



## ***Residential Mortgage Arrears and Repossessions Statistics: Q4 2017***

### **Summary**

- The number of mortgage accounts for principal dwelling houses (PDHs) in arrears fell further in the fourth quarter of 2017; this marks the eighteenth consecutive quarter of decline. A total of 70,488 accounts (10 per cent) were in arrears at end-December, a decline of 2.8 per cent relative to September 2017.
- The number of PDH mortgage accounts that were classified as restructured at end-December was 118,477. Of these restructured accounts, 87 per cent were deemed to be meeting the terms of their current restructure arrangement, down slightly from the previous quarter. There was a continued reduction in short-term restructure arrangements such as Interest Only and Reduced Payments, which was partly offset by an increase in longer-term arrangements such as Arrears Capitalisations.
- Non-bank entities now hold 61,446 mortgage accounts for principle dwelling houses and buy to lets combined. Of this number, 47,820 relate to PDH mortgage accounts, representing 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. Table 1 below further displays the breakdown of PDH mortgages and the arrears profile held by banks and non-bank entities.

**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%	9%
% of all PDH mortgages in arrears over 90 days	76%	12%	12%
% of all PDH mortgages in arrears over 720 days	75%	9%	16%

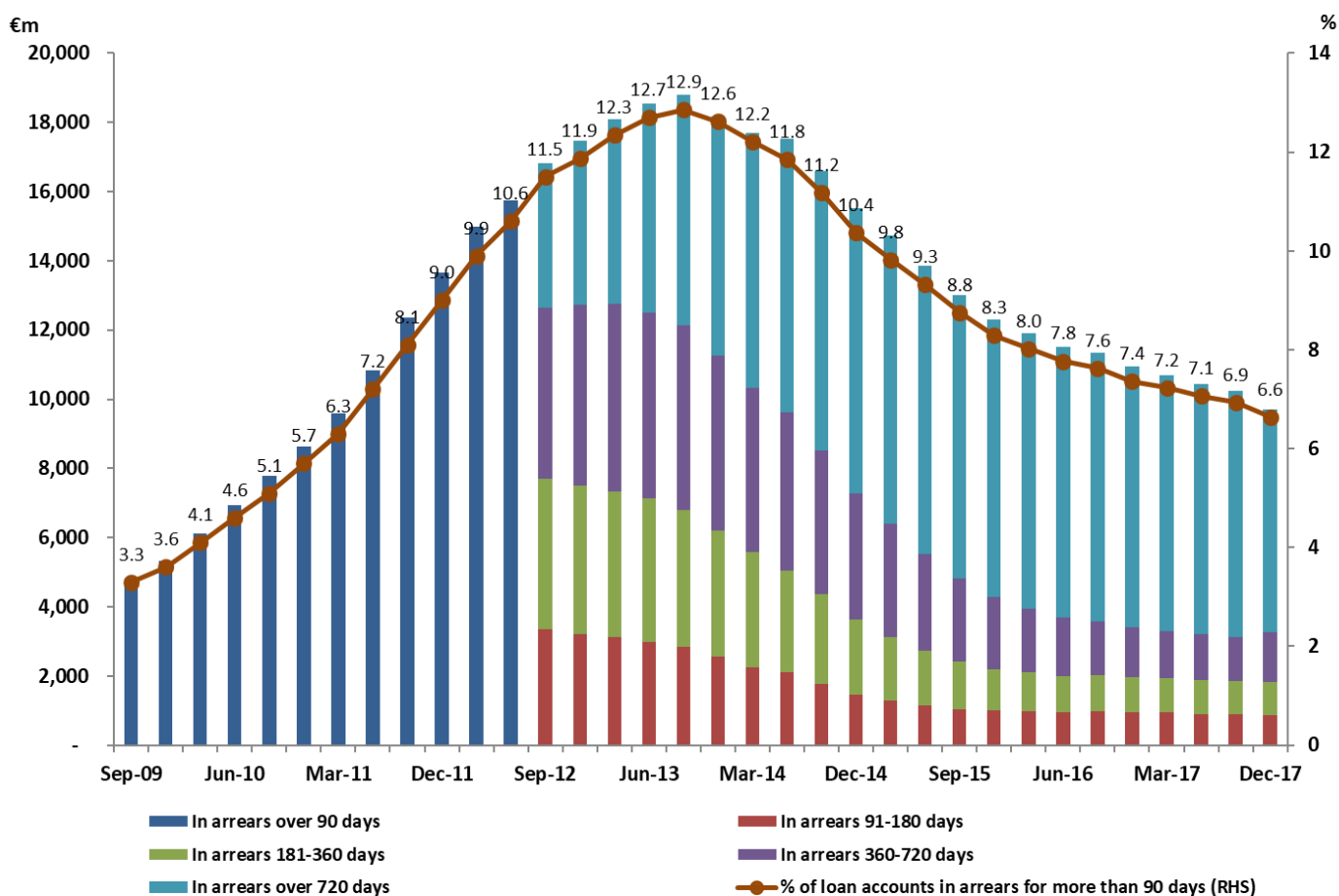
## Residential Mortgages on Principal Dwelling Houses

### Arrears

At end-December 2017, there were 729,722 private residential mortgage accounts for principal dwellings held in the Republic of Ireland, to a value of €98.5 billion. Of this total stock, 70,488 accounts were in arrears, representing a fall of 2,001 accounts or 2.8 per cent over the quarter. Some 48,433 accounts (7 per cent) were in arrears of more than 90 days.<sup>1</sup>

Quarter-on-quarter changes are impacted by a methodological change by a reporting institution. The number of accounts in arrears over 90 days fell by 4.4 per cent over the quarter, marking the seventeenth consecutive decline in this category. The outstanding balance on all lenders' PDH mortgage accounts in arrears of more than 90 days was €9.7 billion at end-December, equivalent to 10 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.

<sup>1</sup> 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.

Accounts in arrears of up to 90 days increased by 254 accounts, or 1.2 per cent in the fourth quarter of 2017; this follows on from a decline of 155 accounts in the previous quarter. The number of accounts in arrears over 360 days fell to 36,965 at end-December, equivalent to 5 per cent of the total stock of PDH mortgage accounts and representing a fall of 2,195 accounts over the quarter. For all institutions, the value of accounts in longer-term arrears over 360 days remains large, amounting to just under €7.9 billion at end-December 2017.

Accounts in arrears of between 361 and 720 days show an increase of 483 accounts or 6.4 per cent over the quarter. The number of accounts in arrears over 720 days declined by 2,678 accounts in Q4, or 8.5 per cent. This was the tenth consecutive decline in this category and follows a 1.7 per cent fall in the previous quarter. Accounts in arrears over 720 days now constitute 41 per cent of all accounts in arrears, and 89 per cent of arrears balances outstanding. As referred to earlier, quarter-on-quarter changes are impacted by the methodological changes by a reporting institution.

### **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<sup>2</sup>. 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.

A total stock of 118,477 PDH mortgage accounts were categorised as restructured at end-December 2017. This reflects a reduction of 574 accounts compared to end-September 2017. The share of interest only arrangements and reduced payment arrangements fell further during Q4, to 8.4 per cent, indicating a continuing move out of short-term arrangements. In contrast, arrears capitalisation arrangements increased over the quarter and continued to account for the largest share of restructured accounts at 33 per cent at end-December. A breakdown of restructured mortgages by type is presented in Figure 2.

A total of 6,476 new restructure arrangements<sup>3</sup> were agreed during the fourth quarter of 2017, the lowest figure recorded since end-September 2012. The data on arrears and restructures indicate that of the total stock of 70,488 PDH accounts that were in arrears at end-December, 25,478 (36 per cent) were classified as restructured at that time. Of the total stock of 48,433 PDH accounts that were in arrears of more than 90 days, 28 per cent were classified as restructured; up slightly since last quarter.

Some 78 per cent of restructured accounts were not in arrears at end-December 2017. 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-

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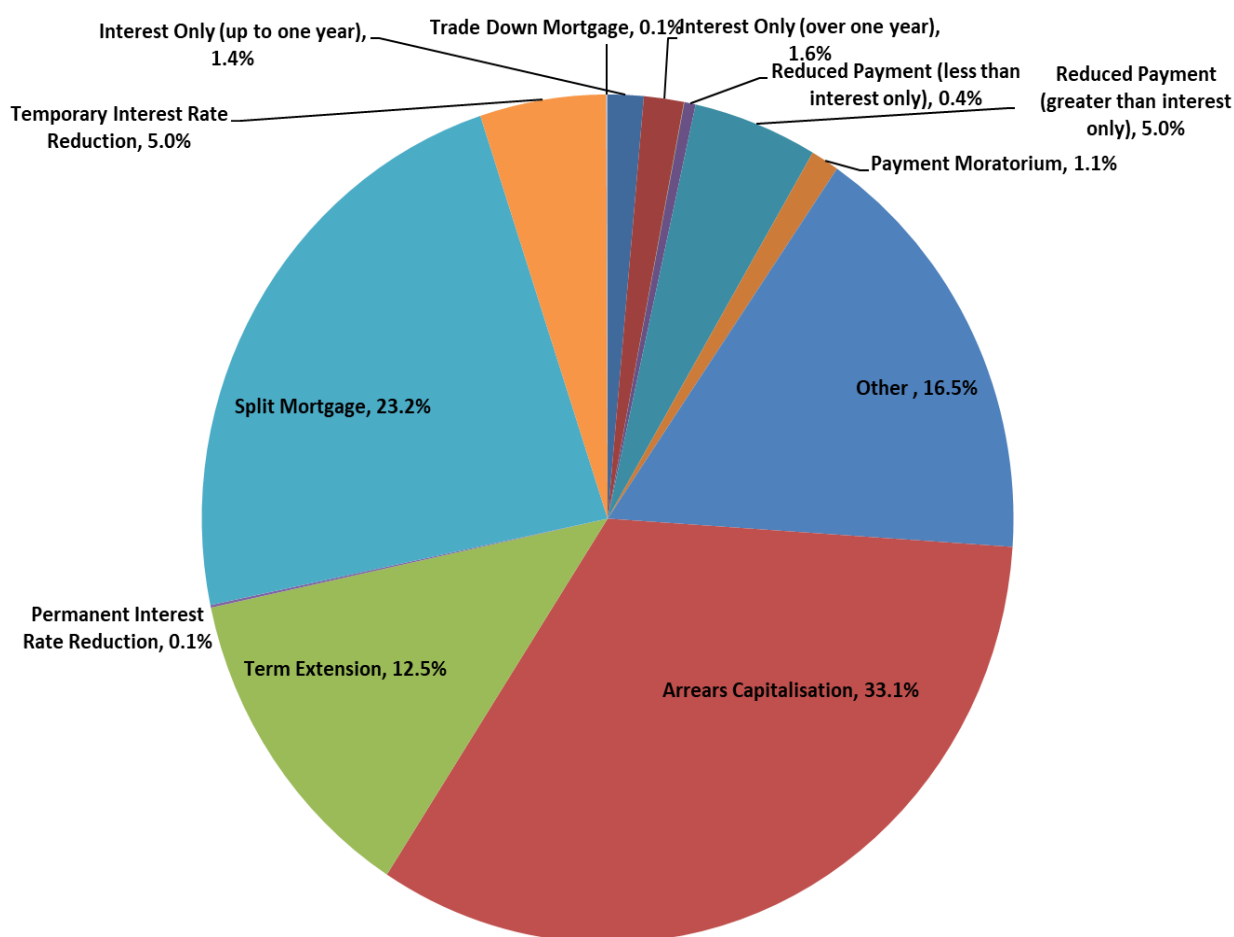
<sup>2</sup> Arrears capitalisation is an arrangement whereby some or all of the outstanding arrears are effectively added to the remaining principal balance, to be repaid over the life of the mortgage.

<sup>3</sup> This includes first-time restructures and further modifications of existing restructures.

December, 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.

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<sup>4</sup>. 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.

**Figure 2: Restructured PDH Mortgage Accounts by Restructure Type, end-December 2017**



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-December 2017, broken down by arrangement type. Lower numbers

<sup>4</sup> Further details on the Mortgage Arrears Resolution Targets can be found [here](#).

indicate a greater number of borrowers are not currently meeting terms of new arrangement; this is particularly evident amongst cases in which a permanent interest rate reduction has been granted. 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.<sup>5</sup> Accordingly, 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.

**Table 2: Percentage of Restructures 'Meeting the Terms of the Arrangement': end-December 2017**

<b>%</b>	<b>PDH</b>	<b>BTL</b>
<b>Total</b>	<b>86.8</b>	<b>86.5</b>
Interest Only - up to one year	91.1	81.8
Interest Only - over one year	94.9	93.6
Deferred Interest Scheme	81.0	n/a
Reduced Payment (less than interest only)	80.8	75.0
Reduced Payment (greater than interest only)	89.1	92.1
Temporary Interest Rate Reduction	90.8	95.6
Payment Moratorium	93.0	97.7
Arrears Capitalisation	78.8	71.0
Term Extension	93.3	95.4
Permanent Interest Rate Reduction	84.6	0.0
Split Mortgage	93.4	89.4
Other	85.6	87.6

#### **Legal Proceedings and Repossessions<sup>6</sup>**

During the fourth quarter of 2017, legal proceedings were issued to enforce the debt/security on a PDH mortgage on 829 accounts. During Q4 2017, there were 413 mortgage accounts where court proceedings concluded but arrears remained outstanding. In 258 accounts, the Courts granted an order for repossession or sale of the property. There were 1,717 properties in the lenders' possession at the beginning of the fourth quarter. A total of 311 properties were taken into possession by lenders during the quarter, down from 396 properties in the previous quarter. Of the properties taken into possession during the quarter, 138 were repossessed on foot of a Court Order, while the remaining 173 were voluntarily surrendered or abandoned. During the quarter, 406 properties were disposed of. As a result, lenders were in possession of 1,622 PDH properties at end-December 2017.

<sup>5</sup> It should also be noted that some categories reflect only a small number of arrangements, particularly in the case of BTL accounts.

<sup>6</sup> 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	Q3 2017			Q4 2017		
	Number	Balance €000	Arrears €000	Number	Balance €000	Arrears €000
<b>Mortgages</b>						
<b>Total residential mortgage loan accounts outstanding</b>	731,119	98,649,650	-	729,722	98,521,574	-
<b>Arrears</b>						
<b>Total residential mortgage arrears cases outstanding</b>	72,489	13,319,595	2,762,946	70,488	12,819,524	2,514,250
<i>of which:</i>						
in arrears up to 90 days	21,801	3,085,973	30,943	22,055	3,125,415	27,420
in arrears 91 to 180 days	5,716	889,169	28,366	5,610	871,227	30,708
in arrears 181 to 360 days	5,812	959,088	60,795	5,858	963,344	57,387
in arrears 361 to 720 days	7,536	1,269,373	149,602	8,019	1,442,254	165,129
in arrears over 720 days	31,624	7,115,992	2,493,240	28,946	6,417,284	2,233,606
Total arrears cases over 90 days outstanding	50,688	10,233,622	2,732,003	48,433	9,694,109	2,486,830
% of loan accounts in arrears for more than 90 days	6.9%	10.4%		6.6%	9.8%	
<b>Repossessions</b>						
Residential properties in possession - at the beginning of quarter	1,739			1,717		
Residential properties repossessed on foot of an Order during quarter	137			138		
Residential properties voluntarily surrendered/abandoned during the quarter	259			173		
Residential properties disposed of during this quarter	420			406		
Residential properties in possession – at end of quarter <sup>1</sup>	1,717			1,622		
<b>Total residential mortgage accounts restructured</b>						
<b>Restructures</b>	119,051	16,231,232	324,497	118,477	16,020,381	310,008
<b>Restructures not in arrears</b>	94,043	12,146,725		92,999	11,905,945	
<b>Total restructures by type:</b>						
Interest Only - up to one year	1,861	307,927	32,344	1,687	272,794	16,558
Interest Only - over one year	1,940	387,036	3,879	1,884	374,829	3,582
Reduced Payment (greater than interest only)	6,283	1,294,206	54,429	5,868	1,207,353	54,865
Reduced Payment (less than interest only)	538	108,862	8,635	531	103,151	7,771
Term Extension	15,223	1,610,439	39,184	14,784	1,565,186	40,577
Arrears Capitalisation	39,124	6,005,791	109,072	39,203	5,973,694	105,499
Payment Moratorium	1,420	215,420	6,803	1,334	214,228	7,048
Deferred Interest Scheme	21	3,902	555	21	3,900	547
Permanent Interest Rate Reduction	124	20,080	516	117	20,127	224
Split Mortgage	27,376	2,748,449	9,254	27,475	2,747,798	12,818
Trade Down Mortgage	61	9,559	0	62	9,632	0
Temporary Interest Rate Reduction	6,111	1,213,604	17,779	5,956	1,167,543	18,321
Other	18,969	2,305,957	42,047	19,555	2,360,146	42,198

\*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.

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

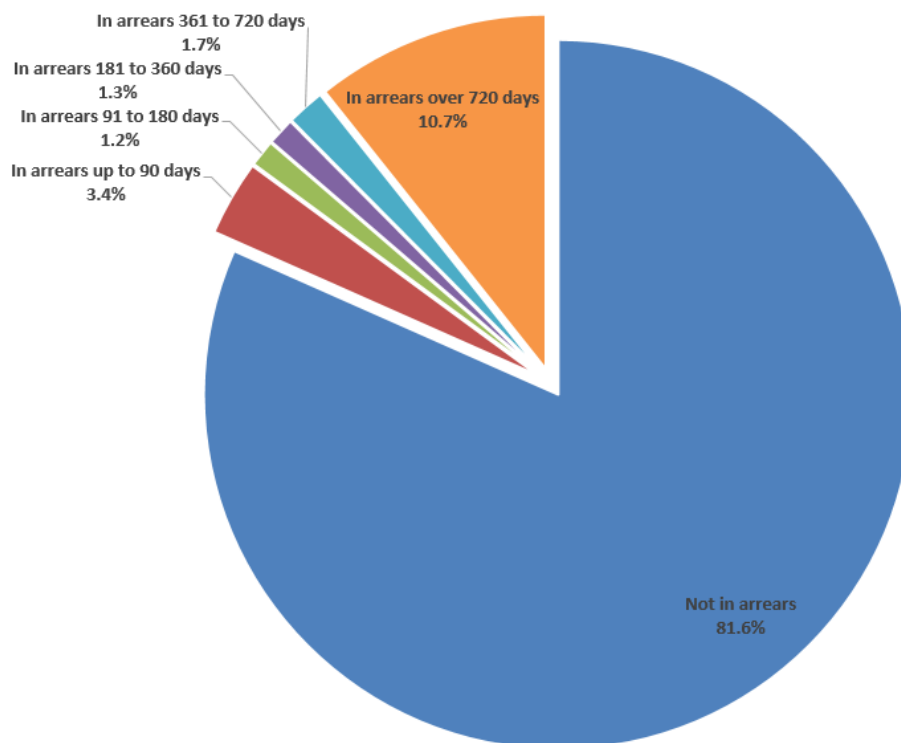
## ***Residential Mortgages on Buy-to-Let Properties***

### **Arrears**

At end-December 2017, there were 122,366 residential mortgage accounts for buy-to-let (BTL) properties held in the Republic of Ireland, to a value of €21.9 billion. Some 22,461 (18 per cent) of these accounts were in arrears, compared to 23,176 accounts at end-September 2017, reflecting a decrease of 3.1 per cent over the quarter. Of the total BTL stock, 18,257 or 15 per cent were in arrears of more than 90 days, reflecting a decrease of 3.2 per cent over the quarter. The outstanding balance on all BTL mortgage accounts in arrears of more than 90 days was €5 billion at end-December, equivalent to 23 per cent of the total outstanding balance.

The number of BTL accounts that were in arrears of more than 180 days was 16,759 at end-December 2017, reflecting a quarter-on-quarter fall of 4 per cent. BTL accounts in arrears greater than 720 days decreased by 3.6 per cent in the fourth quarter of 2017. Accounts in arrears of over 720 days now number 13,099 or 11 per cent of the total stock of BTL mortgage accounts. The outstanding balance on these accounts was €3.8 billion at end-December, equivalent to 17 per cent of the total outstanding balance on all BTL mortgage accounts.

***Figure 3: BTL Mortgage Accounts by Arrears Category, end-December 2017***



## **Restructuring Arrangements**

A total stock of 22,265 BTL mortgage accounts were categorised as restructured at end-December 2017, reflecting a decrease of 769 accounts over the quarter. Of the total stock of restructured accounts recorded at end-December, 79 per cent were not in arrears, while 87 per cent were meeting the terms of their current restructure arrangement. A total of 1,432 new restructure arrangements were agreed during the fourth quarter of the year, the lowest number of new restructures agreed in a quarter since this series began in 2012. On the BTL side, the largest cohort of restructured mortgages was in arrears capitalisation arrangements, which represented 23 per cent of all restructure arrangements. The data on arrears and restructures indicate that of the total stock of 22,461 BTL accounts that were in arrears at end-December, 4,706 (or 21 per cent) were classified as restructured at that time.

## **Legal Proceedings and Repossessions**

During the fourth quarter of 2017, rent receivers were appointed to 353 BTL accounts, bringing the stock of accounts with rent receivers appointed to 5,674; this is down from 5,701 accounts in the previous quarter. There were 731 BTL properties in the banks' possession at the beginning of Q4 2017. BTL reposessions in Q4 2017 were impacted by an initiative for assisted voluntary surrender of properties. A total of 1,230 properties were taken into possession by lenders during the quarter. Of the total BTL reposessions in the quarter, 39 were repossessed on foot of a Court Order, while the remaining 1,191 were voluntarily surrendered or abandoned. During Q4 2017, 178 properties were disposed of. As a result, lenders were in possession of 1,783 BTL properties at end-December 2017.



Table 4: BTL Mortgage Arrears Repossessions and Restructures	Q3 2017			Q4 2017		
	Number	Balance €000	Arrears €000	Number	Balance €000	Arrears €000
<b>Mortgages</b>						
<b>Total residential mortgage loan accounts outstanding</b>	124,702	22,530,381	-	122,366	21,946,335	-
<b>Arrears</b>						
<b>Total residential mortgage arrears cases outstanding</b>	23,176	6,044,233	1,949,113	22,461	5,844,868	1,810,313
<i>of which:</i>						
in arrears up to 90 days	4,312	847,324	42,715	4,204	860,672	27,753
in arrears 91 to 180 days	1,413	308,252	38,202	1,498	292,949	39,737
in arrears 181 to 360 days	1,647	386,129	57,326	1,538	363,112	63,413
in arrears 361 to 720 days	2,213	528,334	104,573	2,122	504,945	95,317
in arrears over 720 days	13,591	3,974,194	1,706,297	13,099	3,823,190	1,584,093
Total arrears cases over 90 days outstanding	18,864	5,196,909	1,906,398	18,257	4,984,196	1,782,560
% of loan accounts in arrears for more than 90 days	15.1%	23.1%		14.9%	22.7%	
<b>Repossessions</b>						
Residential properties in possession - at the beginning of quarter	635			731		
Residential properties repossessed on foot of an Order during quarter	77			39		
Residential properties voluntarily surrendered/abandoned during the quarter	243			1,191		
Residential properties disposed of during this quarter	198			178		
Residential properties in possession – at end of quarter <sup>1</sup>	731			1,783		
<b>Total residential mortgage accounts restructured</b>						
<b>Restructures</b>	23,034	5,314,890	174,019	22,265	5,116,765	161,915
<b>Restructures not in arrears</b>	18,239	4,136,925	-	17,559	3,960,684	-
Total restructures by type:						
Interest Only - up to one year	1,067	237,012	19,998	920	214,662	19,754
Interest Only - over one year	1,439	392,255	17,229	1,317	370,776	19,164
Reduced Payment (greater than interest only)	5,316	1,543,612	22,861	4,939	1,444,615	23,506
Reduced Payment (less than interest only)	55	14,287	1,099	52	11,252	1,158
Term Extension	3,662	600,850	21,638	3,642	590,126	20,494
Arrears Capitalisation	5,158	1,051,992	73,163	5,035	1,008,717	58,988
Payment Moratorium	274	48,039	2,021	256	44,116	1,587
Deferred Interest Scheme	0	0	0	0	0	0
Permanent Interest Rate Reduction	3	1,113	377	2	1,045	402
Split Mortgage	2,048	272,694	474	2,058	270,936	717
Temporary Interest Rate Reduction	119	24,440	212	113	23,315	462
Other	3,893	1,128,596	14,947	3,931	1,137,205	15,683

\*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.

<sup>1</sup> 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 Entities<sup>7</sup>***

### **Arrears**

At end-December 2017, non-bank entities accounted for 7 per cent of the total stock of PDH mortgage accounts outstanding. For BTLs the proportion was higher at just over 11 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-December 2017 (9 per cent in value terms).

In terms of PDH mortgages held by non-bank entities, 77 per cent were held by regulated retail credit firms at end-December 2017. For retail credit firms, 16 per cent of accounts were in arrears over 90 days, with 7 per cent in arrears of over 720 days (Table 5). The equivalent figures for unregulated loan owners was 50 per cent and 42 per cent, respectively. Restructuring activity was lower among retail credit firms, with 18 per cent of loans restructured at end-December, compared to 21 per cent for unregulated loan owners.

In terms of BTL mortgages held by non-bank entities, a higher number of BTL accounts are held by retail credit firms compared with unregulated loan owners. Retail credit firms account for 51 per cent of total loan accounts held by non-bank entities. For retail credit firms, 24 per cent of accounts were in arrears, with 14 per cent of accounts in arrears of 720 days. The number of BTL accounts in arrears for unregulated loan owners was particularly high, with 78 per cent accounts in arrears, and over 65 per cent of all accounts in arrears over 720 days at end-December 2017.

### **Legal Proceedings and Repossessions**

There were 408 properties in non-bank entities' possession at the end of the fourth quarter, with 128 properties held by retail credit firms, and 280 held by unregulated loan owners. Some 28 properties were taken into possession by non-bank entities during the quarter, down from 52 properties in the previous quarter. Of the properties taken into possession during the quarter, 10 were repossessed on foot of a Court Order, while the remaining 18 were voluntarily surrendered or abandoned. During the quarter, 56 properties were disposed of.

A breakdown of PDH and BTL mortgages held by regulated and unregulated non-bank entities are presented in Table 5 and Table 6 below.

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<sup>7</sup> 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.

Table 5: PDH Mortgage Arrears Repossessions and Restructures of Non-Bank Entities	Non-Bank Entities Q4 2017					
	Retail Credit Firms			Unregulated loan owners		
	Number	Balance €000	Arrears €000	Number	Balance €000	Arrears €000
<b>Mortgages</b>						
<b>Total residential mortgage loan accounts outstanding</b>	36,763	5,885,458		11,057	2,084,266	
<b>Arrears</b>						
<b>Total residential mortgage arrears cases outstanding</b>	7,976	1,643,423	285,061	6,524	1,457,361	613,445
<i>% of total</i>	22%	28%		59%	70%	
<i>of which:</i>						
in arrears over 90 days	5,947	1,328,178	282,898	5,575	1,319,721	612,121
<i>% of total</i>	16%	23%		50%	63%	
in arrears over 720 days	2,545	675,599	229,213	4,607	1,171,714	598,765
<i>% of total</i>	7%	11%		42%	56%	
<b>Repossessions</b>						
Residential properties in possession – at end of quarter	121			187		
<b>Total residential mortgage accounts restructured</b>						
<b>Restructures</b>	6,792	1,112,352	20,454	2,338	343,421	20,618
<i>% of total</i>	18%	19%		21%	16%	
<b>Meeting the terms of the arrangement</b>	4,879	786,888	5,322	1,792	258,261	13,682
<i>% of total resturctures</i>	72%	71%		77%	75%	
<b>In arrears over 90 days, of which restructured</b>	986	183,027	19,199	686	126,106	20,249
<i>% of total in arrears &gt; 90 days</i>	17%	14%		12%	10%	

Note: See footnote 7.

Table 6: BTL Mortgage Arrears Repossessions and Restructures of Non-Bank Entities	Non-Bank Entities Q4 2017					
	Retail Credit Firms			Unregulated loan owners		
	Number	Balance €000	Arrears €000	Number	Balance €000	Arrears €000
<b>Mortgages</b>						
<b>Total residential mortgage loan accounts outstanding</b>	7,016	1,176,012		6,610	1,749,650	
<b>Arrears</b>						
<b>Total residential mortgage arrears cases outstanding</b>	1,652	429,215	260,265	5,184	1,411,187	574,260
<i>% of total</i>	24%	36%		78%	81%	
<i>of which:</i>						
in arrears over 90 days	1,401	394,232	258,302	4,948	1,358,387	571,650
<i>% of total</i>	20%	34%		75%	78%	
in arrears over 720 days	1,015	333,551	244,715	4,303	1,234,552	541,174
<i>% of total</i>	14%	28%		65%	71%	
<b>Repossessions</b>						
Residential properties in possession – at end of quarter	7			93		
<b>Total residential mortgage accounts restructured</b>						
<b>Restructures</b>	313	57,736	7,462	447	143,227	17,969
<i>% of total</i>	4%	5%		7%	8%	
<b>Meeting the terms of the arrangement</b>	229	41,998	2,635	263	87,677	10,503
<i>% of total restrutures</i>	73%	73%		59%	61%	
<b>In arrears over 90 days, of which restructured</b>	104	19,857	5,903	259	82,049	17,932
<i>% of total in arrears &gt; 90 days</i>	7%	5%	2%	5%	6%	3%

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.