

Residential Mortgage Arrears and Repossessions Statistics: Q1 2016

Summary

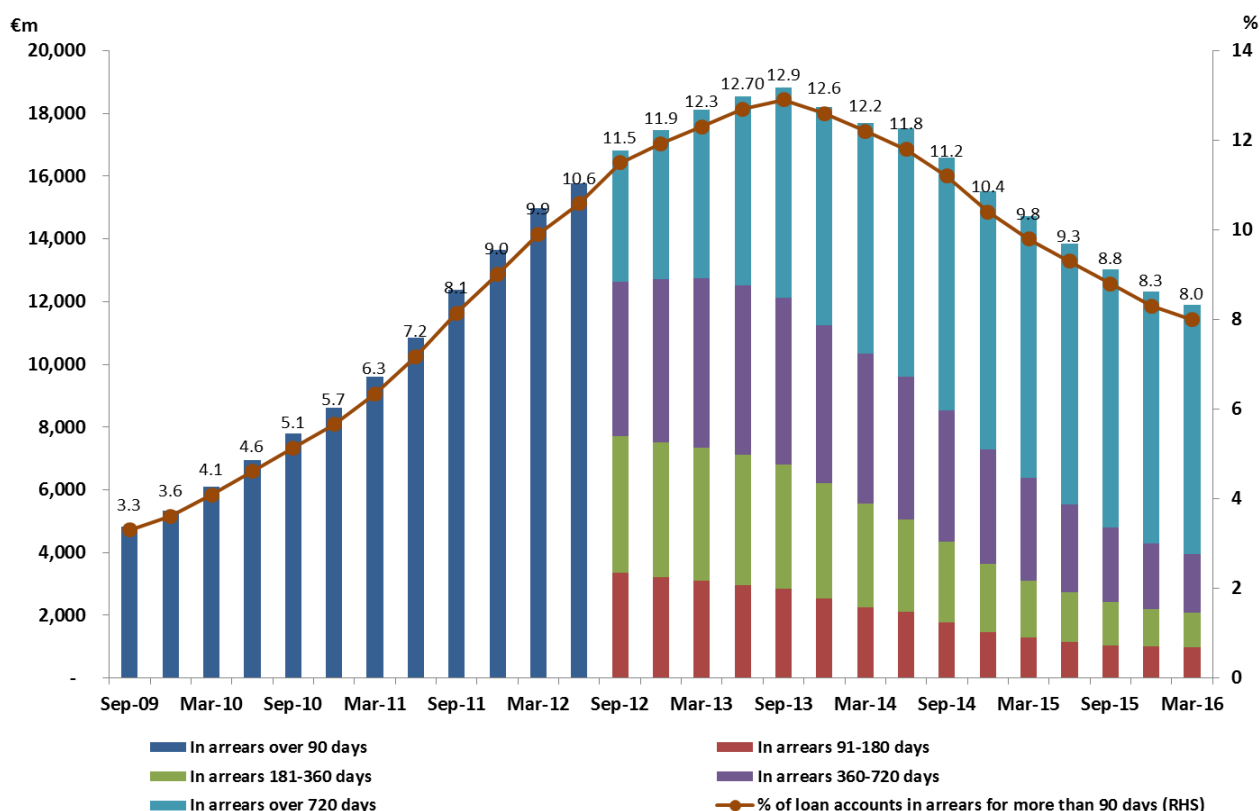
- The number of mortgage accounts for principal dwelling houses (PDH) in arrears continued to fall in Q1 2016; this marks the eleventh consecutive quarter of decline. A total of 85,989 (11 per cent) of accounts were in arrears at end-Q1, a decline of 2.6 per cent relative to Q4 2015.
- The number of accounts in arrears over 90 days at end-March was 59,696 (8 per cent of total), reflecting a quarter-on-quarter decline of 3.6 per cent. This represents the tenth consecutive decline in the number of PDH accounts in arrears over 90 days.
- All maturity categories of arrears, including the over 720 days' category, declined in Q1 2016. This category recorded a third consecutive decline, having fallen for the first time in Q3 2015.
- Some 120,447 PDH mortgage accounts were classified as restructured at end-March. Of these restructured accounts, 87 per cent were deemed to be meeting the terms of their current restructure arrangement; the highest level since the series began. The largest increases in restructures were recorded in the categories of arrears capitalisation and permanent split mortgages.
- Buy-to-let (BTL) mortgage accounts in arrears over 90 days decreased by 3.5 per cent during the first quarter of 2016. At end-March there were 14,924 BTL accounts in arrears over 720 days, with an outstanding balance of €4.4 billion, equivalent to 17 per cent of the total outstanding balance on all BTL mortgage accounts.
- There has been a decrease of 4.8 per cent in the number of BTL accounts where a rent receiver was appointed, following an increase of 30.5 per cent in the previous quarter.
- Non-bank entities now hold 47,409 mortgage accounts for PDH and BTL combined. Of this number, 19,081 were in arrears of more than 90 days, with 13,013 of these in arrears over 720 days at end-March. The equivalent figures for PDH mortgage accounts were 14,443 accounts in arrears over 90 days, and 9,356 in arrears of more than 720 days.

Residential Mortgages on Principal Dwelling Houses

Arrears

At end-March 2016, there were 743,700 private residential mortgage accounts for principal dwellings held in the Republic of Ireland, to a value of €100.9 billion. Of this total stock, 85,989 accounts were in arrears; a fall of 2,303 or 2.6 per cent over the quarter. Some 59,696 accounts (8 per cent) were in arrears of more than 90 days.¹ The number of accounts in arrears over 90 days fell by 3.6 per cent over the quarter, marking the tenth 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 3.9 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 over €11.9 billion at end-March, equivalent to 12 per cent of the total outstanding balance on all PDH mortgage accounts.

Figure 1: PDH Mortgage Accounts in Arrears over 90 Days



Note: The breakdown of arrears greater than 90 days is not available pre-September 2012.

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.

Early arrears continued to decline during the first quarter of the year. There was a quarter-on-quarter fall of 0.3 per cent in the number of accounts in arrears of less than 90 days, which stood at 26,293 at end-March, or 4 per cent of the total stock. The number of accounts in arrears over 360 days fell to 46,490 at end-March, equivalent to 6 per cent of the total stock of PDH mortgage accounts and representing a fall of 1,606 accounts over the quarter. Accounts in arrears of between 361 days and 720 days saw the largest quarter-on-quarter decline, of 8.9 per cent. The number of accounts in arrears over 720 days also declined by 559 in Q1, or 1.5 per cent; this was the third decline in this category since the series began and follows a 2.6 per cent fall in the previous quarter. This represents a year-on-year decline of 5.6 per cent for accounts in arrears over 720 days. This contrasts significantly with Q4 2014 when the equivalent figure was an increase of 12.5 per cent. Accounts in arrears over 720 days now constitute 42 per cent of all accounts in arrears, and 86 per cent of arrears outstanding. Banks that were subject to the Central Bank's public MART targets recorded a 1.8 per cent quarterly decline in the over 720 day category. For all institutions the value of accounts in longer-term arrears over 360 days remains large, amounting to €9.8 billion at end-March.

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.

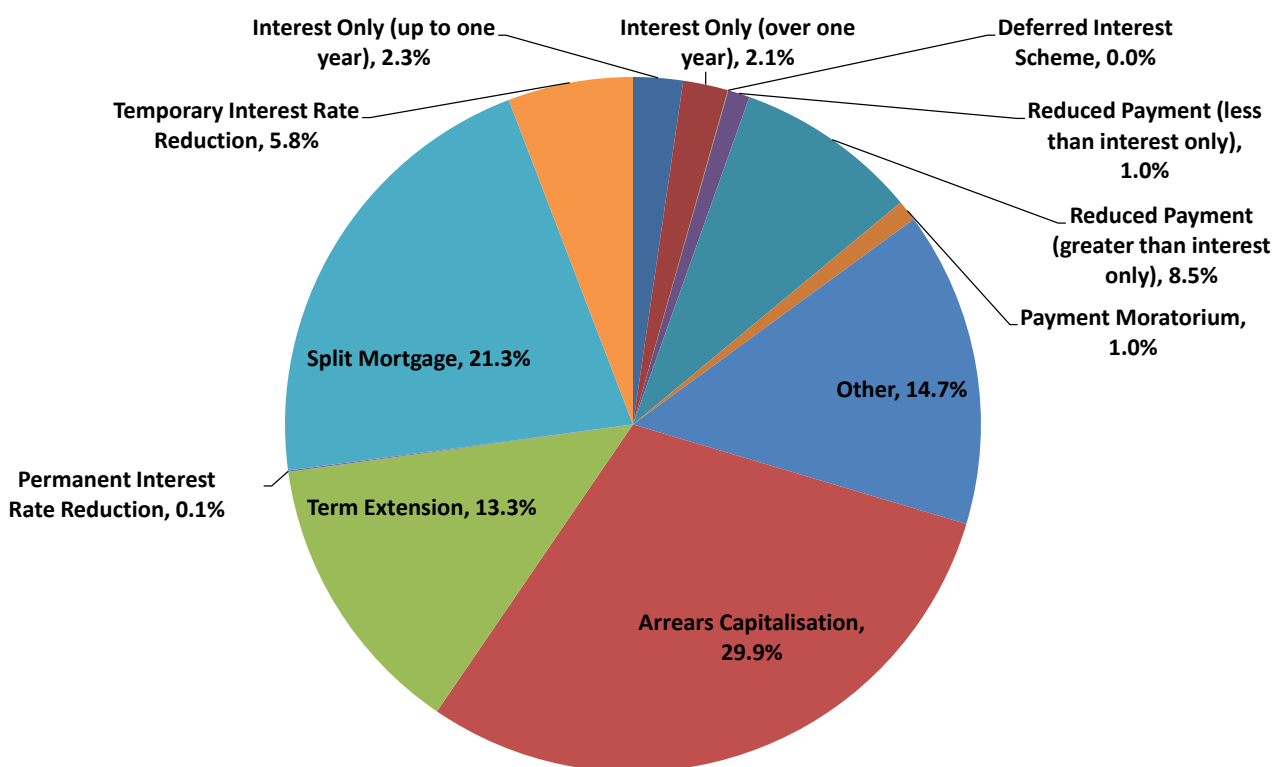
A total stock of 120,447 PDH mortgage accounts were categorised as restructured at end-March 2016. This reflects a decline of 292 accounts compared to end-December 2015. The share of interest only arrangements and reduced payment arrangements fell further during Q1, to 14 per cent, indicating a continuing move out of short-term arrangements. Arrears capitalisations and permanent split mortgages showed the most significant increases and continued to account for the largest shares of restructured accounts at 30 per cent and 21 per cent, respectively, at end-March. A breakdown of restructured mortgages by type is presented in Figure 2. A total of 9,641 new restructure arrangements³ were agreed during the first quarter of 2016. The data on arrears and restructures indicate that of the total stock of 85,989 PDH accounts that were in arrears at end-March, 28,144 (33 per cent) were classified as restructured at that time. Of the total stock of 59,696 PDH accounts that were in arrears of more than 90 days, 25 per cent were classified as restructured; largely unchanged from the previous quarter.

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.

Some 77 per cent of restructured accounts were not in arrears at end-March 2016. 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-March, 87 per cent of restructured PDH accounts were deemed to be meeting the terms of their 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-Mar 2016



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-March 2016, broken down by arrangement type. Lower

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

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 that of the total stock of accounts in the arrears capitalisation category, close to 24 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-Mar 2016

%	PDH	BTL
Total	86.8	85.7
Interest Only - up to one year	86.0	81.9
Interest Only - over one year	94.3	91.8
Deferred Interest Scheme	63.3	100.0
Reduced Payment (less than interest only)	64.0	92.6
Reduced Payment (greater than interest only)	90.7	94.0
Temporary Interest Rate Reduction	94.0	95.2
Payment Moratorium	94.2	97.5
Arrears Capitalisation	76.5	61.4
Term Extension	91.9	92.9
Permanent Interest Rate Reduction	46.7	n/a
Split Mortgage	94.8	94.8
Other	86.6	88.5

Legal Proceedings and Repossessions

During the first quarter of 2016, legal proceedings were issued to enforce the debt/security on a PDH mortgage in 1,895 cases. During Q1 2016, there were 706 cases where court proceedings concluded but arrears remained outstanding. In 277 cases the Courts granted an order for repossession or sale of the property. There were 1,760 properties in the banks' possession at the beginning of the quarter. A total of 421 properties were taken into possession by lenders during the quarter, of which 139 were repossessed on foot of a Court Order, while the remaining 282 were voluntarily surrendered or abandoned. During the quarter 391 properties were disposed of. The number of properties in possession at the end of the quarter was also impacted by reclassification issues and return of property affecting 6 PDH accounts. As a result, lenders were in possession of 1,784 PDH properties at end-March 2016.

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

Table 2: PDH Mortgage Arrears Repossessions and Restructures	Q4 2015			Q1 2016		
	Number	Balance €000	Arrears €000	Number	Balance €000	Arrears €000
Mortgages						
Total residential mortgage loan accounts outstanding	746,618	101,630,211		743,700	100,870,001	-
Arrears						
Total residential mortgage arrears cases outstanding	88,292	16,136,904	2,423,374	85,989	15,677,655	2,440,668
<i>of which:</i>						
in arrears up to 90 days	26,361	3,829,428	34,071	26,293	3,780,767	38,302
in arrears 91 to 180 days	6,354	996,113	29,283	6,213	978,144	29,443
in arrears 181 to 360 days	7,481	1,197,451	65,425	6,993	1,117,019	63,413
in arrears 361 to 720 days	11,745	2,087,531	228,366	10,698	1,852,825	203,386
in arrears over 720 days	36,351	8,026,381	2,066,229	35,792	7,948,900	2,106,124
Total arrears cases over 90 days outstanding	61,931	12,307,476	2,389,303	59,696	11,896,888	2,402,366
% of loan accounts in arrears for more than 90 days	8.3%	12.1%		8.0%	11.8%	
Repossessions						
Residential properties in possession - at the beginning of quarter	1,961			1,760		
Residential properties repossessed on foot of an Order during quarter	162			139		
Residential properties voluntarily surrendered/abandoned during the quarter	178			282		
Residential properties disposed of during this quarter	538			391		
Residential properties in possession – at end of quarter ¹	1,760			1,784		
Total residential mortgage accounts restructured						
Restructures	120,739	17,454,077	398,640	120,447	17,300,797	374,861
Restructures not in arrears	91,311	12,418,532		92,303	12,515,084	
Total restructures by type:						
Interest Only - up to one year	3,199	522,826	36,851	2,780	446,951	35,496
Interest Only - over one year	2,521	512,668	4,222	2,512	525,757	6,703
Reduced Payment (greater than interest only)	10,977	2,314,187	93,634	10,284	2,186,400	88,138
Reduced Payment (less than interest only)	1,435	301,468	33,536	1,214	258,675	26,876
Term Extension	16,650	1,823,010	41,813	16,004	1,721,319	37,102
Arrears Capitalisation	34,914	5,541,813	107,675	35,998	5,685,544	109,481
Payment Moratorium	1,412	216,189	9,866	1,167	185,740	9,637
Deferred Interest Scheme	37	5,403	241	30	4,852	438
Permanent Interest Rate Reduction	67	12,934	495	75	14,008	936
Split Mortgage	25,014	2,520,818	3,444	25,649	2,584,534	4,030
Trade Down Mortgage	48	7,646		51	8,086	
Temporary Interest Rate Reduction	6,937	1,473,111	22,363	7,001	1,475,167	19,431
Other	17,528	2,202,004	44,500	17,682	2,203,764	36,593

*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.

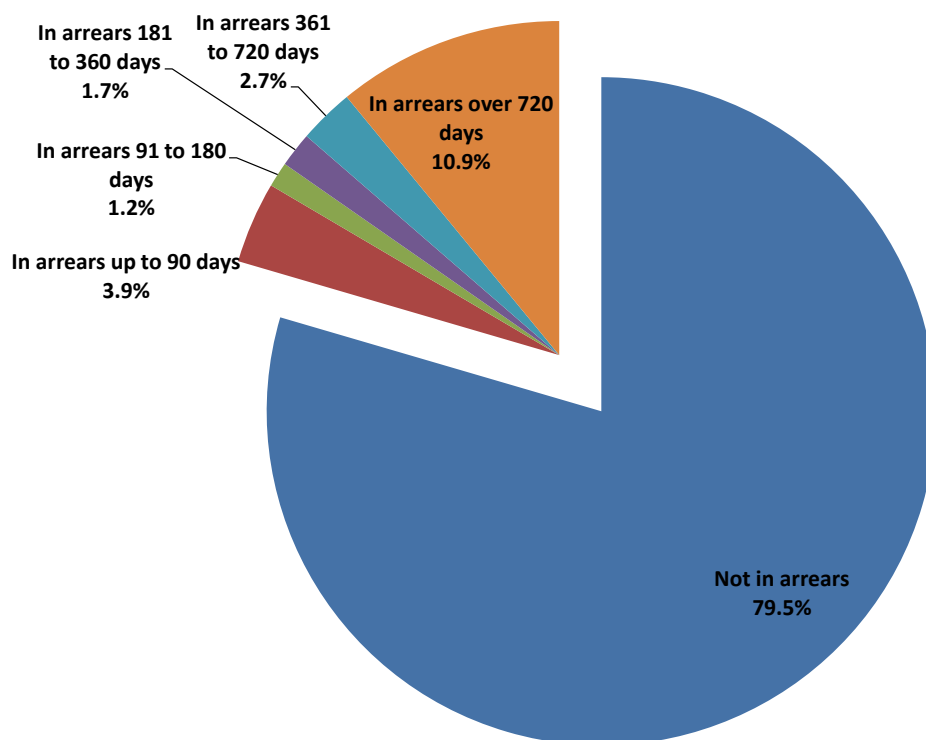
Residential Mortgages on Buy-to-Let Properties

Arrears

At end-March 2016, there were 136,295 residential mortgage accounts for buy-to-let properties held in the Republic of Ireland, to a value of €25.6 billion. Some 27,891 (20 per cent) of these accounts were in arrears, compared to 28,760 accounts at end-December 2015; reflecting a decrease of 3 per cent over the quarter. Of the total arrears, 22,516 or 17 per cent were in arrears of more than 90 days, reflecting a decrease of 3.5 per cent over the quarter. Banks that were subject to the Central Bank's public MART targets recorded a slightly larger decline of 3.8 per cent in the number of BTL accounts in arrears over 90 days. The outstanding balance on all BTL mortgage accounts in arrears of more than 90 days was €6.2 billion at end-March, equivalent to 24 per cent of the total outstanding balance.

The number of BTL accounts that were in arrears of more than 180 days was 20,862 at end-March 2016, reflecting a quarter-on-quarter fall of 3.6 per cent. BTL accounts in arrears more than 720 days declined by 0.9 per cent in Q1, marking six consecutive quarterly declines. Accounts in arrears of over 720 days now number 14,924 or 11 per cent of the total stock of BTL mortgage accounts, and 85 per cent of outstanding arrears. The outstanding balance on these accounts was €4.4 billion at end-March, equivalent to 17 per cent of the total outstanding balance on all BTL mortgage accounts.

Figure 3: BTL Mortgage Accounts by Arrears Category, end-Mar 2016



Restructuring Arrangements

A total stock of 27,222 BTL mortgage accounts were categorised as restructured at end-March 2016, reflecting an increase of 13 accounts from the stock of restructured accounts reported at end-December 2015. Of the total stock of restructured accounts recorded at end-March, 75 per cent were not in arrears, while 86 per cent were meeting the terms of their restructure arrangement. A total of 2,681 new restructure arrangements were agreed during the first quarter of the year; this represented the lowest number of new restructures agreed in a quarter since the series began. On the BTL side, the largest cohort of restructured mortgages was in reduced payment (greater than interest only) arrangements. The data on arrears and restructures indicate that of the total stock of 27,891 BTL accounts that were in arrears at end-March, 6,841 (25 per cent) were classified as restructured at that time.

Legal Proceedings and Repossessions

During the first quarter of 2016 rent receivers were appointed to 751 BTL properties, bringing the stock of accounts with rent receivers appointed to 5,682; this is down 4.8 per cent from end-December 2015. There were 668 BTL properties in the banks' possession at the beginning of Q1 2016. A total of 302 properties were taken into possession by lenders during the quarter, which represented a record high for the volume of repossessions in a quarter since the series began in 2012. Of the total BTL repossessions in the quarter, 141 were repossessed on foot of a Court Order, while the remaining 161 were voluntarily surrendered or abandoned. During Q1 2016 284 properties were disposed of. The number of properties in possession at the end of the quarter was also impacted by reclassification issues and the cessation of repossession proceedings affecting five BTL accounts. As a result, lenders were in possession of 685 BTL properties at end-March 2016.

Table 4: BTL Mortgage Arrears Repossessions and Restructures	Q4 2015			Q1 2016		
	Number	Balance €000	Arrears €000	Number	Balance €000	Arrears €000
Mortgages						
Total residential mortgage loan accounts outstanding	137,504	26,020,398		136,295	25,623,071	-
Arrears						
Total residential mortgage arrears cases outstanding	28,760	7,589,500	1,660,585	27,891	7,350,123	1,732,045
<i>of which:</i>						
in arrears up to 90 days	5,416	1,179,945	26,806	5,375	1,153,471	28,607
in arrears 91 to 180 days	1,711	397,776	21,177	1,654	363,917	35,917
in arrears 181 to 360 days	2,487	587,693	45,853	2,294	549,091	48,726
in arrears 361 to 720 days	4,082	983,566	143,103	3,644	871,233	140,014
in arrears over 720 days	15,064	4,440,520	1,423,646	14,924	4,412,411	1,478,781
Total arrears cases over 90 days outstanding	23,344	6,409,555	1,633,779	22,516	6,196,652	1,703,438
% of loan accounts in arrears for more than 90 days	17.0%	24.6%		16.5%	24.2%	
Repossessions						
Residential properties in possession - at the beginning of quarter	680			668		
Residential properties repossessed on foot of an Order during quarter	150			141		
Residential properties voluntarily surrendered/abandoned during the quarter	49			161		
Residential properties disposed of during this quarter	214			284		
Residential properties in possession – at end of quarter ¹	668			685		
Total residential mortgage accounts restructured						
Restructures	27,209	6,475,099	235,428	27,222	6,444,978	220,745
Restructures not in arrears	20,152	4,654,864		20,381	4,698,906	
Total restructures by type:						
Interest Only - up to one year	1,745	434,179	36,605	1,624	366,494	37,032
Interest Only - over one year	2,928	723,873	6,656	2,751	680,723	7,961
Reduced Payment (greater than interest only)	6,850	1,932,779	42,787	7,085	2,030,508	45,933
Reduced Payment (less than interest only)	160	43,411	4,150	121	32,671	2,919
Term Extension	3,710	612,428	35,877	3,647	590,003	18,644
Arrears Capitalisation	5,483	1,215,078	92,619	5,497	1,193,487	91,802
Payment Moratorium	582	106,330	6,262	564	106,663	6,240
Deferred Interest Scheme	1	408	21	1	408	21
Split Mortgage	1,831	248,517	241	1,911	255,867	270
Temporary Interest Rate Reduction	155	37,209	944	167	39,365	868
Other	3,764	1,120,887	9,266	3,854	1,148,789	9,055

*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 held by Non-Bank Entities

Arrears

At end-March 2016 non-bank entities accounted for 5 per cent of the total stock of PDH mortgage accounts outstanding. For Buy-to-Lets the proportion was higher at 7 per cent. Overall, non-bank entities accounted for more than 5 per cent of the total stock of residential mortgage accounts outstanding (PDH and BTL) at end-March 2016 (7 per cent in value terms).

A total of 19,081 mortgage accounts held by these entities were in arrears of more than 90 days at end-March – this figure accounted for 23 per cent of total mortgages in arrears over 90 days. The outstanding balance on these accounts was €4.5 billion, equivalent to 52 per cent of the total outstanding balance on all mortgage accounts held by non-bank entities. For PDH accounts, 14,443 accounts with an outstanding balance of €3.2 billion were in arrears of more than 90 days

Non-bank entities' holdings of accounts in arrears over 720 days numbered 13,013; this represented 26 per cent of all accounts in arrears over 720 days, and is unchanged from end-December 2015. Of this total, 9,356 relate to PDH accounts; this represented 26 per cent of all PDH accounts in arrears over 720 days.

Restructuring Arrangements

A total of 8,713 residential mortgage accounts (PDH and BTL) were classified as restructured at end-March 2016, representing 18 per cent of the total stock of residential mortgage accounts held by non-bank entities. Of the total restructures recorded at end-March, just over half (52 per cent) were not in arrears. Short-term arrangements, such as Interest Only and Reduced Payments, along with Arrears Capitalisation arrangements represented the majority of total restructure arrangements. These solutions cumulatively accounted for 75 per cent of total non-bank restructures.

A breakdown of arrears and restructures arrangements held by non-bank entities is presented in Table 5.

Table 5: Mortgage Arrears Repossessions and Restructures of Non-Bank Entities	Non-Bank Entities Q1 2016					
	PDH			BTL		
	Number	Balance €000	Arrears €000	Number	Balance €000	Arrears €000
Mortgages						
Total residential mortgage loan accounts outstanding	38,017	6,541,084		9,392	2,110,810	
Arrears						
Total residential mortgage arrears cases outstanding	17,122	3,569,941	717,664	5,054	1,455,106	456,953
<i>of which:</i>						
in arrears up to 90 days	2,679	404,129	3,091	416	79,886	2,009
in arrears 91 to 180 days	944	153,536	3,852	177	39,675	4,701
in arrears 181 to 360 days	1,440	229,058	13,803	316	75,801	10,608
in arrears 361 to 720 days	2,703	439,286	47,113	488	123,399	32,203
in arrears over 720 days	9,356	2,343,932	649,805	3,657	1,136,345	407,432
Total arrears cases over 90 days outstanding	14,443	3,165,812	714,573	4,638	1,375,220	454,944
% of loan accounts in arrears for more than 90 days	38.0%	48.4%		49.4%	65.2%	
Repossessions	PDH & BTL					
Residential properties in possession - at the beginning of quarter	424					
Residential properties repossessed on foot of an Order during quarter	15					
Residential properties voluntarily surrendered/abandoned during the quarter	57					
Residential properties disposed of during this quarter	41					
Residential properties in possession – at end of quarter ¹	452					
Total residential mortgage accounts restructured	PDH & BTL					
Restructures	8,713	1,585,544	94,732			
Restructures not in arrears	4,553	774,915				
Total restructures by type:						
Interest Only	331	77,011	6,605			
Reduced Payment	1,829	340,318	34,958			
Term Extension	426	54,919	7,289			
Arrears Capitalisation	4,357	826,034	29,191			
Payment Moratorium	37	17,875	5,727			
Split Mortgage	370	31,994	131			
Other	1,363	237,393	10,831			

*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.