



Residential Mortgage Arrears & Repossessions Statistics: Q1 2020

This is the first release of the Quarterly Residential Mortgage Arrears Statistics since the onset of the COVID-19 pandemic in Ireland and includes reference data up to end-March 2020. As the containment measures were introduced from mid-March, the impact on these statistics is partial. Data covering developments from April to end-June 2020 are due to be published in mid-September.

Summary¹

- The number of mortgage accounts in arrears for principal dwelling houses (PDHs) increased in Q1 2020 by 2,841 accounts. The increase in total number of accounts in arrears was driven by a 3,827 increase in the number entering early arrears i.e. less than 90 days. This increase can be attributed to a combination of longer-term arrears accounts reducing, and an increase in new arrears. However, preliminary indications are that a significant number of new arrears accounts have since reverted to having no arrears, in part owing to the introduction of Covid-19 payment breaks in the last 2-3 weeks of the quarter.
- There was a continued reduction in accounts in longer-term arrears with some 5.6% of all PDH accounts in arrears over 90 days at end-March. This is the lowest level since 2010. Accounts in arrears over 90 days decreased by 986 over the quarter. Similarly, accounts in arrears over 720 days decreased by 664 accounts. Notwithstanding, accounts in arrears over 720 days continue to account for a large proportion of all accounts in arrears. At end-March 2020, such accounts represented 42 per cent of all accounts in arrears.
- Non-bank entities² held 13 per cent of all PDH mortgage accounts outstanding at end-March 2020; however held 55 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%	1%
% of all PDH mortgages in arrears	60%	29%	10%
% of all PDH mortgages in arrears over 90 days	51%	34%	15%
% of all PDH mortgages in arrears over 720 days	45%	35%	20%

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

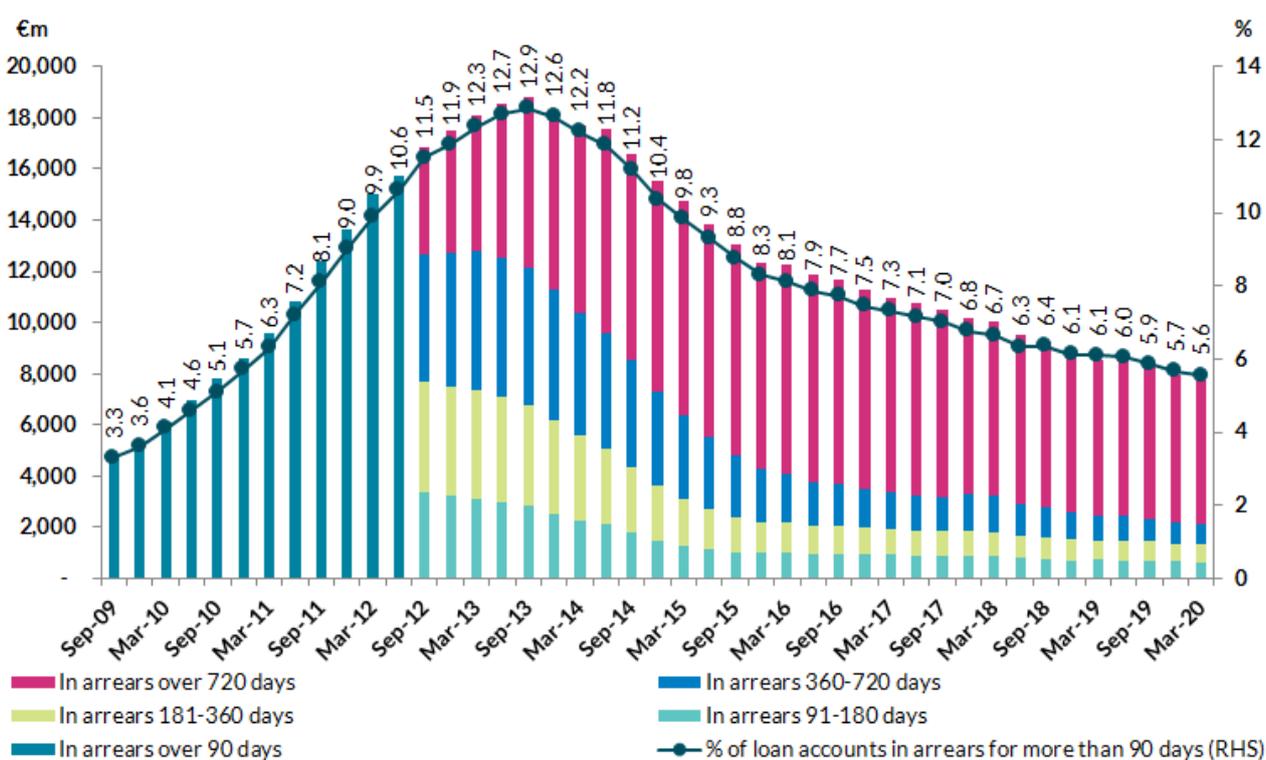
² The Consumer Protection (Regulation of Credit Servicing Firms) Act 2018 (the 2018 Act) amends Part V of the Central Bank Act 1997 (the 1997 Act) to expand the activity of credit servicing, as defined in the 1997 Act, to include holding the legal title to credit granted under a credit agreement and 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-March 2020, there were 739,592 private residential mortgage accounts for principal dwellings held in the Republic of Ireland, with a value of €98 billion. Of this total stock, 63,437 accounts were in arrears, representing an increase of 2,841 accounts or 4.7 per cent over the quarter. This increase in arrears was driven by increase in accounts in arrears up to 90 days by 3,827 accounts. This was partly offset by decline in longer-term accounts in arrears over 90 days by 986 accounts. At end-March 2020, some 41,079 accounts (5.6 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 outstanding balance on PDH mortgage accounts in arrears of more than 90 days was €7.8 billion at end-March, equivalent to 7.9 per cent of the total outstanding balance on all PDH mortgage accounts. The number of accounts in arrears over 720 decreased by 664 accounts in Q1 2020. Accounts in arrears over 720 days accounted for 42 per cent of all accounts in arrears at end-March.

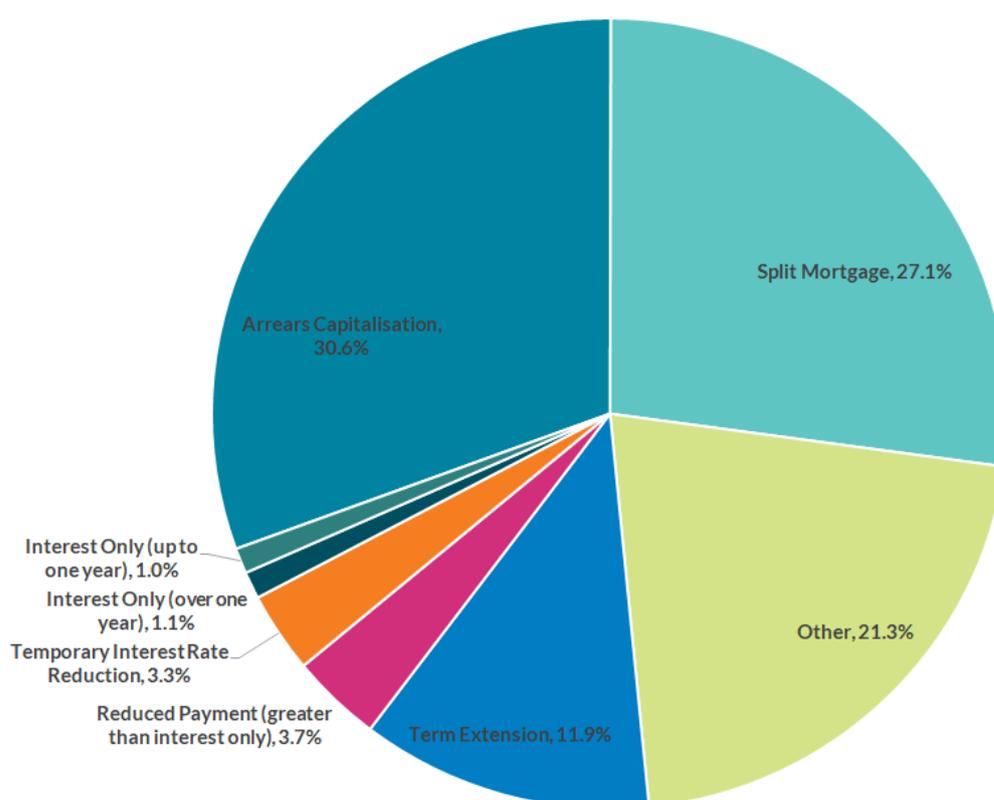
³ The figures published here represent the total stock of mortgage accounts in arrears of more than 90 days, as reported to the Central Bank of Ireland by mortgage lenders and credit service providers. They include mortgages that have been restructured and are still in arrears of more than 90 days, as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

Restructuring Arrangements⁴

A total stock of 81,255 PDH mortgage accounts were categorised as restructured at end-March 2020. Arrears capitalisation⁵ accounted for the largest share of restructured accounts at 31 per cent at end-March, while the share of accounts on temporary restructure arrangements remained low at 10 per cent.

There were 4,088 new restructure arrangements⁶ agreed during the first quarter of 2020. The data on arrears and restructures indicate that of the total stock of 63,437 PDH accounts that were in arrears at end-March, 17,492 accounts (28 per cent) were classified as restructured. The remaining 72 per cent of accounts in arrears were not part of a restructure arrangement at end-March 2020.

Figure 2: Restructured PDH Mortgage Accounts by Restructure Type, end-March 2020



Some 78 per cent of restructured accounts were not in arrears at end-March 2020.⁷ At end-March, 85 per cent of restructured PDH accounts were deemed to be meeting the terms of their arrangement. This means

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.

⁷ 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.

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-March 2020, broken down by arrangement type.⁸ The figures show that of the total stock of accounts in the arrears capitalisation category, some 23 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-March 2020)

%	PDH	BTL
Total	85.3	85.8
Interest Only - up to one year	86.6	81.3
Interest Only - over one year	92.9	90.5
Deferred Interest Scheme	66.7	n/a
Reduced Payment (less than interest only)	82.4	92.3
Reduced Payment (greater than interest only)	85.4	84.5
Temporary Interest Rate Reduction	84.4	98.1
Payment Moratorium	99.4	98.9
Arrears Capitalisation	77.2	74.5
Term Extension	91.6	93.5
Permanent Interest Rate Reduction	78.4	93.3
Split Mortgage	92.9	89.9
Other	82.9	85.6

⁸ 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 Repossessions⁹

During Q1 2020, the Courts granted an order for repossession or sale of the property affecting 185 accounts. A total of 64 properties were taken into possession by lenders during the quarter, down from 102 properties in the previous quarter. Of the properties taken into possession during the quarter, the majority of properties, at 39, were voluntary surrendered or abandoned. The remainder, at 25, were repossessed on foot of a Court Order. During the quarter, 142 properties were disposed of by lenders. As a result, lenders were in possession of 917 PDH properties at end-March 2020. During Q1 2020, there were 319 mortgage accounts where legal proceedings concluded but arrears remained outstanding.

Residential Mortgages on Buy-to-Let Properties

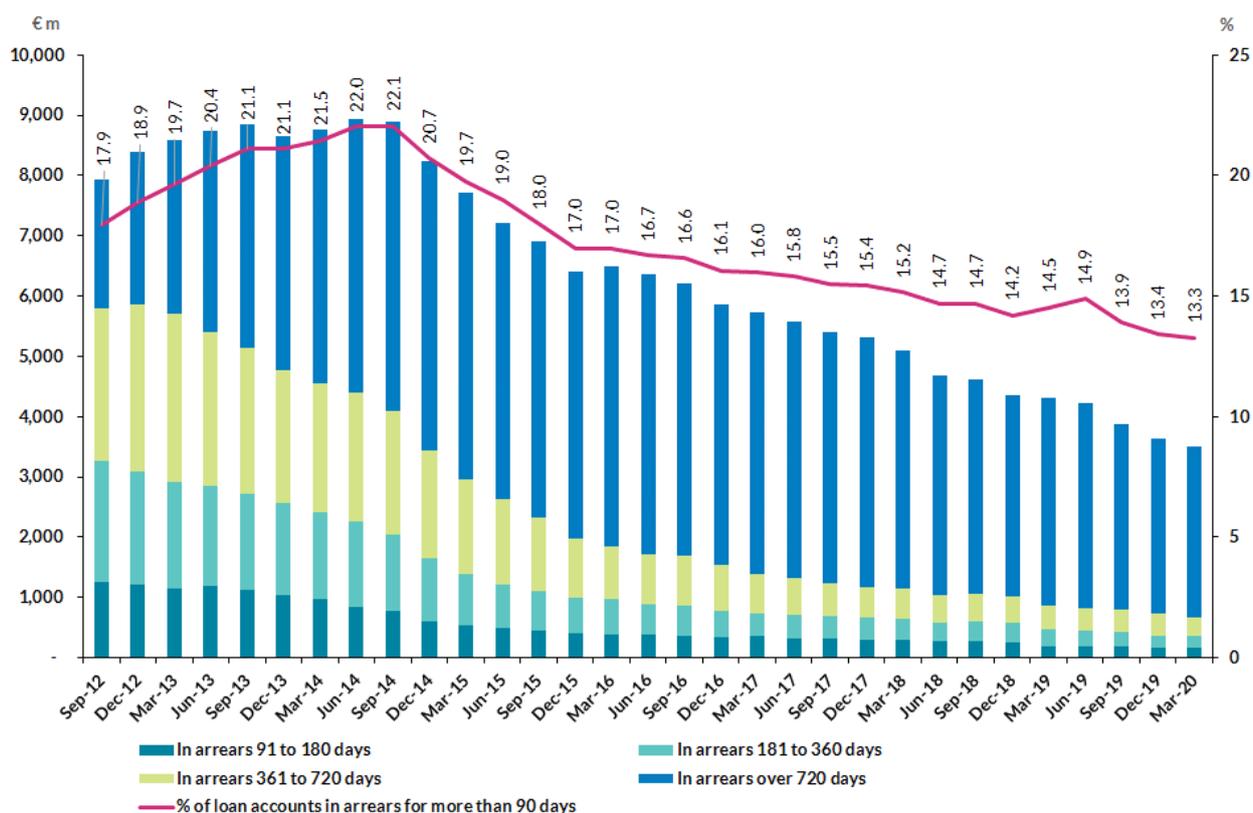
Arrears

At end-March 2020, there were 101,585 residential mortgage accounts for buy-to-let (BTL) properties held in the Republic of Ireland, to a value of €16.6 billion. Some 16,773 BTL accounts were in arrears at end-March, an increase of 211 accounts or 1.3 per cent over the quarter. Of the total BTL stock, 13,476 accounts or 13.3 per cent were in arrears of more than 90 days (Figure 3), reflecting an decrease of 3.1 per cent over the quarter. The outstanding balance on all BTL mortgage accounts in arrears of more than 90 days was €3.5 billion at end-March, equivalent to 21 per cent balance outstanding on BTL accounts.

BTL accounts in arrears greater than 720 days decreased by 0.8 per cent in the first quarter of 2020. Accounts in arrears of over 720 days numbered 10,278 or 61 per cent of all BTL accounts in arrears. The outstanding balance on these accounts was €2.8 billion at end-March, equivalent to 17 per cent of the total outstanding balance on all BTL mortgage accounts.

⁹ 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 12,312 BTL mortgage accounts were categorised as restructured at end-March 2020, reflecting a decrease of 995 accounts over the quarter. Of the total stock of restructured accounts recorded at end-March, 81 per cent were not in arrears, while 86 per cent were meeting the terms of their current restructure arrangement. A total of 515 new restructure arrangements were agreed during the first quarter of the year. On the BTL side, the largest cohort of restructured mortgages were in term extension arrangements, which represented 21 per cent of all restructure arrangements. The data on arrears and restructures indicate that of the total stock of 16,773 BTL accounts that were in arrears at end-March, 2,299 (or 14 per cent) were classified as restructured.

Rent Receivers and Repossessions

During the first quarter of 2020, rent receivers were appointed to 351 BTL accounts, bringing the stock of accounts with rent receivers appointed to 5,180. There were 615 BTL properties in the banks' possession at the beginning of Q1 2020. A total of 15 properties were taken into possession by lenders during the quarter. Of the total BTL repossessions in the quarter, 2 were repossessed on foot of a Court Order, while the remaining 13 were voluntarily surrendered or abandoned. During Q1 2020, 111 properties were disposed of. As a result, lenders were in possession of 488 BTL properties at end-March 2020.

Residential Mortgages held by Non-Bank Entities¹⁰

Arrears

At end-March 2020, non-bank entities accounted for 13 per cent of the total stock of PDH mortgage accounts outstanding. For BTLs, the proportion was higher at 27 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-March 2020 (18 per cent in value terms).

For PDH mortgages held by non-bank entities, 21 per cent of accounts were in arrears over 90 days, and 16 per cent were in arrears of over 720 days (Table 5). In terms of BTL mortgages held by non-bank entities, 38 per cent of accounts were in arrears over 90 days, and 30 per cent of accounts in arrears of over 720 days (Table 6).

Non-bank entities held 19,956 restructured PDH mortgage accounts at end-March 2020, with 1,055 new restructure arrangements agreed during the quarter. Of the restructured accounts, 79 per cent were meeting the terms of the arrangement. Non-bank entities held 3,719 restructured BTL mortgage accounts, which accounted for 30 per cent of all restructured BTL mortgage accounts. Some 74 per cent of BTL mortgages were meeting the terms of the restructuring arrangement.

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, 11 were repossessed on foot of a Court Order, while the remaining 14 were voluntarily surrendered or abandoned. During the quarter, 52 PDH properties were disposed of. There were 312 PDH and BTL properties in non-bank entities' possession at the end of the first quarter of 2020.

¹⁰ Non-bank entities comprise of retail credit firms and credit servicing firms. For breakdown of arrears, repossessions, and restructures of non-bank entities by type see Tables 5 & 6 in annex 3.

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	Q4 2019			Q1 2020		
	Number	Balance €000	Arrears €000	Number	Balance €000	Arrears €000
Mortgages						
Total residential mortgage loan accounts outstanding	742,075	98,149,886	-	739,592	97,997,556	-
Arrears						
Total residential mortgage arrears cases outstanding	60,596	10,200,431	2,647,644	63,437	10,522,975	2,628,292
<i>of which:</i>						
in arrears up to 90 days	18,531	2,276,293	34,984	22,358	2,765,403	41,936
in arrears 91 to 180 days	4,865	671,844	38,613	4,649	643,951	35,265
in arrears 181 to 360 days	4,787	695,868	66,486	4,751	678,618	63,056
in arrears 361 to 720 days	5,328	810,414	144,022	5,258	802,686	138,440
in arrears over 720 days	27,085	5,746,011	2,363,539	26,421	5,632,317	2,349,595
Total arrears cases over 90 days outstanding	42,065	7,924,138	2,612,660	41,079	7,757,571	2,586,356
% of loan accounts in arrears for more than 90 days	5.7%	8.1%		5.6%	7.9%	
Repossessions						
Residential properties in possession - at the beginning of quarter	1,245			1,019		
Residential properties repossessed on foot of an Order during quarter	37			25		
Residential properties voluntarily surrendered/abandoned during the quarter	65			39		
Residential properties disposed of during this quarter	288			142		
Residential properties in possession – at end of quarter ¹	1,021			917		
Total residential mortgage accounts restructured						
Restructures	85,315	10,829,074	248,730	81,255	10,237,824	230,724
Restructures not in arrears	68,195	8,391,945		63,763	7,757,105	
Total restructures by type:						
Interest Only - up to one year	1,035	155,363	7,995	901	138,198	6,368
Interest Only - over one year	975	162,976	5,994	841	138,432	5,777
Reduced Payment (greater than interest only)	3,505	657,834	58,577	3,003	579,788	43,615
Reduced Payment (less than interest only)	421	70,935	5,130	313	56,333	2,932
Term Extension	9,780	968,650	43,240	9,637	948,479	45,032
Arrears Capitalisation	26,801	3,742,057	62,778	24,860	3,464,550	61,690
Payment Moratorium	557	79,357	2,163	472	68,710	1,616
Deferred Interest Scheme	4	821	109	3	539	108
Permanent Interest Rate Reduction	123	21,270	199	134	22,645	222
Split Mortgage	22,195	2,428,827	14,100	22,019	2,401,957	15,372
Trade Down Mortgage	61	8,336	0	62	8,680	0
Temporary Interest Rate Reduction	3,025	496,654	8,415	2,687	437,253	7,120
Other	16,833	2,035,994	40,030	16,323	1,972,260	40,872

*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	Q4 2019			Q1 2020		
	Number	Balance €000	Arrears €000	Number	Balance €000	Arrears €000
Mortgages						
Total residential mortgage loan accounts outstanding	103,678	17,008,549	-	101,585	16,560,002	-
Arrears						
Total residential mortgage arrears cases outstanding	16,562	4,126,310	1,582,863	16,773	4,130,179	1,561,130
<i>of which:</i>						
in arrears up to 90 days	2,661	501,780	19,098	3,297	628,884	34,235
in arrears 91 to 180 days	834	171,115	20,586	755	157,542	20,493
in arrears 181 to 360 days	1,025	197,030	36,805	927	197,895	36,041
in arrears 361 to 720 days	1,677	358,370	105,439	1,516	307,833	84,489
in arrears over 720 days	10,365	2,898,015	1,400,934	10,278	2,838,024	1,385,872
Total arrears cases over 90 days outstanding	13,901	3,624,530	1,563,765	13,476	3,501,295	1,526,895
% of loan accounts in arrears for more than 90 days	13.4%	21.3%		13.3%	21.1%	
Repossessions						
Residential properties in possession - at the beginning of quarter	824			615		
Residential properties repossessed on foot of an Order during quarter	3			2		
Residential properties voluntarily surrendered/abandoned during the quarter	62			13		
Residential properties disposed of during this quarter	254			111		
Residential properties in possession – at end of quarter ¹	615			488		
Total residential mortgage accounts restructured						
Restructures	13,307	2,794,626	102,107	12,312	2,599,994	114,182
Restructures not in arrears	11,084	2,246,768		10,013	2,018,270	
Total restructures by type:						
Interest Only - up to one year	203	54,539	4,963	203	44,775	5,175
Interest Only - over one year	621	151,839	17,635	549	142,339	6,994
Reduced Payment (greater than interest only)	2,271	599,935	21,317	1,996	546,954	23,611
Reduced Payment (less than interest only)	13	3,368	69	13	4,194	454
Term Extension	2,717	418,595	10,579	2,525	389,348	11,018
Arrears Capitalisation	2,550	480,532	20,300	2,306	442,735	23,216
Payment Moratorium	100	15,023	977	90	13,501	683
Deferred Interest Scheme	0	0	0	0	0	0
Permanent Interest Rate Reduction	13	2,214	4	15	2,193	6
Split Mortgage	1,416	163,581	3,492	1,319	151,854	11,683
Temporary Interest Rate Reduction	63	11,161	49	53	9,602	47
Other	3,340	893,839	22,723	3,243	852,500	31,295

Table 5: PDH Mortgage Arrears Repossessions and Restructures of Non-Bank Entities	Non-Bank Entities Q1 2020					
	Retail Credit Firms			Credit Servicing Firms		
	Number	Balance €000	Arrears €000	Number	Balance €000	Arrears €000
Mortgages						
Total residential mortgage loan accounts outstanding	84,503	13,179,221		9,604	2,036,658	
Arrears						
Total residential mortgage arrears cases outstanding	18,711	3,609,418	989,550	6,467	1,630,525	663,831
<i>% of total</i>	22%	27%		67%	80%	
<i>of which:</i>						
in arrears over 90 days	14,043	2,941,166	974,606	5,978	1,563,100	659,284
<i>% of total</i>	17%	22%		62%	77%	
in arrears over 720 days	9,195	2,172,325	863,124	5,396	1,465,089	649,168
<i>% of total</i>	11%	16%		56%	72%	
Repossessions						
Residential properties in possession – at end of quarter	137			77		
Total residential mortgage accounts restructured						
Restructures	18,255	2,493,893	56,302	1,701	256,392	35,609
<i>% of total</i>	22%	19%		18%	13%	
Meeting the terms of the arrangement	14,612	1,927,965	11,237	1,190	154,733	5,359
<i>% of total restructures</i>	80%	77%		70%	60%	
In arrears over 90 days, of which restructured	2,133	347,334	50,987	595	113,940	35,174
<i>% of total in arrears > 90 days</i>	15%	12%		10%	7%	

Table 6: BTL Mortgage Arrears Repossessions and Restructures of Non-Bank Entities	Non-Bank Entities Q1 2020					
	Retail Credit Firms			Credit Servicing Firms		
	Number	Balance €000	Arrears €000	Number	Balance €000	Arrears €000
Mortgages						
Total residential mortgage loan accounts outstanding	20,715	4,251,840		6,474	1,666,847	
Arrears						
Total residential mortgage arrears cases outstanding	6,611	1,617,204	643,192	5,162	1,416,173	630,607
<i>% of total</i>	32%	38%		80%	85%	
<i>of which:</i>						
in arrears over 90 days	5,390	1,362,169	619,382	4,867	1,363,869	629,053
<i>% of total</i>	26%	32%		75%	82%	
in arrears over 720 days	3,832	1,055,057	550,348	4,296	1,233,676	598,240
<i>% of total</i>	18%	25%		66%	74%	
Repossessions						
Residential properties in possession – at end of quarter	53			45		
Total residential mortgage accounts restructured						
Restructures	3,032	698,627	42,053	687	171,286	34,125
<i>% of total</i>	15%	16%		11%	10%	
Meeting the terms of the arrangement	2,376	529,995	2,173	376	75,841	2,193
<i>% of total restructures</i>	78%	76%		55%	44%	
In arrears over 90 days, of which restructured	408	101,662	31,420	349	106,941	34,087
<i>% of total in arrears > 90 days</i>	8%	7%		7%	8%	