

4<sup>th</sup> February 2022

## Loans to individuals – France • December 2021

### New loans production reaches 274 billion and outstanding amount increases by 6.4% in 2021

- Growth in outstanding loans to individuals increases by 5.7% in 2021, supported by the dynamism of real estate lending (+6.4%). Consumer credit also increases (+2.1%) after a slight contraction in 2020 (-0.3%).
- As anticipated in the previous publication last December, the production of housing loans increases by 274 billion in 2021, following 252 billion the previous year. This high level of production, which is now compatible with the framework defined by the HCSF (High Council for Financial Stability) to ensure the security of borrowers, is notably triggered by interest rates that are down by 13 basis points over 2021, to historically low levels (1.10% in December). The share of renegotiations is falling slightly (18% in 2021, after 23% in 2020).
- For January 2022 a monthly production of housing loans (seasonally adjusted) close to that of December (21.9 billion) is expected, interest rate rising slightly to 1.12% and stable growth in outstandings.

#### Outstanding amounts and annual growth rates (without seasonal adjustment)

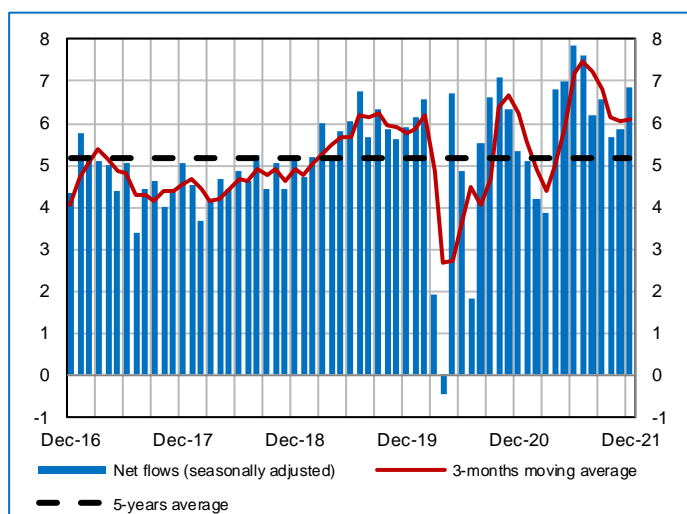
(Outstanding amounts in € Bn, annual growth rate in %)

	End-of-month level	Annual growth rate			
	dec-21	oct-21	nov-21	dec-21	jan-22*
<b>Total</b>	<b>1 439</b>	<b>5.7</b>	<b>5.9</b>	<b>5.7</b>	
<i>Lending for house purchase</i>	1 215	6.4	6.3	6.4	6.4
<i>Credit for consumption</i>	194	2.1	3.8	2.1	
<i>Other lending</i>	30	4.7	3.3	2.2	

(\*) Nowcasting

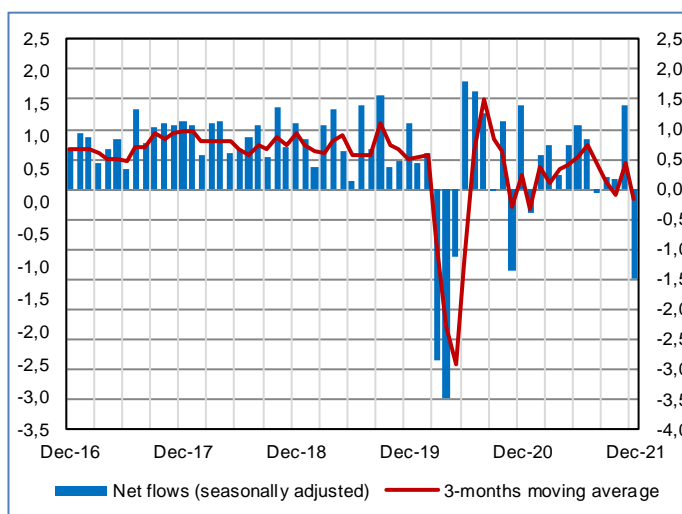
#### Housing loans to individuals (seasonally adjusted)

(In billion euros)



#### Credit for consumption (seasonally adjusted)

(In billion euros)



## Production of new loans

(excluding overdrafts, monthly flows seasonally adjusted (a))

(volumes in billion euros, proportion in percentage)	Aug-21	Sep-21	Oct-21	Nov-21 (e)	Dec-21 (f)	Jan-22 (g)
- loans for consumption purposes (b)	5.6	5.7	5.7	5.9	5.6	
- housing loans	23.7	23.0	24.3	23.0	21.6	21.9
of which housing loans excluding renegotiations	19.6	18.9	19.5	18.1	17.7	
- proportion of renegotiation (not seasonally adjusted) in % (c)	17.4	17.8	19.7	21.4	18.2	

## Interest rates on new loans (narrow defined effective rate, monthly average)

(in percentage)	Aug-21	Sep-21	Oct-21	Nov-21 (e)	Dec-21 (f)	Jan-22 (g)
- housing loans	1.12	1.13	1.13	1.12	1.10	1.12
of which housing loans long term and fixed rates	1.12	1.12	1.12	1.12	1.10	
of which housing loans short term and floating rates	1.25	1.22	1.20	1.21	1.21	
of which housing loans excluding renegotiations	1.09	1.09	1.08	1.07	1.06	
- loans for consumption purposes (b)	3.56	3.43	3.51	3.58	3.52	
- overdrafts for individuals (d)	4.97	5.15	5.12	5.10	4.93	

(a) Parameters for seasonal adjustment are updated each month, taking into account monthly data under review.

(b) Excluding revolving loans. Loans for splitted-cost payments (mainly "loans granted on market place" and "extended credit-card credits" are included into consumption loans.

(c) Ratio of renegotiated loans on housing loans, both not seasonally adjusted

(d) Overdrafts: negative balance of ordinary accounts + commercial credits + factoring + cash credits without fixed repayment schedule (including mobilization of revolving loans).

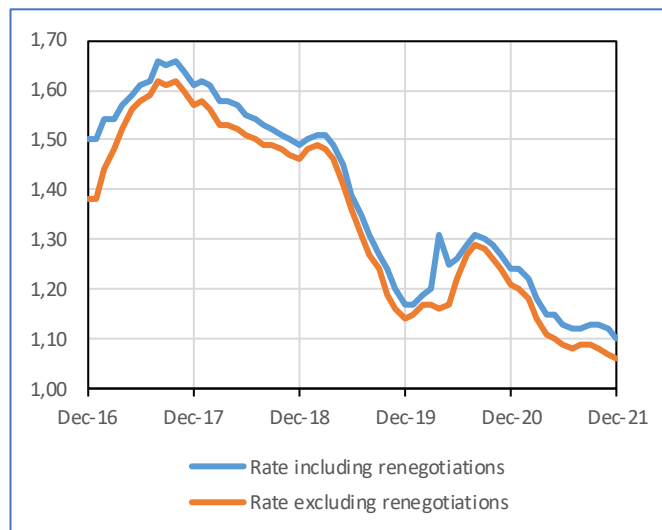
(e) Revised data

(f) Provisional data

(g) Nowcasting

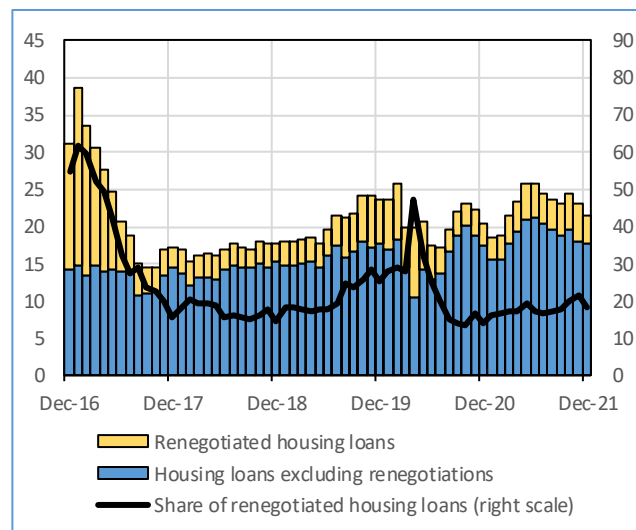
## Interest rates on housing loans, all maturities

(Narrowly defined effective rate, average weighted by long and short term flows, in %)



## Share of renegotiated loans in new housing loans

(Monthly seasonally adjusted new loans in € Bn, share in %)





## Additional information

Only loans granted to individuals (households excluding sole proprietors and unincorporated partnerships) by resident monetary financial institutions are presented here.

The outstanding growth rates are calculated from monthly changes in stocks (including sales and securitization) by correcting from modifications that do not reflect economic changes, especially, the accounting derecognition of loans from the MFI's statistical balance sheet due to write-offs/write-downs. Conversely, exchange rate effects are taken into account without any change for technical reasons.

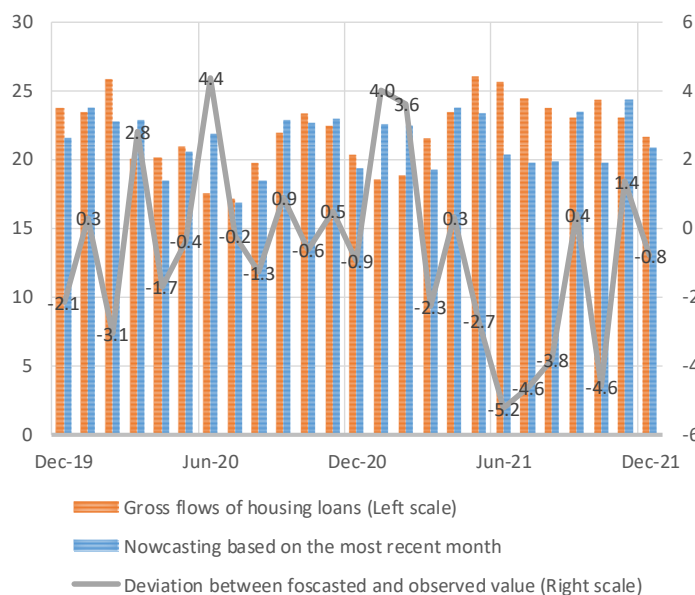
Monthly growth rates are those of new loans agreed, i.e. disbursed. Nevertheless, new loan production represents new loans granted, even when they are not actually disbursed to the borrower, in accordance with the Eurosystem harmonised methodology, which aims to provide the public with an indicator that rapidly reflects changes in loan production. For this reason, the production of new loans differs from monthly changes in outstanding loans. Indeed, on the one hand, outstanding loans are recorded after the effective disbursement of funds and, on the other hand, they are reduced by the amortization of old loans.

The weighted average rates and new business volumes are calculated according to the harmonized definitions of the Eurosystem. Published rates are the narrowly defined effective rate (NDER). They correspond to the interest component of the Annual Percentage Rate of Charge (APRC). Renegotiated loans also include external mortgage repurchases.

As of October 1<sup>st</sup>, 2021, the Banque de France start offering a nowcasting on new business loans and interest rates based on a model which takes into account market conditions (reference interest rate, property transfer duties...) and the past values of the estimated variables. The absolute nowcasting deviation is on average 0.6 billion euros over the long term, i.e. 3% of the average gross flow. For interest rates, the absolute deviation is 1 basis point on average.

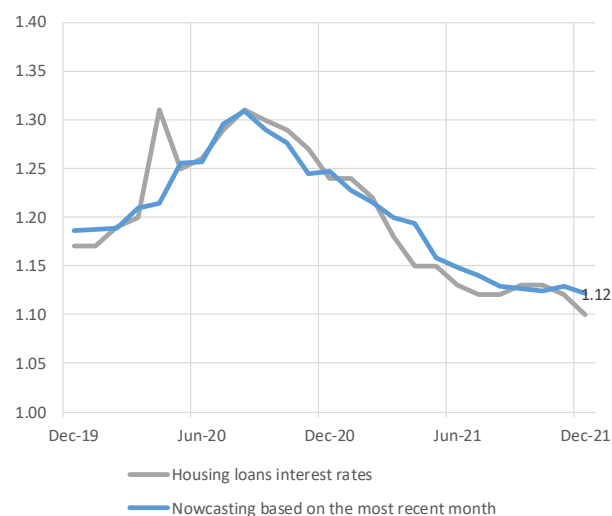
## Gross flows of housing loans – nowcasting vs observed value

(Monthly seasonally adjusted new loans in € Bn)



## Interest rates on housing loans – nowcasting vs observed value

(Narrowly defined effective rate, average weighted by long and short term flows, in %)



Comparison between nowcasting and observed value are presented every quarter.

