



Residential Mortgage Arrears & Repossessions Statistics: Q2 2018

Summary

- The number of mortgage accounts for principal dwelling houses (PDHs) in arrears over 90 days continued to decline in Q2 2018, marking the nineteenth consecutive quarter of a fall in the number of accounts in this category.
- The number of accounts in arrears over 720 days continued to fall, and Q2 2018 marked the twelfth consecutive decline. Accounts in arrears over 720 days now constitute 42 per cent of all accounts in arrears, and at €2.5 billion, represent 91 per cent of arrears balances outstanding.
- The number of PDH mortgage accounts that were classified as restructured at end-June was 116,010. Of these restructured accounts, 87 per cent were deemed to be meeting the terms of their current restructure arrangement, a slight increase on last quarter.
- Non-bank entities now hold 7 per cent of all PDH mortgage accounts outstanding; 5 per cent are held by regulated retail credit firms with the remaining 2 per cent held by unregulated loan owners. Unregulated loan owners hold 18 per cent of all PDH mortgages in arrears over 720 days (Table 1).

Table 1: Breakdown of PDH Mortgages and Arrears Profile held by Banks and Non-Bank Entities

	Banks	Non-Bank Entities	
		Retail Credit Firms	Unregulated Loan Owners
% of all PDH loans	93%	5%	2%
% of all PDH mortgages in arrears	79%	11%	10%
% of all PDH mortgages in arrears over 90 days	75%	12%	13%
% of all PDH mortgages in arrears over 720 days	72%	10%	18%

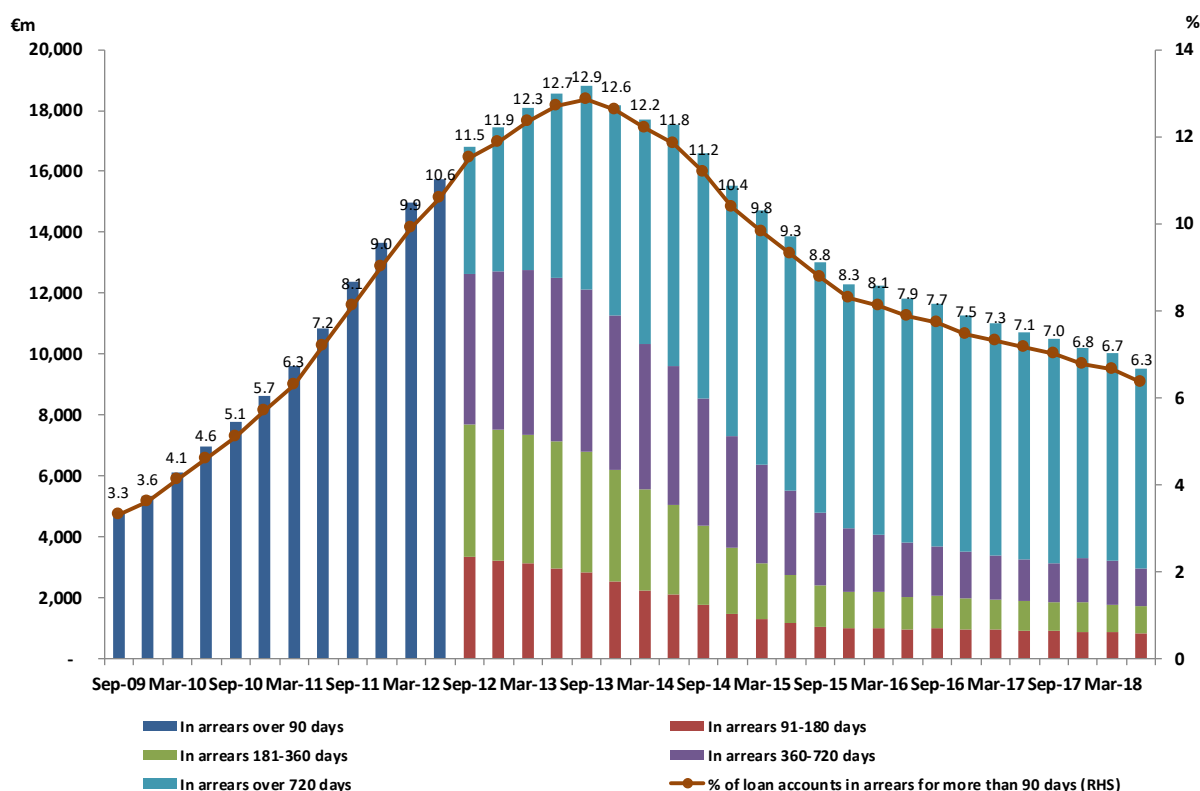
Residential Mortgages on Principal Dwelling Houses

Arrears

At end-June 2018, there were 725,693 private residential mortgage accounts for principal dwellings held in the Republic of Ireland, to a value of €98.2 billion. Of this total stock, 66,479 accounts were in arrears, representing a decrease of 5,345 accounts or 7.5 per cent over the quarter. Some 46,008 accounts (6.3 per cent) were in arrears of more than 90 days.¹

The number of accounts in arrears over 90 days fell by 5.2 per cent over the quarter, marking the nineteenth consecutive decline in this category. The outstanding balance on all lenders' PDH mortgage accounts in arrears of more than 90 days was €9.5 billion at end-June, equivalent to 9.7 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.

The number of accounts in arrears over 360 days fell to 35,272 at end-June, equivalent to 5 per cent of the total stock of PDH mortgage accounts and representing a fall of 2,076 accounts over the quarter. For all

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 and credit service providers. 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.

institutions, the value of accounts in longer-term arrears over 360 days remains large, amounting to just over €7.8 billion at end-June 2018.

The number of accounts in arrears over 720 days declined by 1,272 accounts in June, or 4.3 per cent. This was the twelfth consecutive decline in this category. Accounts in arrears over 720 days now constitute 42 per cent of all accounts in arrears, and at €2.5 billion represent 91 per cent of arrears balances outstanding.

Restructuring Arrangements²

A total stock of 116,010 PDH mortgage accounts were categorised as restructured at end-June 2018. This reflects a reduction of 1,324 accounts compared to end-March 2018. The share of accounts on interest only arrangements and reduced payment arrangements remained low at end-June, at a combined 9 per cent, indicating a continuing move out of short-term arrangements. In contrast, the number of mortgage accounts with split mortgages increased over the quarter, accounting for nearly one quarter of all restructure accounts at end-June. Arrears capitalisation³ continued to account for the largest share of restructured accounts at 33 per cent at end-June. A breakdown of restructured mortgages by type is presented in Figure 2.

A total of 7,857 new restructure arrangements⁴ were agreed during the second quarter of 2018, the highest level of new agreements since end-2016. The data on arrears and restructures indicate that of the total stock of 66,479 PDH accounts that were in arrears at end-June, 24,210 (36 per cent) were classified as restructured at that time. Of the total stock of 46,008 PDH accounts that were in arrears of more than 90 days, 23 per cent were classified as restructured.

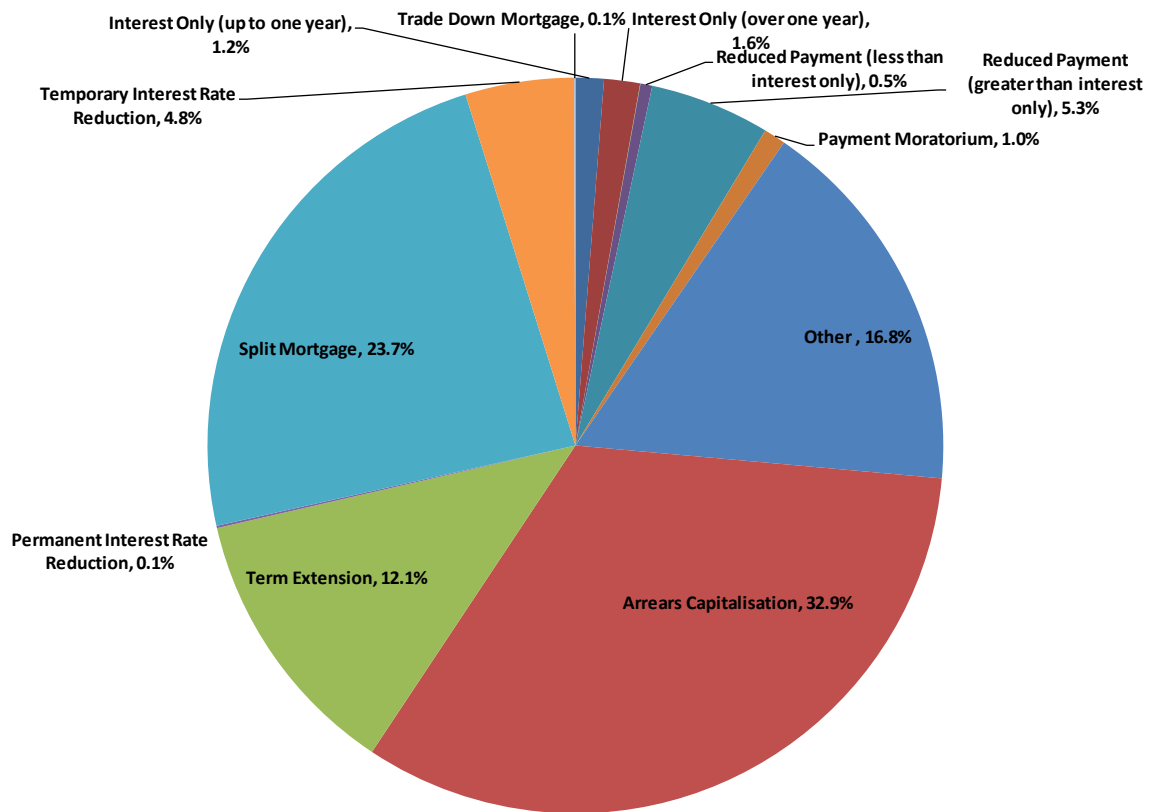
Some 79 per cent of restructured accounts were not in arrears at end-June 2018. Restructured accounts in arrears include accounts that were in arrears prior to restructuring where the arrears balance has not yet been eliminated, as well as accounts that are in arrears on the current restructuring arrangement. At end-June, 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.

² See [Annex 2](#) for further information on restructuring arrangements/forbearance techniques and meeting the terms of the arrangement.

³ Arrears capitalisation is an arrangement whereby some or all of the outstanding arrears are effectively added to the remaining principal balance, to be repaid over the life of the mortgage.

⁴ This includes first-time restructures and further modifications of existing restructures.

Figure 2: Restructured PDH Mortgage Accounts by Restructure Type, end-June 2018



Inability to meet the terms of the arrangement implies that the restructure agreement put in place may not have been suitable. Table 2 shows the percentage of restructured accounts that were deemed to be meeting the terms of their arrangement at end-June 2018, broken down by arrangement type. Lower numbers indicate a greater number of borrowers are not currently meeting terms of new arrangement. As the figures in Table 2 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 Accordingly, the figures show that of the total stock of accounts in the arrears capitalisation category, some 20 per cent of PDH accounts are not meeting terms of current restructure arrangement, i.e. the arrears balance has increased since the arrangement was put in place.

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: Percentage of Restructures 'Meeting the Terms of the Arrangement': end-June 2018

%	PDH	BTL
Total	87.1	88.0
Interest Only - up to one year	89.8	80.7
Interest Only - over one year	94.6	93.7
Deferred Interest Scheme	76.2	n/a
Reduced Payment (less than interest only)	77.9	74.5
Reduced Payment (greater than interest only)	82.0	91.4
Temporary Interest Rate Reduction	91.5	98.1
Payment Moratorium	97.9	98.4
Arrears Capitalisation	80.6	74.2
Term Extension	93.5	94.8
Permanent Interest Rate Reduction	86.4	0.0
Split Mortgage	93.4	93.5
Other	85.8	89.9

Legal Proceedings and Repossessions⁶

During the second quarter of 2018, legal proceedings were issued to enforce the debt/security on 437 PDH mortgage accounts. During Q2 2018, there were 403 mortgage accounts where court proceedings concluded but arrears remained outstanding. In 243 accounts, the Courts granted an order for repossession or sale of the property. A total of 245 properties were taken into possession by lenders during the quarter, down from 321 properties in the previous quarter. Of the properties taken into possession during the quarter, the majority of properties, at 144, were voluntary surrendered or abandoned. The remainder, at 101, were repossessed on foot of a Court Order. During the quarter, 236 properties were disposed of by lenders. The number of properties in possession at the end of the quarter was also impacted by reclassifications. As a result, lenders were in possession of 1,702 PDH properties at end-June 2018.

⁶ Legal proceedings record steps to repossess a property and include cases where a formal application has been made to a court to begin repossession proceedings, along with subsequent adjournments and judgement proceedings.

Table 3: PDH Mortgage Arrears Repossessions and Restructures	Q1 2018			Q2 2018		
	Number	Balance €000	Arrears €000	Number	Balance €000	Arrears €000
Mortgages						
Total residential mortgage loan accounts outstanding	728,575	98,681,367	-	725,693	98,226,060	-
Arrears						
Total residential mortgage arrears cases outstanding	71,833	13,252,710	2,904,147	66,479	12,372,421	2,719,613
<i>of which:</i>						
in arrears up to 90 days	23,295	3,221,819	33,857	20,471	2,864,164	30,059
in arrears 91 to 180 days	5,480	853,020	28,435	5,323	820,574	29,776
in arrears 181 to 360 days	5,710	932,273	56,411	5,413	882,327	54,577
in arrears 361 to 720 days	7,839	1,417,472	164,006	7,035	1,240,333	138,324
in arrears over 720 days	29,509	6,828,126	2,621,438	28,237	6,565,023	2,466,877
Total arrears cases over 90 days outstanding	48,538	10,030,891	2,870,290	46,008	9,508,257	2,689,554
% of loan accounts in arrears for more than 90 days	6.7%	10.2%		6.3%	9.7%	
Repossessions						
Residential properties in possession - at the beginning of quarter	1,658			1,776		
Residential properties repossessed on foot of an Order during quarter	63			101		
Residential properties voluntarily surrendered/abandoned during the quarter	258			144		
Residential properties disposed of during this quarter	174			236		
Residential properties in possession – at end of quarter ¹	1,802			1,702		
Total residential mortgage accounts restructured						
Restructures	117,334	15,832,798	413,962	116,010	15,752,159	413,813
Restructures not in arrears	91,384	11,617,937		91,800	11,712,137	
Total restructures by type:						
Interest Only - up to one year	1,409	230,853	14,819	1,441	233,875	16,794
Interest Only - over one year	1,849	363,760	2,573	1,828	352,458	2,560
Reduced Payment (greater than interest only)	6,128	1,324,944	165,755	6,126	1,319,569	155,167
Reduced Payment (less than interest only)	569	113,137	9,041	598	123,486	10,313
Term Extension	14,607	1,536,551	41,618	13,996	1,479,892	44,319
Arrears Capitalisation	38,498	5,840,435	101,938	38,170	5,915,784	95,237
Payment Moratorium	1,216	193,129	7,142	1,116	167,401	3,586
Deferred Interest Scheme	22	4,078	587	21	3,845	584
Permanent Interest Rate Reduction	118	20,024	27	118	20,063	65
Split Mortgage	27,514	2,739,541	11,520	27,464	2,719,975	13,510
Trade Down Mortgage	63	9,524	1	64	9,576	1
Temporary Interest Rate Reduction	5,802	1,121,852	16,180	5,542	1,063,670	15,702
Other	19,539	2,334,970	42,761	19,526	2,342,565	55,975

*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.

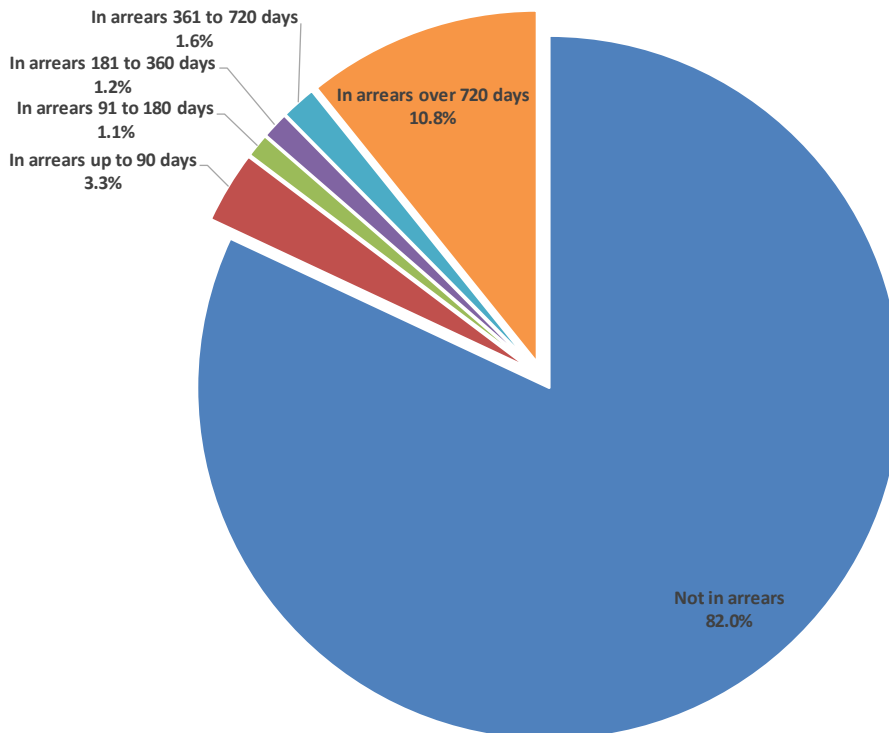
¹ The number of properties in possession at the end of the quarter can also be impacted by reclassification issues.

Residential Mortgages on Buy-to-Let Properties

Arrears

At end-June 2018, there were 118,234 residential mortgage accounts for buy-to-let (BTL) properties held in the Republic of Ireland, to a value of €20.9 billion. Some 21,317 (18 per cent) of these accounts were in arrears, compared to 22,545 accounts at end-March 2018, reflecting a decrease of 5.4 per cent over the quarter. Of the total BTL stock, 17,394 or 15 per cent were in arrears of more than 90 days, reflecting a decrease of 5.3 per cent over the quarter. The outstanding balance on all BTL mortgage accounts in arrears of more than 90 days was €4.7 billion at end-June, equivalent to 22 per cent of the total outstanding balance. The number of BTL accounts that were in arrears of more than 180 days was 16,099 at end-June 2018, reflecting a quarter-on-quarter fall of 5.5 per cent. BTL accounts in arrears greater than 720 days decreased by 4.7 per cent in the second quarter of 2018. Accounts in arrears of over 720 days now number 12,732 or 60 per cent of all BTL accounts in arrears. The outstanding balance on these accounts was €3.6 billion at end-June, equivalent to 17 per cent of the total outstanding balance on all BTL mortgage accounts.

Figure 3: BTL Mortgage Accounts by Arrears Category, end-June 2018



Restructuring Arrangements

A total stock of 19,834 BTL mortgage accounts were categorised as restructured at end-June 2018, reflecting a decrease of 1,442 accounts over the quarter. Of the total stock of restructured accounts recorded at end-June, 82 per cent were not in arrears, while 88 per cent were meeting the terms of their current restructure arrangement. A total of 1,110 new restructure arrangements were agreed during the second quarter of the year, an increase on the previous quarter. On the BTL side, the largest cohort of restructured mortgages was in arrears capitalisation arrangements, which represented 21 per cent of all restructure arrangements. The data on arrears and restructures indicate that of the total stock of 21,317 BTL accounts that were in arrears at end-June, 3,613 (or 17 per cent) were classified as restructured.

Legal Proceedings and Repossessions

During the second quarter of 2018, rent receivers were appointed to 802 BTL accounts, bringing the stock of accounts with rent receivers appointed to 5,915; this is down from 5,935 accounts in the previous quarter. There were 1,766 BTL properties in the banks' possession at the beginning of Q2 2018. A total of 98 properties were taken into possession by lenders during the quarter. Of the total BTL repossessions in the quarter, 25 were repossessed on foot of a Court Order, while the remaining 73 were voluntarily surrendered or abandoned. During Q2 2018, 168 properties were disposed of. The number of properties in possession at the end of the quarter was also impacted by reclassifications. As a result, lenders were in possession of 1,774 BTL properties at end-June 2018.

Table 4: BTL Mortgage Arrears Repossessions and Restructures	Q1 2018			Q2 2018		
	Number	Balance €000	Arrears €000	Number	Balance €000	Arrears €000
Mortgages						
Total residential mortgage loan accounts outstanding	121,029	21,691,808	-	118,234	20,860,230	-
Arrears						
Total residential mortgage arrears cases outstanding	22,545	5,934,232	2,083,123	21,317	5,466,348	2,121,116
<i>of which:</i>						
in arrears up to 90 days	4,182	836,418	35,336	3,923	777,197	50,125
in arrears 91 to 180 days	1,323	293,598	27,029	1,295	277,059	37,144
in arrears 181 to 360 days	1,575	343,951	53,393	1,463	305,278	51,290
in arrears 361 to 720 days	2,103	509,354	97,316	1,904	458,141	103,594
in arrears over 720 days	13,362	3,950,911	1,870,049	12,732	3,648,673	1,878,963
Total arrears cases over 90 days outstanding	18,363	5,097,814	2,047,787	17,394	4,689,151	2,070,991
% of loan accounts in arrears for more than 90 days	15.2%	23.5%		14.7%	22.5%	
Repossessions						
Residential properties in possession - at the beginning of quarter	1,789			1,766		
Residential properties repossessed on foot of an Order during quarter	26			25		
Residential properties voluntarily surrendered/abandoned during the quarter	128			73		
Residential properties disposed of during this quarter	85			168		
Residential properties in possession – at end of quarter ¹	1,839			1,774		
Total residential mortgage accounts restructured						
Restructures	21,276	4,889,643	191,203	19,834	4,531,867	160,292
Restructures not in arrears	16,968	3,799,919	-	16,221	3,635,005	-
Total restructures by type:						
Interest Only - up to one year	765	176,143	16,571	737	174,693	14,851
Interest Only - over one year	1,279	350,612	12,042	1,189	331,302	13,071
Reduced Payment (greater than interest only)	4,395	1,301,500	53,197	4,096	1,223,874	50,277
Reduced Payment (less than interest only)	46	9,763	826	51	9,811	925
Term Extension	3,611	586,258	17,943	3,505	573,221	22,434
Arrears Capitalisation	4,850	971,362	55,133	4,260	844,938	39,429
Payment Moratorium	208	34,613	1,370	186	26,000	1,345
Deferred Interest Scheme	0	0	0	0	0	0
Permanent Interest Rate Reduction	2	1,057	429	2	1,070	451
Split Mortgage	2,046	270,282	891	1,923	237,657	520
Temporary Interest Rate Reduction	108	21,795	268	104	20,895	114
Other	3,966	1,166,258	32,533	3,781	1,088,406	16,875

*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 Entities⁷

Arrears

At end-June 2018, non-bank entities accounted for 7 per cent of the total stock of PDH mortgage accounts outstanding. For BTLs the proportion was higher at 12 per cent. Overall, non-bank entities accounted for just over 7 per cent of the total stock of residential mortgage accounts outstanding (PDH and BTL) at end-June 2018 (9 per cent in value terms).

In terms of PDH mortgages held by non-bank entities, 75 per cent were held by regulated retail credit firms at end-June 2018. For retail credit firms, 15 per cent of accounts were in arrears over 90 days, with 8 per cent in arrears of over 720 days (Table 5). The equivalent figures for unregulated loan owners was 51 per cent and 42 per cent, respectively. Restructuring activity continued to be lower among retail credit firms, with 19 per cent of loans restructured at end-June, compared to 23 per cent for unregulated loan owners.

In terms of BTL mortgages held by non-bank entities, 51 per cent of BTL accounts were held by retail credit firms. For retail credit firms, 22 per cent of accounts were in arrears, with 17 per cent of accounts in arrears of 720 days. The number of BTL accounts in arrears for unregulated loan owners was particularly high, with 81 per cent of accounts in arrears, and 66 per cent of all accounts in arrears over 720 days at end-June 2018.

Non-bank entities held 9,491 restructured PDH mortgage accounts. Of those accounts held by retail credit firms, 75 per cent were meeting the terms of the arrangement. For unregulated loan owners, this was lower at 63 per cent. Non-bank entities held 660 restructured BTL mortgage accounts, which accounted for just 3 per cent of all restructured BTL mortgage accounts. About half of BTL mortgages held by unregulated loan owners were meeting the terms of the restructuring arrangement.

Legal Proceedings and Repossessions

There were 430 properties in non-bank entities' possession at the end of the second quarter, with 112 properties held by retail credit firms, and 318 held by unregulated loan owners. Some 47 properties were taken into possession by non-bank entities during the quarter, up slightly from 43 properties in the previous quarter. Of the properties taken into possession during the quarter, 35 were repossessed on foot of a Court Order, while the remaining 12 were voluntarily surrendered or abandoned. During the quarter, 57 properties were disposed of.

⁷ Non-bank entities comprise regulated retail credit firms and unregulated loan owners. Unregulated loan owners include owners of mortgages not regulated by the Central Bank of Ireland, that have purchased mortgage loans secured on Irish residential properties. The Consumer Protection (Regulation of Credit Servicing Firms) Act, 2015 was enacted to ensure that relevant borrowers, whose loans are sold to third parties, maintain the same regulatory protections they had prior to the sale.

Table 5: PDH Mortgage Arrears Repossessions and Restructures of Non-Bank Entities	Non-Bank Entities Q2 2018					
	Retail Credit Firms			Unregulated loan owners		
	Number	Balance €000	Arrears €000	Number	Balance €000	Arrears €000
Mortgages						
Total residential mortgage loan accounts outstanding	36,128	5,764,680		11,824	2,469,087	
Arrears						
Total residential mortgage arrears cases outstanding	7,068	1,465,654	286,716	6,973	1,800,175	848,955
<i>% of total</i>	20%	25%		59%	73%	
<i>of which:</i>						
in arrears over 90 days	5,474	1,217,193	283,047	5,988	1,655,041	846,786
<i>% of total</i>	15%	21%		51%	67%	
in arrears over 720 days	2,912	770,652	245,102	4,985	1,502,502	834,547
<i>% of total</i>	8%	13%		42%	61%	
Repossessions						
Residential properties in possession – at end of quarter	103			160		
Total residential mortgage accounts restructured						
Restructures	6,717	1,085,348	22,460	2,774	495,277	139,089
<i>% of total</i>	19%	19%		23%	20%	
Meeting the terms of the arrangement	5,023	793,064	5,137	1,753	257,987	37,616
<i>% of total resturctures</i>	75%	73%		63%	52%	
In arrears over 90 days, of which restructured	1,011	185,014	20,902	1,076	279,207	138,062
<i>% of total in arrears > 90 days</i>	18%	15%		18%	17%	

Note: See footnote 7.

Table 6: BTL Mortgage Arrears Repossessions and Restructures of Non-Bank Entities	Non-Bank Entities Q2 2018					
	Retail Credit Firms			Unregulated loan owners		
	Number	Balance €000	Arrears €000	Number	Balance €000	Arrears €000
Mortgages						
Total residential mortgage loan accounts outstanding	7,013	1,184,721		6,799	1,845,255	
Arrears						
Total residential mortgage arrears cases outstanding	1,571	420,780	264,236	5,531	1,560,629	935,443
<i>% of total</i>	22%	36%		81%	85%	
<i>of which:</i>						
in arrears over 90 days	1,376	391,200	262,990	5,058	1,461,239	906,950
<i>% of total</i>	20%	33%		74%	79%	
in arrears over 720 days	1,178	357,699	255,718	4,466	1,327,374	865,670
<i>% of total</i>	17%	30%		66%	72%	
Repossessions						
Residential properties in possession – at end of quarter	9			158		
Total residential mortgage accounts restructured						
Restructures	305	54,570	5,654	355	123,410	47,789
<i>% of total</i>	4%	5%		5%	7%	
Meeting the terms of the arrangement	229	39,574	1,005	177	58,823	10,200
<i>% of total resturctures</i>	75%	73%		50%	48%	
In arrears over 90 days, of which restructured	95	18,733	5,619	198	70,642	47,747
<i>% of total in arrears > 90 days</i>	7%	5%	2%	4%	5%	5%

Note: See footnote 7.

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.

Annex 2: 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 interest. 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.

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 Targets. 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.