



Residential Mortgage Arrears & Repossessions Statistics: Q1 2019

Summary¹

- The number of mortgage accounts for principal dwelling houses (PDHs) in arrears over 90 days continued to decline in Q1 2019, marking the twenty-second consecutive quarter of a fall in the number of accounts in this category.
- The decline in the number of accounts in arrears over 720 days seen up to early-2018 has slowed in recent quarters, and increased marginally in Q1 2019. Accounts in arrears over 720 days accounted for 45 per cent of all accounts in arrears at end-March, and at €2.4 billion, represented 88 per cent of arrears balances outstanding.
- The number of PDH mortgage accounts that were classified as restructured at end-March was 99,707. Of these restructured accounts, 86 per cent were deemed to be meeting the terms of their current restructure arrangement.
- Non-bank entities held 13 per cent of all PDH mortgage accounts outstanding at end-March; 9 per cent were held by regulated retail credit firms with the remaining 4 per cent held by unregulated loan owners. Unregulated loan owners² held 23 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	Unregulated Loan Owners
% of all PDH loans	87%	9%	3.5%
% of all PDH mortgages in arrears	63%	23%	14%
% of all PDH mortgages in arrears over 90 days	57%	26%	17%
% of all PDH mortgages in arrears over 720 days	52%	25%	23%

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

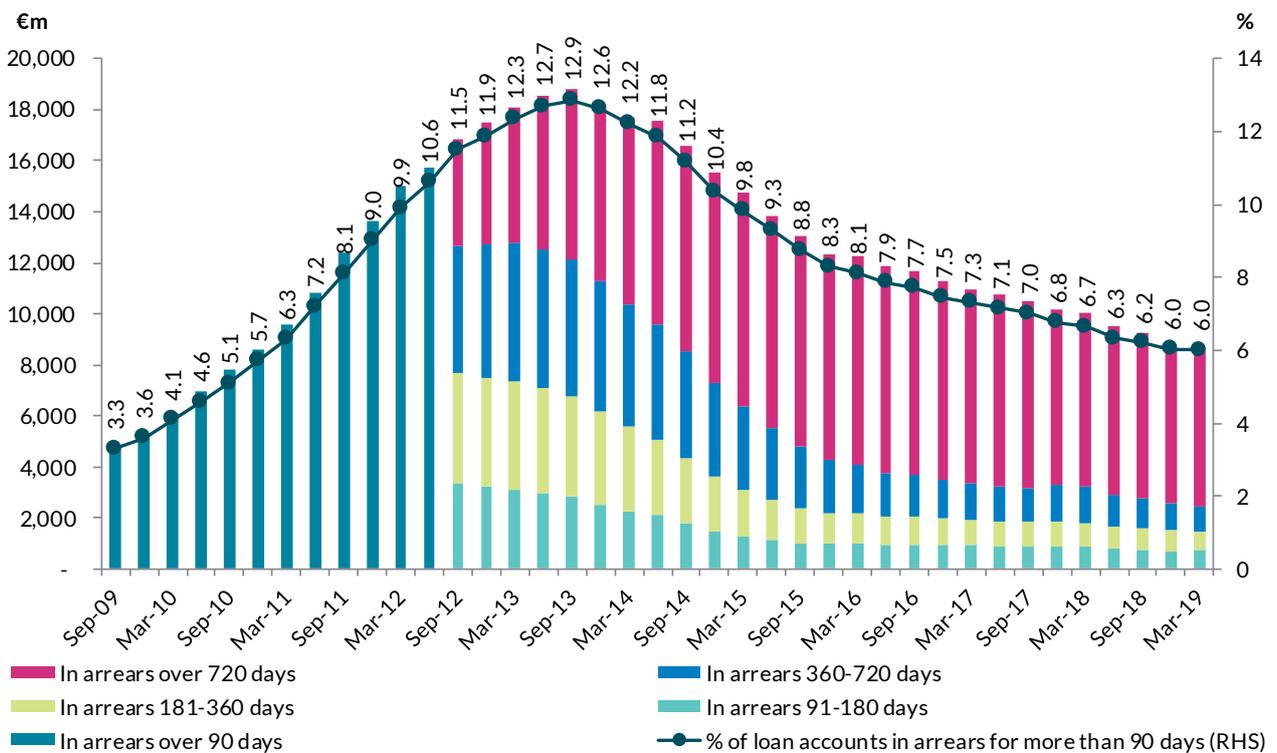
² The Consumer Protection (Regulation of Credit Servicing Firms) Act 2018 (the 2018 Act) amends Part V of the Central Bank Act 1997 (the 1997 Act) to expand the activity of credit servicing, as defined in the 1997 Act, to include holding the legal title to credit granted under a credit agreement and associated ownership activities. Institutions herein identified as “Unregulated loan owners” had until 21 April 2019 to submit an application to the Central Bank in order to continue to engage in such activities. For Q2 2019 publication, all persons / institutions availing of transitional authorisation arrangements under the 1997 Act, will be termed “Credit Servicing Firms”.

Residential Mortgages on Principal Dwelling Houses

Arrears

At end-March 2019, there were 726,089 private residential mortgage accounts for principal dwellings held in the Republic of Ireland, with a value of €97.9 billion. Of this total stock, 62,834 accounts were in arrears, representing a small decrease of 278 accounts or 0.4 per cent over the quarter. Some 43,643 accounts (6.0 per cent) were in arrears of more than 90 days.³

Figure 1: PDH Mortgage Accounts in Arrears over 90 Days



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

The number of accounts in arrears over 90 days fell by 0.8 per cent over the quarter, marking the twenty-second consecutive decline in this category. The outstanding balance on all lenders' PDH mortgage accounts in arrears of more than 90 days was €8.6 billion at end-March, equivalent to 8.7 per cent of the total outstanding balance on all PDH mortgage accounts. The number of accounts in arrears over 720 days increased marginally in March, by 414 accounts. The decline in accounts in arrears over 720 days had slowed

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.

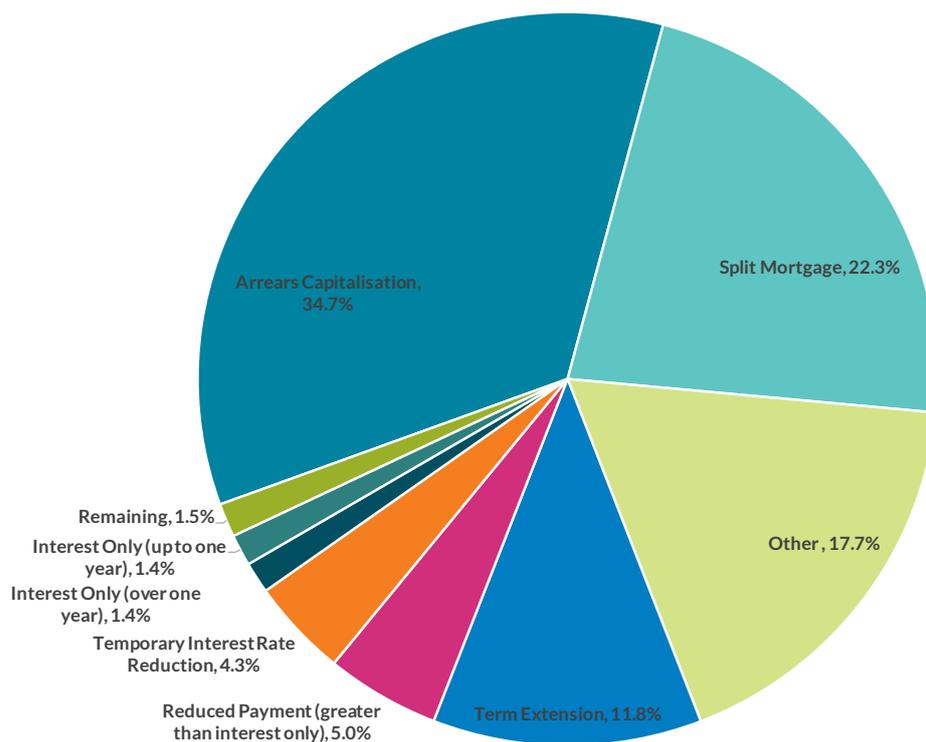
already in 2018 which is in contrast to shorter term arrears categories which continue to decline. Accounts in arrears over 720 days now account for 45 per cent of all accounts in arrears at end-March, up from 42 per cent at end-2017.

Restructuring Arrangements⁴

A total stock of 99,707 PDH mortgage accounts were categorised as restructured at end-March 2019. This reflects a reduction of 7,366 accounts compared to end-December 2018. Arrears capitalisation⁵ accounted for the largest share of restructured accounts at 35 per cent at end-March, while the share of accounts on short-term arrangements such as interest only and reduced payment remained low at 8 per cent.

There were 3,712 new restructure arrangements⁶ agreed during the first quarter of 2019. The data on arrears and restructures indicate that of the total stock of 62,834 PDH accounts that were in arrears at end-March, 20,507 (33 per cent) were classified as restructured.

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



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

⁵ Arrears capitalisation is an arrangement whereby some or all of the outstanding arrears are effectively added to the remaining principal balance, to be repaid over the life of the mortgage.

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

Some 79 per cent of restructured accounts were not in arrears at end-March 2019. Restructured accounts in arrears include accounts that were in arrears prior to restructuring where the arrears balance has not yet been eliminated, as well as accounts that are in arrears on the current restructuring arrangement. At end-March, 86 per cent of restructured PDH accounts were deemed to be meeting the terms of their arrangement. This means that the borrower is, at a minimum, meeting the agreed monthly repayments according to the current restructure arrangement.

Table 2 shows the percentage of restructured accounts that were deemed to be meeting the terms of their arrangement at end-March 2019, broken down by arrangement type.⁷ The figures show that of the total stock of accounts in the arrears capitalisation category, some 21 per cent of PDH accounts are not meeting terms of current restructure arrangement, i.e. the arrears balance has increased since the arrangement was put in place. As the figures in Table 2 only reflect compliance with the terms of the current restructure arrangement, a higher percentage of compliance among shorter-term restructures could be expected.

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

%	PDH	BTL
Total	85.8	85.8
Interest Only - up to one year	86.7	77.4
Interest Only - over one year	94.3	85.9
Deferred Interest Scheme	83.3	n/a
Reduced Payment (less than interest only)	67.3	76.9
Reduced Payment (greater than interest only)	79.6	83.7
Temporary Interest Rate Reduction	91.7	94.5
Payment Moratorium	97.7	98.3
Arrears Capitalisation	79.3	75.9
Term Extension	93.2	94.2
Permanent Interest Rate Reduction	83.1	62.5
Split Mortgage	92.9	91.8
Other	84.2	86.9

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

Legal Activity and Repossessions⁸

During Q1 2019, the Courts granted an order for repossession or sale of the property affecting 147 accounts. A total of 127 properties were taken into possession by lenders during the quarter, down from 163 properties in the previous quarter. Of the properties taken into possession during the quarter, the majority of properties, at 89, were voluntary surrendered or abandoned. The remainder, at 38, were repossessed on foot of a Court Order. During the quarter, 199 properties were disposed of by lenders. As a result, lenders were in possession of 1,441 PDH properties at end-March 2019. There were 278 mortgage accounts where legal proceedings concluded but arrears remained outstanding.

Residential Mortgages on Buy-to-Let Properties

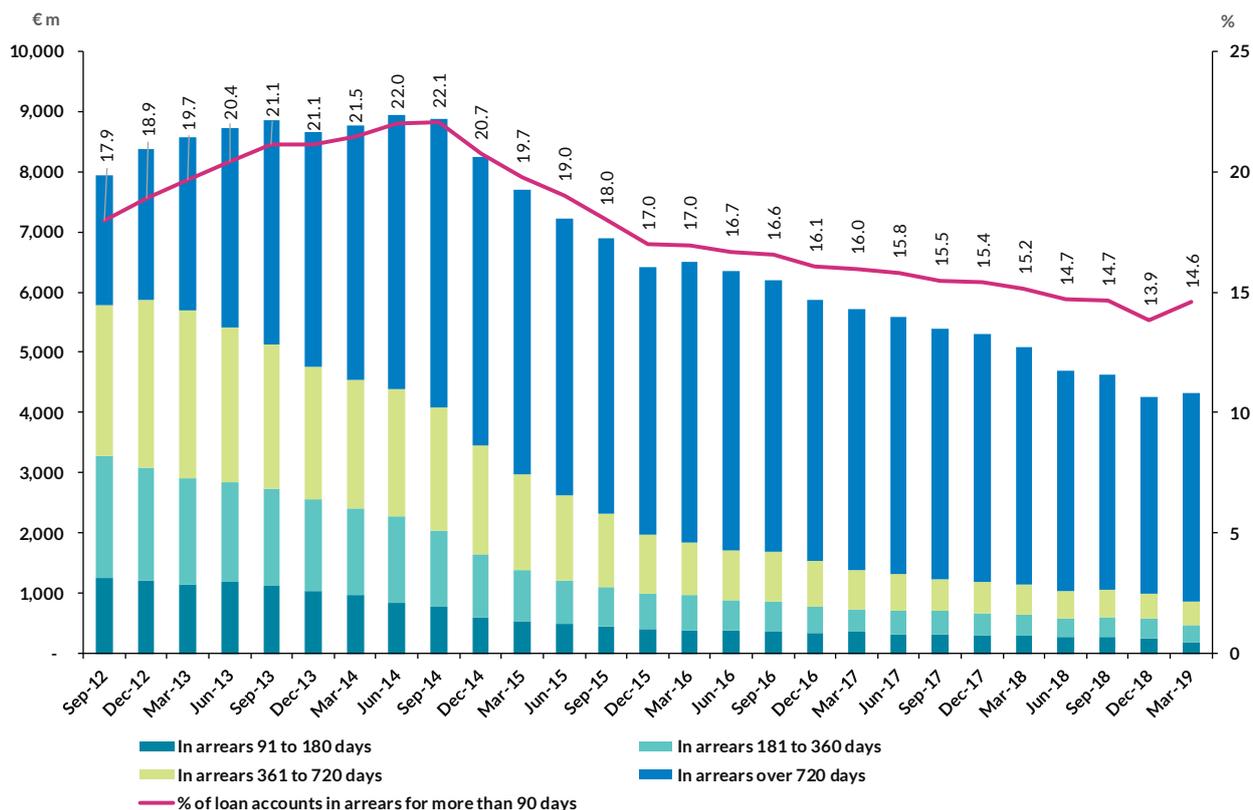
Arrears

At end-March 2019, there were 111,665 residential mortgage accounts for buy-to-let (BTL) properties held in the Republic of Ireland, to a value of €19.1 billion. Some 19,671 (18 per cent) of these accounts were in arrears, compared to 19,251 accounts at end-December 2018, reflecting an increase of 2.2 per cent over the quarter. The increase in BTL accounts in arrears over the quarter is impacted by loan classifications following loan sales (this is evidenced in the various arrears categories). Of the total BTL stock, 16,275 accounts or 15 per cent were in arrears of more than 90 days, reflecting an increase of 4 per cent over the quarter. The outstanding balance on all BTL mortgage accounts in arrears of more than 90 days was €4.3 billion at end-March, equivalent to 23 per cent of the total outstanding balance.

BTL accounts in arrears greater than 720 days increased by 8.7 per cent in the first quarter of 2019. Accounts in arrears of over 720 days numbered 12,234 or 62 per cent of all BTL accounts in arrears. The outstanding balance on these accounts was €3.5 billion at end-March, equivalent to 18 per cent of the total outstanding balance on all BTL mortgage accounts.

⁸ Legal proceedings record steps to repossess a property and include cases where a formal application has been made to a court to begin repossession proceedings, along with subsequent adjournments and judgement proceedings.

Figure 3: BTL Mortgage Accounts in Arrears over 90 Days



Restructuring Arrangements

A total stock of 16,845 BTL mortgage accounts were categorised as restructured at end-March 2019, reflecting a decrease of 1,034 accounts over the quarter. Of the total stock of restructured accounts recorded at end-March, 82 per cent were not in arrears, while 86 per cent were meeting the terms of their current restructure arrangement. A total of 605 new restructure arrangements were agreed during the first quarter of the year. On the BTL side, the largest cohort of restructured mortgages was in arrears capitalisation arrangements, which represented 20 per cent of all restructure arrangements. The data on arrears and restructures indicate that of the total stock of 19,671 BTL accounts that were in arrears at end-March, 3,101 (or 16 per cent) were classified as restructured.

Rent Receivers and Repossessions

During the first quarter of 2019, rent receivers were appointed to 373 BTL accounts, bringing the stock of accounts with rent receivers appointed to 5,398. There were 1,309 BTL properties in the banks' possession at the beginning of Q1 2019. A total of 33 properties were taken into possession by lenders during the quarter. Of the total BTL repossessions in the quarter, 13 were repossessed on foot of a Court Order, while the remaining 20 were voluntarily surrendered or abandoned. During Q1 2019, 231 properties were disposed of. As a result, lenders were in possession of 1,111 BTL properties at end-March 2019.

Residential Mortgages held by Non-Bank Entities⁹

Arrears

At end-March 2019, non-bank entities accounted for 13 per cent of the total stock of PDH mortgage accounts outstanding. For BTLs the proportion was higher at 23 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 2019 (18 per cent in value terms).

In terms of PDH mortgages held by non-bank entities, 73 per cent were held by regulated retail credit firms at end-March 2019. For retail credit firms, 17 per cent of accounts were in arrears over 90 days, with 10 per cent in arrears of over 720 days (Table 5). The equivalent figures for unregulated loan owners was 29 per cent and 25 per cent, respectively. Restructuring activity continued to be lower among retail credit firms, with 15 per cent of the stock of mortgage accounts restructured at end-March, compared to 42 per cent for unregulated loan owners.

In terms of BTL mortgages held by non-bank entities, 67 per cent of BTL accounts were held by retail credit firms. For retail credit firms, 25 per cent of accounts were in arrears, with 15 per cent of accounts in arrears of over 720 days. The number of BTL accounts in arrears for unregulated loan owners was particularly high, with 79 per cent of accounts in arrears, and 60 per cent of all accounts were in arrears over 720 days at end-March 2019.

Non-bank entities held 20,760 restructured PDH mortgage accounts at end-March 2019. Of those accounts held by retail credit firms, 70 per cent were meeting the terms of the arrangement. For unregulated loan owners, this was higher at 85 per cent. Non-bank entities held 4,422 restructured BTL mortgage accounts, which accounted for 26 per cent of all restructured BTL mortgage accounts. For retail credit firms, 83 per cent of BTL mortgages were meeting the terms of the restructuring arrangement, whereas the figure for unregulated loan owners was 60 per cent.

Repossessions

Some 30 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, 24 were repossessed on foot of a Court Order, while the remaining 6 were voluntarily surrendered or abandoned. During the quarter, 33 PDH properties were disposed of. There were 566 PDH and BTL properties in non-bank entities' possession

⁹ 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.

at the end of the first quarter of 2019, with 234 properties held by retail credit firms, and 332 held by unregulated loan owners.

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 2018			Q1 2019		
	Number	Balance €000	Arrears €000	Number	Balance €000	Arrears €000
Mortgages						
Total residential mortgage loan accounts outstanding	728,168	98,133,040	-	726,089	97,863,769	-
Arrears						
Total residential mortgage arrears cases outstanding	63,112	11,313,398	2,629,608	62,834	11,145,342	2,665,287
<i>of which:</i>						
in arrears up to 90 days	19,129	2,656,889	101,875	19,191	2,594,493	50,959
in arrears 91 to 180 days	4,715	700,033	25,710	4,778	738,513	94,181
in arrears 181 to 360 days	5,163	819,537	56,955	4,820	737,917	47,344
in arrears 361 to 720 days	6,540	1,086,112	126,000	6,066	986,062	120,878
in arrears over 720 days	27,565	6,050,827	2,319,068	27,979	6,088,357	2,351,925
Total arrears cases over 90 days outstanding	43,983	8,656,509	2,527,733	43,643	8,550,849	2,614,328
% of loan accounts in arrears for more than 90 days	6.0%	8.8%		6.0%	8.7%	
Repossessions						
Residential properties in possession - at the beginning of quarter	1,638			1,497		
Residential properties repossessed on foot of an Order during quarter	29			38		
Residential properties voluntarily surrendered/abandoned during the quarter	134			89		
Residential properties disposed of during this quarter	236			199		
Residential properties in possession – at end of quarter ¹	1,497			1,441		
Total residential mortgage accounts restructured						
Restructures	107,073	14,297,710	376,867	99,707	13,334,319	353,572
Restructures not in arrears	85,325	10,799,375		79,200	10,071,782	
Total restructures by type:						
Interest Only - up to one year	1,460	221,453	15,483	1,372	203,057	12,598
Interest Only - over one year	1,568	258,881	2,891	1,381	232,179	3,305
Reduced Payment (greater than interest only)	5,413	1,140,352	144,899	4,974	1,027,944	139,155
Reduced Payment (less than interest only)	396	82,215	6,151	419	81,871	6,867
Term Extension	12,221	1,314,087	48,921	11,727	1,249,687	48,041
Arrears Capitalisation	36,044	5,496,598	88,010	34,620	5,251,604	82,720
Payment Moratorium	1,007	152,318	3,051	865	130,421	2,813
Deferred Interest Scheme	7	2,249	494	6	1,211	236
Permanent Interest Rate Reduction	123	21,009	182	124	21,340	198
Split Mortgage	25,346	2,498,150	14,438	22,228	2,238,325	13,074
Trade Down Mortgage	64	9,265	1	64	9,155	1
Temporary Interest Rate Reduction	4,719	883,240	12,425	4,303	789,217	11,843
Other	18,705	2,217,893	39,921	17,624	2,098,308	32,721

Table 4: BTL Mortgage Arrears Repossessions and Restructures	Q4 2018			Q1 2019		
	Number	Balance €000	Arrears €000	Number	Balance €000	Arrears €000
Mortgages						
Total residential mortgage loan accounts outstanding	112,818	19,452,695	-	111,665	19,117,735	-
Arrears						
Total residential mortgage arrears cases outstanding	19,251	4,946,833	1,908,348	19,671	4,978,744	1,873,113
<i>of which:</i>						
in arrears up to 90 days	3,623	689,211	30,160	3,396	659,755	26,157
in arrears 91 to 180 days	1,082	255,432	22,929	902	178,003	20,034
in arrears 181 to 360 days	1,469	323,713	59,869	1,329	301,622	51,424
in arrears 361 to 720 days	1,825	417,768	112,717	1,810	387,888	95,234
in arrears over 720 days	11,252	3,260,709	1,682,673	12,234	3,451,476	1,680,264
Total arrears cases over 90 days outstanding	15,628	4,257,622	1,878,188	16,275	4,318,989	1,846,956
% of loan accounts in arrears for more than 90 days	13.9%	21.9%		14.6%	22.6%	
Repossessions						
Residential properties in possession - at the beginning of quarter	1,602			1,309		
Residential properties repossessed on foot of an Order during quarter	20			13		
Residential properties voluntarily surrendered/abandoned during the quarter	63			20		
Residential properties disposed of during this quarter	356			231		
Residential properties in possession – at end of quarter ¹	1,310			1,111		
Total residential mortgage accounts restructured						
Restructures	17,879	3,887,163	135,352	16,845	3,599,105	132,562
Restructures not in arrears	14,622	3,123,418	-	13,744	2,872,514	-
Total restructures by type:						
Interest Only - up to one year	554	131,734	13,015	554	130,134	12,915
Interest Only - over one year	1,021	268,334	13,691	885	238,666	12,642
Reduced Payment (greater than interest only)	3,692	985,398	45,826	3,313	879,881	43,158
Reduced Payment (less than interest only)	49	11,872	952	26	5,621	415
Term Extension	3,333	548,952	16,159	3,290	532,202	15,651
Arrears Capitalisation	3,580	662,139	25,935	3,331	602,998	23,056
Payment Moratorium	132	19,872	938	121	17,182	861
Deferred Interest Scheme	0	0	0	0	0	0
Permanent Interest Rate Reduction	2	123	2	8	1,816	4
Split Mortgage	1,835	227,686	596	1,746	212,431	588
Temporary Interest Rate Reduction	91	18,177	81	91	16,709	39
Other	3,590	1,012,876	18,157	3,480	961,465	23,233

Table 5: PDH Mortgage Arrears Repossessions and Restructures of Non-Bank Entities	Non-Bank Entities Q1 2019					
	Retail Credit Firms			Unregulated loan owners		
	Number	Balance €000	Arrears €000	Number	Balance €000	Arrears €000
Mortgages						
Total residential mortgage loan accounts outstanding	67,346	10,926,510		25,331	4,009,794	
Arrears						
Total residential mortgage arrears cases outstanding	14,285	2,702,719	689,402	8,788	2,108,793	775,094
<i>% of total</i>	21%	25%		35%	53%	
<i>of which:</i>						
in arrears over 90 days	11,250	2,243,246	664,100	7,448	1,924,338	772,836
<i>% of total</i>	17%	21%		29%	48%	
in arrears over 720 days	6,888	1,552,671	552,290	6,409	1,755,447	758,931
<i>% of total</i>	10%	14%		25%	44%	
Repossessions						
Residential properties in possession – at end of quarter	194			171		
Total residential mortgage accounts restructured						
Restructures	10,143	1,530,977	37,833	10,617	1,417,298	132,676
<i>% of total</i>	15%	14%		42%	35%	
Meeting the terms of the arrangement	7,060	1,063,676	3,742	9,037	1,088,581	19,169
<i>% of total restrutures</i>	70%	69%		85%	77%	
In arrears over 90 days, of which restructured	1,913	293,598	36,228	1,348	320,145	131,665
<i>% of total in arrears > 90 days</i>	17%	13%		18%	17%	

Table 6: BTL Mortgage Arrears Repossessions and Restructures of Non-Bank Entities	Non-Bank Entities Q1 2019					
	Retail Credit Firms			Unregulated loan owners		
	Number	Balance €000	Arrears €000	Number	Balance €000	Arrears €000
Mortgages						
Total residential mortgage loan accounts outstanding	17,300	3,696,055		8,407	2,215,610	
Arrears						
Total residential mortgage arrears cases outstanding	4,307	1,222,808	495,450	6,604	1,843,725	814,150
<i>% of total</i>	25%	33%		79%	83%	
<i>of which:</i>						
in arrears over 90 days	3,449	1,039,626	486,330	6,125	1,748,707	807,726
<i>% of total</i>	20%	28%		73%	79%	
in arrears over 720 days	2,680	876,647	456,780	5,049	1,510,195	767,504
<i>% of total</i>	15%	24%		60%	68%	
Repossessions						
Residential properties in possession – at end of quarter	40			161		
Total residential mortgage accounts restructured						
Restructures	3,436	762,653	9,379	986	250,170	54,008
<i>% of total</i>	20%	21%		12%	11%	
Meeting the terms of the arrangement	2,844	618,941	1,444	592	138,430	8,512
<i>% of total restrutures</i>	83%	81%		60%	55%	
In arrears over 90 days, of which restructured	249	58,201	7,502	484	132,430	53,902
<i>% of total in arrears > 90 days</i>	7%	6%	2%	8%	8%	7%