



Residential Mortgage Arrears & Repossessions Statistics: Q2 2019

Summary¹

- The number of mortgage accounts for principal dwelling houses (PDHs) in arrears over 90 days was broadly unchanged in Q2 2019 with a minor decline of 340 accounts. This marks the twenty-third consecutive quarter of a fall in the number of accounts in this category.
- The decline in the number of accounts in arrears over 720 days has slowed in recent quarters. Accounts in arrears over 720 days decreased marginally in Q2 2019 and accounted for 45 per cent of all accounts in arrears and at €2.4 billion, represented 89 per cent of arrears balances outstanding.
- The number of PDH mortgage accounts that were classified as restructured at end-June was 94,355. Of these restructured accounts, 86 per cent were deemed to be meeting the terms of their current restructure arrangement.
- Non-bank entities held 13 per cent of all PDH mortgage accounts outstanding at end-June; 11 per cent were held by regulated retail credit firms with the remaining 2 per cent held by credit servicing firms. Non-Bank Entities² held 49 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	Credit Servicing Firms
% of all PDH loans	87%	11%	2%
% of all PDH mortgages in arrears	62%	25%	12%
% of all PDH mortgages in arrears over 90 days	56%	28%	16%
% of all PDH mortgages in arrears over 720 days	51%	27%	22%

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

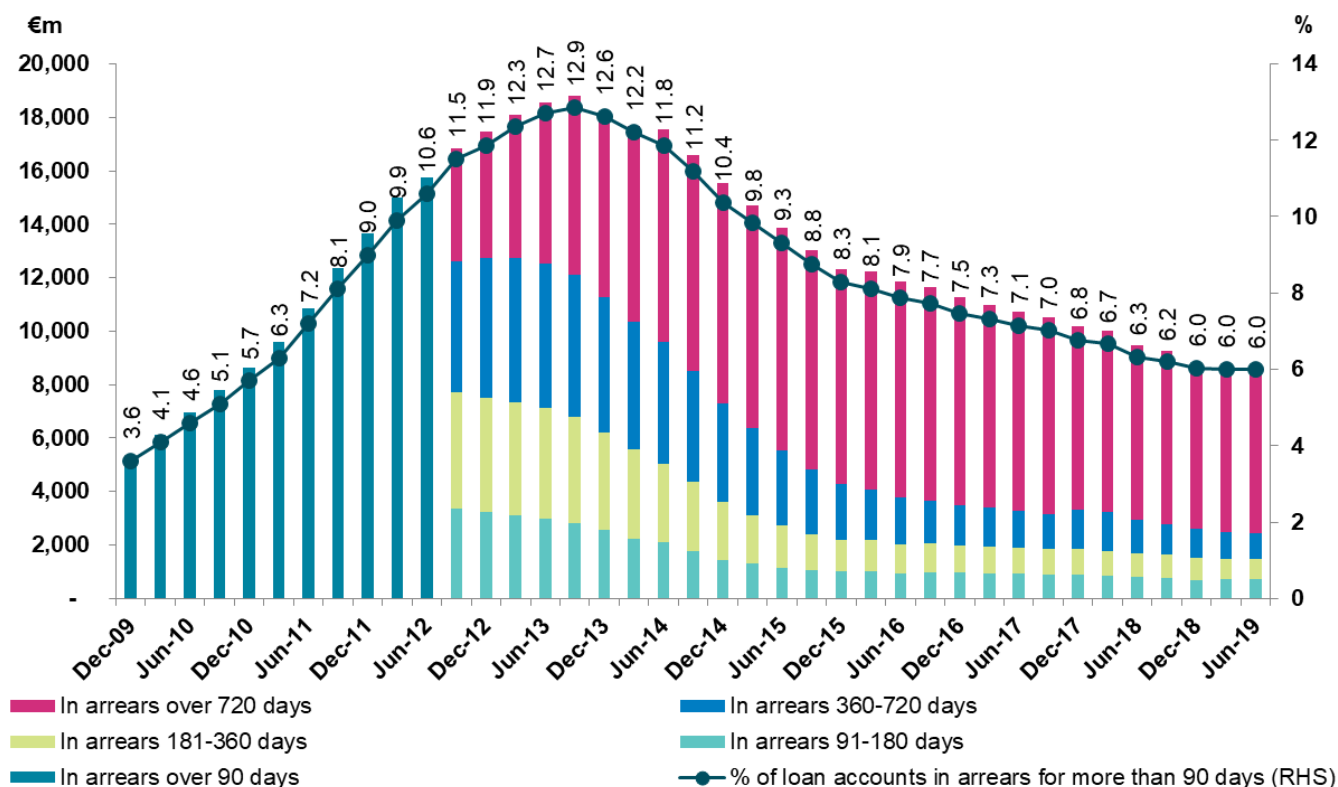
² The Consumer Protection (Regulation of Credit Servicing Firms) Act 2018 (the 2018 Act) amends Part V of the Central Bank Act 1997 (the 1997 Act) to expand the activity of credit servicing, as defined in the 1997 Act, to include holding the legal title to credit granted under a credit agreement and associated ownership activities. From Q2 2019 publication, all persons / institutions availing of transitional authorisation arrangements under the 1997 Act, who were previously identified as “Unregulated Loan Owners”, will be termed “Credit Servicing Firms”.

Residential Mortgages on Principal Dwelling Houses

Arrears

At end-June 2019, there were 723,280 private residential mortgage accounts for principal dwellings held in the Republic of Ireland, with a value of €97.6 billion. Of this total stock, 61,901 accounts were in arrears, representing a decrease of 933 accounts or 1.5 per cent over the quarter. Some 43,303 accounts (6.0 per cent) were in arrears of more than 90 days.³

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 0.8 per cent over the quarter, marking the twenty-third consecutive decline in this category. The outstanding balance on all lenders' PDH mortgage accounts in arrears of more than 90 days was €8.5 billion at end-June, equivalent to 8.7 per cent of the total outstanding balance on all PDH mortgage accounts. The decline in the number of accounts in arrears over 720 days seen up to early-2018 has slowed in recent quarters, and decreased marginally, by 187 accounts, in Q2 2019. Accounts in arrears over 720 days now account for 45 per cent of all accounts in arrears at end-June, up from 42 per cent at June-2018.

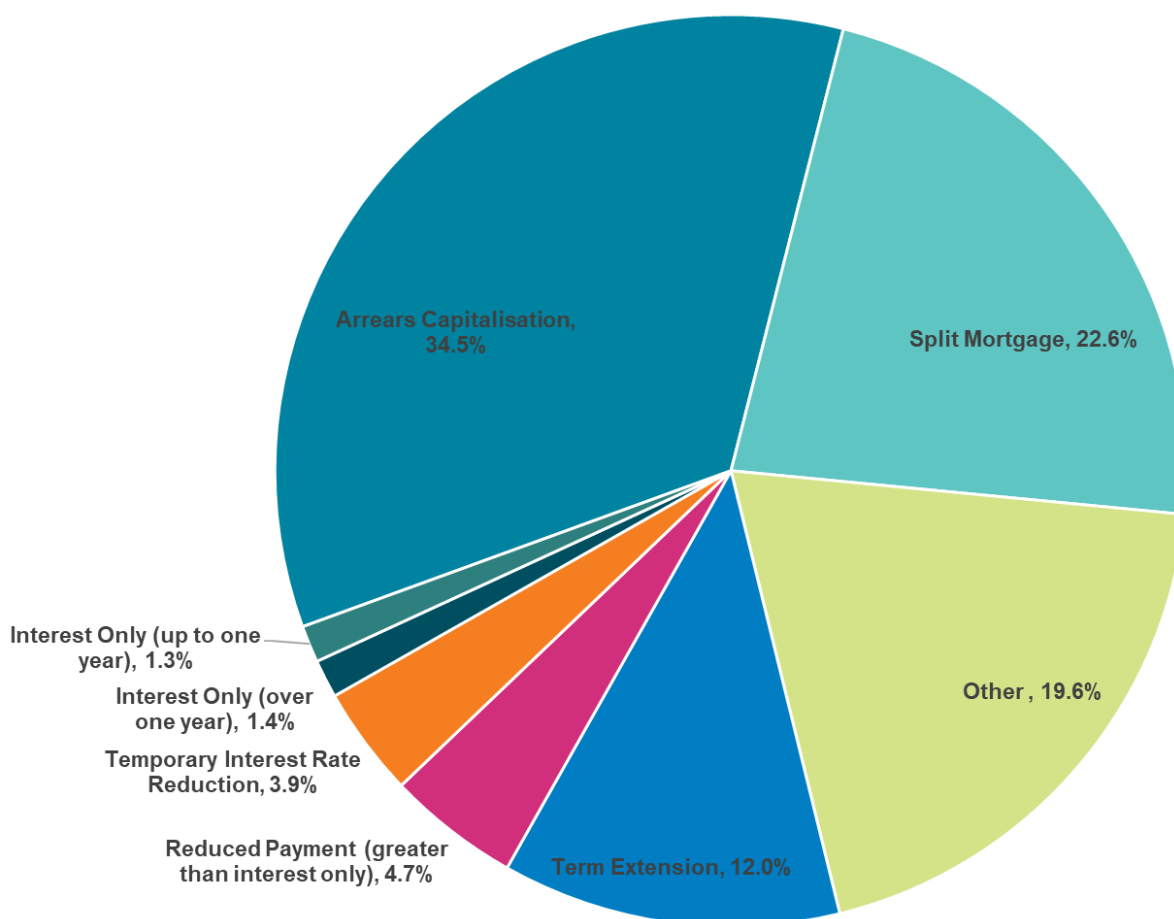
³ The figures published here represent the total stock of mortgage accounts in arrears of more than 90 days, as reported to the Central Bank of Ireland by mortgage lenders and credit service providers. They include mortgages that have been restructured and are still in arrears of more than 90 days, as well as mortgages in arrears of more than 90 days that have not been restructured.

Restructuring Arrangements⁴

A total stock of 94,355 PDH mortgage accounts were categorised as restructured at end-June 2019. This reflects a reduction of 5,352 accounts compared to end-March 2019. Arrears capitalisation⁵ accounted for the largest share of restructured accounts at 35 per cent at end-June, while the share of accounts on short-term arrangements such as interest only and reduced payment remained low at 8 per cent.

There were 3,896 new restructure arrangements⁶ agreed during the second quarter of 2019. The data on arrears and restructures indicate that of the total stock of 61,901 PDH accounts that were in arrears at end-June, 19,453 (31 per cent) were classified as restructured.

Figure 2: Restructured PDH Mortgage Accounts by Restructure Type, end-June 2019



⁴ See [Annex 2](#) for further information on restructuring arrangements/forbearance techniques and meeting the terms of the arrangement.

⁵ 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.

⁶ This includes first-time restructures and further modifications of existing restructures.

Some 79 per cent of restructured accounts were not in arrears at end-June 2019. 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 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.

Table 2 shows the percentage of restructured accounts that were deemed to be meeting the terms of their arrangement at end-June 2019, broken down by arrangement type.⁷ The figures show that of the total stock of accounts in the arrears capitalisation category, some 21 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. As the figures in Table 2 only reflect compliance with the terms of the current restructure arrangement, a higher percentage of compliance among shorter-term restructures could be expected.

Table 2: Percentage of Restructures 'Meeting the Terms of the Arrangement' (end-June 2019)

%	PDH	BTL
Total	85.9	84.8
Interest Only - up to one year	86.6	76.8
Interest Only - over one year	94.3	80.3
Deferred Interest Scheme	83.3	n/a
Reduced Payment (less than interest only)	69.2	64.7
Reduced Payment (greater than interest only)	80.2	78.5
Temporary Interest Rate Reduction	89.7	98.8
Payment Moratorium	98.5	93.9
Arrears Capitalisation	79.4	75.6
Term Extension	93.2	94.5
Permanent Interest Rate Reduction	85.4	92.9
Split Mortgage	93.4	90.6
Other	84.1	87.6

⁷ It should also be noted that some categories reflect only a small number of arrangements, particularly in the case of BTL accounts.

Legal Activity and Repossessions⁸

During Q2 2019, the Courts granted an order for repossession or sale of the property affecting 120 accounts. A total of 221 properties were taken into possession by lenders during the quarter, up from 127 properties in the previous quarter. Of the properties taken into possession during the quarter, the majority of properties, at 189, were voluntary surrendered or abandoned. The remainder, at 32, were repossessed on foot of a Court Order. During the quarter, 233 properties were disposed of by lenders. As a result, lenders were in possession of 1,407 PDH properties at end-June 2019. During Q2 2019, there were 341 mortgage accounts where legal proceedings concluded but arrears remained outstanding.

Residential Mortgages on Buy-to-Let Properties

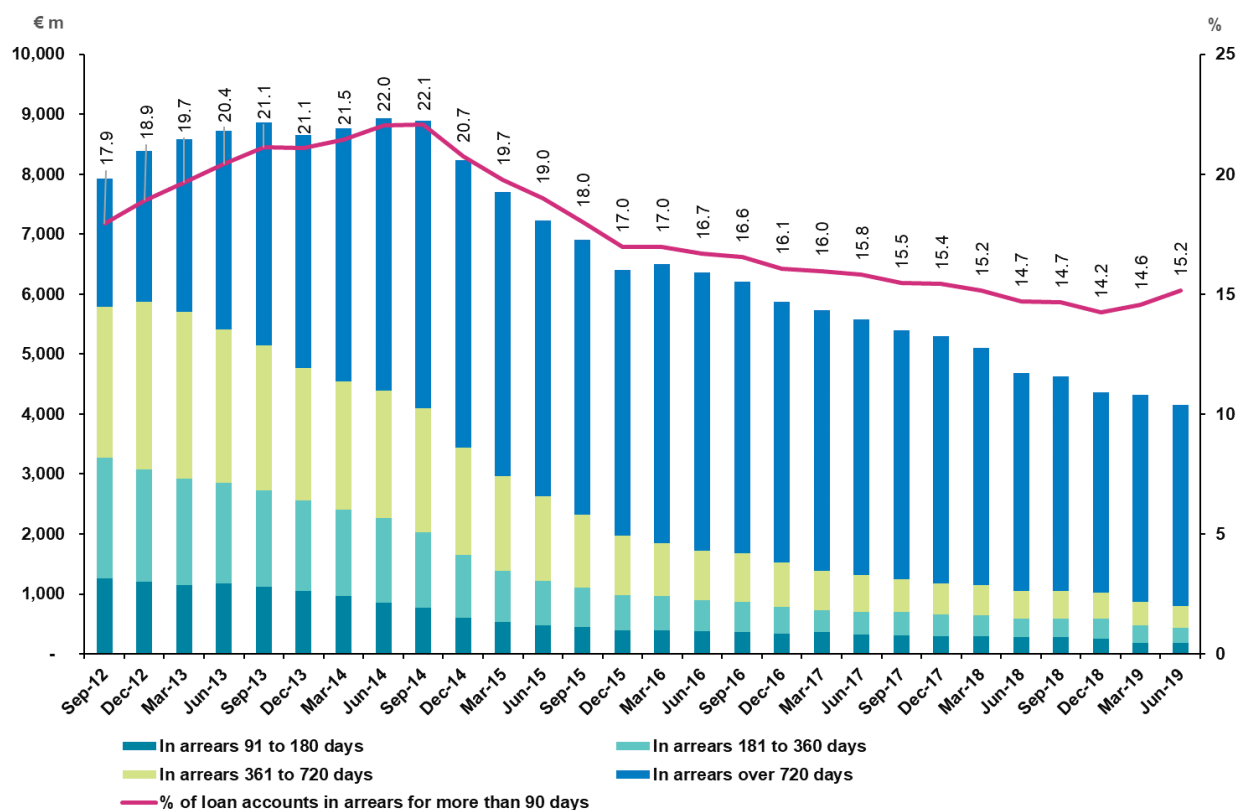
Arrears

At end-June 2019, there were 107,462 residential mortgage accounts for buy-to-let (BTL) properties held in the Republic of Ireland, to a value of €18 billion. Some 19,331 (18 per cent) of these accounts were in arrears, compared to 19,671 accounts at end-March 2019, reflecting a decrease of 1.7 per cent over the quarter. Of the total BTL stock, 16,285 accounts or 15 per cent were in arrears of more than 90 days, reflecting an increase of 0.1 per cent over the quarter. The outstanding balance on all BTL mortgage accounts in arrears of more than 90 days was €4.2 billion at end-June, equivalent to 23 per cent of the total outstanding BTL balance.

BTL accounts in arrears greater than 720 days increased by 0.6 per cent in the second quarter of 2019. Accounts in arrears of over 720 days numbered 12,309 or 64 per cent of all BTL accounts in arrears. The outstanding balance on these accounts was €3.4 billion at end-June, equivalent to 19 per cent of the total outstanding balance on all BTL mortgage accounts.

⁸ 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 in Arrears over 90 Days



Restructuring Arrangements

A total stock of 14,519 BTL mortgage accounts were categorised as restructured at end-June 2019, reflecting a decrease of 2,326 accounts over the quarter. Of the total stock of restructured accounts recorded at end-June, 80 per cent were not in arrears, while 85 per cent were meeting the terms of their current restructure arrangement. A total of 536 new restructure arrangements were agreed during the second 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 19,331 BTL accounts that were in arrears at end-June, 2,860 (or 15 per cent) were classified as restructured.

Rent Receivers and Repossessions

During the second quarter of 2019, rent receivers were appointed to 407 BTL accounts, bringing the stock of accounts with rent receivers appointed to 5,035. There were 1,111 BTL properties in the banks' possession at the beginning of Q2 2019. A total of 36 properties were taken into possession by lenders during the quarter. Of the total BTL repossessions in the quarter, 5 were repossessed on foot of a Court Order, while the remaining 31 were voluntarily surrendered or abandoned. During Q2 2019, 184 properties were disposed of. As a result, lenders were in possession of 960 BTL properties at end-June 2019.

Residential Mortgages held by Non-Bank Entities⁹

Arrears

At end-June 2019, non-bank entities accounted for 13 per cent of the total stock of PDH mortgage accounts outstanding. For BTLs the proportion was higher at 24 per cent. Overall, non-bank entities accounted for 14 per cent of the total stock of residential mortgage accounts outstanding (PDH and BTL) at end-June 2019 (18 per cent in value terms).

In terms of PDH mortgages held by non-bank entities, 88 per cent were held by regulated retail credit firms at end-June 2019. For retail credit firms, 15 per cent of accounts were in arrears over 90 days, with 9 per cent in arrears of over 720 days (Table 5). The equivalent figures for credit servicing firms was 61 per cent and 54 per cent, respectively. Restructuring activity was higher among retail credit firms, with 23 per cent of the stock of mortgage accounts restructured at end-June, compared to 17 per cent for credit servicing firms.

In terms of BTL mortgages held by non-bank entities, 69 per cent of BTL accounts were held by retail credit firms. For retail credit firms, 26 per cent of accounts were in arrears, with 16 per cent of accounts in arrears of over 720 days. The number of BTL accounts in arrears for credit servicing firms was particularly high, with 79 per cent of accounts in arrears, and 61 per cent of all accounts were in arrears over 720 days at end-June 2019.

Non-bank entities held 20,357 restructured PDH mortgage accounts at end-June 2019. Of those accounts held by retail credit firms, 82 per cent were meeting the terms of the arrangement. For credit servicing firms, this was lower at 55 per cent. Non-bank entities held 4,036 restructured BTL mortgage accounts, which accounted for 28 per cent of all restructured BTL mortgage accounts. For retail credit firms, 81 per cent of BTL mortgages were meeting the terms of the restructuring arrangement, whereas the figure for credit servicing firm was 67 per cent.

Repossessions

Some 25 PDH properties were taken into possession by non-bank entities during the quarter, down slightly on the previous quarter. Of the properties taken into possession during the quarter, 10 were repossessed on foot of a Court Order, while the remaining 15 were voluntarily surrendered or abandoned. During the quarter, 28 PDH properties were disposed of. There were 548 PDH and BTL properties in non-bank entities' possession at the end of the second quarter of 2019, with 256 properties held by retail credit firms, and 292 held by credit servicing firms.

⁹ Non-bank entities comprise regulated retail credit firms and credit servicing firms. Credit servicing firms 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.

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	Q1 2019			Q2 2019		
	Number	Balance €000	Arrears €000	Number	Balance €000	Arrears €000
Mortgages						
Total residential mortgage loan accounts outstanding	726,089	97,863,769	-	723,280	97,644,928	-
Arrears						
Total residential mortgage arrears cases outstanding	62,834	11,145,342	2,665,287	61,901	10,951,276	2,746,343
<i>of which:</i>						
in arrears up to 90 days	19,191	2,594,493	50,959	18,598	2,478,533	43,427
in arrears 91 to 180 days	4,778	738,513	94,181	4,770	714,631	41,163
in arrears 181 to 360 days	4,820	737,917	47,344	4,888	780,694	111,765
in arrears 361 to 720 days	6,066	986,062	120,878	5,853	941,243	115,794
in arrears over 720 days	27,979	6,088,357	2,351,925	27,792	6,036,175	2,434,194
Total arrears cases over 90 days outstanding	43,643	8,550,849	2,614,328	43,303	8,472,743	2,702,916
% of loan accounts in arrears for more than 90 days	6.0%	8.7%		6.0%	8.7%	
Repossessions						
Residential properties in possession - at the beginning of quarter	1,497			1,434		
Residential properties repossessed on foot of an Order during quarter	38			32		
Residential properties voluntarily surrendered/abandoned during the quarter	89			189		
Residential properties disposed of during this quarter	199			233		
Residential properties in possession – at end of quarter ¹	1,441			1,407		
Total residential mortgage accounts restructured						
Restructures	99,707	13,334,319	353,572	94,355	12,556,114	344,797
Restructures not in arrears	79,200	10,071,782		74,902	9,440,698	
Total restructures by type:						
Interest Only - up to one year	1,372	203,057	12,598	1,279	191,239	10,837
Interest Only - over one year	1,381	232,179	3,305	1,235	206,547	3,303
Reduced Payment (greater than interest only)	4,974	1,027,944	139,155	4,433	910,829	133,868
Reduced Payment (less than interest only)	419	81,871	6,867	403	83,296	6,903
Term Extension	11,727	1,249,687	48,041	11,333	1,196,437	47,297
Arrears Capitalisation	34,620	5,251,604	82,720	32,571	4,959,967	82,099
Payment Moratorium	865	130,421	2,813	918	143,454	2,933
Deferred Interest Scheme	6	1,211	236	6	1,214	235
Permanent Interest Rate Reduction	124	21,340	198	123	21,353	186
Split Mortgage	22,228	2,238,325	13,074	21,291	2,125,503	12,722
Trade Down Mortgage	64	9,155	1	62	8,793	0
Temporary Interest Rate Reduction	4,303	789,217	11,843	3,687	657,898	10,898
Other	17,624	2,098,308	32,721	17,014	2,049,584	33,516

*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	Q1 2019			Q2 2019		
	Number	Balance €000	Arrears €000	Number	Balance €000	Arrears €000
Mortgages						
Total residential mortgage loan accounts outstanding	111,665	19,117,735	-	107,462	18,033,366	-
Arrears						
Total residential mortgage arrears cases outstanding	19,671	4,978,744	1,873,113	19,331	4,748,269	1,830,280
<i>of which:</i>						
in arrears up to 90 days	3,396	659,755	26,157	3,046	591,966	23,943
in arrears 91 to 180 days	902	178,003	20,034	1,011	184,039	17,233
in arrears 181 to 360 days	1,329	301,622	51,424	1,235	256,427	40,570
in arrears 361 to 720 days	1,810	387,888	95,234	1,730	359,523	93,540
in arrears over 720 days	12,234	3,451,476	1,680,264	12,309	3,356,314	1,654,994
Total arrears cases over 90 days outstanding	16,275	4,318,989	1,846,956	16,285	4,156,303	1,806,337
% of loan accounts in arrears for more than 90 days	14.6%	22.6%		15.2%	23.0%	
Repossessions						
Residential properties in possession - at the beginning of quarter	1,309			1,111		
Residential properties repossessed on foot of an Order during quarter	13			5		
Residential properties voluntarily surrendered/abandoned during the quarter	20			31		
Residential properties disposed of during this quarter	231			184		
Residential properties in possession – at end of quarter ¹	1,111			960		
Total residential mortgage accounts restructured						
Restructures	16,845	3,599,105	132,562	14,519	3,049,153	125,733
Restructures not in arrears	13,744	2,872,514	-	11,659	2,362,415	-
Total restructures by type:						
Interest Only - up to one year	554	130,134	12,915	491	115,369	12,800
Interest Only - over one year	885	238,666	12,642	618	143,992	12,556
Reduced Payment (greater than interest only)	3,313	879,881	43,158	2,358	602,287	40,213
Reduced Payment (less than interest only)	26	5,621	415	17	5,339	402
Term Extension	3,290	532,202	15,651	3,210	521,955	13,678
Arrears Capitalisation	3,331	602,998	23,056	3,071	551,886	21,730
Payment Moratorium	121	17,182	861	131	19,072	1,156
Deferred Interest Scheme	0	0	0	0	0	0
Permanent Interest Rate Reduction	8	1,816	4	14	2,305	3
Split Mortgage	1,746	212,431	588	1,149	147,016	614
Temporary Interest Rate Reduction	91	16,709	39	82	14,222	72
Other	3,480	961,465	23,233	3,378	925,710	22,509

Table 5: PDH Mortgage Arrears Repossessions and Restructures of Non-Bank Entities	Non-Bank Entities Q2 2019					
	Retail Credit Firms			Credit Servicing Firm		
	Number	Balance €000	Arrears €000	Number	Balance €000	Arrears €000
Mortgages						
Total residential mortgage loan accounts outstanding	81,157	12,378,443		11,256	2,487,905	
Arrears						
Total residential mortgage arrears cases outstanding	15,712	2,920,007	785,260	7,725	1,944,442	776,744
<i>% of total</i>	19%	24%		69%	78%	
<i>of which:</i>						
in arrears over 90 days	12,172	2,427,254	766,774	6,921	1,823,186	773,426
<i>% of total</i>	15%	20%		61%	73%	
in arrears over 720 days	7,551	1,690,078	644,947	6,077	1,673,734	760,541
<i>% of total</i>	9%	14%		54%	67%	
Repossessions						
Residential properties in possession – at end of quarter	213			138		
Total residential mortgage accounts restructured						
Restructures	18,481	2,432,368	40,797	1,876	426,788	125,416
<i>% of total</i>	23%	20%		17%	17%	
Meeting the terms of the arrangement	15,169	1,955,115	7,385	1,025	190,129	15,083
<i>% of total restrutures</i>	82%	80%		55%	45%	
In arrears over 90 days, of which restructured	2,010	301,100	38,934	1,120	284,762	125,135
<i>% of total in arrears > 90 days</i>	17%	12%		16%	16%	

Table 6: BTL Mortgage Arrears Repossessions and Restructures of Non-Bank Entities	Non-Bank Entities Q2 2019					
	Retail Credit Firms			Credit Servicing Firm		
	Number	Balance €000	Arrears €000	Number	Balance €000	Arrears €000
Mortgages						
Total residential mortgage loan accounts outstanding	17,845	3,773,343		8,206	2,042,424	
Arrears						
Total residential mortgage arrears cases outstanding	4,626	1,280,418	513,085	6,460	1,681,734	760,570
<i>% of total</i>	26%	34%		79%	82%	
<i>of which:</i>						
in arrears over 90 days	3,763	1,091,397	505,525	6,056	1,604,813	754,892
<i>% of total</i>	21%	29%		74%	79%	
in arrears over 720 days	2,818	901,886	471,793	5,046	1,401,277	718,286
<i>% of total</i>	16%	24%		61%	69%	
Repossessions						
Residential properties in possession – at end of quarter	43			154		
Total residential mortgage accounts restructured						
Restructures	3,106	692,521	8,745	930	225,798	50,241
<i>% of total</i>	17%	18%		11%	11%	
Meeting the terms of the arrangement	2,519	547,161	1,304	621	132,713	8,557
<i>% of total restrutures</i>	81%	79%		67%	59%	
In arrears over 90 days, of which restructured	297	66,171	8,036	413	114,337	50,182
<i>% of total in arrears > 90 days</i>	8%	6%	2%	7%	7%	7%