



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem



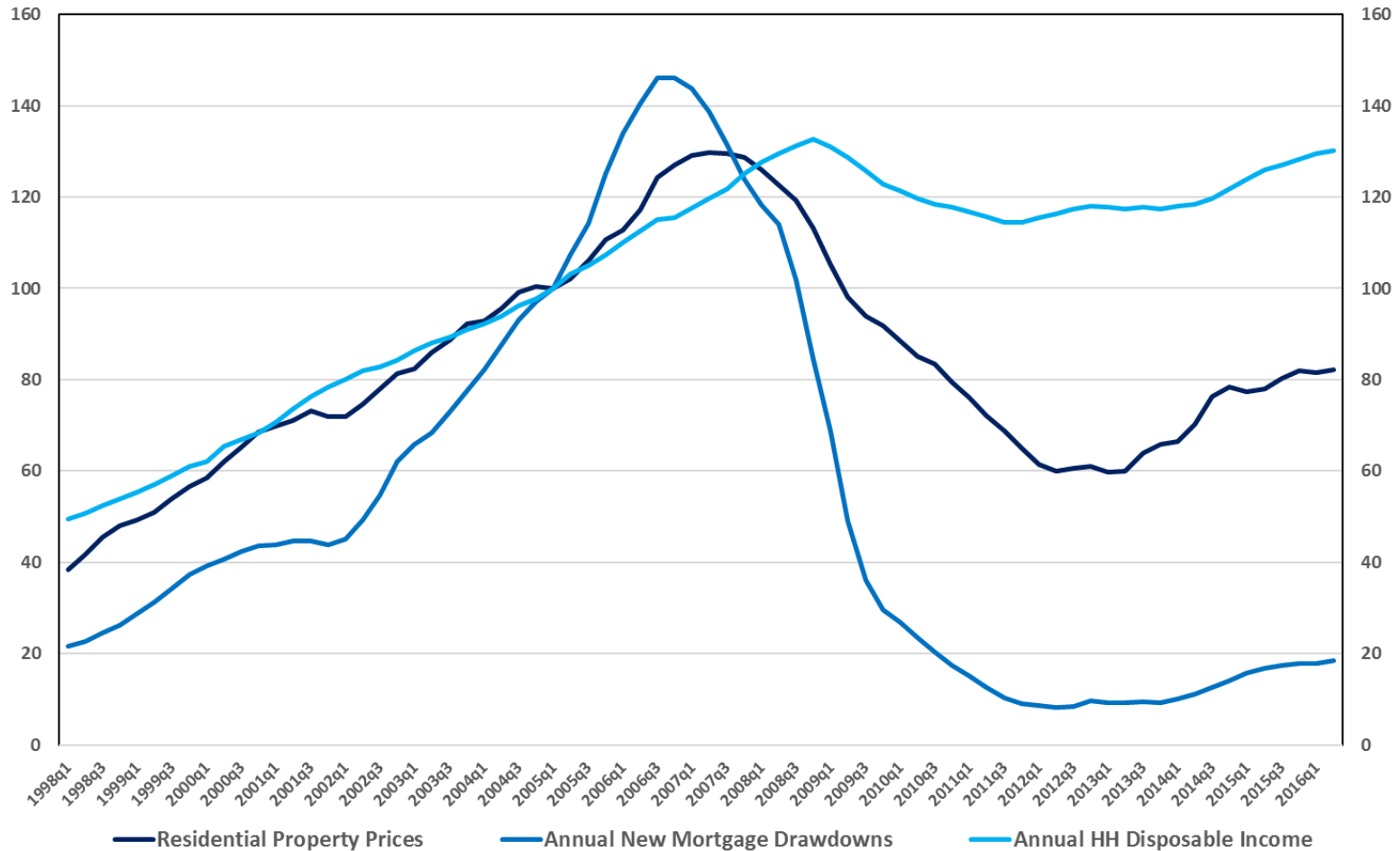
Implementing macroprudential policy in Ireland

Sharon Donnery, Deputy Governor (Central Banking)



Index 2005q1=100

Index 2005q1=100



Sources: BPF1, DoHPCLG, CSO, ESRI/PTSB and Central Bank of Ireland calculations.



First review of impact and effectiveness - Published 23 Nov 2016

Loan-to-Value Limits	Primary dwelling homes	<u>Until 31/12/16</u> FTBs: Sliding LTV limit from 90%* linked to house value Non-FTBs: 80% limit	Allowance 15% of all new lending allowed above limits
	Outcome of review (Nov. '16) →	<u>From 01/01/17</u> FTBs: 90% limit Non-FTBs: 80% limit	5% of new lending to FTBs allowed above 90% limit 20% of non-FTB new lending allowed above 80% limit
	Investors	70% limit	10% of new lending above the investor limit is allowed
Loan-to-Income Limits	Primary dwelling homes	3.5 times income	20% of new lending above the LTI limit is allowed
Exemptions	From LTV limit: Borrowers in negative equity	From LTI limit: Borrowers for investment properties	From both limits: Switcher mortgages Restructuring of mortgages in arrears



Changes to the LTV/LTI Regulations (from 1 January 2017)

1. The property value threshold of €220,000 for first-time buyers (FTBs) is removed, such that a 90 per cent LTV limit applies to FTBs
2. The structure of the proportionate caps is amended. Separate LTV allowances for FTBs and second and subsequent buyers (SSBs) are being introduced, to replace the current allowance for primary dwelling homes (PDH)
 - For SSBs, 20 per cent of the value of new lending to this group will be allowed above the 80 per cent LTV limit
 - For FTBs, 5 per cent of the value of new lending to FTBs will be allowed above the 90 per cent LTV limit
3. The current two-month valuation period is extended to four months
4. There is a technical amendment to the scope of the non-primary dwelling home limit so that large commercial landlords and developers are not in-scope of the Regulations