



### ***Residential Mortgage Arrears and Repossessions Statistics: Q3 2015***

#### ***Summary***

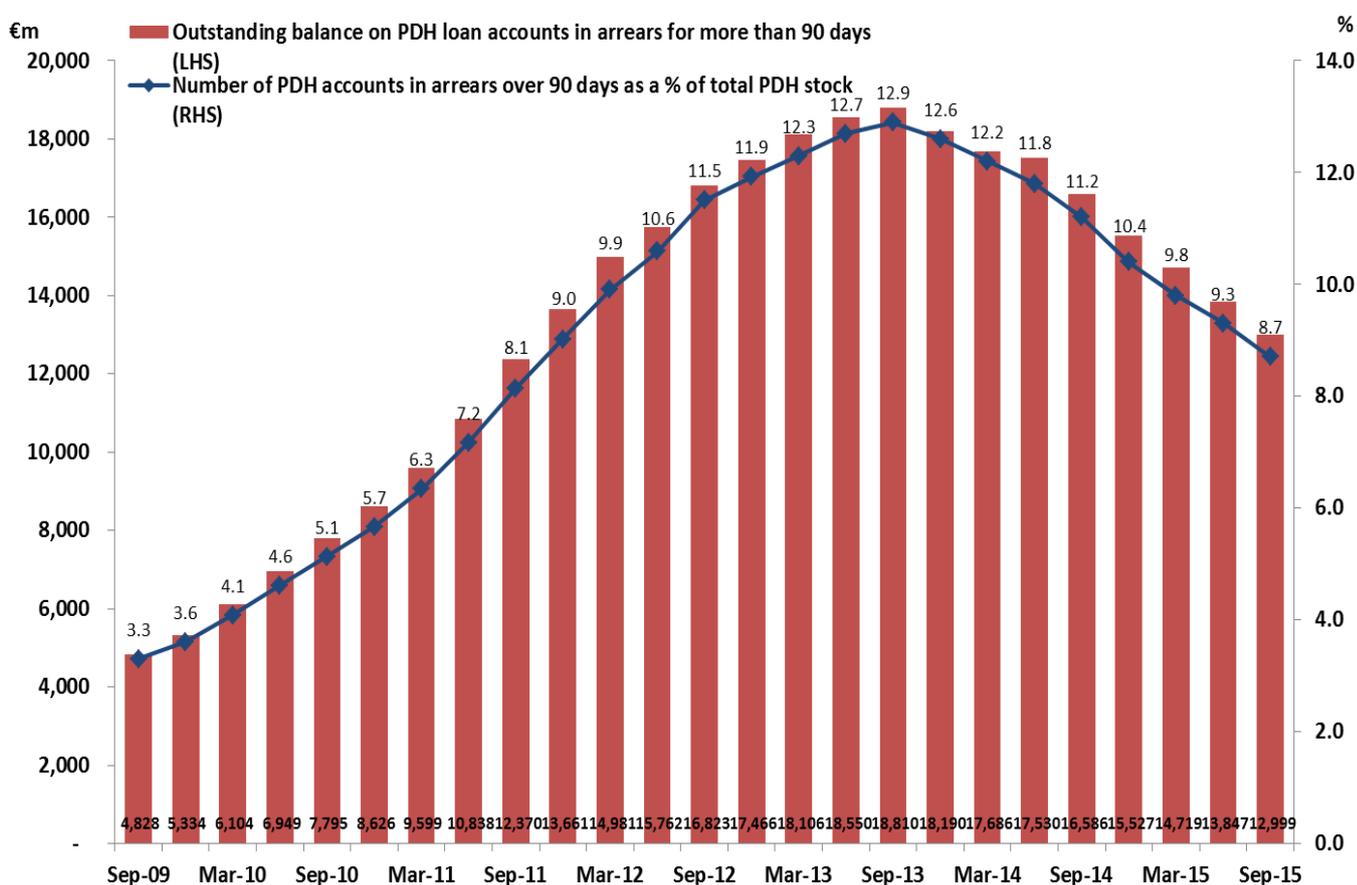
- The number of mortgage accounts for principal dwelling houses (PDH) in arrears continued to fall in Q3 2015; this marks the ninth consecutive quarter of decline. A total of 92,291 (12.3 per cent) of accounts were in arrears at end-Q3, a decline of 6 per cent relative to Q2.
- The number of accounts in arrears over 90 days at end-September was 65,584 (8.7 per cent of total), reflecting a quarter-on-quarter decline of 6.7 per cent. This represents the eighth consecutive decline in the number of PDH accounts in arrears over 90 days.
- All maturity categories of arrears, including the over 720 days' category, declined in Q3 2015. This is the first recorded decline in this category, although the rate of increase had been waning since June 2014.
- Some 120,806 PDH mortgage accounts were classified as restructured at end-September, reflecting a quarter-on-quarter increase of 1.9 per cent. Of these restructured accounts, 86.6 per cent were deemed to be meeting the terms of their current restructure arrangement; this was up slightly from Q2. The largest increases in restructures were recorded in the categories of arrears capitalisation and permanent split mortgages.
- Buy-to-let (BTL) mortgage accounts in arrears over 90 days decreased by 4.5 per cent during the third quarter of the year. At end-September there were 15,275 BTL accounts in arrears over 720 days, with an outstanding balance of €4.6 billion, equivalent to 17.4 per cent of the total outstanding balance on all BTL mortgage accounts.
- Non-bank entities now hold 47,461 mortgage accounts for PDH and BTL combined. Of this number, 20,338 are in arrears of more than 90 days, with 13,050 of these in arrears over 720 days. This represents almost 25 per cent of all mortgage accounts in arrears of more than 720 days.

## Residential Mortgages on Principal Dwelling Houses

### Arrears

At end-September 2015, there were 749,778 private residential mortgage accounts for principal dwellings held in the Republic of Ireland, to a value of €102.5 billion. Of this total stock, 92,291 accounts were in arrears; a fall of 5,864 or 6 per cent over the quarter. Some 65,584 accounts (8.7 per cent) were in arrears of more than 90 days.<sup>1</sup> The number of accounts in arrears over 90 days fell by 6.7 per cent over the quarter, marking the eighth consecutive decline in arrears over 90 days. Banks that were subject to the Central Bank's public MART targets recorded a larger quarter-on-quarter decline of 8.1 per cent in the number of PDH accounts in arrears over 90 days. The outstanding balance on all lenders' PDH mortgage accounts in arrears of more than 90 days was nearly €13 billion at end-September, equivalent to 12.7 per cent of the total outstanding balance on all PDH mortgage accounts.

**Figure 1: PDH Mortgage Accounts in Arrears Over 90 Days**



<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. 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.

Early arrears continued to decline during the third quarter of the year. There was a quarter-on-quarter fall of 4.1 per cent in the number of accounts in arrears of less than 90 days, which stood at 26,707 at end-September, or 3.6 per cent of the total stock. The number of accounts in arrears over 360 days fell to 50,404 at end-September, equivalent to 6.7 per cent of the total stock of PDH mortgage accounts and representing a fall of 2,920 accounts over the quarter. Accounts in arrears of between 361 days and 720 days saw the largest quarter-on-quarter decline of 14 per cent. The number of accounts in arrears over 720 days also declined by 774 in Q3, or 2 per cent; this was first decline in this category since the series began. Accounts in arrears over 720 days now constitute 40.4 per cent of all accounts in arrears, and 83.7 per cent of arrears outstanding. Banks that were subject to the Central Bank's public MART targets, recorded a 3.2 per cent quarterly decline in the over 720 day category. For all institutions, the total number of PDH accounts in arrears declined by 6 per cent relative to Q2. Nonetheless, the value of accounts in longer-term arrears over 360 days remains large, amounting to €10.6 billion at end-September.

### **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 120,806 PDH mortgage accounts were categorised as restructured at end-September 2015. This reflects an increase of 1.9 per cent compared to end-June 2015. The share of interest only arrangements and reduced payment arrangements fell further during Q3, by 1.2 per cent, indicating a continuing move out of short-term arrangements. Arrears capitalisations and permanent split mortgages showed the most significant quarterly increases and continued to account for the largest shares of restructured accounts at 28 per cent and 20 per cent, respectively, at end-September. A breakdown of restructured mortgages by type is presented in Figure 2. A total of 13,679 new restructure arrangements<sup>3</sup> were agreed during the third quarter of 2015. The data on arrears and restructures indicate that of the total stock of 92,291 PDH accounts that were in arrears at end-September, 30,549 (33.1 per cent) were classified as restructured at that time. Of the total stock of 65,584 PDH accounts that were in arrears of more than 90 days, 26.4 per cent were classified as restructured, compared to 26.5 per cent at end-June. Some 74.7 per cent of restructured accounts were not in arrears at end-September 2015. Restructured accounts in arrears include accounts that were in arrears prior to restructuring where the arrears balance

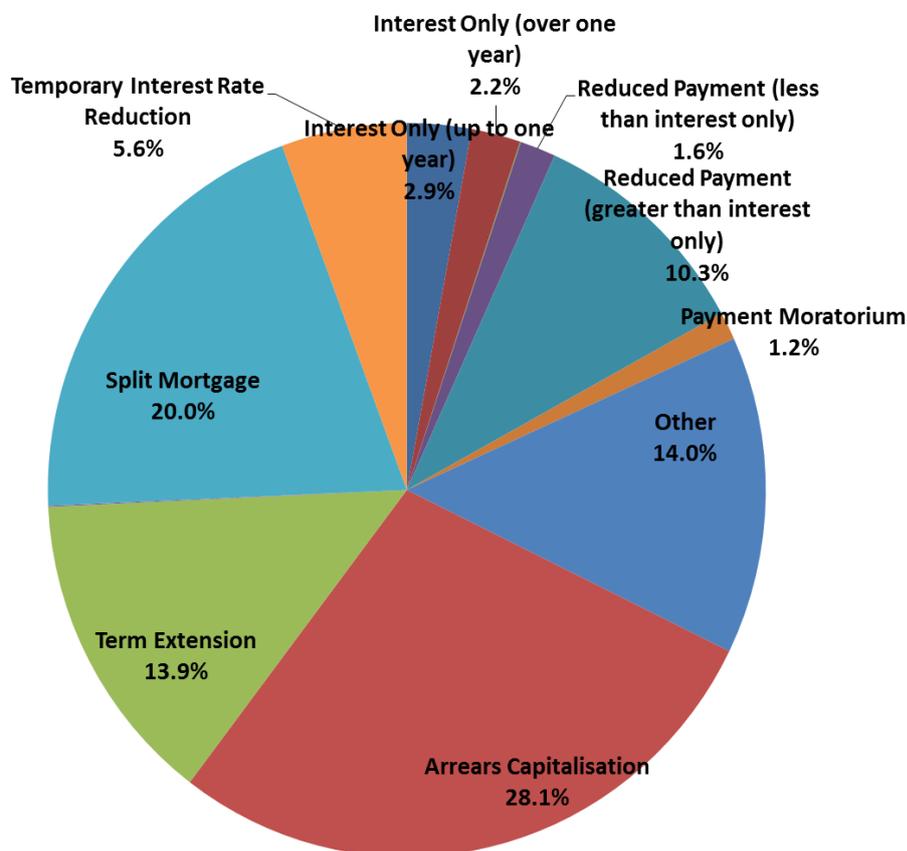
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<sup>2</sup> Arrears capitalisation is an arrangement whereby some or all of the outstanding arrears are added to the remaining principal balance, to be repaid over the life of the mortgage.

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

has not yet been eliminated, as well as accounts that are in arrears on the current restructuring arrangement. At end-September, 86.6 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-Sept 2015**



Inability to meet the terms of the arrangement implies that the restructure agreement put in place may not have been suitable. Table 1 shows the percentage of restructured accounts that were deemed to be meeting the terms of their arrangement at end-September 2015, broken down by arrangement type. Lower numbers indicate a higher incidence of 're-default', which is particularly evident amongst cases in which a

<sup>4</sup> Sustainable solutions are defined on Page 25 of the [Mortgage Arrears Resolution Targets](#) document.

permanent interest rate reduction has been granted. As the figures in Table 1 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> Nonetheless, the figures imply that of the total stock of accounts in the arrears capitalisation category, 24.4 per cent of PDH accounts have 're-defaulted', i.e. the arrears balance has increased since the arrangement was put in place.

**Table 1: Percentage of Restructures 'Meeting the Terms of the Arrangement': end-Sept 2015**

%	PDH	BTL
<b>Total</b>	86.6	83.6
<b>Interest Only - up to one year</b>	84.8	85.1
<b>Interest Only - over one year</b>	92.1	89.6
<b>Deferred Interest Scheme</b>	62.2	n/a
<b>Reduced Payment (less than interest only)</b>	63.8	90.2
<b>Reduced Payment (greater than interest only)</b>	90.7	93.2
<b>Temporary Interest Rate Reduction</b>	94.2	92.4
<b>Payment Moratorium</b>	96.0	97.2
<b>Arrears Capitalisation</b>	75.6	54.8
<b>Term Extension</b>	91.6	92.6
<b>Permanent Interest Rate Reduction</b>	46.7	n/a
<b>Split Mortgage</b>	95.0	94.7
<b>Other</b>	87.1	89.0

#### **Legal Proceedings and Repossessions**

During the third quarter of 2015, legal proceedings were issued to enforce the debt/security on a PDH mortgage in 1,687 cases. During Q3, there were 798 cases where court proceedings concluded but arrears remained outstanding. In 329 cases the Courts granted an order for repossession or sale of the property. There were 1,840 properties in the banks' possession at the beginning of the quarter. A total of 422 properties were taken into possession by lenders during the quarter, of which 207 were repossessed on foot of a Court Order, while the remaining 215 were voluntarily surrendered or abandoned. During the quarter 288 properties were disposed of. The number of properties in possession at the end of the quarter was also impacted by loan sales and reclassification issues affecting 9 PDH accounts. These issues mainly reflect the reclassification of PDH accounts to BTL accounts. As a result, lenders were in possession of 1,965 PDH properties at end-September 2015.

<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.

Table 2: PDH Mortgage Arrears Repossessions and Restructures	Q2 2015			Q3 2015		
	Number	Balance €000	Arrears €000	Number	Balance €000	Arrears €000
<b>Mortgages</b>						
<b>Total residential mortgage loan accounts outstanding</b>	754,688	103,472,034		749,778	102,537,205	-
<b>Arrears</b>						
<b>Total residential mortgage arrears cases outstanding</b>	98,155	17,939,309	2,504,909	92,291	16,927,032	2,443,156
<i>of which:</i>						
in arrears up to 90 days	27,859	4,092,455	37,642	26,707	3,928,090	36,675
in arrears 91 to 180 days	7,464	1,156,876	32,204	6,771	1,041,714	28,824
in arrears 181 to 360 days	9,508	1,578,735	90,931	8,409	1,366,698	74,685
in arrears 361 to 720 days	15,281	2,794,748	298,237	13,135	2,396,054	258,784
in arrears over 720 days	38,043	8,316,495	2,045,895	37,269	8,194,476	2,044,188
Total arrears cases over 90 days outstanding	70,296	13,846,854	2,467,267	65,584	12,998,942	2,406,481
% of loan accounts in arrears for more than 90 days	9.3%	13.4%		9%	13%	
<b>Repossessions</b>						
Residential properties in possession - at the beginning of quarter	1,696			1,840		
Residential properties repossessed on foot of an Order during quarter	201			207		
Residential properties voluntarily surrendered/abandoned during the quarter	221			215		
Residential properties disposed of during this quarter	291			288		
Residential properties in possession – at end of quarter <sup>1</sup>	1,836			1,965		
<b>Total residential mortgage accounts restructured</b>						
<b>Restructures</b>	118,590	17,534,119	454,981	120,806	17,815,229	436,185
<b>Restructures not in arrears</b>	86,611	11,954,811		90,257	12,475,454	
<b>Total restructures by type:</b>						
Interest Only - up to one year	4,064	662,150	41,701	3,494	586,899	40,138
Interest Only - over one year	2,804	583,070	5,676	2,678	545,963	5,073
Reduced Payment (greater than interest only)	12,444	2,679,103	106,007	12,380	2,676,923	105,877
Reduced Payment (less than interest only)	2,305	484,377	54,594	1,940	416,898	49,785
Term Extension	17,113	1,911,658	42,142	16,822	1,858,480	39,016
Arrears Capitalisation	32,414	5,162,285	111,829	33,924	5,396,436	109,292
Payment Moratorium	1,753	239,888	8,929	1,491	235,104	9,306
Deferred Interest Scheme	47	7,093	396	45	6,616	330
Permanent Interest Rate Reduction	57	11,236	474	60	11,732	506
Split Mortgage	23,030	2,318,829	4,481	24,198	2,445,214	3,177
Trade Down Mortgage	42	6,336	1	42	6,585	
Temporary Interest Rate Reduction	6,338	1,389,736	26,318	6,820	1,479,776	25,335
Other	16,179	2,078,358	52,433	16,912	2,148,603	48,350

\*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.

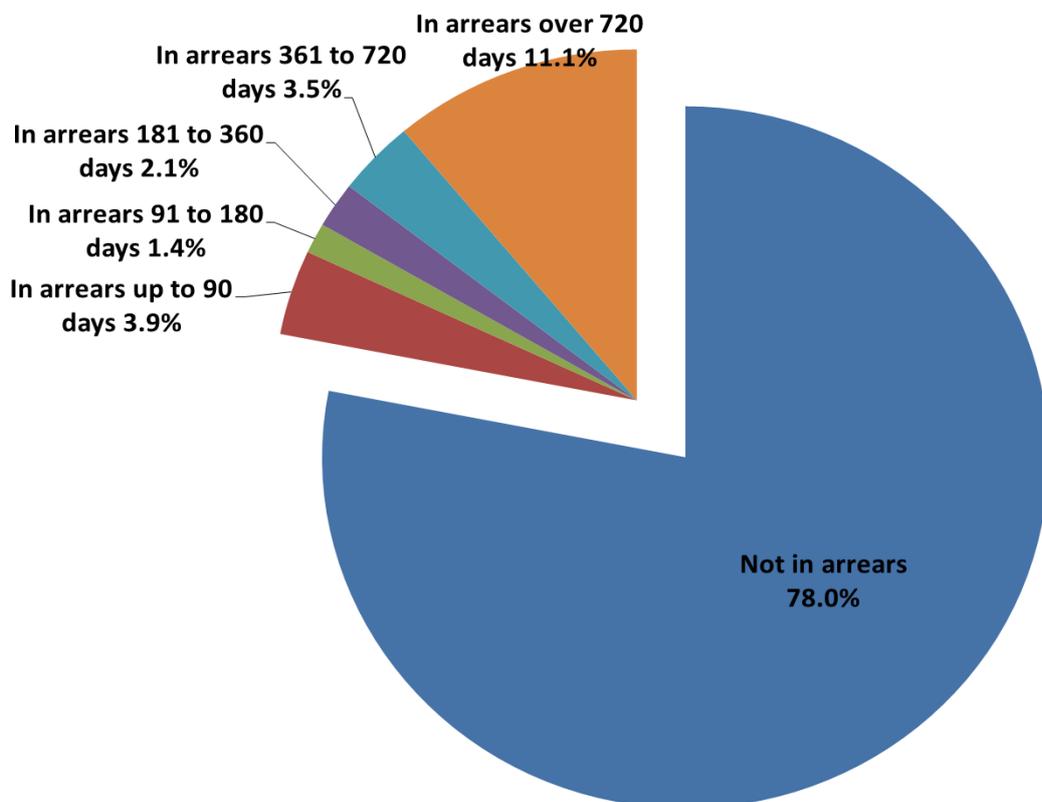
## ***Residential Mortgages on Buy-to-Let Properties***

### **Arrears**

At end-September 2015, there were 137,880 residential mortgage accounts for buy-to-let properties held in the Republic of Ireland, to a value of €26.5 billion. Some 30,288 (22 per cent) of these accounts were in arrears, compared to 31,524 (23 per cent) at the end of June. 24,890, or 18.1 per cent, were in arrears of more than 90 days, reflecting a decrease of 4.5 per cent over the quarter. Banks that were subject to the Central Bank's public MART targets recorded a larger decline of 10.7 per cent in the number of BTL accounts in arrears over 90 days. The outstanding balance on all BTL mortgage accounts in arrears of more than 90 days was €6.9 billion at end-September, equivalent to 26.2 per cent of the total outstanding balance.

The number of BTL accounts that were in arrears of more than 180 days was 22,965 at end-September 2015, reflecting a quarter-on-quarter fall of 3.9 per cent. BTL accounts in arrears more than 720 days remained stagnant in Q3, after three consecutive quarterly declines. Accounts in arrears of over 720 days now number 15,275 or 11.1 per cent of the total stock of BTL mortgage accounts, and 84.3 per cent of outstanding arrears. The outstanding balance on these accounts was €4.6 billion at end-September, equivalent to 17.4 per cent of the total outstanding balance on all BTL mortgage accounts. BTL accounts in arrears of up to 90 days also declined by 1 per cent in the third quarter of the year.

***Figure 3: BTL Mortgage Accounts by Arrears Category, end-September 2015***



## Restructuring Arrangements

A total stock of 26,198 BTL mortgage accounts were categorised as restructured at end-September 2015, reflecting an increase of 1.4 per cent from the stock of restructured accounts reported at end-June. Of the total stock of restructured accounts recorded at end-September, 72.5 per cent were not in arrears, while 83.6 per cent were meeting the terms of their restructure arrangement. A total of 3,390 new restructure arrangements were agreed during the third quarter of the year. On the BTL side, the largest cohort of restructured mortgages was in reduced payment (greater than interest only) arrangements. The data on arrears and restructures indicate that of the total stock of 30,288 BTL accounts that were in arrears at end-September, 7,213 (27.5 per cent) were classified as restructured at that time.

## Legal Proceedings and Repossessions

During the third quarter of 2015 rent receivers were appointed to 472 BTL properties, bringing the stock of accounts with rent receivers appointed to 6,094. There were 723 BTL properties in the banks' possession at the beginning of Q3 2015. A total of 200 properties were taken into possession by lenders during the quarter, of which 128 were repossessed on foot of a Court Order, while the remaining 72 were voluntarily surrendered or abandoned. During the quarter 174 properties were disposed of. The number of properties in possession at the end of the quarter was also impacted by loan sales and reclassification issues affecting a total of 32 BTL accounts. As a result, lenders were in possession of 717 BTL properties at end-September 2015.

## Residential Mortgages issued by Non-Bank Entities

Non-bank entities accounted for 5.3 per cent of the total stock of residential mortgage accounts outstanding (PDH and BTL) at end-September 2015 (6.8 per cent in value terms). A total of 20,338 mortgage accounts issued by these entities were in arrears of more than 90 days at end-September – this figure accounted for 22.5 per cent of total mortgages in arrears over 90 days. The outstanding balance on these accounts was €4.8 billion, equivalent to 54.7 per cent of the total outstanding balance on all mortgage accounts issued by non-bank entities. Non-banks' holdings of accounts in arrears over 720 days numbered 13,050; this represented 24.8 per cent of all accounts in arrears over 720 days.

**Table 3: PDH & BTL Mortgages**

	All ROI Mortgage Holders				of which Non-Bank Entities			
	Number of Accounts	% of total	Outstanding Balance (€000)	% of total	Number of Accounts	% of total	Outstanding Balance (€000)	% of total
<b>Total mortgage loan accounts outstanding</b>	887,658		128,991,041		47,461		8,759,223	
<b>Total mortgage arrears outstanding:</b>	122,579	13.8	25,035,542	19.4	23,671	49.9	5,365,897	61.3
In arrears up to 90 days	32,105	3.6	5,107,673	4.0	3,333	7.0	574,445	6.6
In arrears over 90 days	90,474	10.2	19,927,869	15.4	20,338	42.9	4,791,452	54.7
<b>In arrears over 720 days</b>	52,544	5.9	12,793,144	9.9	13,050	27.5	3,498,046	39.9

Table 4: BTL Mortgage Arrears Repossessions and Restructures	Q2 2015			Q3 2015		
	Number	Balance €000	Arrears €000	Number	Balance €000	Arrears €000
<b>Mortgages</b>						
<b>Total residential mortgage loan accounts outstanding</b>	137,303	26,660,728		137,880	26,453,836	
<b>Arrears</b>						
<b>Total residential mortgage arrears cases outstanding</b>	31,524	8,396,038	1,722,071	30,288	8,108,510	1,702,287
<i>of which:</i>						
in arrears up to 90 days	5,453	1,174,872	28,108	5,398	1,179,583	22,139
in arrears 91 to 180 days	2,178	482,985	22,017	1,925	447,998	22,024
in arrears 181 to 360 days	3,127	735,692	56,964	2,904	663,119	47,609
in arrears 361 to 720 days	5,490	1,410,866	194,321	4,786	1,219,142	175,669
in arrears over 720 days	15,276	4,591,623	1,420,661	15,275	4,598,668	1,434,846
Total arrears cases over 90 days outstanding	26,071	7,221,166	1,693,963	24,890	6,928,927	1,680,148
% of loan accounts in arrears for more than 90 days	19.0%	27.1%		18.1%	26.2%	
<b>Repossessions</b>						
Residential properties in possession - at the beginning of quarter	652			723		
Residential properties repossessed on foot of an Order during quarter	161			128		
Residential properties voluntarily surrendered/abandoned during the quarter	73			72		
Residential properties disposed of during this quarter	211			174		
Residential properties in possession – at end of quarter <sup>1</sup>	686			717		
<b>Total residential mortgage accounts restructured</b>						
<b>Restructures</b>	25,843	6,309,535	254,343	26,198	6,299,050	245,100
<b>Restructures not in arrears</b>	18,283	4,330,610		18,985	4,420,602	
Total restructures by type:						
Interest Only - up to one year	1,836	471,964	48,096	1,733	438,785	42,777
Interest Only - over one year	3,003	762,052	7,844	2,930	740,058	7,294
Reduced Payment (greater than interest only)	6,115	1,735,088	41,548	6,210	1,745,610	39,638
Reduced Payment (less than interest only)	193	50,036	3,673	132	33,295	3,034
Term Extension	3,487	569,159	31,043	3,575	583,643	32,713
Arrears Capitalisation	5,443	1,292,880	106,560	5,561	1,287,152	104,577
Payment Moratorium	548	108,547	5,980	545	105,349	6,164
Deferred Interest Scheme	1	408	21	1	408	21
Split Mortgage	1,568	214,713	292	1,741	236,619	257
Temporary Interest Rate Reduction	135	33,452	846	132	32,203	811
Other	3,514	1,071,236	8,440	3,638	1,095,928	7,814

\*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.

## ***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.