

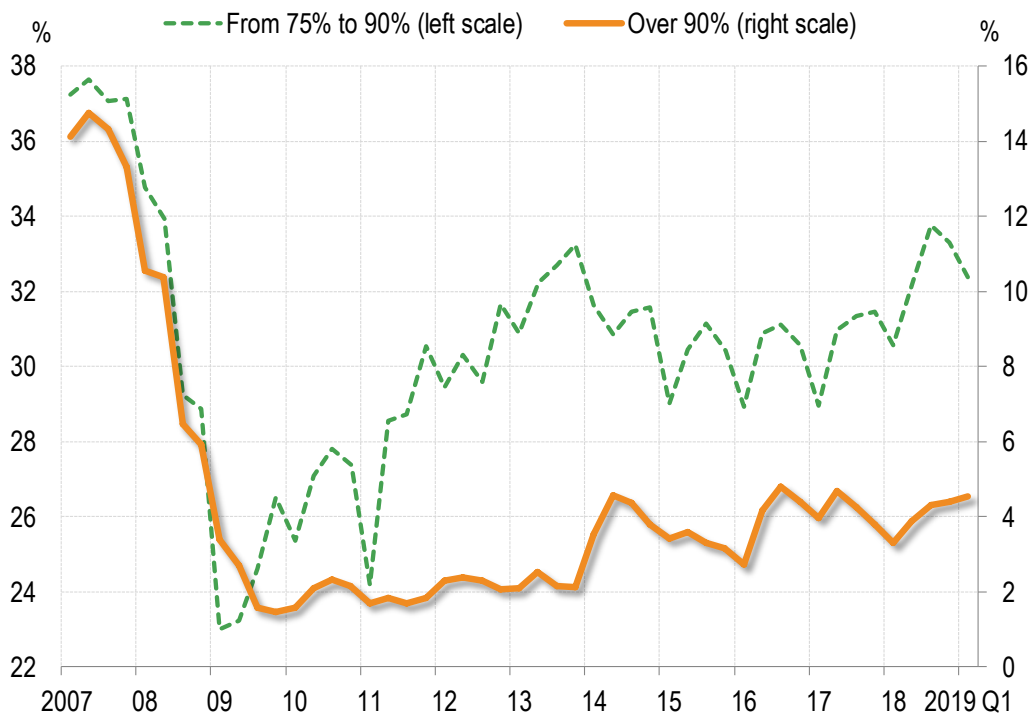


### United Kingdom: Credit risks increase on banks' balance sheets

The share of residential loans to individuals whose value at the origination represents more than 90% of the value of the property acquired continued to grow in the first quarter of 2019. This credit category then represented 4.5% of outstanding home loans compared with 4.4% in the previous quarter and 3.3% a year earlier.

The increase in their weight in the first quarter of 2019 prolongs the trend observed since the low point reached at the end of 2009. It also goes hand in hand with the increase in the proportion of real estate loans whose value represents between 75% and 90% of the value of housing. The growing financial constraint of households is otherwise illustrated by the increase in the proportion of loans with a high loan to income ratio. The erosion of the margins of credit institutions concerned with preserving volumes and their market shares, has marginally contributed to this by keeping, despite the two increases in the base rate of the BoE occurred since October 2017, the amount borrowed at a high level, in constant monthly payments.

**UK: Relative weight of mortgage loans whose loan-to-value ratio\* exceeds 75%**



\*Amount at the origination

Source: BoE