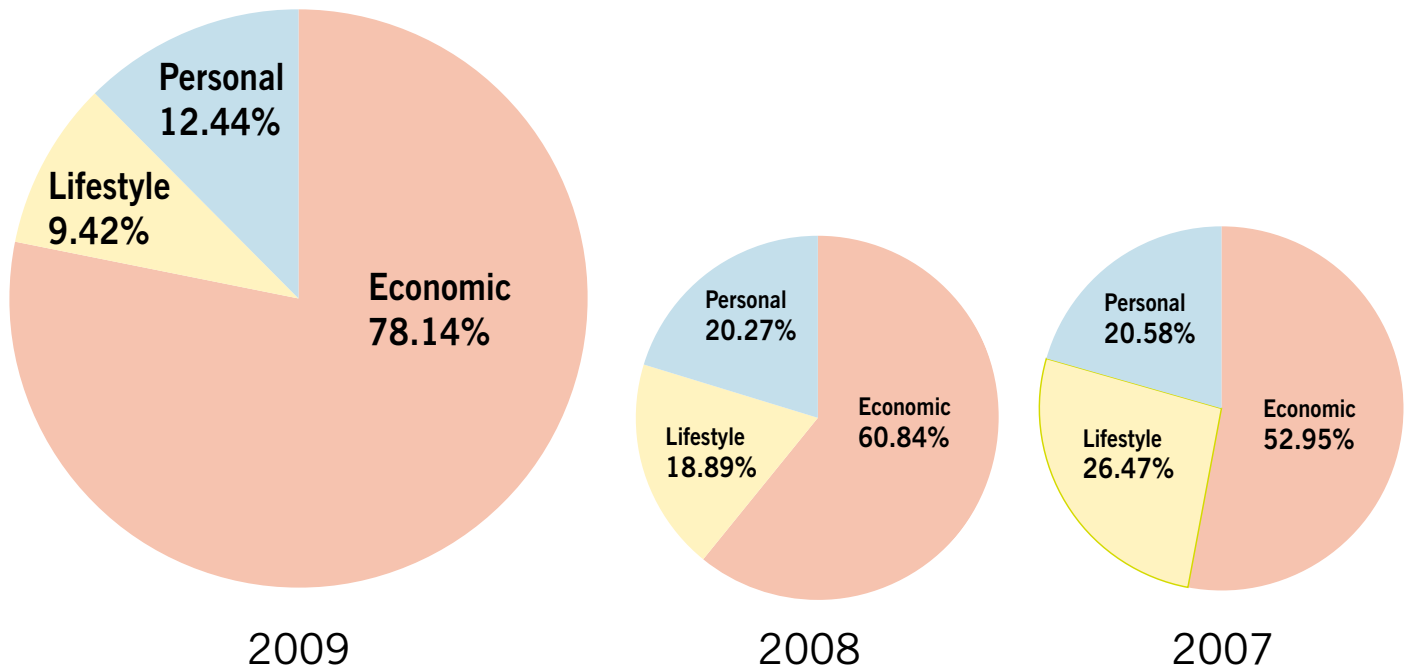


Reasons for Mortgage Arrears

Analysed for the Republic of Ireland 2009, 2008 and 2007



	2009	2008		2009	2008		2009	2008
Economic	78.14%	60.84%	Lifestyle	9.42%	18.89%	Personal	12.44%	20.27%
Unemployment Resolved	5.46%	6.99%	Over Indebtedness Resolved	0.91%	0.70%	Ill Health - Recovered	3.48%	6.99%
Unemployment Unresolved	25.49%	13.99%	Over Indebtedness Unresolved	5.02%	4.20%	Ill Health - Long term	3.49%	6.29%
Reduced Income Resolved	9.41%	14.69%	Financial Mismanagement	3.49%	13.99%	Relationship Breakdown	5.47%	6.29%
Reduced Income Unresolved	37.78%	25.17%				Other Reasons	0.00%	0.70%

Notes: 1. Figures quoted are percentages of all cases analysed
2. UK report available upon request

The results are recorded on the same basis for each year and split into 3 main segments as follows:-

Economic (Outside the influence of the borrower)

We record arrears cases that have been caused by Unemployment and Reduced Income, split into Resolved and Unresolved categories at the time of our Counselling. Unresolved Reduced Income is the largest contributor, with it showing a gain of over 12.6% since 2008, followed by Unresolved Unemployment at 12.5%. These categories are likely to remain at a high level through 2010 and on into 2011. It is essential that lenders work carefully with the borrowers to minimise losses.

Lifestyle (Under the direct control of the borrower)

This sector covers Over Indebtedness and Financial Mismanagement. There has been a very large reduction of 10.5% in Financial Mismanagement, as borrowers have become more aware of the need to carefully manage their income and control expenditure.

Personal (Circumstances suffered by the borrower)

We have recorded arrears problems caused by Ill Health and Relationship Breakdown. Ill Health has shown a welcome reduction, alongside a small reduction for Relationship Breakdowns. Negative equity and the on-going economic issues will have a major influence on these categories for several years to come.