



Residential Mortgage Arrears and Repossessions Statistics: Q2 2015

Summary

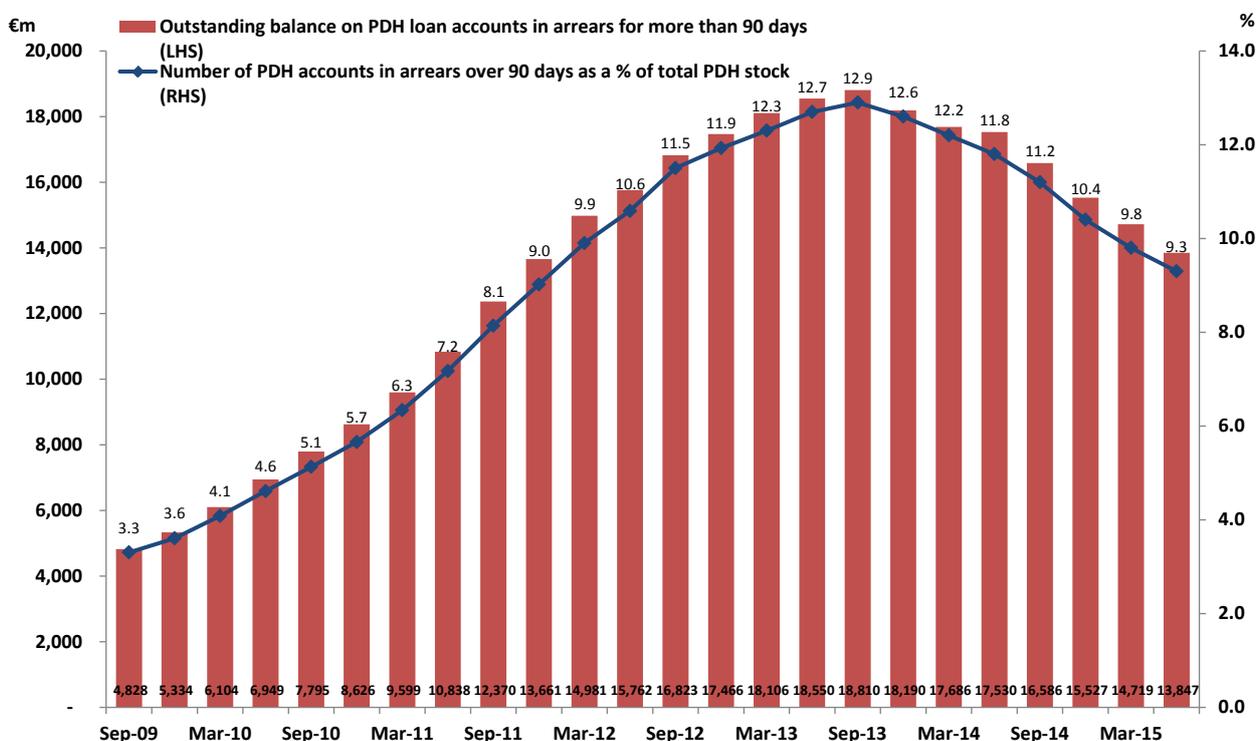
- The number of mortgage accounts for principal dwelling houses (PDH) in arrears continued to fall in Q2 2015; this marks the eight consecutive quarter of decline. A total of 98,137 (13 per cent) of accounts were in arrears at end-Q2, a decline of 6.3 per cent relative to Q1.
- PDH mortgage accounts in arrears over 90 days continued to fall during Q2. The number of accounts in arrears over 90 days at end-June was 70,299 (9.3 per cent of total), reflecting a quarter-on-quarter decline of 5.5 per cent. This represents the seventh consecutive decline in the number of PDH accounts in arrears over 90 days.
- All maturity categories of arrears, bar the over 720 days category, declined in Q2 2015. The 361-720 days in arrears category showed the largest decline, with a 12.9 per cent Q-on-Q reduction. Despite the continued increase of accounts in arrears over 720 days, the pace of increase in this category has reduced significantly in recent quarters, with an increase of just 108 accounts in Q2 2015, again marking the smallest increase in this category to-date. At end-June there were 38,041 PDH accounts in arrears over 720 days.
- Some 118,593 PDH mortgage accounts were classified as restructured at end-June, reflecting a quarter-on-quarter increase of 1.9 per cent. Of these restructured accounts, 86.3 per cent were deemed to be meeting the terms of their current restructure arrangement, highlighting the continued progress in this area. The largest increases in restructures were again recorded in the categories of split mortgage and arrears capitalisation.
- Buy-to-let (BTL) mortgage accounts in arrears over 90 days decreased by 5.2 per cent during the second quarter of the year. This quarter-on-quarter decrease reflects reductions in all arrears categories, albeit only a 0.6 per cent decline among accounts in arrears of over 720 days. At end-June, there were 15,276 BTL accounts in arrears over 720 days, with an outstanding balance of €4.6 billion equivalent to 17.2 per cent of the total outstanding balance on all BTL mortgage accounts.
- Non-bank entities now hold 46,442 mortgage accounts for PDH and BTL combined. Of this number, 19,539 are in arrears of more than 90 days, with 12,004 of these in arrears over 720 days.

Residential Mortgages on Principal Dwelling Houses

Arrears

At end-June 2015, there were 754,692 private residential mortgage accounts for principal dwellings held in the Republic of Ireland, to a value of €103.5 billion. Of this total stock, 98,137 accounts were in arrears, a fall of 6,556 or 6.3 per cent over the quarter. Some 70,299 accounts (9.3 per cent) were in arrears of more than 90 days.¹ The number of accounts in arrears over 90 days fell by 5.5 per cent over the quarter, marking the seventh consecutive decline in arrears over 90 days. Banks that were subject to the Central Bank's public MART targets recorded a larger quarter-on-quarter decline of 6.4 per cent in the number of PDH accounts in arrears over 90 days. The outstanding balance on all lenders' PDH mortgage accounts in arrears of more than 90 days was €13.8 billion at end-June, equivalent to 13.4 per cent of the total outstanding balance on all PDH mortgage accounts.

Figure 1: PDH Mortgage Accounts in Arrears Over 90 Days



Early arrears continued to decline during the second quarter of the year. There was a quarter-on-quarter fall of 8.1 per cent in the number of accounts in arrears of less than 90 days, which stood at 27,838 at end-June, or 3.7 per cent of the total stock. The number of accounts in arrears over 360 days fell to 53,323 at end-June, equivalent to 7.1 per cent of the total stock of PDH mortgage accounts and representing a fall of

¹ The figures published here represent the total stock of mortgage accounts in arrears of more than 90 days, as reported to the Central Bank of Ireland by mortgage lenders. They include mortgages that have been restructured and are still in arrears of more than 90 days, as well as mortgages in arrears of more than 90 days that have not been restructured.

2,147 accounts over the quarter. Despite the reduction in arrears over 360 days, very long-term arrears continued to increase. The number of accounts in arrears over 720 days rose by 108 in Q2, the smallest increase recorded for this category to date. Accounts in arrears over 720 days now constitute 38.8 per cent of all accounts in arrears, and 81.5 per cent of arrears outstanding. The pace of increase in very long-term arrears continued to moderate in Q2 with only a 0.3 per cent quarter-on-quarter increase compared to a 5 per cent increase in Q2 of the previous year. Banks that were subject to the Central Bank's public MART targets, however, recorded a 0.7 per cent quarterly decline in the over 720 day category. For all institutions, the total number of PDH accounts in arrears declined by 6.3 per cent relative to Q1. Nonetheless, the value of accounts in longer-term arrears over 360 days remains large, amounting to €11.1 billion at end-June.

Restructuring Arrangements

Forbearance techniques include: a switch to an interest only mortgage; a reduction in the payment amount; a temporary deferral of payment; extending the term of the mortgage; and capitalising arrears amounts and related interest². The figures also include advanced modification options such as split mortgages and trade-down mortgages, which have been introduced to provide more long-term solutions for customers in difficulty.

A total stock of 118,593 PDH mortgage accounts were categorised as restructured at end-June 2015. This reflects an increase of 1.9 per cent compared to end-March 2015. The share of interest only arrangements of less than one year and reduced payment arrangements fell further during Q2, to 15.9 per cent from 17.3 per cent at end Q1, indicating a continuing move out of short-term arrangements. Arrears capitalisations showed the most significant quarterly increase and continued to account for the largest share of restructured accounts (27.3 per cent) at end-June. Split mortgages also accounted for a large cohort of restructures and represented 19.4 per cent of all PDH restructures at end Q2. A breakdown of restructured mortgages by type is presented in Figure 2. A total of 14,512 new restructure arrangements³ were agreed during the second quarter of 2015. The data on arrears and restructures indicate that of the total stock of 98,137 PDH accounts that were in arrears at end-June, 32,003 (27 per cent) were classified as restructured at that time. Of the total stock of 70,299 PDH accounts that were in arrears of more than 90 days, 26.5 per cent were classified as restructured, compared to 26.2 per cent at end-March.

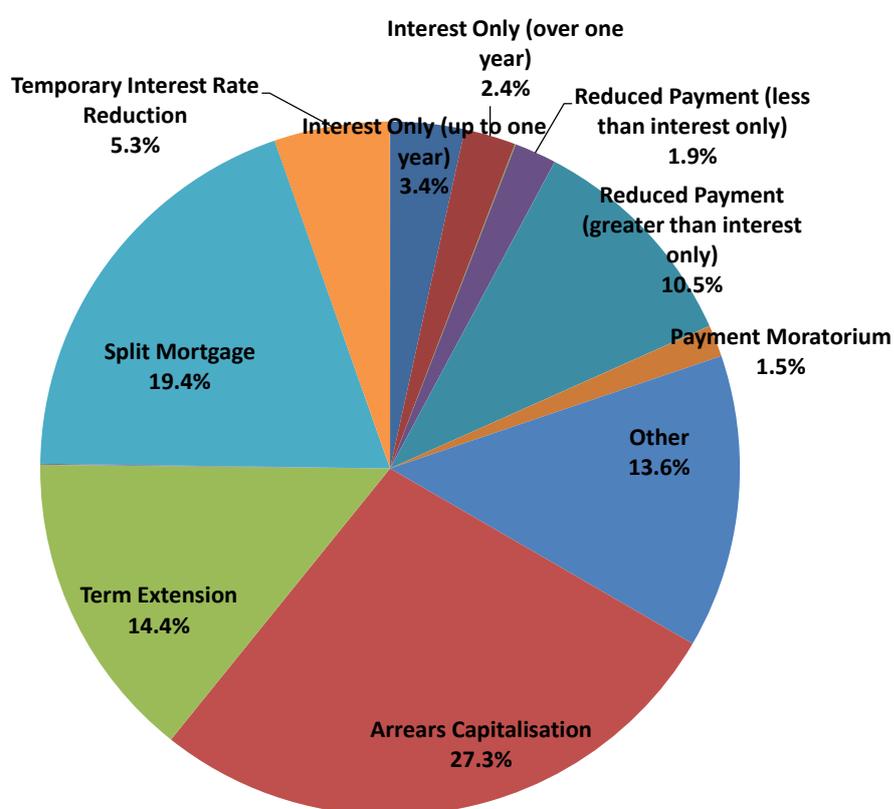
Some 73 per cent of restructured accounts were not in arrears at end-June 2015. Restructured accounts in arrears include accounts that were in arrears prior to restructuring where the arrears balance has not yet been eliminated, as well as accounts that are in arrears on the current restructuring arrangement. At end-June, 86.3 per cent of restructured PDH accounts were deemed to be meeting the terms of their

² Arrears capitalisation is an arrangement whereby some or all of the outstanding arrears are added to the remaining principal balance, to be repaid over the life of the mortgage.

³ This includes first-time restructures and further modifications of existing restructures.

arrangement. This means that the borrower is, at a minimum, meeting the agreed monthly repayments according to the current restructure arrangement. It is important to note that ‘meeting the terms of the arrangement’ is not a measure of sustainability, as not all restructure types represent longer-term sustainable solutions as defined within the Mortgage Arrears Resolution Targets⁴. For instance, short-term interest only restructures are, in general, not part of longer-term sustainable solutions. The MART sustainability targets also include a significant number of accounts in arrears which are part of a legal process. These accounts are not classified as restructured within the Mortgage Arrears Statistics. Arrears associated with such accounts are recorded in full in the data.

Figure 2: Restructured PDH Mortgage Accounts by Restructure Type, end-June 2015



Inability to meet the terms of the arrangement implies that the restructure agreement put in place may not have been suitable. Table 1 shows the percentage of restructured accounts that were deemed to be meeting the terms of their arrangement at end-June 2015, broken down by arrangement type. Lower numbers indicate a higher incidence of ‘re-default’, which is particularly evident amongst cases in which a permanent interest rate reduction has been granted. As the figures in Table 1 only reflect compliance with the terms of the *current* restructure arrangement, we should expect to see a higher percentage of compliance among the restructure types that are likely to be shorter-term.⁵ Nonetheless, the figures imply

⁴ Sustainable solutions are defined on Page 25 of the [Mortgage Arrears Resolution Targets](#) document.

⁵ It should also be noted that some categories reflect only a small number of arrangements, particularly in the case of BTL accounts.

that of the total stock of accounts in the arrears capitalisation category, 25.3 per cent of PDH accounts have 're-defaulted', i.e. the arrears balance has increased since the arrangement was put in place.

Table 1: Percentage of Restructures 'Meeting the Terms of the Arrangement': end-June 2015

%	PDH	BTL
Total	86.3	82.1
Interest Only - up to one year	84.6	82.2
Interest Only - over one year	91.5	90.1
Deferred Interest Scheme	68.1	n/a
Reduced Payment (less than interest only)	66.2	86.0
Reduced Payment (greater than interest only)	89.9	92.2
Temporary Interest Rate Reduction	93.9	94.8
Payment Moratorium	96.3	94.7
Arrears Capitalisation	74.7	50.7
Term Extension	91.3	91.5
Permanent Interest Rate Reduction	50.9	n/a
Split Mortgage	95.1	94.6
Other	87.5	88.3

Legal Proceedings and Repossessions

During the second quarter of 2015, legal proceedings were issued to enforce the debt/security on a PDH mortgage in 2,533 cases. During Q2, there were 916 cases where court proceedings concluded but arrears remained outstanding. In 517 cases the Courts granted an order for repossession or sale of the property. There were 1,696 properties in the banks' possession at the beginning of the quarter. A total of 422 properties were taken into possession by lenders during the quarter, of which 201 were repossessed on foot of a Court Order, while the remaining 221 were voluntarily surrendered or abandoned. During the quarter 291 properties were disposed of. The number of properties in possession at the end of the quarter was also impacted by reclassification issues affecting 5 PDH accounts. These issues mainly reflect the reclassification of BTL accounts as PDH accounts. As a result, lenders were in possession of 1,832 PDH properties at end-June 2015.

Table 2: PDH Mortgage Arrears Repossessions and Restructures	Q1 2015			Q2 2015		
	Number	Balance €000	Arrears €000	Number	Balance €000	Arrears €000
Mortgages						
Total residential mortgage loan accounts outstanding	757,175	104,265,109		754,692	103,470,681	
Arrears						
Total residential mortgage arrears cases outstanding	104,693	19,143,821	2,522,140	98,137	17,936,445	2,496,859
<i>of which:</i>						
in arrears up to 90 days	30,298	4,424,412	45,181	27,838	4,089,786	37,655
in arrears 91 to 180 days	8,229	1,290,266	35,926	7,472	1,157,946	32,244
in arrears 181 to 360 days	10,696	1,821,871	105,764	9,504	1,578,382	90,893
in arrears 361 to 720 days	17,537	3,275,570	349,178	15,282	2,824,222	300,769
in arrears over 720 days	37,933	8,331,702	1,986,091	38,041	8,286,109	2,035,297
Total arrears cases over 90 days outstanding	74,395	14,719,409	2,476,959	70,299	13,846,659	2,459,204
% of loan accounts in arrears for more than 90 days	9.8%	14.1%		9.3%	13.4%	
Repossessions						
Residential properties in possession - at the beginning of quarter	1,585			1,696		
Residential properties repossessed on foot of an Order during quarter	156			201		
Residential properties voluntarily surrendered/abandoned during the quarter	195			221		
Residential properties disposed of during this quarter	224			291		
Residential properties in possession – at end of quarter ¹	1,695			1,832		
Total residential mortgage accounts restructured						
Restructures	116,392	17,422,040	466,291	118,593	17,543,742	454,982
Restructures not in arrears	83,226	11,542,774		86,590	11,950,284	
Total restructures by type:						
Interest Only - up to one year	4,972	826,367	50,483	4,065	665,471	41,670
Interest Only - over one year	2,864	610,894	4,926	2,812	588,804	5,717
Reduced Payment (greater than interest only)	12,537	2,710,954	96,545	12,445	2,679,627	106,035
Reduced Payment (less than interest only)	2,666	564,959	59,916	2,305	484,377	54,594
Term Extension	17,219	1,923,795	41,320	17,107	1,911,375	42,142
Arrears Capitalisation	30,792	4,953,257	111,381	32,404	5,160,315	111,786
Payment Moratorium	1,629	264,494	9,145	1,753	241,070	8,931
Deferred Interest Scheme	45	7,024	333	47	7,093	396
Permanent Interest Rate Reduction	52	10,435	454	57	11,236	474
Split Mortgage	22,003	2,202,294	2,016	23,038	2,319,897	4,485
Trade Down Mortgage	40	6,268	1	42	6,336	1
Temporary Interest Rate Reduction	5,807	1,292,310	28,613	6,338	1,389,736	26,318
Other	15,766	2,048,989	61,158	16,180	2,078,405	52,433

*Note that the 'Other' category mainly comprises accounts that have been offered a long-term solution, pending the completion of six months of successful payments. When these accounts transition into their permanent arrangement, the figures will be updated accordingly. The 'Other' category also includes a small number of simultaneously-agreed term extensions and arrears capitalisation arrangements.

¹ The number of properties in possession at the end of the quarter can also be impacted by reclassification issues.

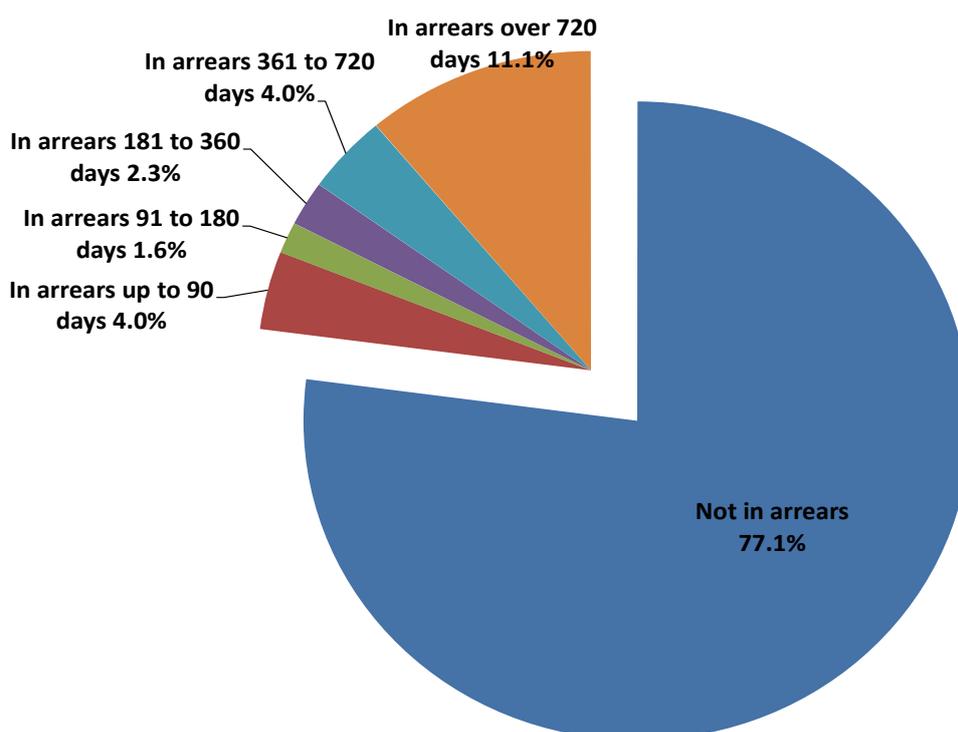
Residential Mortgages on Buy-to-Let Properties

Arrears

At end-June 2015, there were 137,297 residential mortgage accounts for buy-to-let properties held in the Republic of Ireland, to a value of €26.7 billion. Some 31,483 (22.9 per cent) of these accounts were in arrears, compared to 33,475 (24 per cent) at the end of March. Of this total stock of accounts, 26,057, or 19 per cent, were in arrears of more than 90 days, reflecting a decrease of 5.2 per cent over the quarter. Banks that were subject to the Central Bank's public MART targets recorded a larger decline of 6.5 per cent in the number of BTL accounts in arrears over 90 days. The outstanding balance on all lenders' BTL mortgage accounts in arrears of more than 90 days was €7.2 billion at end-June, equivalent to 27.1 per cent of the total outstanding balance on all BTL mortgage accounts.

The number of BTL accounts that were in arrears of more than 180 days was 23,882 at end-June 2015, reflecting a quarter-on-quarter fall of 5.3 per cent. BTL accounts in arrears more than 720 days showed a 0.6 per cent decrease in Q2, marking the third consecutive quarterly decline in this category. These accounts in arrears of over 720 days now number 15,276 or 11.1 per cent of the total stock of BTL mortgage accounts and 83 per cent of outstanding arrears. The outstanding balance on these accounts was €4.6 billion at end-June, equivalent to 17.2 per cent of the total outstanding balance on all BTL mortgage accounts. BTL accounts in arrears of up to 90 days also declined by 9.3 per cent in the second quarter of the year.

Figure 3: BTL Mortgage Accounts by Arrears Category, end-June 2015



Restructuring Arrangements

A total stock of 26,004 BTL mortgage accounts were categorised as restructured at end-June 2015, reflecting an increase of 1.8 per cent from the stock of restructured accounts reported at end-March. Of this total stock of restructured accounts recorded at end-June, 70.3 per cent were not in arrears, while 82.1 per cent were meeting the terms of their restructure arrangement. A total of 3,290 new restructure arrangements were agreed during the second quarter of the year. On the BTL side, the largest cohort of restructured mortgages were in reduced payment greater than interest only arrangements. The data on arrears and restructures indicate that of the total stock of 31,483 BTL accounts that were in arrears at end-June, 7,736 (24.6 per cent) were classified as restructured at that time.

Legal Proceedings and Repossessions

During the second quarter of 2015 rent receivers were appointed to 891 BTL properties, bringing the stock of accounts with rent receivers appointed to 6,433. There were 653 BTL properties in the banks' possession at the beginning of Q2 2015. A total of 234 properties were taken into possession by lenders during the quarter, of which 161 were repossessed on foot of a Court Order, while the remaining 73 were voluntarily surrendered or abandoned. During the quarter 211 properties were disposed of. The number of properties in possession at the end of the quarter was also impacted by reclassification issues affecting 8 BTL accounts. These issues mainly reflect the reclassification of BTL accounts as PDH accounts. As a result, lenders were in possession of 668 BTL properties at end-June 2015.

Residential Mortgages issued by Non-Bank Entities

Non-bank entities accounted for 5.2 per cent of the total stock of residential mortgage accounts outstanding (PDH and BTL) at end-June 2015 (6.5 per cent in value terms). A total of 19,539 mortgage accounts issued by these entities were in arrears of more than 90 days at end-June – this figure accounted for 20.3 per cent of total mortgages in arrears over 90 days. The outstanding balance on these accounts was €4.5 billion, equivalent to 53.4 per cent of the total outstanding balance on all mortgage accounts issued by non-bank entities. Non-banks holdings of accounts in arrears over 720 days numbered 12,004, this represented 22.5 per cent of all accounts in arrears over 720 days.

	Non-bank entities				All ROI Mortgage Holders			
	Number of Accounts	% of total	Outstanding Balance (€000)	% of total	Number of Accounts	% of total	Outstanding Balance (€000)	% of total
Total mortgage loan accounts outstanding	46,442		8,474,292		891,989		130,126,170	
Total mortgage arrears outstanding:	22,853	49.2	5,045,953	59.5	129,620	14.5	26,300,959	20.2
In arrears up to 90 days	3,314	7.1	517,788	6.1	33,264	3.7	5,243,226	4.0
In arrears over 90 days	19,539	42.1	4,528,165	53.4	96,356	10.8	21,057,733	16.2
In arrears over 720 days	12,004	25.8	3,023,734	35.7	53,317	6.0	12,880,990	9.9

Table 3: BTL Mortgage Arrears Repossessions and Restructures	Q1 2015			Q2 2015		
	Number	Balance €000	Arrears €000	Number	Balance €000	Arrears €000
Mortgages						
Total residential mortgage loan accounts outstanding	139,206	27,342,358		137,297	26,655,489	
Arrears						
Total residential mortgage arrears cases outstanding	33,475	8,983,162	1,737,866	31,483	8,364,514	1,733,391
<i>of which:</i>						
in arrears up to 90 days	5,983	1,276,427	26,816	5,426	1,153,440	28,625
in arrears 91 to 180 days	2,277	526,445	25,178	2,175	481,345	22,061
in arrears 181 to 360 days	3,694	857,168	70,556	3,121	729,287	57,098
in arrears 361 to 720 days	6,160	1,581,223	213,737	5,485	1,405,561	194,815
in arrears over 720 days	15,361	4,741,899	1,401,579	15,276	4,594,881	1,430,793
Total arrears cases over 90 days outstanding	27,492	7,706,735	1,711,050	26,057	7,211,074	1,704,766
% of loan accounts in arrears for more than 90 days	19.7%	28.2%		19.0%	27.1%	
Repossessions						
Residential properties in possession - at the beginning of quarter	635			653		
Residential properties repossessed on foot of an Order during quarter	123			161		
Residential properties voluntarily surrendered/abandoned during the quarter	83			73		
Residential properties disposed of during this quarter	194			211		
Residential properties in possession – at end of quarter ¹	654			668		
Total residential mortgage accounts restructured						
Restructures	25,533	6,316,804	257,124	26,004	6,502,964	259,421
Restructures not in arrears	17,458	4,194,078		18,268	4,362,842	
Total restructures by type:						
Interest Only - up to one year	2,144	547,281	55,232	1,912	571,855	51,164
Interest Only - over one year	2,849	740,356	8,047	3,043	800,389	7,938
Reduced Payment (greater than interest only)	5,976	1,693,133	45,558	6,161	1,788,456	41,660
Reduced Payment (less than interest only)	275	74,686	6,503	193	50,036	3,673
Term Extension	3,381	538,404	16,316	3,482	568,298	30,977
Arrears Capitalisation	5,533	1,342,079	109,391	5,417	1,276,670	106,002
Payment Moratorium	493	89,213	6,261	564	124,947	8,398
Deferred Interest Scheme	1	409	22	1	408	21
Split Mortgage	1,342	187,232	198	1,580	216,902	302
Temporary Interest Rate Reduction	117	29,284	552	135	33,452	846
Other	3,422	1,074,727	9,044	3,516	1,071,551	8,440

*Note that the 'Other' category mainly comprises accounts that have been offered a long-term solution, pending the completion of six months of successful payments. When these accounts transition into their permanent arrangement, the figures will be updated accordingly. The 'Other' category also includes a small number of simultaneously-agreed term extensions and arrears capitalisation arrangements.

¹ The number of properties in possession at the end of the quarter can also be impacted by reclassification issues.

Annex 1: Mortgage Arrears Data and Further Information

The mortgage arrears data, along with a set of explanatory notes, are available in the Mortgage Arrears section of the Statistics portal of the Central Bank of Ireland website: <http://www.centralbank.ie/polstats/stats/mortgagearrears/Pages/Data.aspx>.

The Central Bank of Ireland has produced a number of consumer guides to assist consumers who are in arrears or facing arrears, including

- Mortgage Arrears - A Consumer Guide to Dealing with your Lender;
- Mortgage Arrears - Frequently Asked Questions; and
- Guide to Completing a Standard Financial Statement.

The above guides, that include information on the protections that are available to consumers in financial difficulty, are available to download from the [consumer information section](#) of the Central Bank website.