45.9	-12.5***
Other (%)	1.1	1.0	-0.1
Employment Status, of which:			
Employed (%)	89.6	87.3	-2.3
Self-Employed (%)	2.3	1.2	-1.1
Other (%)	8.1	11.5	3.3**
Region, of which:			
Dublin (%)	32.6	54.7	22.1***
Leinster (excl. Dublin) (%)	26.3	26.2	-0.1
Munster (%)	25.0	13.1	-11.9***
Connaught (%)	11.2	4.0	-7.2***
Ulster (%)	4.9	2.0	-2.9***

Note: *** indicates significance at 1% level, ** at 5% level —

Table 7: Mean Loan Characteristics for FTBs, With or Without LTI Allowance

	Without	With	Difference
Loan Characteristics			
Loan Size (€)	162,277	218,620	56,343***
Property Value (€)	221,513	290,316	68,803***
Loan-to-Value (%)	78.4	79.8	1.3***
Income (€)	66,189	58,455	-9,734***
Loan-to-Income	2.6	3.9	1.3***
Borrower Characteristics			
Borrower Age (Years)	34	32	-2***
Marital Status, of which:			
Couples (%)	44.5	27.5	-17.0***
Single (%)	54.2	71.8	17.6***
Other (%)	1.2	0.7	-0.6
Employment Status, of which:			
Employed (%)	89.3	89.9	0.5
Self-Employed (%)	2.2	2.3	0.1
Other (%)	8.5	7.8	-0.7
Region, of which:			
Dublin (%)	28.4	59.1	30.7***
Leinster (excl. Dublin) (%)	27.0	23.3	-3.6***
Munster (%)	26.8	12.6	-14.2***
Connaught (%)	12.3	3.6	-8.8***
Ulster (%)	5.5	1.4	-4.1***
Note: *** indicates significance at 1% level, ** at 5% level			—

Table 8: Mean Loan Characteristics for SSBs, With or Without LTV Allowance

	Without	With	Difference
Loan Characteristics			
Loan Size (€)	196,067	247,863	51,796***
Property Value (€)	379,577	346,259	-33,318***
Loan-to-Value (%)	62.0	88.0	26.0***
Income (€)	102,480	115,105	12,625***
Loan-to-Income	2.3	2.6	0.3***
Borrower Characteristics			
Borrower Age (Years)	41	38	-3***
Marital Status, of which:			
Couples (%)	72.3	75.7	3.4
Single (%)	19.8	20.7	0.9
Other (%)	7.9	3.6	-4.3***
Employment Status, of which:			
Employed (%)	88.1	88.3	0.3
Self-Employed (%)	7.0	6.1	-0.8
Other (%)	5.0	5.6	0.6
Region, of which:			
Dublin (%)	40.5	42.8	2.3
Leinster (excl. Dublin) (%)	26.5	26.0	-0.5
Munster (%)	21.1	19.7	-1.3
Connaught (%)	8.2	7.5	-0.7
Ulster (%)	3.6	3.9	0.3

Note: *** indicates significance at 1% level, ** at 5% level —

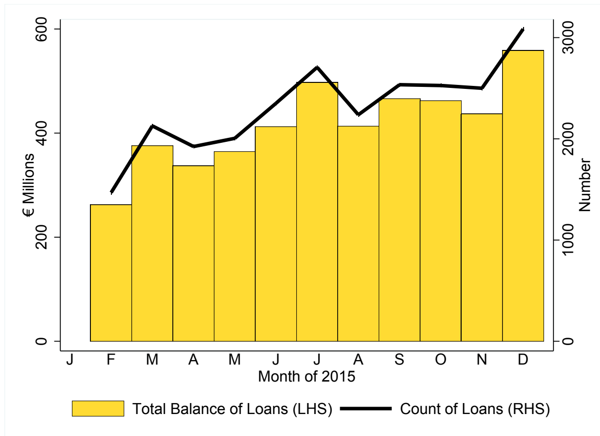
Table 9: Mean Loan Characteristics for SSBs, With or Without LTI Allowance

	Without	With	Difference
Loan Characteristics			
Loan Size (€)	199,133	261,296	62,162***
Property Value (€)	367,808	463,078	95,269***
Loan-to-Value (%)	65.4	71.4	6.0***
Income (€)	105,635	87,542	-18,094***
Loan-to-Income	2.2	3.9	1.6***
Borrower Characteristics			
Borrower Age (Years)	41	37	-4***
Marital Status, of which:			
Couples (%)	73.6	62.5	-11.0***
Single (%)	18.8	34.6	15.8***
Other (%)	7.6	2.8	-4.8***
Employment Status, of which:			
Employed (%)	88.0	89.3	1.3
Self-Employed (%)	6.8	7.3	0.5
Other (%)	5.2	3.4	-1.8
Region, of which:			
Dublin (%)	38.9	66.5	27.6***
Leinster (excl. Dublin) (%)	27.1	18.9	-8.2***
Munster (%)	21.8	9.6	-12.2***
Connaught (%)	8.4	3.9	-4.5***
Ulster (%)	3.8	1.1	-2.7***
Note: *** indicates significance at 1% level, ** at 5% level			—

Table 10: Mean Loan Characteristics for Buy-to-Let Investors, With or Without LTV Allowance

	Without	With	Difference
Loan Characteristics			
Loan Size (€)	119,188	132,806	13,617
Property Value (€)	252,864	191,167	-61,696
Loan-to-Value (%)	53.9	74.3	20.4***
Note: *** indicates significance at 1% level, ** at 5% level			—

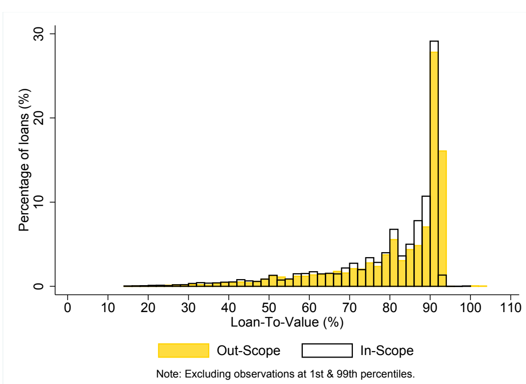
Figure 1: Monthly Trends in 2015 Lending by Count and Balance

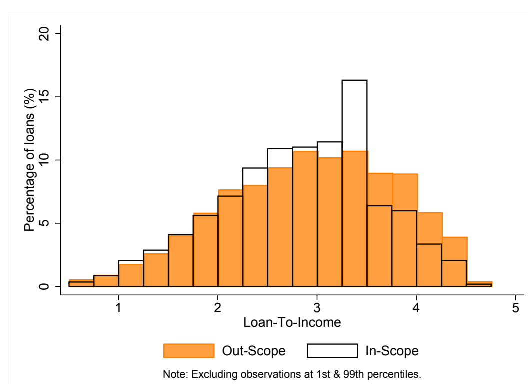


Source: Author's calculations using Central Bank of Ireland data.

Figure 2: LTV and LTI Distributions for FTBs - In and Out-of-Scope Lending

LTV Distribution	LTI Distribution



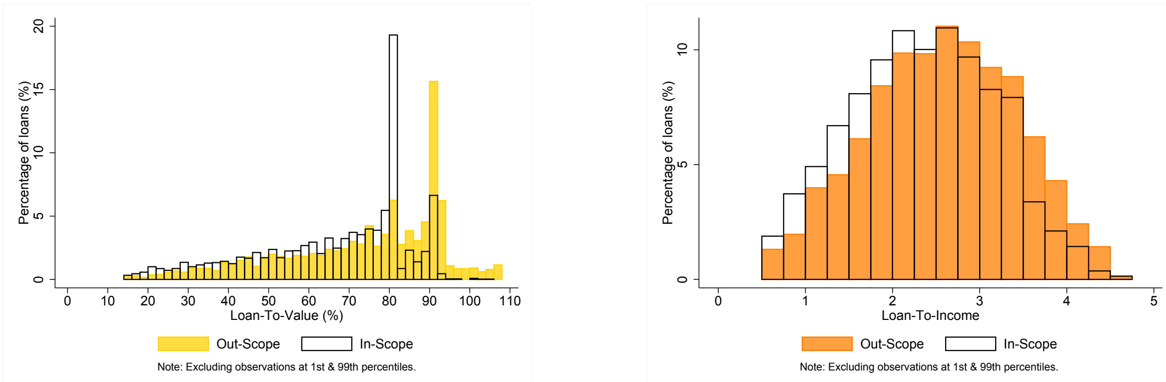


Source: Author's calculations using Central Bank of Ireland data.

Note: These calculations present the per cent of loans within each group.

Figure 3: LTV and LTI Distributions for SSBs - In and Out-of-Scope Lending

LTV Distribution	LTI Distribution

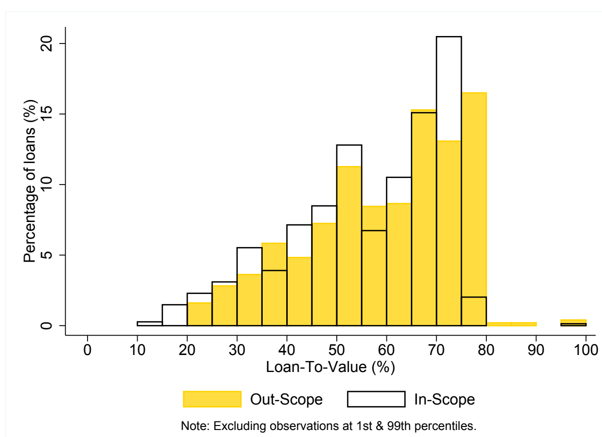


Source: Author's calculations using Central Bank of Ireland data.

Note: These calculations present the per cent of loans within each group.

Figure 4: LTV Distributions for BTLs - In and Out-of-Scope Lending

LTV Distribution

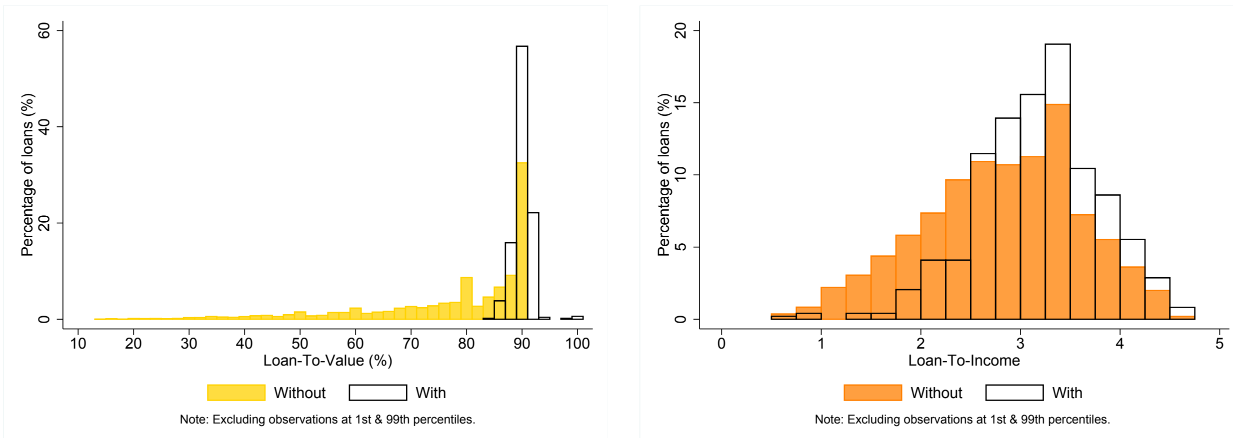


Source: Author's calculations using Central Bank of Ireland data.

Note: These calculations present the per cent of loans within each group.

Figure 5: LTV and LTI Distributions for FTBs - With or Without LTV Allowance

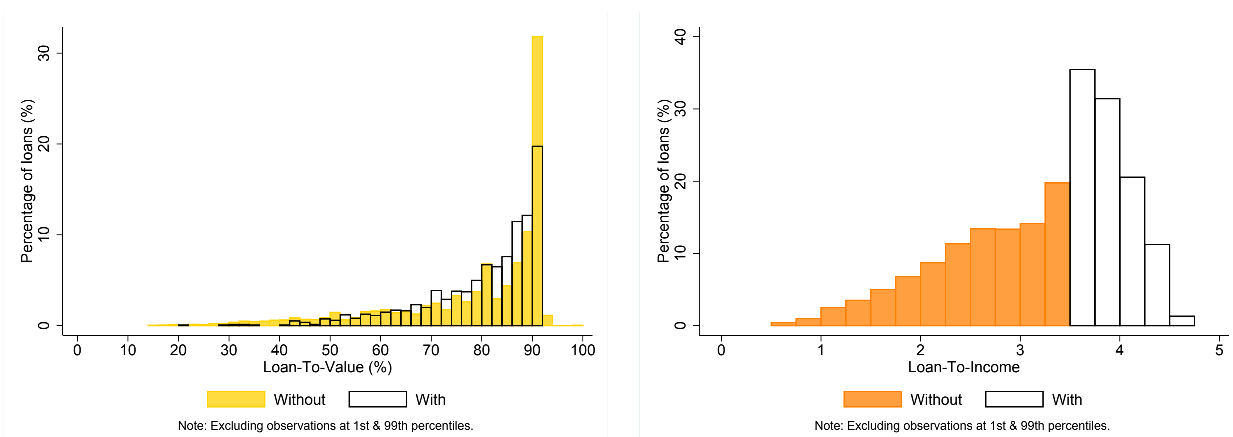
LTV Distribution	LTI Distribution



Source: Author's calculations using Central Bank of Ireland data.
Note: These calculations present the per cent of loans within each group i.e. the "With" group shares add to 100 as do the "Without" group shares.

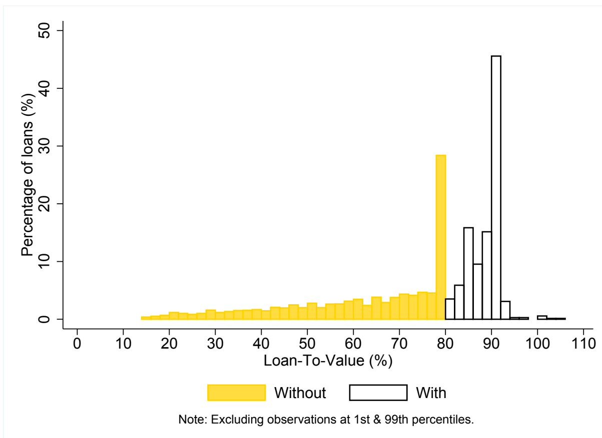
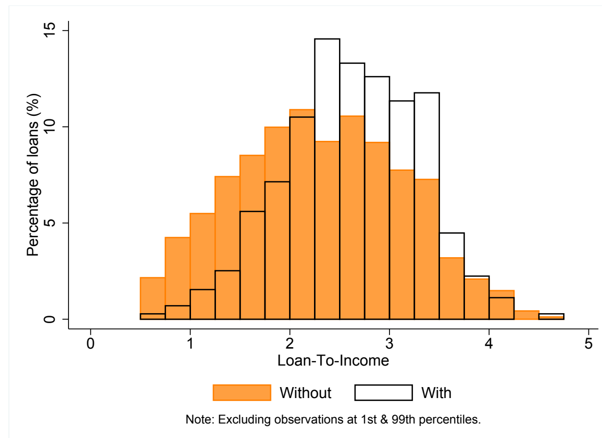
Figure 6: LTV and LTI Distributions for FTBs - With or Without LTI Allowance

LTV Distribution	LTI Distribution



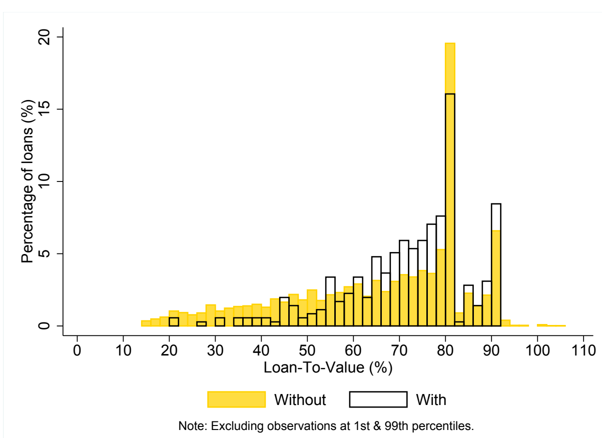
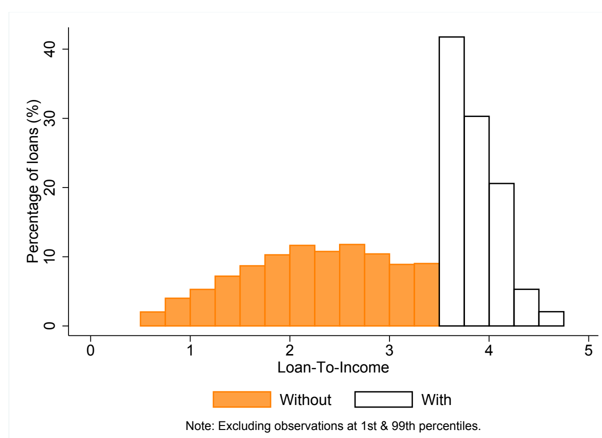
Source: Author's calculations using Central Bank of Ireland data.
Note: These calculations present the per cent of loans within each group i.e. the "With" group shares add to 100 as do the "Without" group shares.

Figure 7: LTV and LTI Distributions for SSBs - With or Without LTV Allowance

LTV Distribution	LTI Distribution
	

Source: Author's calculations using Central Bank of Ireland data.
Note: These calculations present the per cent of loans within each group i.e. the "With" group shares add to 100 as do the "Without" group shares.

Figure 8: LTV and LTI Distributions for SSBs - With or Without LTI Allowance

LTV Distribution	LTI Distribution
	

Source: Author's calculations using Central Bank of Ireland data.
Note: These calculations present the per cent of loans within each group i.e. the "With" group shares add to 100 as do the "Without" group shares.