



Residential Mortgage Arrears & Repossessions Statistics: Q3 2018

The Central Bank of Ireland is publishing revised figures for the value of PDH and BTL mortgages classified as in arrears. The total value of PDH accounts in arrears over 720 days past due has been revised from €2.47 billion to €2.34 billion in June 2018. The reason for the revision is to ensure harmonised reporting across all reporting agents. In previous submissions to the Central Bank, one portfolio was reported as fully in arrears where a formal demand for repayment had been made, as opposed to the outstanding arrears figure only. All other series, including the number of mortgage accounts in arrears, are not affected by the revision. The revisions date back to Q1 2017.

Summary¹

- The number of mortgage accounts for principal dwelling houses (PDHs) in arrears over 90 days continued to decline in Q3 2018, marking the twentieth 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 Q3 2018 marked the thirteenth consecutive decline.
- Non-bank entities now hold 10 per cent of all PDH mortgage accounts outstanding; 8 per cent are held by regulated retail credit firms, with the remaining 2 per cent held by unregulated loan owners. Unregulated loan owners hold 17 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	90%	8%	2%
% of all PDH mortgages in arrears	77%	13%	10%
% of all PDH mortgages in arrears over 90 days	74%	13%	13%
% of all PDH mortgages in arrears over 720 days	72%	11%	17%

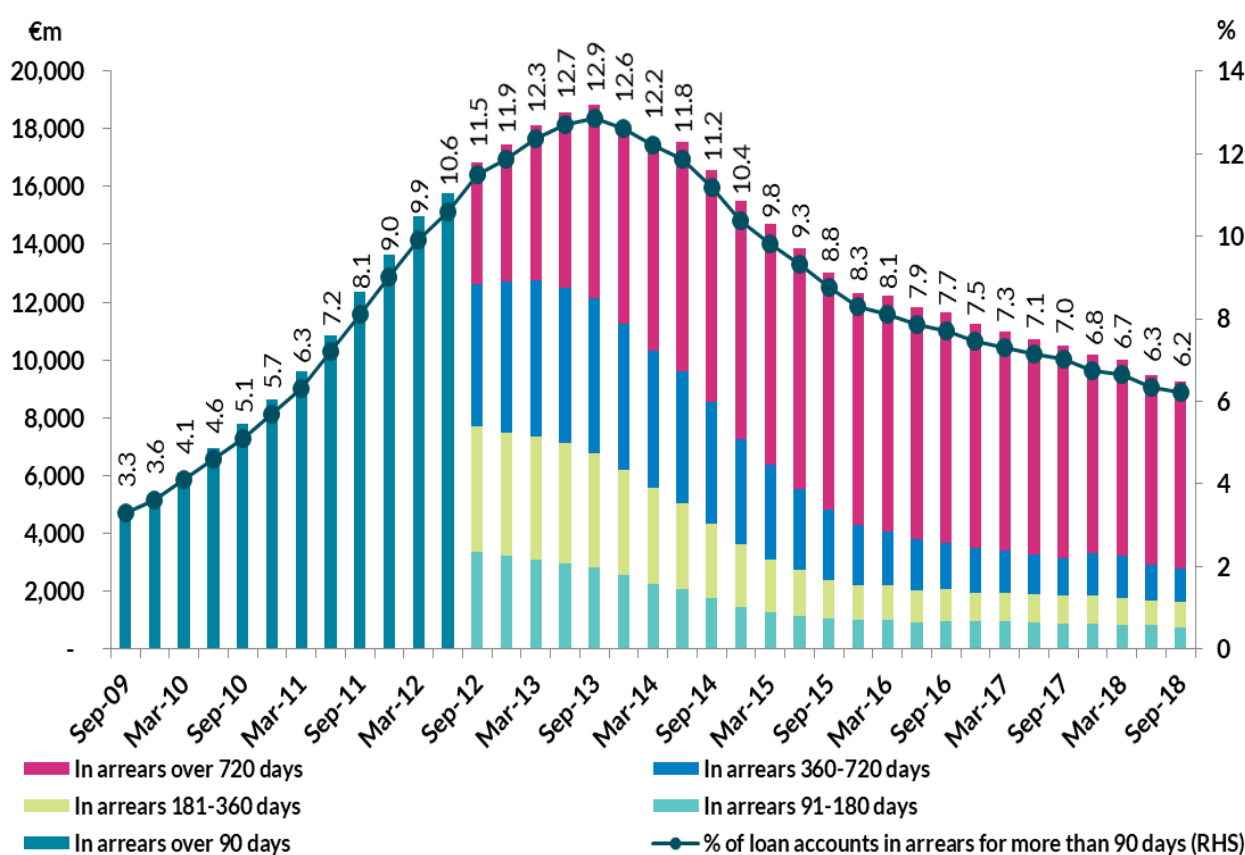
¹ Full data tables are available in [Annex 3](#).

Residential Mortgages on Principal Dwelling Houses

Arrears

At end-September 2018, there were 728,075 private residential mortgage accounts for principal dwellings held in the Republic of Ireland, to a value of €98.2 billion. Of this total stock, 64,510 accounts were in arrears, representing a decrease of 1,918 accounts or 2.9 per cent over the quarter. Some 45,178 accounts (6.2 per cent) were in arrears of more than 90 days.²

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 90 days fell by 1.7 per cent over the quarter, marking the twentieth consecutive decline in this category. The outstanding balance on all lenders' PDH mortgage accounts in arrears of more than 90 days was €9.3 billion at end-September, equivalent to 9.4 per cent of the total outstanding balance on all PDH mortgage accounts. The number of accounts in arrears over 720 days was broadly stable, declined by just 199 accounts or 0.7 per cent, in September. This was the thirteenth

² 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.

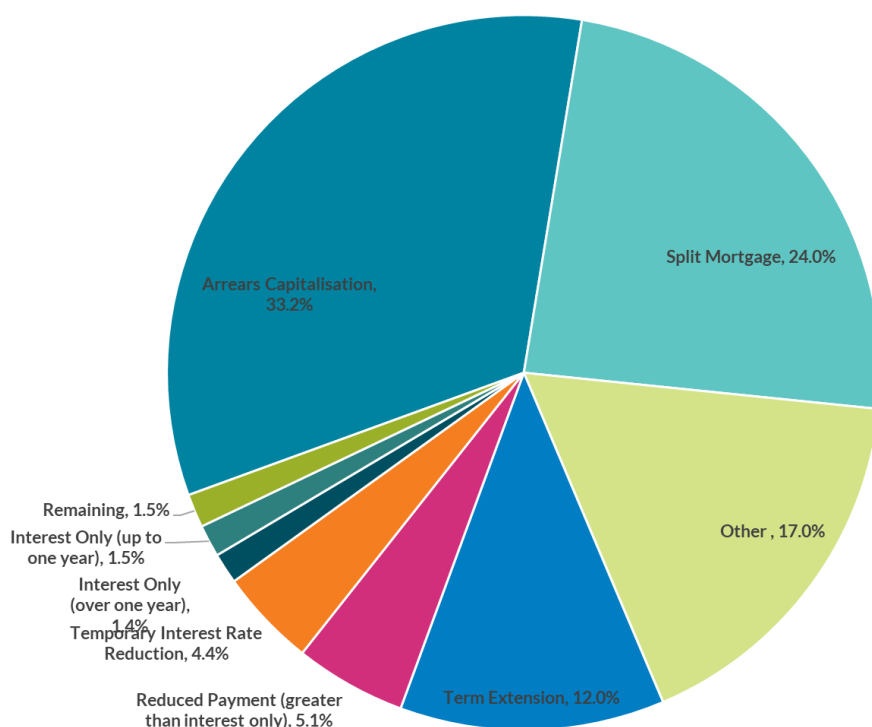
consecutive decline in this category. Accounts in arrears over 720 days now constitute 43 per cent of all accounts in arrears, and at €2.4 billion represent 90 per cent of arrears balances outstanding.

Restructuring Arrangements³

A total stock of 113,871 PDH mortgage accounts were categorised as restructured at end-September 2018. This reflects a reduction of 2,139 accounts compared to end-June 2018. The share of accounts on interest only arrangements and reduced payment arrangements remained low at end-September, at a combined 8 per cent, indicating a continuing move out of short-term arrangements. Arrears capitalisation⁴ continued to account for the largest share of restructured accounts at 33 per cent at end-September.

There were 4,618 new restructure arrangements⁵ agreed during the third quarter of 2018, bringing the total number of new restructure arrangements in the first three quarters of 2018 to 17,920. The data on arrears and restructures indicate that of the total stock of 64,510 PDH accounts that were in arrears at end-September, 23,208 (36 per cent) were classified as restructured at that time.

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



³ See [Annex 2](#) for further information on restructuring arrangements/forbearance techniques and meeting the terms of the arrangement.

⁴ 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.

⁵ This includes first-time restructures and further modifications of existing restructures.

Some 80 per cent of restructured accounts were not in arrears at end-September 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-September, 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.

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-September 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.⁶ 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.

Table 2: Percentage of Restructures 'Meeting the Terms of the Arrangement': end-September 2018

%	PDH	BTL
Total	86.9	87.9
Interest Only - up to one year	87.5	80.5
Interest Only - over one year	94.9	92.4
Deferred Interest Scheme	71.4	n/a
Reduced Payment (less than interest only)	81.5	87.1
Reduced Payment (greater than interest only)	82.4	90.6
Temporary Interest Rate Reduction	91.6	99.0
Payment Moratorium	98.4	97.9
Arrears Capitalisation	79.6	75.1
Term Extension	93.4	94.3
Permanent Interest Rate Reduction	89.3	50.0
Split Mortgage	93.4	93.0
Other	86.0	89.8

⁶ It should also be noted that some categories reflect only a small number of arrangements, particularly in the case of BTL accounts.

Legal Proceedings and Repossessions⁷

During the third quarter of 2018, legal proceedings were issued to enforce the debt/security on 509 PDH mortgage accounts. During Q3 2018, there were 242 mortgage accounts where court proceedings concluded but arrears remained outstanding. The Courts granted an order for repossession or sale of the property affecting 120 accounts. A total of 161 properties were taken into possession by lenders during the quarter, down from 245 properties in the previous quarter. Of the properties taken into possession during the quarter, the majority of properties, at 93, were voluntary surrendered or abandoned. The remainder, at 68, were repossessed on foot of a Court Order. During the quarter, 202 properties were disposed of by lenders. As a result, lenders were in possession of 1,657 PDH properties at end-September 2018.

Residential Mortgages on Buy-to-Let Properties

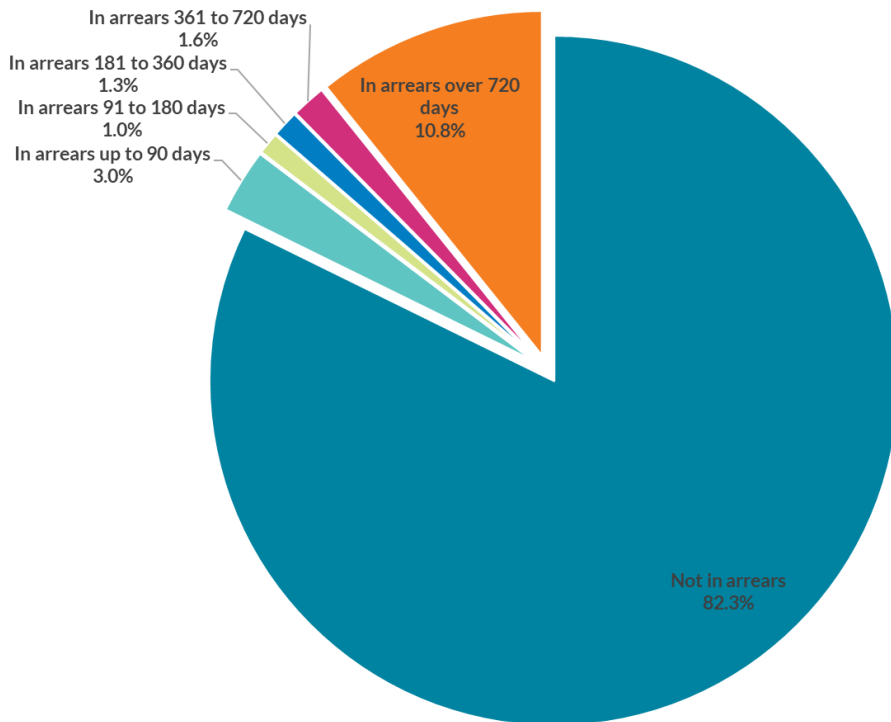
Arrears

At end-September 2018, there were 116,129 residential mortgage accounts for buy-to-let (BTL) properties held in the Republic of Ireland, to a value of €20.3 billion. Some 20,579 (18 per cent) of these accounts were in arrears, compared to 21,294 accounts at end-June 2018, reflecting a decrease of 3.4 per cent over the quarter. Of the total BTL stock, 17,032 or 15 per cent were in arrears of more than 90 days, reflecting a decrease of 1.9 per cent over the quarter. The outstanding balance on all BTL mortgage accounts in arrears of more than 90 days was €4.6 billion at end-September, equivalent to 23 per cent of the total outstanding balance.

BTL accounts in arrears greater than 720 days decreased by 1.9 per cent in the third quarter of 2018. Accounts in arrears of over 720 days now number 12,424 or 60 per cent of all BTL accounts in arrears. The outstanding balance on these accounts was €3.6 billion at end-September, equivalent to 18 per cent of the total outstanding balance on all BTL mortgage accounts.

⁷ 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.

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



Restructuring Arrangements

A total stock of 19,003 BTL mortgage accounts were categorised as restructured at end-September 2018, reflecting a decrease of 831 accounts over the quarter. Of the total stock of restructured accounts recorded at end-September, 82 per cent were not in arrears, while 88 per cent were meeting the terms of their current restructure arrangement. A total of 955 new restructure arrangements were agreed during the third quarter of the year. 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 20,579 BTL accounts that were in arrears at end-September, 3,375 (or 16 per cent) were classified as restructured.

Legal Proceedings and Repossessions

During the third quarter of 2018, rent receivers were appointed to 380 BTL accounts, bringing the stock of accounts with rent receivers appointed to 5,937. There were 1,774 BTL properties in the banks' possession at the beginning of Q3 2018. A total of 96 properties were taken into possession by lenders during the quarter. Of the total BTL repossessions in the quarter, 36 were repossessed on foot of a Court Order, while

the remaining 60 were voluntarily surrendered or abandoned. During Q3 2018, 260 properties were disposed of. As a result, lenders were in possession of 1,610 BTL properties at end-September 2018.

Residential Mortgages held by Non-Bank Entities⁸

Arrears

At end-September 2018, non-bank entities accounted for 10 per cent of the total stock of PDH mortgage accounts outstanding. For BTLs the proportion was higher at 15 per cent. Overall, non-bank entities accounted 10 per cent of the total stock of residential mortgage accounts outstanding (PDH and BTL) at end-September 2018 (13 per cent in value terms).

In terms of PDH mortgages held by non-bank entities, 83 per cent were held by regulated retail credit firms at end-September 2018. For retail credit firms, 10 per cent of accounts were in arrears over 90 days, with 5 per cent in arrears of over 720 days (Table 5). The equivalent figures for unregulated loan owners was 50 per cent and 41 per cent, respectively. Restructuring activity continued to be lower among retail credit firms, with 13 per cent of the stock of mortgage accounts restructured at end-September, compared to 24 per cent for unregulated loan owners.

In terms of BTL mortgages held by non-bank entities, 63 per cent of BTL accounts were held by retail credit firms. For retail credit firms, 16 per cent of accounts were in arrears, with 11 per cent of accounts in arrears of 720 days. The number of BTL accounts in arrears for unregulated loan owners was particularly high, with 80 per cent of accounts in arrears, and 66 per cent of all accounts in arrears over 720 days at end-September 2018.

Non-bank entities held 10,333 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 64 per cent. Non-bank entities held 767 restructured BTL mortgage accounts, which accounted for just 4 per cent of all restructured BTL mortgage accounts. Just under half of BTL mortgages held by unregulated loan owners were meeting the terms of the restructuring arrangement.

Legal Proceedings and Repossessions

There were 448 PDH and BTL properties in non-bank entities' possession at the end of the second quarter, with 115 properties held by retail credit firms, and 333 held by unregulated loan owners. Some 30 PDH properties were taken into possession by non-bank entities during the quarter, down on the previous

⁸ Non-bank entities comprise regulated retail credit firms and unregulated loan owners. Unregulated loans 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.

quarter. Of the properties taken into possession during the quarter, 23 were repossessed on foot of a Court Order, while the remaining 7 were voluntarily surrendered or abandoned. During the quarter, 30 PDH properties were disposed of.

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.

Annex 3: Data Tables

Table 3: PDH Mortgage Arrears Repossessions and Restructures	Q2 2018			Q3 2018		
	Number	Balance €000	Arrears €000	Number	Balance €000	Arrears €000
Mortgages						
Total residential mortgage loan accounts outstanding	725,626	98,194,488	-	728,075	98,184,958	-
Arrears						
Total residential mortgage arrears cases outstanding	66,426	12,344,991	2,593,331	64,510	11,902,417	2,602,706
<i>of which:</i>						
in arrears up to 90 days	20,462	2,857,912	29,956	19,332	2,634,867	32,132
in arrears 91 to 180 days	5,320	819,287	29,737	5,086	758,938	27,509
in arrears 181 to 360 days	5,410	879,988	54,326	5,373	871,101	58,756
in arrears 361 to 720 days	7,037	1,240,047	138,167	6,721	1,159,876	130,269
in arrears over 720 days	28,197	6,547,757	2,341,145	27,998	6,477,635	2,354,040
Total arrears cases over 90 days outstanding	45,964	9,487,079	2,563,375	45,178	9,267,550	2,570,574
% of loan accounts in arrears for more than 90 days	6.3%	9.7%		6.2%	9.4%	
Repossessions						
Residential properties in possession - at the beginning of quarter	1,776			1,698		
Residential properties repossessed on foot of an Order during quarter	101			68		
Residential properties voluntarily surrendered/abandoned during the quarter	144			93		
Residential properties disposed of during this quarter	236			202		
Residential properties in possession – at end of quarter ¹	1,702			1,657		
Total residential mortgage accounts restructured						
Restructures	116,010	15,752,161	412,437	113,871	15,249,455	418,670
Restructures not in arrears	91,800	11,712,137		90,663	11,426,272	
Total restructures by type:						
Interest Only - up to one year	1,441	233,875	16,794	1,582	250,206	18,220
Interest Only - over one year	1,828	352,458	2,560	1,654	273,593	3,156
Reduced Payment (greater than interest only)	6,126	1,319,569	154,678	5,752	1,238,196	156,398
Reduced Payment (less than interest only)	598	123,486	9,823	518	103,816	8,735
Term Extension	13,996	1,479,891	44,187	13,653	1,441,941	50,900
Arrears Capitalisation	38,170	5,915,785	95,237	37,762	5,788,183	95,505
Payment Moratorium	1,116	167,401	3,586	1,005	153,905	3,308
Deferred Interest Scheme	21	3,845	584	14	3,070	543
Permanent Interest Rate Reduction	118	20,063	65	122	20,736	176
Split Mortgage	27,464	2,719,975	13,510	27,339	2,699,973	14,375
Trade Down Mortgage	64	9,576	1	65	9,624	2
Temporary Interest Rate Reduction	5,542	1,063,671	15,703	5,039	959,571	14,251
Other	19,526	2,342,566	55,708	19,366	2,306,641	53,101

*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.

Table 4: BTL Mortgage Arrears Repossessions and Restructures	Q2 2018			Q3 2018		
	Number	Balance €000	Arrears €000	Number	Balance €000	Arrears €000
Mortgages						
Total residential mortgage loan accounts outstanding	118,237	20,860,534	-	116,129	20,345,647	-
Arrears						
Total residential mortgage arrears cases outstanding	21,294	5,462,585	1,989,087	20,579	5,327,898	1,985,912
<i>of which:</i>						
in arrears up to 90 days	3,934	778,946	50,149	3,547	702,051	27,508
in arrears 91 to 180 days	1,312	279,307	37,204	1,234	280,315	36,307
in arrears 181 to 360 days	1,469	305,752	51,350	1,485	312,013	56,915
in arrears 361 to 720 days	1,909	458,825	103,460	1,889	459,155	116,100
in arrears over 720 days	12,670	3,639,755	1,746,924	12,424	3,574,364	1,749,082
Total arrears cases over 90 days outstanding	17,360	4,683,639	1,938,938	17,032	4,625,847	1,958,404
% of loan accounts in arrears for more than 90 days	14.7%	22.5%		14.7%	22.7%	
Repossessions						
Residential properties in possession - at the beginning of quarter	1,766			1,774		
Residential properties repossessed on foot of an Order during quarter	25			36		
Residential properties voluntarily surrendered/abandoned during the quarter	73			60		
Residential properties disposed of during this quarter	168			260		
Residential properties in possession – at end of quarter ¹	1,774			1,610		
Total residential mortgage accounts restructured						
Restructures	19,834	4,531,866	159,853	19,003	4,345,696	164,717
Restructures not in arrears	16,220	3,634,689	-	15,628	3,513,087	-
Total restructures by type:						
Interest Only - up to one year	737	174,693	14,851	656	153,299	16,578
Interest Only - over one year	1,189	331,302	13,071	1,084	306,309	13,974
Reduced Payment (greater than interest only)	4,096	1,223,874	50,277	3,738	1,133,475	50,031
Reduced Payment (less than interest only)	51	9,811	920	62	14,361	1,209
Term Extension	3,505	573,221	22,434	3,541	592,117	26,146
Arrears Capitalisation	4,260	844,938	39,471	4,028	786,430	36,281
Payment Moratorium	186	26,000	1,345	145	22,453	961
Deferred Interest Scheme	0	0	0	0	0	0
Permanent Interest Rate Reduction	2	1,070	451	2	130	2
Split Mortgage	1,923	237,657	520	1,891	234,971	550
Temporary Interest Rate Reduction	104	20,894	113	97	19,326	96
Other	3,781	1,088,406	16,400	3,759	1,082,825	18,889

*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.

Table 5: PDH Mortgage Arrears Repossessions and Restructures of Non-Bank Entities	Non-Bank Entities Q3 2018					
	Retail Credit Firms			Unregulated loan owners		
	Number	Balance €000	Arrears €000	Number	Balance €000	Arrears €000
Mortgages						
Total residential mortgage loan accounts outstanding	58,048	9,573,172		11,531	2,309,450	
Arrears						
Total residential mortgage arrears cases outstanding	8,153	1,681,172	302,150	6,721	1,692,464	696,550
<i>% of total</i>	14%	18%		58%	73%	
<i>of which:</i>						
in arrears over 90 days	5,887	1,320,477	298,417	5,802	1,570,433	694,645
<i>% of total</i>	10%	14%		50%	68%	
in arrears over 720 days	3,161	846,461	262,097	4,784	1,414,368	682,856
<i>% of total</i>	5%	9%		41%	61%	
Repossessions						
Residential properties in possession – at end of quarter	103			160		
Total residential mortgage accounts restructured						
Restructures	7,509	1,245,365	25,036	2,824	501,120	143,862
<i>% of total</i>	13%	13%		24%	22%	
Meeting the terms of the arrangement	5,635	915,882	5,925	1,821	263,821	32,862
<i>% of total restrutures</i>	75%	74%		64%	53%	
In arrears over 90 days, of which restructured	1,083	200,310	23,865	1,115	288,707	143,184
<i>% of total in arrears > 90 days</i>	18%	15%		19%	18%	

Table 6: BTL Mortgage Arrears Repossessions and Restructures of Non-Bank Entities	Non-Bank Entities Q3 2018					
	Retail Credit Firms			Unregulated loan owners		
	Number	Balance €000	Arrears €000	Number	Balance €000	Arrears €000
Mortgages						
Total residential mortgage loan accounts outstanding	10,960	2,124,032		6,327	1,744,577	
Arrears						
Total residential mortgage arrears cases outstanding	1,738	458,861	265,730	5,077	1,482,959	758,321
<i>% of total</i>	16%	22%		80%	85%	
<i>of which:</i>						
in arrears over 90 days	1,408	399,422	263,582	4,806	1,410,492	752,486
<i>% of total</i>	13%	19%		76%	81%	
in arrears over 720 days	1,204	361,676	255,983	4,187	1,265,259	715,710
<i>% of total</i>	11%	17%		66%	73%	
Repossessions						
Residential properties in possession – at end of quarter	12			173		
Total residential mortgage accounts restructured						
Restructures	423	83,250	5,513	344	119,928	50,814
<i>% of total</i>	4%	4%		5%	7%	
Meeting the terms of the arrangement	330	65,202	1,659	166	53,982	12,159
<i>% of total restrutures</i>	78%	78%		48%	45%	
In arrears over 90 days, of which restructured	99	19,304	5,459	203	74,744	50,677
<i>% of total in arrears > 90 days</i>	7%	5%	2%	4%	5%	7%