

### ***Residential Mortgage Arrears and Repossessions Statistics: Q4 2015***

#### ***Summary***

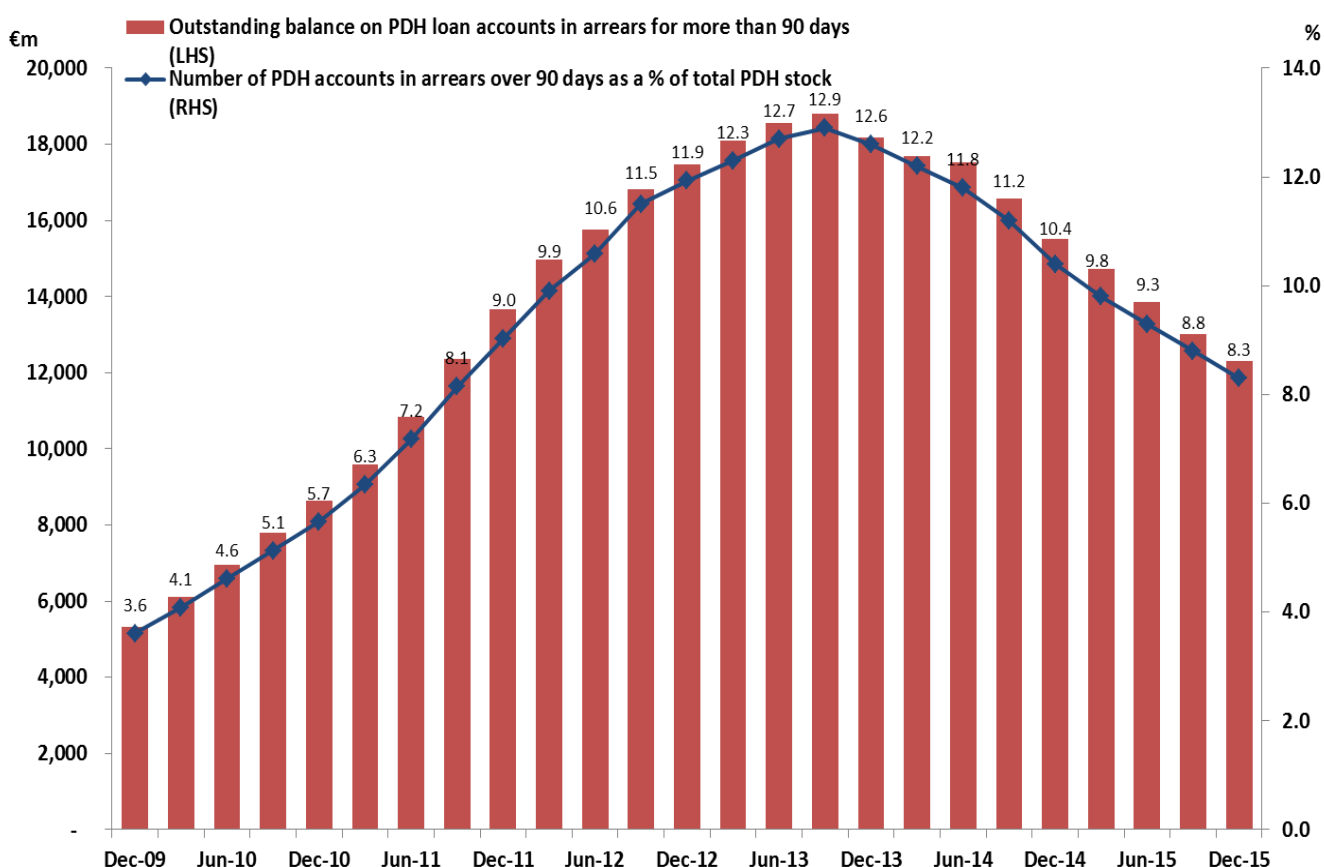
- The number of mortgage accounts for principal dwelling houses (PDH) in arrears continued to fall in Q4 2015; this marks the tenth consecutive quarter of decline. A total of 88,292 (11.8 per cent) of accounts were in arrears at end-Q4, a decline of 4.4 per cent relative to Q3.
- The number of accounts in arrears over 90 days at end-December was 61,931 (8.3 per cent of total), reflecting a quarter-on-quarter decline of 5.7 per cent. This represents the ninth 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 Q4 2015. This category recorded a second consecutive decline, having fallen for the first time in Q3 2015..
- Some 120,739 PDH mortgage accounts were classified as restructured at end-December. Of these restructured accounts, 86.4 per cent were deemed to be meeting the terms of their current restructure arrangement; this was down slightly from Q3. 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 5.9 per cent during the fourth quarter of 2015. At end-December there were 15,064 BTL accounts in arrears over 720 days, with an outstanding balance of €4.4 billion, equivalent to 17.1 per cent of the total outstanding balance on all BTL mortgage accounts.
- There has been an increase of 31 per cent in the number of cases where a rent receiver was appointed reversing a sharp decline in the previous quarter.
- Non-bank entities now hold 47,402 mortgage accounts for PDH and BTL combined. Of this number, 19,701 are in arrears of more than 90 days, with 13,193 of these in arrears over 720 days. This represents almost 28 per cent of all mortgage accounts in arrears of more than 720 days.

## Residential Mortgages on Principal Dwelling Houses

### Arrears

At end-December 2015, there were 746,618 private residential mortgage accounts for principal dwellings held in the Republic of Ireland, to a value of €101.6 billion. Of this total stock, 88,292 accounts were in arrears; a fall of 4,069 or 4.4 per cent over the quarter. Some 61,931 accounts (8.3 per cent) were in arrears of more than 90 days.<sup>1</sup> The number of accounts in arrears over 90 days fell by 5.7 per cent over the quarter, marking the ninth 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 6.4 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 over €12.3 billion at end-December, equivalent to 12.1 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 fourth quarter of the year. There was a quarter-on-quarter fall of 1.3 per cent in the number of accounts in arrears of less than 90 days, which stood at 26,361 at end-December, or 3.5 per cent of the total stock. The number of accounts in arrears over 360 days fell to 48,096 at end-December, equivalent to 6.4 per cent of the total stock of PDH mortgage accounts and representing a fall of 2,371 accounts over the quarter. Accounts in arrears of between 361 days and 720 days saw the largest quarter-on-quarter decline, of 10.7 per cent. The number of accounts in arrears over 720 days also declined by 969 in Q4, or 2.6 per cent; this was the second decline in this category since the series began and follows a 2 per cent fall in the previous quarter. The yearly growth rate has shown a decline of 3.8 per cent, this is down significantly from Q4 2014 when the equivalent figure was 12.5 per cent. Accounts in arrears over 720 days now constitute 41.2 per cent of all accounts in arrears, and 85.3 per cent of arrears outstanding. Banks that were subject to the Central Bank's public MART targets, recorded a 3.1 per cent quarterly decline in the over 720 day category. For all institutions the value of accounts in longer-term arrears over 360 days remains large, amounting to €10.1 billion at end-December.

### **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 120,739 PDH mortgage accounts were categorised as restructured at end-December 2015. This reflects a slight decline of 76 accounts compared to end-September 2015. The share of interest only arrangements and reduced payment arrangements fell further during Q4, by 11.5 per cent, indicating a continuing move out of short-term arrangements. Arrears capitalisations and permanent split mortgages showed the most significant increases and continued to account for the largest shares of restructured accounts at 29 per cent and 21 per cent, respectively, at end-December. A breakdown of restructured mortgages by type is presented in Figure 2. A total of 11,387 new restructure arrangements<sup>3</sup> were agreed during the fourth quarter of 2015. The data on arrears and restructures indicate that of the total stock of 88,292 PDH accounts that were in arrears at end-December, 29,428 (33.3 per cent) were classified as restructured at that time. Of the total stock of 61,931 PDH accounts that were in arrears of more than 90 days, 25.7 per cent were classified as restructured, compared to 26.3 per cent at end-September.

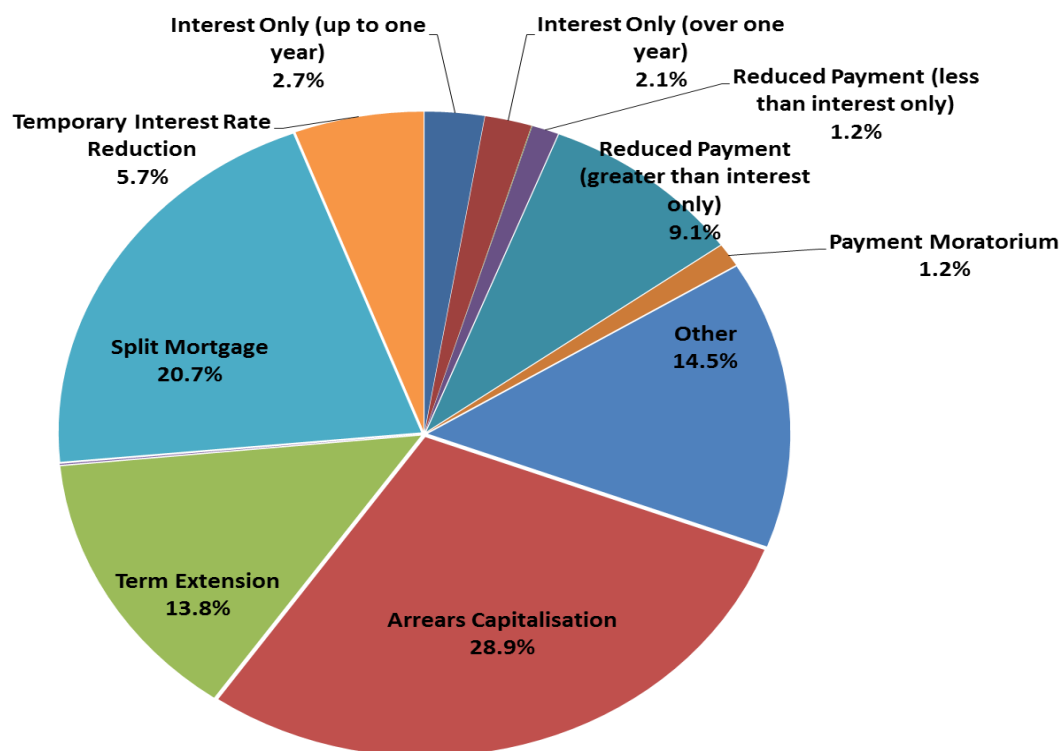
---

<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.

Some 75.6 per cent of restructured accounts were not in arrears at end-December 2015. 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-December, 86.4 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-Dec 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

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

meeting the terms of their arrangement at end-December 2015, broken down by arrangement type. Lower numbers indicate a higher incidence of 're-default', which is particularly evident amongst cases in which a 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, 23.7 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-Dec 2015**

<b>%</b>	<b>PDH</b>	<b>BTL</b>
<b>Total</b>	86.4	85.1
<b>Interest Only - up to one year</b>	84.0	84.8
<b>Interest Only - over one year</b>	89.9	90.9
<b>Deferred Interest Scheme</b>	67.6	n/a
<b>Reduced Payment (less than interest only)</b>	62.6	85.0
<b>Reduced Payment (greater than interest only)</b>	88.4	93.3
<b>Temporary Interest Rate Reduction</b>	91.8	95.5
<b>Payment Moratorium</b>	94.2	97.6
<b>Arrears Capitalisation</b>	76.3	59.2
<b>Term Extension</b>	91.5	92.6
<b>Permanent Interest Rate Reduction</b>	49.3	n/a
<b>Split Mortgage</b>	95.1	94.6
<b>Other</b>	87.3	89.3

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

During the fourth quarter of 2015, legal proceedings were issued to enforce the debt/security on a PDH mortgage in 894 cases, this has decreased by 64.8 per cent compared to Q4 2014. During Q4 2015, there were 590 cases where court proceedings concluded but arrears remained outstanding. In 203 cases the Courts granted an order for repossession or sale of the property. There were 1,961 properties in the banks' possession at the beginning of the quarter. A total of 340 properties were taken into possession by lenders during the quarter, of which 162 were repossessed on foot of a Court Order, while the remaining 178 were voluntarily surrendered or abandoned. During the quarter 538 properties were disposed of. The number of properties in possession at the end of the quarter was also impacted by reclassification issues and return of property affecting 3 PDH accounts. These issues mainly reflect the reclassification of PDH accounts to BTL accounts. As a result, lenders were in possession of 1,760 PDH properties at end-December 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	Q3 2015			Q4 2015		
	Number	Balance €000	Arrears €000	Number	Balance €000	Arrears €000
<b>Mortgages</b>						
<b>Total residential mortgage loan accounts outstanding</b>	749,851	102,560,678		746,618	101,630,211	
<b>Arrears</b>						
<b>Total residential mortgage arrears cases outstanding</b>	92,361	16,949,958	2,446,925	88,292	16,136,904	2,423,374
<i>of which:</i>						
in arrears up to 90 days	26,708	3,928,357	36,678	26,361	3,829,428	34,071
in arrears 91 to 180 days	6,773	1,042,006	28,829	6,354	996,113	29,283
in arrears 181 to 360 days	8,413	1,367,195	74,709	7,481	1,197,451	65,425
in arrears 361 to 720 days	13,147	2,399,227	259,099	11,745	2,087,531	228,366
in arrears over 720 days	37,320	8,213,173	2,047,610	36,351	8,026,381	2,066,229
Total arrears cases over 90 days outstanding	65,653	13,021,601	2,410,247	61,931	12,307,476	2,389,303
% of loan accounts in arrears for more than 90 days	8.8%	12.7%		8.3%	12.1%	
<b>Repossessions</b>						
Residential properties in possession - at the beginning of quarter	1,840			1,961		
Residential properties repossessed on foot of an Order during quarter	207			162		
Residential properties voluntarily surrendered/abandoned during the quarter	215			178		
Residential properties disposed of during this quarter	288			538		
Residential properties in possession – at end of quarter <sup>1</sup>	1,966			1,760		
<b>Total residential mortgage accounts restructured</b>						
<b>Restructures</b>	120,815	17,817,167	436,435	120,739	17,454,077	398,640
<b>Restructures not in arrears</b>	90,258	12,475,611		91,311	12,418,532	
<b>Total restructures by type:</b>						
Interest Only - up to one year	3,494	586,899	40,138	3,199	522,826	36,851
Interest Only - over one year	2,678	545,963	5,073	2,521	512,668	4,222
Reduced Payment (greater than interest only)	12,386	2,678,322	106,083	10,977	2,314,187	93,634
Reduced Payment (less than interest only)	1,940	416,898	49,785	1,435	301,468	33,536
Term Extension	16,823	1,858,587	39,022	16,650	1,823,010	41,813
Arrears Capitalisation	33,925	5,396,642	109,299	34,914	5,541,813	107,675
Payment Moratorium	1,492	235,330	9,337	1,412	216,189	9,866
Deferred Interest Scheme	45	6,616	330	37	5,403	241
Permanent Interest Rate Reduction	60	11,732	506	67	12,934	495
Split Mortgage	24,198	2,445,214	3,177	25,014	2,520,818	3,444
Trade Down Mortgage	42	6,585		48	7,646	
Temporary Interest Rate Reduction	6,820	1,479,776	25,335	6,937	1,473,111	22,363
Other	16,912	2,148,603	48,350	17,528	2,202,004	44,500

\*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.

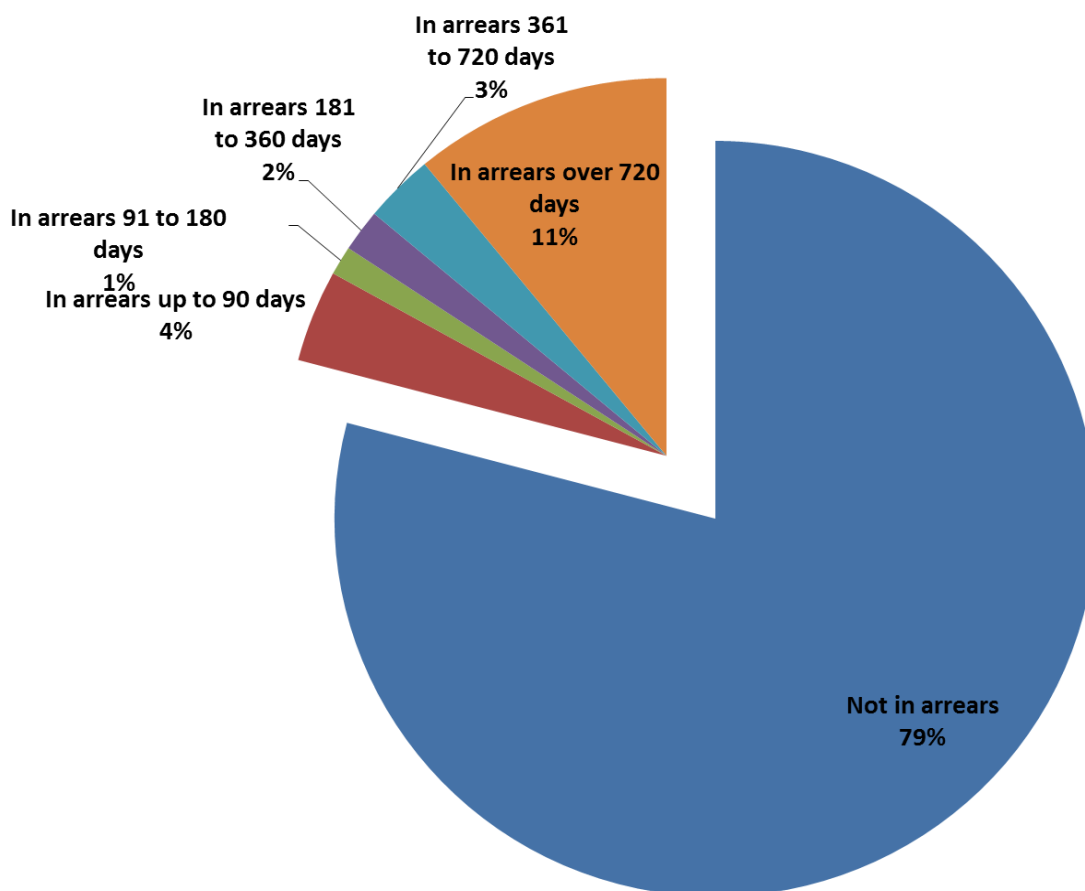
## **Residential Mortgages on Buy-to-Let Properties**

### **Arrears**

At end-December 2015, there were 137,504 residential mortgage accounts for buy-to-let properties held in the Republic of Ireland, to a value of €26 billion. Some 28,760 (20.9 per cent) of these accounts were in arrears, compared to 30,212 (21.9 per cent) at the end of September. 23,344, or 17 per cent, were in arrears of more than 90 days, reflecting a decrease of 5.9 per cent over the quarter. Banks that were subject to the Central Bank's public MART targets recorded a larger decline of 7.5 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 €6.4 billion at end-December, equivalent to 24.6 per cent of the total outstanding balance.

The number of BTL accounts that were in arrears of more than 180 days was 21,633 end-December 2015, reflecting a quarter-on-quarter fall of 5.5 per cent. BTL accounts in arrears more than 720 days declined 1.1 per cent in Q4, marking five consecutive quarterly declines. Accounts in arrears of over 720 days now number 15,064 or 11 per cent of the total stock of BTL mortgage accounts, and 85.7 per cent of outstanding arrears. The outstanding balance on these accounts was €4.4 billion at end-December, equivalent to 17.1 per cent of the total outstanding balance on all BTL mortgage accounts.

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



## Restructuring Arrangements

A total stock of 27,209 BTL mortgage accounts were categorised as restructured at end-December 2015, reflecting an increase of 3.9 per cent from the stock of restructured accounts reported at end-September. Of the total stock of restructured accounts recorded at end-December, 74.1 per cent were not in arrears, while 85.1 per cent were meeting the terms of their restructure arrangement. A total of 3,951 new restructure arrangements were agreed during the fourth 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 28,760 BTL accounts that were in arrears at end-December, 7,057 (24.5 per cent) were classified as restructured at that time.

## Legal Proceedings and Repossessions

During the fourth quarter of 2015 rent receivers were appointed to 616 BTL properties, bringing the stock of accounts with rent receivers appointed to 5,967, this is up 8 per cent on Q4 2014. There were 680 BTL properties in the banks' possession at the beginning of Q4 2015. A total of 199 properties were taken into possession by lenders during the quarter, of which 150 were repossessed on foot of a Court Order, while the remaining 49 were voluntarily surrendered or abandoned. During the quarter 214 properties were disposed of. The number of properties in possession at the end of the quarter was also impacted by additional security being provided and reclassification issues affecting a total of 3 BTL accounts. As a result, lenders were in possession of 668 BTL properties at end-December 2015.

## Residential Mortgages issued by Non-Bank Entities

Non-bank entities accounted for 5.4 per cent of the total stock of residential mortgage accounts outstanding (PDH and BTL) at end-December 2015 (6.8 per cent in value terms). A total of 19,701 mortgage accounts issued by these entities were in arrears of more than 90 days at end-December – this figure accounted for 23.1 per cent of total mortgages in arrears over 90 days. The outstanding balance on these accounts was €4.6 billion, equivalent to 53.5 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 13,193; this represented 25.7 per cent of all accounts in arrears over 720 days and 29.1 per cent of arrears over 720 days, this is up from 28.5 per cent in end-September 2015.

**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>	884,122		127,650,609		47,402		8,647,812	
<b>Total mortgage arrears outstanding:</b>	117,052	13.2	23,726,404	18.6	22,791	48.1	5,147,558	59.5
In arrears up to 90 days	31,777	3.6	5,009,373	3.9	3,090	6.5	516,933	6.0
In arrears over 90 days	85,275	9.6	18,717,031	14.7	19,701	41.6	4,630,565	53.5
<b>In arrears over 720 days</b>	51,415	5.8	12,466,901	9.8	13,193	27.8	3,492,375	40.4



Table 4: BTL Mortgage Arrears Repossessions and Restructures	Q3 2015			Q4 2015		
	Number	Balance €000	Arrears €000	Number	Balance €000	Arrears €000
<b>Mortgages</b>						
<b>Total residential mortgage loan accounts outstanding</b>	137,805	26,428,677		137,504	26,020,398	
<b>Arrears</b>						
<b>Total residential mortgage arrears cases outstanding</b>	30,212	8,083,530	1,699,356	28,760	7,589,500	1,660,585
<i>of which:</i>						
in arrears up to 90 days	5,403	1,180,299	22,148	5,416	1,179,945	26,806
in arrears 91 to 180 days	1,921	447,129	21,986	1,711	397,776	21,177
in arrears 181 to 360 days	2,900	662,210	47,574	2,487	587,693	45,853
in arrears 361 to 720 days	4,760	1,212,251	174,800	4,082	983,566	143,103
in arrears over 720 days	15,228	4,581,640	1,432,849	15,064	4,440,520	1,423,646
Total arrears cases over 90 days outstanding	24,809	6,903,231	1,677,208	23,344	6,409,555	1,633,779
% of loan accounts in arrears for more than 90 days	18.0%	26.1%		17.0%	24.6%	
<b>Repossessions</b>						
Residential properties in possession - at the beginning of quarter	721			680		
Residential properties repossessed on foot of an Order during quarter	128			150		
Residential properties voluntarily surrendered/abandoned during the quarter	74			49		
Residential properties disposed of during this quarter	174			214		
Residential properties in possession – at end of quarter <sup>1</sup>	716			668		
<b>Total residential mortgage accounts restructured</b>						
<b>Restructures</b>	26,187	6,297,483	245,146	27,209	6,475,099	235,428
<b>Restructures not in arrears</b>	18,981	4,420,041		20,152	4,654,864	
Total restructures by type:						
Interest Only - up to one year	1,734	439,058	42,794	1,745	434,179	36,605
Interest Only - over one year	2,930	740,058	7,295	2,928	723,873	6,656
Reduced Payment (greater than interest only)	6,203	1,744,861	39,717	6,850	1,932,779	42,787
Reduced Payment (less than interest only)	131	32,974	3,016	160	43,411	4,150
Term Extension	3,574	583,536	32,709	3,710	612,428	35,877
Arrears Capitalisation	5,560	1,286,942	104,589	5,483	1,215,078	92,619
Payment Moratorium	543	104,897	6,123	582	106,330	6,262
Deferred Interest Scheme	1	408	21	1	408	21
Split Mortgage	1,741	236,619	257	1,831	248,517	241
Temporary Interest Rate Reduction	132	32,203	811	155	37,209	944
Other	3,638	1,095,928	7,814	3,764	1,120,887	9,266

\*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.