



Mortgage Arrears

April 2012



An Roinn Airgeadais
Department of Finance



The Mortgage Arrears Picture *

House prices have experienced a 48.2% fall from the peak according to the most recent CSO transactions.

Prices are continuing to fall, new lending is down 94% from the peak.

40% of owner occupier homeowners are in negative equity (93% of negative equity borrowers are not in arrears).

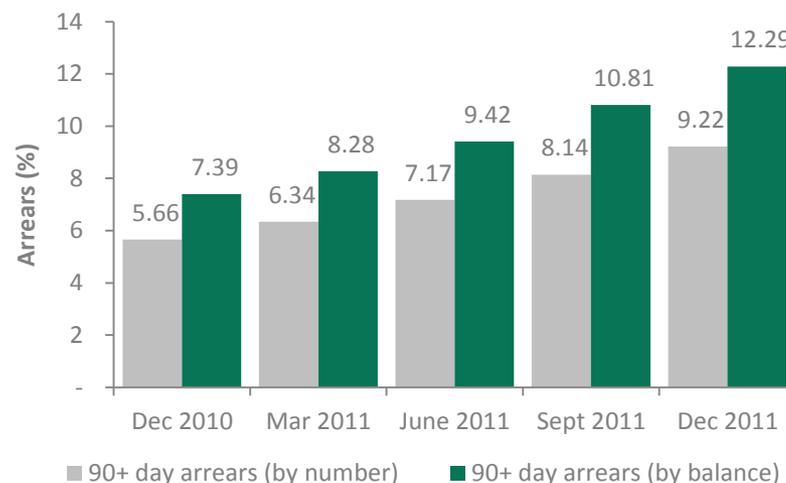
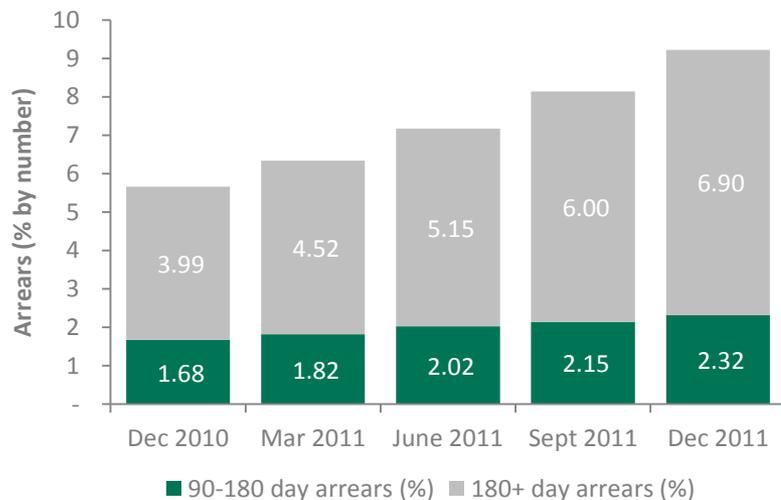
Central Bank view that mortgage arrears will continue to rise throughout 2012.

* Source: Speech by Mr. Matthew Elderfield, Deputy Governor Central Bank of Ireland to Harvard Business School Alumni Club of Ireland: 2 March 2012



Residential Mortgage Arrears – still challenging

Total Irish Residential Mortgage Arrears – source: CBI



Total Residential Mortgage Loans Outstanding (owner occupied)

	Dec 2010	Mar 2011	June 2011	Sept 2011	Dec 2011
By Number	786,164	782,429	777,321	773,420	768,917
By Balance (€ bn)	116.68	115.96	115.09	114.41	113.48

- Latest mortgage arrears data shows significant growth over past 18 months
- Approximately 71,000 accounts are more than 90+ days in arrears
- Approximately 74,000 mortgage accounts have been restructured
- Indicators such as ICB would indicate trend in arrears is still upwards



Mortgage Arrears Programme oversight

Project Co-ordination

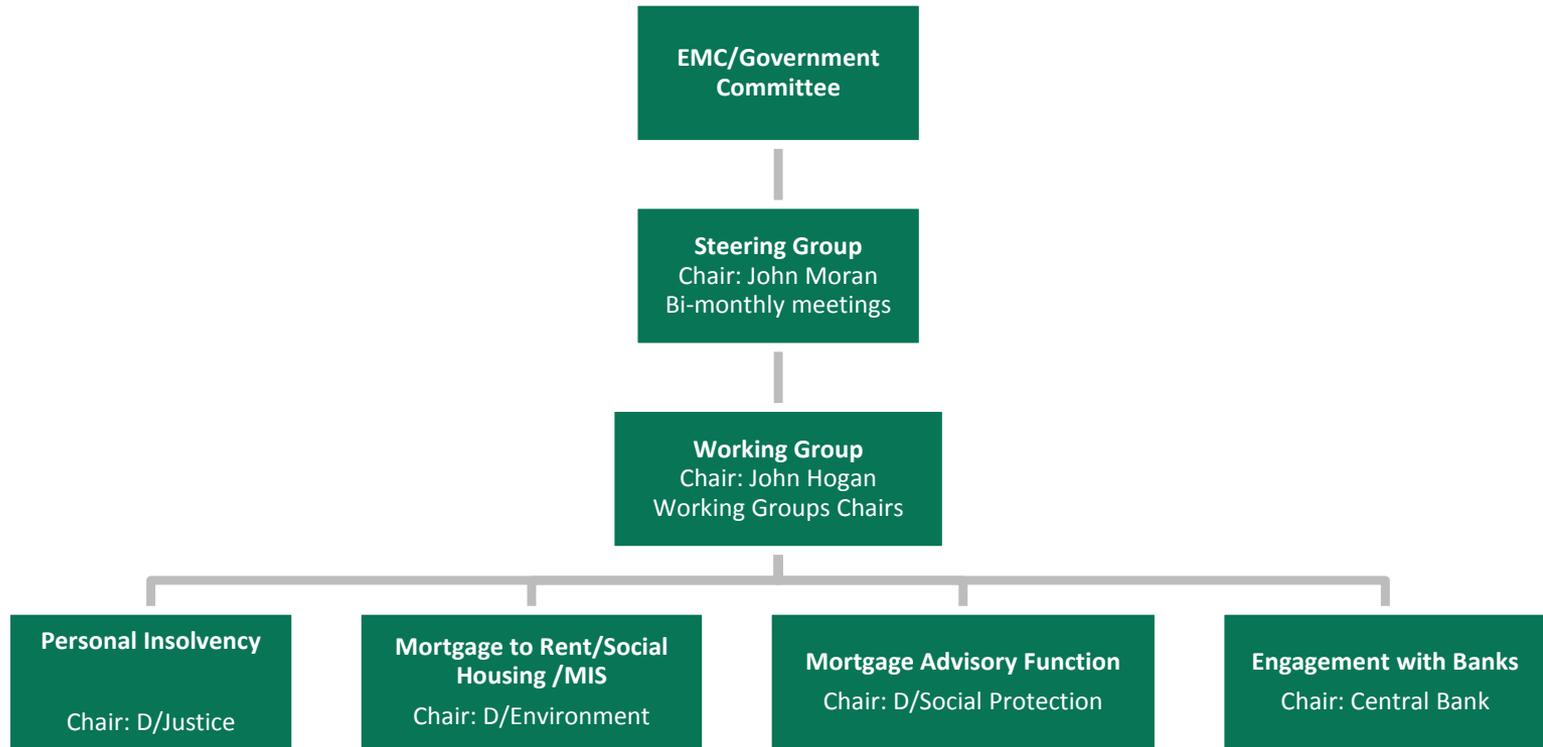
- Steering Group, chaired by the Department of Finance, and comprising senior representation from the other relevant Departments and the Central Bank, established at end 2011 to drive and oversee the implementation of the recommendations of the “Keane Report”
- Several Working Groups have been established to ensure focus and delivery which report to the Steering Committee
- More recently, a temporary Government committee, chaired by An Taoiseach and including all relevant Ministers established to oversee the project at a political level.

Significant progress made to-date

- Personal Insolvency General Scheme has been published.
- Mortgage to Rent Pilot Scheme has commenced.
- Central Bank has received mortgage arrears resolution strategies and implementation plans from mortgage lenders and has requested further information.
- Work also commenced on the steps required to provide the mortgage advisory function

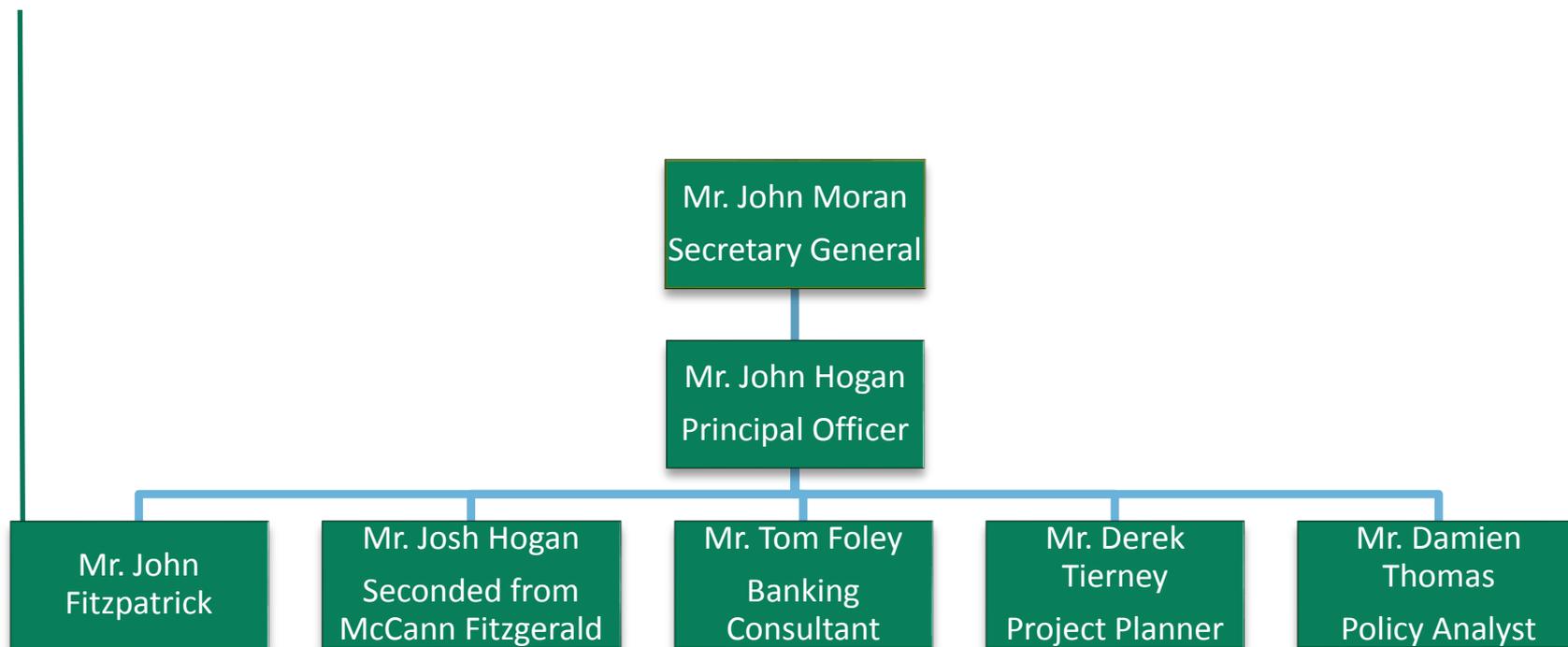


Mortgage Arrears Steering group





Department of Finance Project Team





Mortgage to Rent Scheme

Potential Demand

- Difficult to estimate – important to differentiate between total number of unsustainable mortgages and the subsection of that total that may be eligible for social housing.

AIB pilot

- DECLG has been working since October with AIB on pilot of 10 – 20 cases.
- AIB has contacted a list of potentially suitable households.
- GE and Start Mortgages have approval from Cluid for 40 cases-customer contact commenced
- May / June before first mortgage to rent transactions involving AIB are concluded
- Implement full roll out end June



Personal Insolvency Bill

Personal Insolvency Bill draft Heads published end January 2012.

The Ministers for Justice and Finance have publicly invited submissions from interested and concerned parties on the draft Heads of the Bill (over 30 detailed submissions received).

Joint Oireachtas Committee published its Report on 6 March 2012.

Consultation process with relevant State agencies.

Significant policy and drafting exchanges with the Office of the Attorney General.



Engagement with the Banks

Mortgage Arrears Resolution Strategies (MARS)

- Central Bank requested the mortgage lenders to submit strategies by end-November 2011.
- Lenders to have Board approved resolution options ready by end May.
- Lenders to provide clarity and size of unsustainable mortgage cohort by the summer.
- Conclude pilot exercises in loan modification approaches in Q3.
- Implement schemes in Q4.



Mortgage Advisory Services

Progress to date

- Department of Social Protection is chairing the Working Group consisting of Departments of Finance, Public Expenditure, Justice, the Central Bank, the Citizens Information Board, and the NCA, to examine all issues relating to the establishment of the Mortgage Advice Service.
- Discussions advancing with Institute of Chartered Accountants and Certified Accountants as well as IBF and other lenders regarding format, content and cost of advisory structures proposed.



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