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Central Bank of Ireland
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Statistical Release

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Residential Mortgage Arrears & Repossessions Statistics – Q1 2021

Key Points

- The number of principal dwelling house (PDH) accounts in arrears fell by 2,838 accounts in the first quarter of the year (Table 1). This was primarily driven by a decline in shorter-term arrears i.e. up to 90 days in arrears, which fell by 1,776 accounts. Longer-term accounts in arrears also declined, with accounts in arrears over 1 year falling by 619 accounts over the last quarter.
- Some 5.2 per cent of all PDH mortgage accounts were in arrears over 90 days at end-March, representing 37,723 mortgage accounts.
- Of the total number of PDH accounts in arrears, 17 per cent (or 8,632 accounts) were overdue by between 2 and 5 years, 20 per cent (or 10,451 accounts) were in arrears by between 5 and 10 years, while 10 per cent (or 5,416) were in arrears greater than 10 years.
- Of the PDH accounts in arrears, 7,260 accounts (or 14 per cent) are currently part of a legal process. The majority (5,109 accounts) of these have been in the legal system for over 2 years, with some 2,242 of those accounts in the courts system for over 5 years.
- Non-bank entities[1] held 13 per cent of all PDH mortgage accounts at end-March 2021; however, they held 54 per cent of all PDH mortgages in arrears over 1 year.
- Including buy-to-let (BTL) accounts, non-bank entities accounted for 15 per cent of the total stock of mortgage accounts at end-March 2021.

Table 1: Quarterly & Yearly change in PDH accounts in arrears, as at end-March 2021

	Number of accounts	Q on Q change	Y on Y Change
Total PDH mortgage accounts	728,071	-3,917	-11,521
Number of accounts in arrears	52,148	-2,838	-11,289
Of which days past due:			
- up to 90 days	14,425	-1,776	-7,933
- 91 to 180 days	4,002	-280	-647
- 181 to 365 days	4,292	-163	-459
- 1 to 2 yrs	4,930	-137	-328
- 2 to 5 yrs	8,632	-294	-1,246
- 5 to 10 yrs	10,451	-338	-1,839
- over 10 yrs	5,416	150	1,163

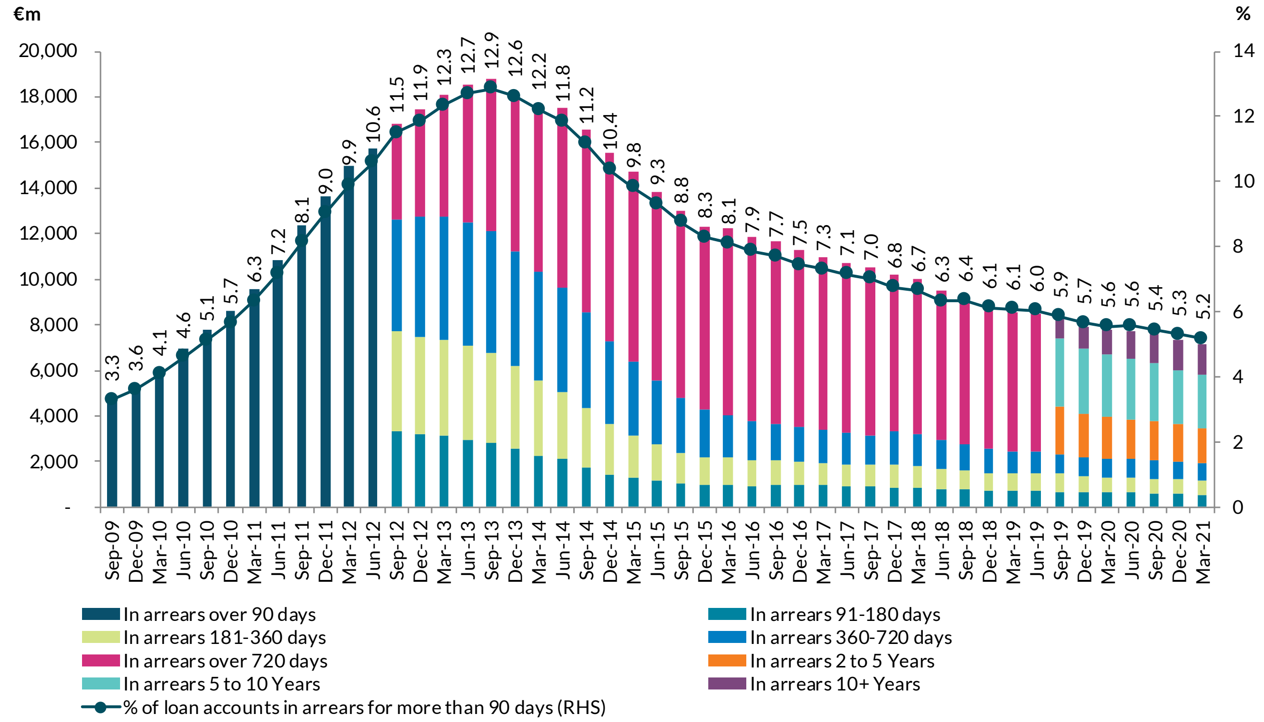
[1] Non-bank entities comprise of Retail Credit Firms and Credit Servicing Firms. More detailed information on these institution groups is available on the Central Bank website here.

Residential Mortgages on Principal Dwelling Houses

Arrears

At end-March 2021, there were 728,071 private residential mortgage accounts for principal dwellings held in the Republic of Ireland, with a value of €97.6 billion. Of this total stock, 52,148 accounts were in arrears, representing a decrease of 2,838 accounts (or 5.2 per cent) over the quarter. At end-March 2021, some 37,723 accounts (5.2 per cent) were in arrears of more than 90 days (Chart 1).[2]

Chart 1: PDH Mortgage Accounts in Arrears over 90 Days



<u>**Note:**</u> The breakdown of arrears greater than 90 days is not available pre-September 2012. The breakdown of arrears greater than 720 days is not available pre-September 2019.

The outstanding balance on PDH mortgage accounts in arrears of more than 90 days was €7.2 billion at end-March, equivalent to 7.4 per cent of the total outstanding balance on all PDH mortgage accounts. Accounts in long-term mortgage arrears i.e. over one year, accounted for 56 per cent of all accounts in arrears at end-March. Of the total number of PDH accounts in arrears, 17 per cent (or 8,632 accounts) were overdue by between 2 and 5 years, 20 per cent (or 10,451 accounts) were in arrears by between 5 and 10 years, while 10 per cent (or 5,416) were in arrears greater than 10 years.

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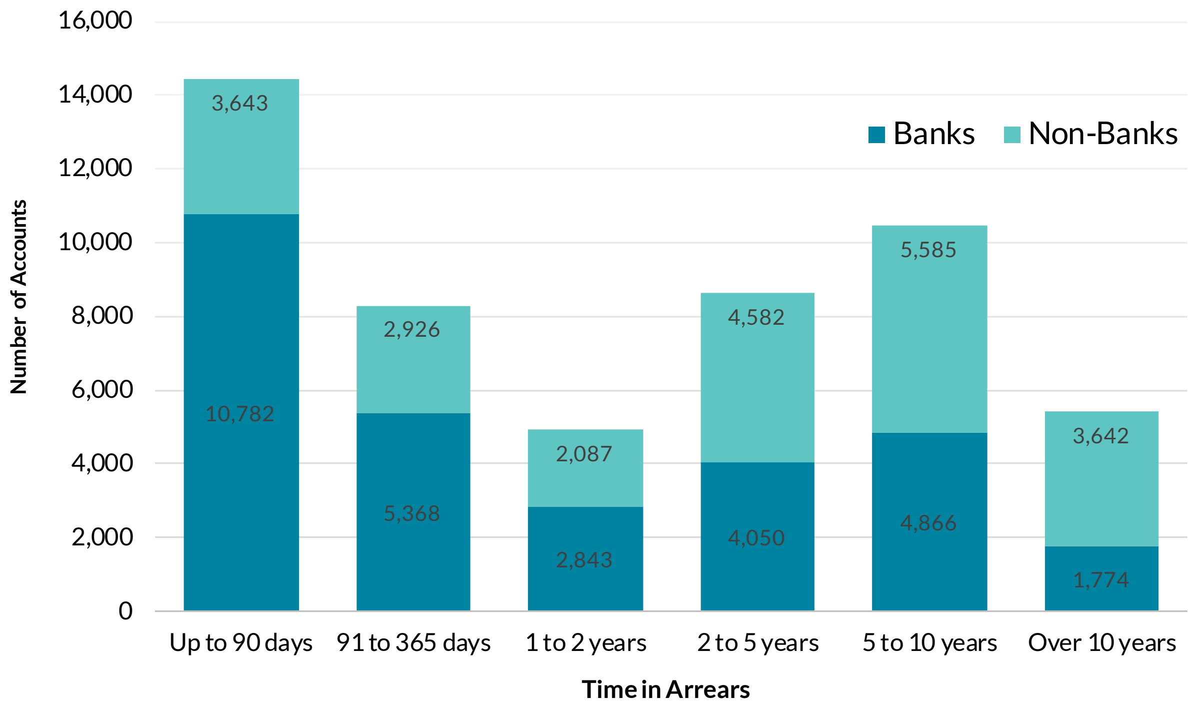
[2] The figures published here represent the total stock of mortgage accounts in arrears of more than 90 days, as reported to the Central Bank of Ireland by mortgage lenders and credit service providers. They include mortgages that have been restructured and are still in arrears of more than 90 days,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

At end-March 2021, non-bank entities accounted for 13 per cent of the total stock of PDH mortgage accounts outstanding. Some 20 per cent of these accounts were in arrears over 90 days, and 17 per cent were in arrears of over one year. For non-banks, a greater proportion of PDH accounts held are in longer-term arrears when compared to banks (Chart 2).

Chart 2: PDH mortgage accounts in arrears, as held by banks and non-banks, as at end-March



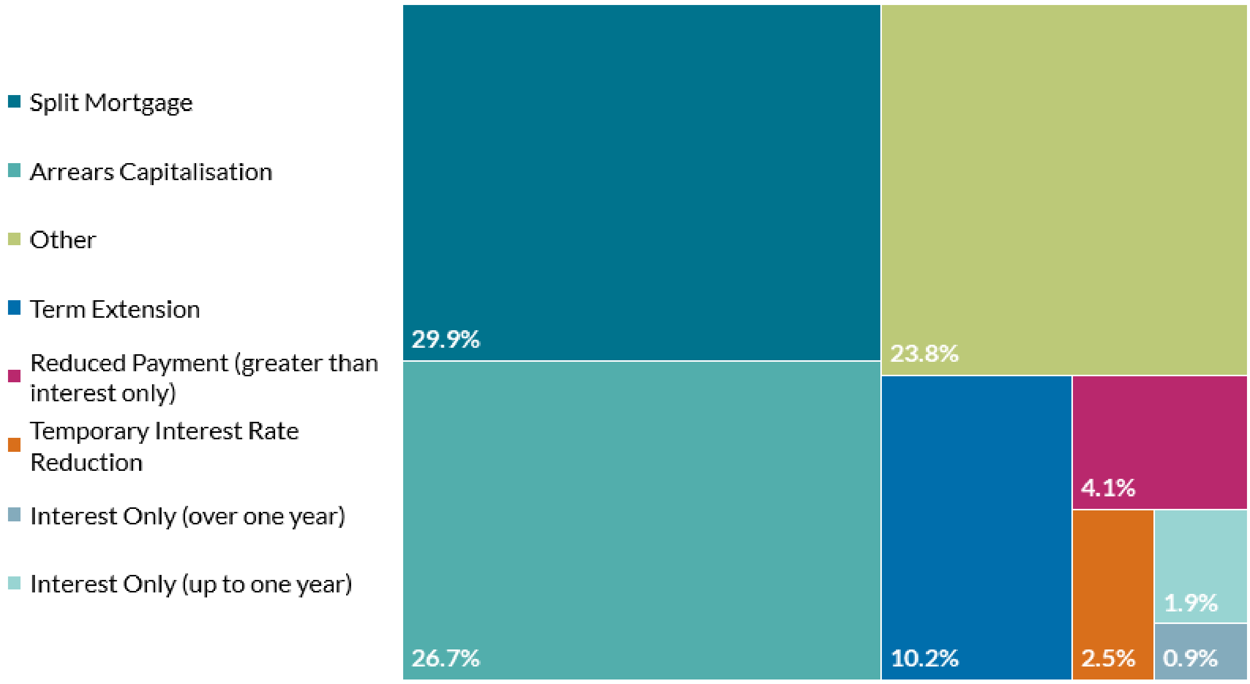
Restructuring Arrangements[3]

A total stock of 72,342 PDH mortgage accounts were categorised as restructured at end-March 2021, representing 10 per cent of total PDH mortgage accounts outstanding. The total number of restructure arrangements fell by 524 accounts, 0.7 per cent, over the quarter. There were 4,572 new restructure arrangements agreed during the first quarter of 2021. Reduced Payment (greater than interest only) and Arrears Capitalisation accounted for the largest share of new restructure arrangements, at 810 and 884 accounts, respectively. For the outstanding stock of restructures, Split Mortgages[4] accounted for the largest share, representing 29.9 per cent of all restructured mortgage accounts at end-March (Chart 3). While the share of accounts on temporary restructure arrangements remained low, at 12 per cent.

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

[4] Where a borrower is on a split mortgage restructure arrangement, the mortgage will be split into two parts. Repayments are made on one part (Part A), while the remainder is warehoused (Part B) to be repaid / reviewed at a later date. This implies that one split mortgage arrangement will be reported as two mortgage accounts within the statistics.

Chart 3: Restructured PDH Mortgage Accounts by Restructure Type, as at end-March 2021



The data on arrears and restructures indicate that of the total stock of 52,148 PDH accounts that were in arrears at end-March, 13,288 accounts (25 per cent) were classified as restructured. The remaining 75 per cent of accounts in arrears were not part of a restructure arrangement at end-March 2021. Some 82 per cent of restructured accounts were not in arrears at end-March 2021.[5] At end-March, 87 per cent of restructured PDH accounts were deemed to be meeting the terms of their arrangement, up slightly from last quarter.[6] 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-March 2021, broken down by arrangement type.[7] The figures show that of the total stock of accounts in the arrears capitalisation category, some 19.3 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

[5] 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.
[6] Meeting the terms includes restructured accounts not in arrears and accounts in arrears but meeting the terms of the current restructure arrangement.
[7] It should also be noted that some categories reflect only a small number of arrangements, particularly in the case of BTL accounts.

the current restructure arrangement[8], a higher percentage of compliance among shorter-term restructures could be expected.

Table 2: Percentage of Restructures 'Meeting the Terms of the Arrangement', as at end-March 2021

%	PDH	BTL
Total	**87.1**	**86.8**
Interest Only - up to one year	89.0	86.4
Interest Only - over one year	91.2	84.3
Deferred Interest Scheme	100.0	n/a
Reduced Payment (less than interest only)	88.3	81.8
Reduced Payment (greater than interest only)	89.4	83.4
Temporary Interest Rate Reduction	83.9	96.6
Payment Moratorium	97.5	97.6
Arrears Capitalisation	80.7	75.2
Term Extension	91.8	92.6
Permanent Interest Rate Reduction	87.3	72.7
Split Mortgage	93.0	91.9
Other	83.6	89.3

Non-bank entities held 19,161 restructured PDH mortgage accounts at end-March 2021. Of these restructured accounts, 83 per cent were meeting the terms of the arrangement.

Borrower Engagement and Legal Status

Engagement between borrowers in mortgage arrears and the holder of their loans has proven to be an important step in the successful resolution of mortgage arrears. To assess the current level of engagement, data is collected on restructured and non-restructured borrowers, and whether such borrowers are co-operating or not co-operating with their loan holder in order to agree a resolution. For non-co-operating borrowers, the data is further broken-down to identify whether legal proceedings have commenced or not.

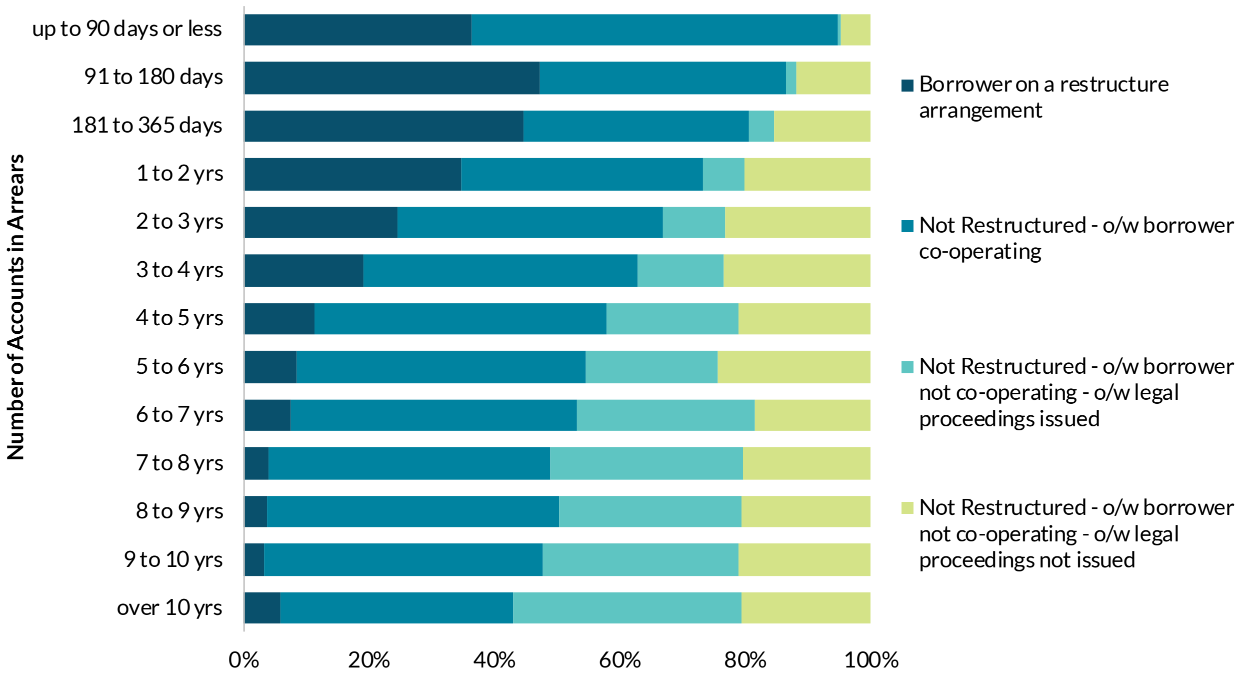
Chart 4 below, illustrating PDH borrower engagement by arrears cohort, shows that the higher the arrears accumulated, the more likely it is that a borrower is not in a current restructure arrangement, and is classified as not co-operating.

Of the 24,981 PDH accounts in arrears over 2 years, 10 per cent (or 2,405) of accounts have a restructure arrangement in place, while 44 per cent (or 11,110) of accounts were not in a restructure, but were classified as co-operating. The remaining 46 per cent (or 11,466 accounts) were not in a

[8] For Payment Moratoriums, a small number of accounts are reported as not meeting the terms of the arrangement due to an increase in a borrowers arrears balance since the previous quarter-end.

restructure nor co-operating with their lender, and legal proceedings have been issued in 54 per cent of this 'not in a restructure nor co-operating' cohort.

Chart 4: PDH borrower engagement by arrears cohort, as at end-March 2021



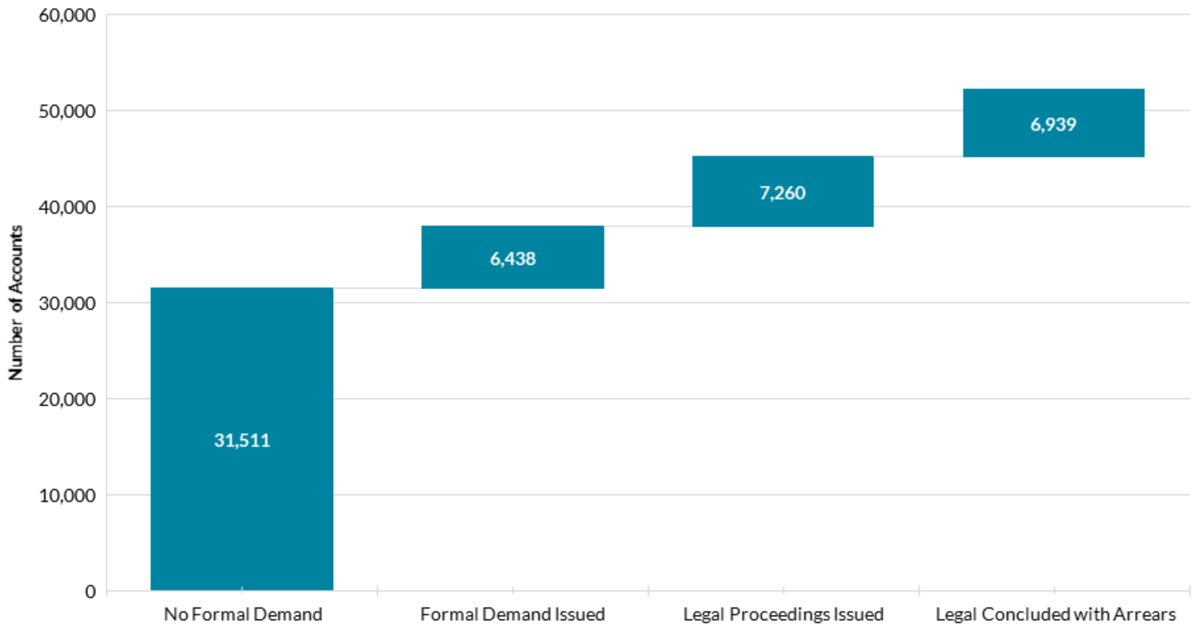
Note: 'Co-operation' status is defined in line with the Code of Conduct on Mortgage Arrears (CCMA), which sets out strict criteria in relation to when loan owners can classify borrowers as not co-operating. In such cases, loan holders must formally notify the borrower of the implications of being classified as not co-operating, including that it may commence legal proceedings for repossession of the property.

Legal Activity and Repossessions[9]

During Q1 2021, some 286 PDH accounts entered legal proceedings. The majority of accounts in mortgage arrears are not currently subject to legal proceedings. Some 31,511 accounts in arrears (60 per cent) had no formal demand issued at end-March. A further 6,438 accounts (12 per cent) were at the formal demand issued stage, but legal proceedings had not yet commenced. Some 7,260 PDH accounts (14 per cent) currently have legal proceedings in process; this includes cases at Civil Bill lodgement stage and where the case is still active in the courts system (Chart 5). The number of accounts in legal proceedings has declined by 2,457 accounts from a year previous.

[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.

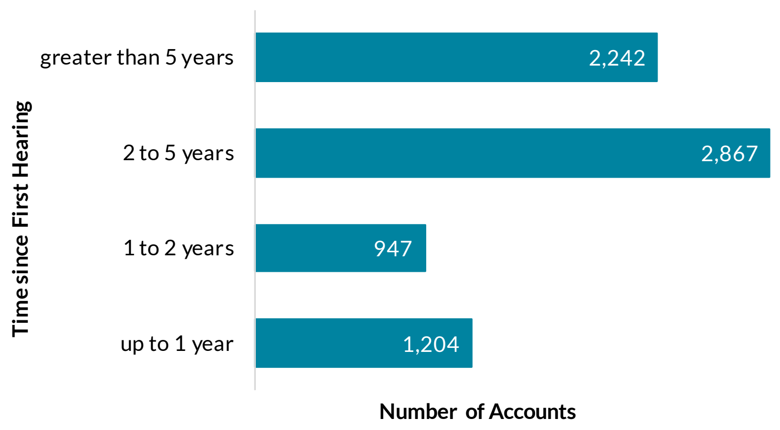
Chart 5: Legal status of current PDH mortgage accounts in arrears, as at end-March 2021



Note: Formal demand refers to the issuing of a legal letter for demand[10]. Legal concluded with arrears refers to those who have concluded legal proceedings, and currently have an outstanding arrears balance.

Of the cases currently in the legal system, the majority (5,109 accounts) have been in the legal system for over 2 years, with some 2,242 of those accounts in the courts system for over 5 years. Some 947 accounts have been in the legal system for between 1 and 2 years (Chart 6).

Chart 6: Period accounts have been in the legal system, as at end-March 2021



[10] More detail is available in the Residential Mortgage Arrears and Repossessions Statistics Explanatory Notes here.

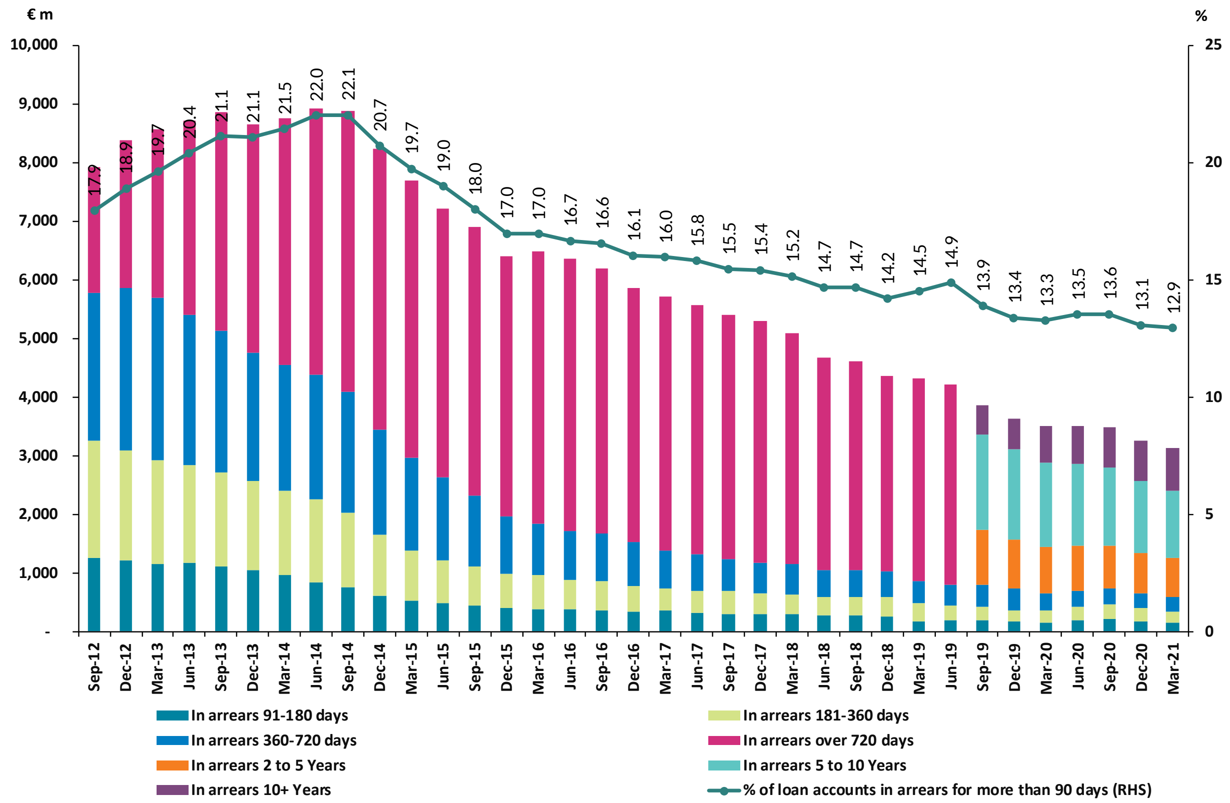
During Q1 2021, the Courts granted an order for repossession or sale of the property affecting 42 accounts. A total of 21 PDH properties were taken into possession by lenders during the quarter, down from 29 properties in the previous quarter. Of the total properties taken into possession during the quarter, the majority of properties, at 16, were voluntarily surrendered or abandoned, with the remaining 5 repossessed on foot of a Court Order. During the quarter, 43 properties were disposed of by lenders. As a result, lenders were in possession of 721 PDH properties at end-March 2021.

Residential Mortgages on Buy-to-Let Properties

Arrears

At end-March 2021, there were 96,414 residential mortgage accounts for Irish buy-to-let (BTL) properties, with an outstanding balance of €15 billion. Some 14,532 BTL accounts were in arrears at end-March, a decrease of 606 accounts or 4 per cent over the quarter. Of the total BTL stock, 12,218 accounts or 12.9 per cent were in arrears of more than 90 days (Chart 7), reflecting a 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 €3.1 billion at end-March, equivalent to 21 per cent of the balance outstanding on BTL accounts.

Chart 7: BTL Mortgage Accounts in Arrears over 90 Days



Note: The breakdown of arrears greater than 90 days is not available pre-September 2012. The breakdown of arrears greater than 720 days is not available pre-September 2019.

BTL accounts in arrears of over two years numbered 9,231 or 9.8 per cent of all BTL accounts. The outstanding balance on these accounts was €2.5 billion at end-March, equivalent to 17 per cent of the total outstanding balance on all BTL mortgage accounts.

Of the total number of BTL accounts in arrears, 20 per cent (or 2,855 accounts) were overdue by between 2 and 5 years, a further 29 per cent (or 4,221 accounts) were in arrears by between 5 and 10 years and 15 per cent (or 2,155 accounts) were in arrears over 10 years.

At end-March 2021, non-bank entities accounted for 31 per cent of the total stock of BTL mortgage accounts outstanding. Non-banks held 78 per cent of all BTL accounts in arrears over two years and 86 per cent of BTL accounts with accumulated arrears greater than ten years.

Restructuring Arrangements

A total stock of 10,393 BTL mortgage accounts were categorised as restructured at end-March 2021, reflecting a decrease of 338 accounts over the quarter. Of the total stock of restructured accounts recorded at end-March, 83 per cent were not in arrears, while 87 per cent were meeting the terms of their current restructure arrangement.[11] On the BTL side, the largest two cohorts of restructured mortgages were in term extensions and arrears capitalisation arrangements. The data on arrears and restructures indicate that of the total number of BTL accounts that were in arrears at end-March, 1,774 (or 12 per cent) were classified as restructured.

Non-bank entities held 3,077 restructured BTL mortgage accounts, which accounted for 30 per cent of all restructured BTL mortgage accounts. Some 77 per cent of non-bank BTL mortgages were meeting the terms of the restructuring arrangement.

Rent Receivers and Repossessions

During the first quarter of 2021, rent receivers were appointed to 445 BTL accounts, bringing the stock of BTL accounts with rent receivers appointed to 4,545 at end-March. There were 362 BTL properties in the lenders' possession at the beginning of Q1 2021. An additional 27 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 25 were voluntarily surrendered or abandoned. During Q1 2021, 58 properties were disposed of. As a result, lenders were in possession of 327 BTL properties at end-March 2021.

[11] Meeting the terms includes restructured accounts not in arrears and accounts in arrears but meeting the terms of the current restructure arrangement.

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 (MART). 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.