IMSA

IRISH MORTGAGE & SAVINGS ASSOCIATION

ANNUAL REVIEW 2001/2002

The Irish Mortgage & Savings Association (IMSA) is a representative organisation for mortgage lenders in Ireland. Growing out of, and still comprising the Irish Building Societies Association, the membership of the IMSA is made up largely of building societies and former building societies.

In the Spring of 2000 the IMSA affiliated with the Irish Bankers' Federation. This has aided both organisations in providing representation for their members on a wide range of issues. Since the affiliation, the IMSA has shared its offices with the IBF in Nassau House in the centre of Dublin.

IMSA

Annual Review **2001/2002**

Contents

Chairman's Address

Stan Purcell Chairman

2001 was considered by many to be a turning point in the economic cycle. The threat of foot and mouth disease in the early part of the year, followed by the downturn in the IT sector and the events in the US of 11 September and the subsequent uncertainty on both the political and economic stage have all had their impact on the Irish economy, housing market and in turn mortgage lending.

House Prices

For the first time in 8 years, the house price index compiled by the Department of the Environment showed a drop in the value of residential property. The Irish Permanent/ESRI index showed house prices peaking in August 2001, and subsequently decreasing by 2.3% nationally by the end of the year. Some market segments, including higher end of the market properties in Dublin experienced greater decreases. Throughout the year, that index recorded gradually decreasing levels of year on year growth in house prices. The adjustments shown in house prices were consistent with the economic climate of the period. They reflect a rational and efficient market reacting to changing market conditions. At the end of the year, property prices nationally remained 4.4% higher than December 2000.

Housing supply and demand

While 2001 saw a high level of completions (52,602 as compared to 49,812 in 2000 and 46,512 in 1999), the trends in housing starts, as measured by new house guarantees, however suggests some fall off in residential construction activity (28,845 in 2001 as compared to 34,613 in 2000 and 33,852 in 1999). This decrease of 16.7% is a cause for some concern as stability in house prices will only be sustained if the continuation of adequate supply, to meet forecasted demographics, is ensured.

The Planning and Development Act 2000 introduced a controversial requirement that each housing development must include up to 20% affordable/social housing. All local authorities have, at this point, prepared their housing strategies which are now being incorporated into their development plans. Most local authorities have now specified the percentage of social or affordable housing which is appropriate for the area. Most have opted for the maximum 20%, with 6, including two of the Dublin authorities opting for a somewhat lower figure. This requirement whilst laudable in its intention, is seen by many as an obstacle to the supply of private housing and a disincentive to developers operations in Ireland.

The third report by economist Peter Bacon published in June 2000 focused on proposals to increase the supply of housing through facilitating the planning and servicing of land. As a result, the Government adopted a series of measures including the designation of areas of strategic importance as 'Strategic Development Zones' (SDZ). For such zones, the detail of land use, infrastructure and servicing is fast tracked. Three SDZ's have been designated to date, with an estimated 12,000 units currently going through the planning process. However, is can be difficult to pinpoint the impact of the SDZ initiative as compared to natural market development.

On the demand side, the reinstatement of mortgage interest relief and the revision of stamp duty levels for investors in residential properties will once more lift demand within this sector.

Mortgage Lending

Mortgage lending continued to be strong in 2001. The level of outstanding mortgages increased from €32.5 bn in December 2000 to €38.3bn in December 2001 an increase of 17.8% or net residential mortgage lending of €5.8 bn. An examination of the Department of the Environment housing statistics bulletin however, shows reductions in the number of housing loans approved and granted during 2001 as compared to 2000. The net effect of this was masked somewhat by net price increases feeding into higher loan amounts over the period but it does suggest some decrease in the level of activity in the mortgage lending market.

Mortgage arrears continued to decline and the number of properties taken into possession by IMSA members was extremely low. The figures (set out on page 19) compare most favourably to other markets.

Initial indications, including mortgage advances and housing starts, suggest a pick up in activity in the property markets in the first quarter of 2002 as compared to 2001.

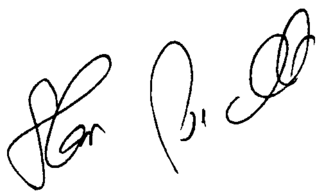
With up to twelve mortgage lenders active in the market, the Irish mortgage market continues to be highly competitive. Distribution channels are varied, with mortgages being marketed directly by the lenders, through tied agents and through mortgage intermediaries. The development of the internet as a means of accessing information has assisted consumers in comparing product features and in costing the different products available. Consumers here benefit from strong consumer protection and information requirements. While interest rates are difficult to compare across markets, 'typical' interest rates in Ireland continue to be lower than those available in most Eurozone countries. Consumer demand and competition ensures that borrowers avail of low interest rates, with mortgages reflecting changes in underlying rates at a quicker pace than most consumer credit products. The mortgage market continued to see innovation at product level with the introduction of life loans, tracker mortgages and fixed rate redemption options and the further development of flexible mortgages.

Funding

On the funding side, a range of sources continue to be accessed, with the emphasis on retail deposit products reducing over time. Securitisation continued to develop apace, with approximately 11.3% of outstanding residential mortgages securitised by December 2001. This compares with a figure of 9.4% in December 2000.

In December 2001 the Government passed the Asset Covered Securities Act, which will allow the funding of mortgages by way of the issuance of mortgage bonds. This is a most welcome development, opening up to Irish lenders, funding options which heretofore, were only available to mortgage lenders in other EU Member States.

The IMSA was one of several constituents lobbying the Government to introduce tax incentives for consumers to save against the backdrop of the declining savings ratio and increasing inflationery tendancies. In this regard, we welcome the SSIA scheme introduced by the Government which came into effect in May 2001. Savings and particularly long term savings are a desirable social and economic objective and IMSA credit institutions have responded to the Government initiative by offering a range of competitive SSIA products.



Stan Purcell Chairman

Review of the Association's Activities

Eimer O'Rourke Secretary

Single Currency

As with financial institutions across the Eurozone, the member institutions of the Irish Mortgage & Savings Association were engaged in helping to ensure a smooth changeover and have, to this end, been working on their euro preparedness for the last number of years. As this work intensified over the final months of 2001, the IMSA continued to work with the Irish Bankers' Federation and the Euro Changeover Board of Ireland in assisting its members wherever and whenever possible to ensure that the changeover to euro was conducted to the highest standards.

During 2001, member institutions of the IMSA and the IBF updated their 'Standard of Good Practice for Bank Charges for Conversion to Euro and the Dual Display of Amounts'. This standard, which was approved by the Office of the Director for Consumer Affairs, helped to ensure transparency during the period of the changeover to euro.

Banks and Building Societies also developed a communications campaign, which was launched in the Autumn of 2001, and which was aimed at increasing general awareness regarding the euro but in particular to focus customers' attention on the banking related issues of the changeover. The banks and building societies along with the Euro Changeover Board of Ireland co-funded the updating of the existing resource packs for primary and post-primary schools in the context of the new currency. These 'Money-Go-Round II'(for primary schools) and 'Paymaster II' (for post-primary schools) resources are non-branded and generic and are developed in consultation with teachers and students.

Credit institutions remained closed to the public on 31 December 2001, whilst all accounts - mortgages, savings, current accounts etc. were converted from Irish pounds to euro.

The introduction of euro cash involved one of the greatest logistical exercises ever undertaken in the European Union as millions upon millions of Irish Punts, French Francs, Greek Drachmas and so on were withdrawn from circulation and replaced with euro. The first euro notes and coin were introduced on 1 January 2002. Legal Tender Status was withdrawn from the Irish pound on 9th February 2002.

The smoothness with which the whole changeover to euro was executed was a tribute to all involved.

EU Statemant of Objections

As reported in the last IMSA Annual Review, the EU had issued a Statement of Objections to the Association relevant to bank charges for the exchange of euro zone currencies. The IMSA was disappointed that the EU Commission saw fit to initiate such proceedings against it. I am pleased to report that the EU Commission has since advised the Association that it will not be proceeding with the case against it.

Tax Relief at Source (TRS)

The Finance Act 2001 provided for a fundamental change to the manner in which tax relief for mortgage interest is granted. Since the 1 January 2002, mortgage interest relief is no longer granted through the tax free allowance system, but instead will be granted by the mortgage lender, acting on the instructions of the Revenue

Commissioners. The new scheme is known as TRS (Tax Relief at Source). It results in either a reduced regular mortgage payment for the customer or an unchanged payment accompanied by a simultaneous credit to the customer's funding account. A similar scheme relating to the granting of tax relief for health insurance payments was implemented from 1st April 2001.

The industry had reservations as to the benefits of the proposed scheme and specifically its implementation date which coincided with the introduction of the Euro. Nevertheless, it engaged in constructive and purposeful discussions with the Revenue Commissioners with a view to implementing the scheme. These discussions began in the latter half of 2000 and continued throughout 2001.

TRS was successfully introduced by the mortgage lenders in January 2002.

Mortgage Bonds

In December 2001 the Asset Covered Securities Act was signed by the President. This legislation will provide access to an alternative source of funding for Irish mortgage lending institutions. The Act draws on similar and well established legislative models in Germany (where mortgage bonds are known as 'Pfandbriefe') and newer models such as that in France ('Obligations Foncieres').

The concept of a mortgage bond is not a new one, having been established as a means of funding mortgage credit in Germany as early as 1770 and in Denmark shortly afterwards. It allows mortgage lenders to pool together groups of similar mortgages as collateral against which they can issue a security or 'mortgage bond'.

The Irish legislation represents the culmination of several years' research into the feasibility of Irish Credit Institutions issuing mortgage bonds. Irish mortgage lenders and several of the Banks located in the Irish Financial Services Centre, whose parent entities refinanced much of their public credit operations through Pfandbriefe in Germany, had been considering the possibility of introducing such legislation in Ireland. At the beginning of 2000, the two groups came together and the Irish Bankers' Federation and Irish Mortgage and Savings Association formed a joint Steering Committee. Work began on drafting legislative proposals, which were developed in consultation with the Central Bank, the Department of Finance and latterly the Attorney General's Office, NTMA (National Treasury Management Agency), the Revenue Commissioners, the Department of the Environment, and the Rating Agencies.

The objective at the outset was to ensure access to cost effective funding. To do this the legislation had to facilitate the issuance of securities which were comparable to the German Pfandbriefe and which were capable of achieving AAA rating. Accordingly the legislation is highly prescriptive setting out:

- that only a designated credit institution may issue ACS
- the permitted business activities in which a designated credit institution may engage
- the features of the mortgage loans which may be included in the cover asset pool
- that a cover asset monitor must be appointed to ensure that the pool is operated in compliance with the legislation.

The IMSA acknowledges the responsiveness of the Department of Finance to the needs of the financial community in producing this legislation.

Special Savings Incentive Accounts

In February of this year the Minster for Finance, Charlie McCreevy T.D., announced the introduction of a new savings scheme. The Minister announced that under the new scheme, 'Special Savings Incentive Accounts' would attract €1 a month from the exchequer for every €4 saved. The savings scheme which, according to the Minister would help people "provide for the rainy day", was legislated for as part of the Finance Act 2001 and was aimed at increasing the country's savings ratio in the face of recent inflationary tendencies. A minimum contribution of €12.50 a month for the first year is required up to a ceiling of €254 per month and a withdrawal cannot be made from the account until 5 years after its opening in order for it to attract the full benefits. All resident individuals over the age of 18 are entitled to one such account. The last date on which such accounts may be opened is April 30th 2002.

The new Government scheme was welcomed by credit institutions, which were among the different types of entity allowed to manage such accounts. The IMSA along with the Irish Bankers Federation facilitated their members in liaising with the Revenue Commissioners in finalising the operational details of the new accounts.

DIRT Guidance Notes

The Revenue Commissioners are finalising guidance notes for deposit taking institutions for the opening and maintenance of DIRT exempt accounts. The IMSA welcomes this development and the clarity it brings to the 1986 legislation which, along with increased vigilance and compliance measures adopted by institutions, will help to ensure that only those entitled to such accounts will be able to avail of them.

Industry Codes of Ethics and Practice

In recent years the members of the Irish Mortgage & Savings Association have agreed a number of voluntary codes of practice. These included the Code of Ethics, the Code of Practice for Personal Customers, the Code of Practice on Transparency in Credit Charges for Personal Customers and the Code of Practice on Mortgage Arrears. In 2001, the IMSA organised the publication of the above Codes in a single consolidated booklet for member institutions. All of the above Codes may be viewed on the website of the Irish Bankers' Federation at www.ibf.ie.

Code of Practice on Branch Restructuring

Branch closures, particularly in rural communities, has been an issue of some concern for the public in recent years. In July of this year IMSA member institutions agreed to the adoption of a Code of Practice on Branch Restructuring which had been developed in conjunction with the Irish Bankers' Federation.

The new Code is a positive development for all concerned. Institutions have agreed to give at least two months notice to customers before the closure of a branch and to provide information to and communicate with customers and the local community ahead of that closure. However the code also recognises the changes that take place in the commercial and demographic environments that give rise to the need for branch restructuring.

The Minister for Finance, Charlie McCreevy T.D. welcomed the adoption of the Code, commenting. "I am pleased that the country's financial institutions have put in place a framework for communicating their decisions on branch restructuring to their staff, their customers and the wider communities within which they are located".

European Code of Conduct on Homeloan

Following negotiations between trade and consumer associations, the European Commission has now issued a Recommendation on a European Code of Conduct on Homeloans. Under the terms of this voluntary Code of Conduct, mortgage lenders are required to provide certain information to potential customers at various pre-contractual stages.

IMSA members have agreed to adhere to the Code which will be implemented by institutions in the Autumn of 2002.

The most prevalent aspect of the Code is the requirement to provide the customer with a non-contractual 'European Standardised Information Sheet' (ESIS). The difficulty from an Irish perspective is the extent to which this requirement of the Code overlaps with the statutory requirements for the provision of specified information under the Consumer Credit Act (1995). Complying with both their statutory obligations and the voluntary Code will involve institutions providing two information sheets at the point of loan offer, which are broadly similar, but not identical.

The ESIS is summarised on thr following pages. It is hoped that the information produced therein will be of assistance to potential borrowers.

Information to be presented in a "European Standardised Information Sheet"

European Standarised Information Sheet
This standardised information is an integral part of the "Voluntary Code of Conduct on Pre-contractual Information for Home Loans", a copy of which can be obtained from your lender

Up front text

"This document does not constitute a legally binding offer.

The figures are provided in good faith and are an accurate representation of the offer that the lender would made under current market conditions based on the information that has been provided. It should be noted, however, that the figures could fluctuate with market conditions.

The provision of this information does not oblige the lender to grant credit."

1. Name of Lender
2. Description of product
3. Nominal rate (indicate type of rate and duration fixed period)
4. Annual percentage rate of charge (APRC) based on national regulation or effective rate, where relevant.
5. Amount of credit advanced and currency
6. Duration of home loan agreement
7. Number and frequency of payments (may vary)
8. For repayment home loan, amount of each installment (may vary)
9. For interest only home loan:
   (i) amount of each regular interest payment;

   (ii) amount of each regular payment to the repayment vehicle.

Information to be presented in a “European Standardised Information Sheet”

The contents of the European Standardised Information Sheet continued.

10. Additional non-recurring costs, where applicable

11. Additional recurrent costs (not included in 8)

12. Early repayment: The possibility and terms of early repayment; including an indication of any charges applicable.

13. Internal complaint schemes: Name, address and telephone number of contact point

14. Illustrative amortisation table. The table should contain figures on:
    (i)amount of capital reimbursed;

    (ii) amount of interest;

    (iii) outstanding capital;

    (iv) amount of each instalment;

    (v) sum of capital and interest.

15. Obligation, if any, to domicile bank account and salary wth lender.

Alternative Debt Settlement Pilot Projet

A number of member institutions of the Irish Mortgage & Savings Association liaise, on an ongoing basis, with MABS (the Money Advice and Budgeting Service). These institutions have been working in conjunction with member banks of the Irish Bankers' Federation and MABS in the development of a pilot project on alternative debt settlement. The idea is to explore a new approach where significant arrears develop other than seeking redress through the court systems.

The final details of the pilot project have now been agreed, and it is anticipated that implementation of the project will commence in May 2002.

Central Bank Codes of Practice for Credit Institutions

The Central Bank of Ireland has recently issued a number of codes in accordance with its powers under Section 117(1) of the Central Bank Act, 1989. They include the Code of Practice for Credit Institutions, the Code of Conduct for the Investment Business Services of Credit Institutions and the Advertising Requirements applicable to Credit Institutions.

The IMSA worked alongside the Irish Bankers' Federation in facilitating discussions between the industry and the Central Bank regarding these statutory codes and implementation of the codes by credit institutions is well underway.

Money Laundering Guidance Notes

The IMSA continued to participate in the Money Laundering Steering Committee which is chaired by the Department of Finance. This group, representing a wide range of participants oversaw the revision of the Money Laundering Guidance Notes for Credit Institutions, which were initially issued in 1995 in respect of the money laundering obligations placed on financial institutions by the Criminal Justice Act, 1994.

The revised guidance notes were issued at the end of 2001 and will provide essential guidance for financial institutions as they continue to assist the Authorities in the fight against money laundering.

Capital Adequacy

In early 2001 the Basel Committee issued its 2nd consultative paper on capital adequacy requirements as did the European Commission shortly afterwards.

The recommendations which develop on those contained in the first paper, include the revised standardised approach, as well as the new 'internal ratings based' method for the calculation of capital adequacy in respect of credit risk. The recommendations also propose that institutions be required to hold capital in respect of operational risk. Further working papers have since issued elaborating on various aspects of these proposals.

The IMSA contributed to the discussions on Capital Adequacy via the European Mortgage Federation and its members have also been party to the detailed submissions made by the Irish Bankers' Federation via the European Banking Federation. While the industry in Ireland has welcomed many aspects of the Basel paper, the association would be particularly concerned if the provisions of Basel II put smaller credit institutions at a competitive disadvantage vis a vis their larger international counterparts. Furthermore, given the protection against losses which the mortgage collateral confers, it is important to ensure that the low risk attaching to mortgage lending continues to be reflected in the revised capital adequacy regime.

Discussions on the new capital adequacy regime are still ongoing, and the implementation timescale is moving further out in time. However, if the internal ratings based system is introduced, there is an immediate need for institutions to focus on the collection of data to validate the risk and loss profiles attaching to their credit exposures.

The European Mortgage Federation

The association continued, throughout 2001, to liaise closely with the European Mortgage Federation in relation to issues of common interest to mortgage lenders across Europe. As with national trade associations, the working groups of the EMF address regulatory, statistical, legal and economic issues. Irish interests are represented on each of the working parties, which meet biannually, by representatives of IMSA member institutions, and in some cases, the Secretariat itself.

In April 2001 the Secretary General of the EMF, Madame Judith Hardt, made a presentation to the Council of the IMSA. Mme Hardt's presentation, which focused primarily on the European Code of Conduct on Homeloans and the Basel Committee's 2nd Consultative Paper, was attended by executives from IMSA & IBF member institutions along with the personnel from the secretariats themselves. Representatives from the Central Bank of Ireland and the Office of the Director for Consumer Affairs also attended.

Dormant Accounts Legislation

As a result of legislation passed by the Government in August 2001, financial institutions are obliged to instigate a process whereby funds that have been left untouched for 15 years or more are taken into the care of the State.

Constructive discussions took place during 2001, between officials in the Department of Finance and the credit institutions in order to best ensure that the scheme envisaged in the legislation would be operable and would not place an excessive administrative burden on the institutions.

Starting in April, credit institutions will notify the owners of the 'dormant funds' through direct mailing and through press advertising campaigns which may be at industry or individual institution level. Customers who come forward to acknowledge their accounts will be asked to make a nominal transaction on the account in order to 're-activate' it in accordance with the legislation. 'Funds that are not reclaimed will be passed to the National Treasury Management Agency (NTMA) and, at the discretion of a 'Disbursements Board', reporting to the Minister for Social, Community and Family Affairs, will be spent on projects aimed at assisting the socially disadvantaged.

The IMSA specifically focussed on ensuring that the membership rights of a dormant account holder in a Building Society would not be adversely affected by the provisions of the legislation. Accordingly, the holder of a dormant account, the funds in respect of which have been transferred to the State, will continue to be a member of the Building Society where the account was held.

Single Regulatory Authority

The IMSA keenly awaits the establishment of the Irish Financial Services Regulatory Authority (IFSRA). This is an unprecedented opportunity for the authorities to establish a level of world class regulation for the Irish Financial Services Industry. In conjunction with the Irish Bankersí Federation, we would hope to enter into discussions with the authorities in relation to ensuring that the IFSRA is established with clearly defined objectives which are achieved through sound principles of good regulation.

Eimer O'Rourke Secretary

Threshold

Pictured at the IMSA cheque presentation to Threshold, Kieran Murphy, Director - Threshold and Eimer O'Rourke, Secretary - IMSA.

The members of the IMSA are pleased to be able to support Threshold, the housing advice agency, and in 2001 again made a significant contribution to the agency. The IMSA places considerable value on the work which is carried out by Threshold, assisting those with housing problems and housing debt.

Membership Details

permanent tsb

Chief Office: 56 – 59 St. Stephen's Green, Dublin 2
Tel: 661 5577
Fax: 661 5828
Website: http://www.permanenttsb.ie
Chief Executive: Harry Lorton

permanent tsb, which employs over 2,500 people is the retail banking arm of the Irish Life & Permanent group - one of the country's largest financial institutions. Irish Life & Permanent, led by David Went, acquired TSB Bank in April 2000 and immediately set out to merge the bank with Irish Permanent, a process which is targeted to be complete in June 2002. The merged bank will have 111 branches and 65 agents across the country.

permanent tsb has total assets of approximately 17 billion euro of which 11 billion is outstanding mortgages.

First Active plc

Head Office: First Active House, Central, Leopardstown, Dublin 18
Tel: 207 5000
Website: http://www.firstactive.com
e–mail: info@firstactive.com
Chief Executive: Cormac McCarthy

Established as the Workingman's Benefit Building Society in 1861, and incorporated in 1875, it became known as First National Building Society in 1960. First National converted from mutual status to plc status in 1998 and changed its name to First Active plc.

First Active plc has a branch and agency network comprising 50 offices in the Republic of Ireland. At end 2001, total assets under management amounted to 8.530 billion euro.

EBS Building Society

Head Office:	30–34 Westmoreland Street, Dublin 2
Tel:	677 5599
Fax:	671 8496
Website:	http://www.ebs.ie
Chairman:	Brian Joyce
Managing Director:	Ted McGovern

Since its foundation in 1935 EBS has grown to be one of Ireland's most successful credit institutions. It employs 563 staff and provides a growing range of personal financial services and products through its network of 120 offices countrywide.

Over the last five years EBS' loan book has grown by 195 % to 5.7 billion euro including .9 million euro in securitised assets at the end of 2001.

Irish Nationwide Building Society

Head Office:	Nationwide House, Grand Parade, Dublin 6
Tel:	609 6000
Fax:	609 6200
Website:	http://www.inbs.ie
Chairman:	Michael P. Walsh
Managing Director:	Michael P. Fingleton

First Established in 1873 and incorporated in 1878, it became known as the Irish Nationwide Building Society in 1975.

There are now over 120 offices in the Irish Nationwide branch and agency network, throughout the Republic of Ireland. Total assets at 31/12/01 amounted to 4.374 billion euro.

ICS Building Society

Head Office:	New Century House, IFSC, Mayor Street Lower, Dublin 1
Tel:	611 3000
Fax:	611 3100
Website:	http://www.mortgagestore.ie
e–mail:	ics@mortgagelink.ie
Chairman:	Patrick W. McDowell
Managing Director:	Joe Larkin

Having been established as the Irish Civil Service Building Society in 1864 and initially incorporated in 1874, the name "ICS Building Society" was adopted in 1986. ICS Building Society operates through its primary customer branch at 35 College Green, ten mortgage stores and for deposits through Bank of Ireland branches. ICS mortgages are also distributed through mortgage brokers nationwide.

Total assets as at 31/12/01 amounted to 2.794 billion euro. ICS Building Society is a subsidiary of the Governor and Company of the Bank of Ireland.

IIB Homeloans Ltd

Head Office:	2 Hume St, Dublin 2
Tel:	662 0600
Fax:	662 0255
Website:	http://www.iib-bank.ie
Chairman:	Patrick C. McEvoy
Chief Executive:	Brian MacManus

IIB Homeloans Ltd, incorporated in 1990, is a wholly owned subsidiary of IIB Bank Ltd. It is a leading provider of residential & investment mortgages in Ireland. It also provides mortgages for investment property in the UK.

Total assets at 31/12/01 amounted to approximately 3 billion euro.

Industry Statistics

for year ended 31 December 2001

MORTGAGE LENDING

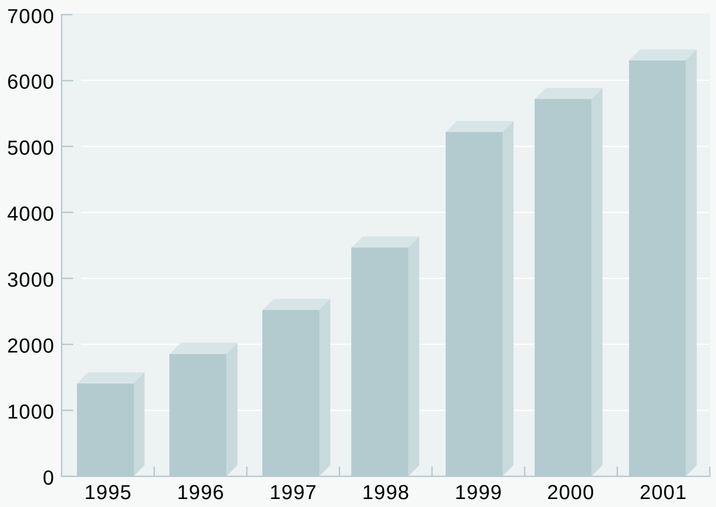
IMSA Members, Outstanding Mortgages, End 2001

	No.	Value €m
Residential	373,139	22,175
Commercial	26,202	4,900
Total	399,341	27,075

Details of the year's advances as follows:

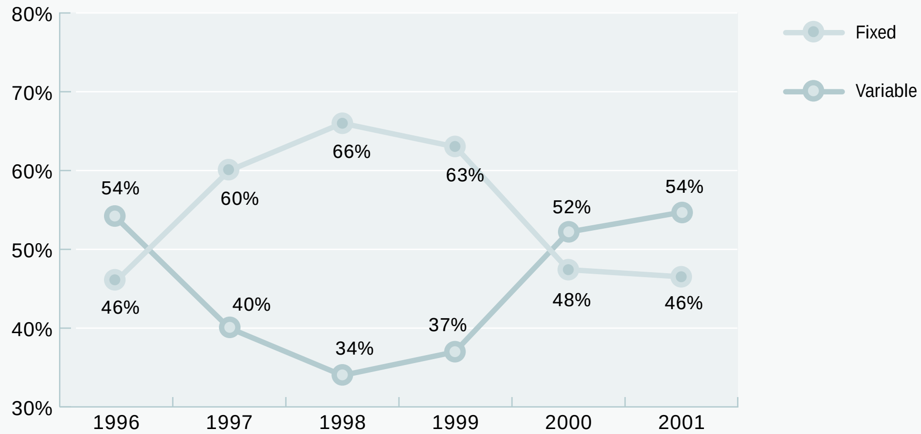
Residential Mortgages Advanced	No.	Value €m
2001	68,942	6,401
2000	67,150	5,880
1999	66,685	5,102
1998	54,237	3,467
1997	48,644	2,522
1996	38,626	1,856
1995	30,402	1,409

Value of Residential Mortgages Advanced €m

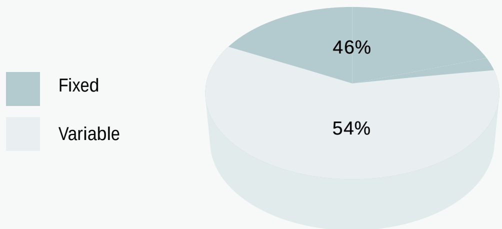


RESIDENTIAL MORTGAGES ADVANCED

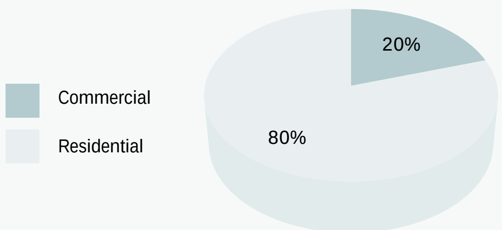
Fixed/Variable Rate Analysis



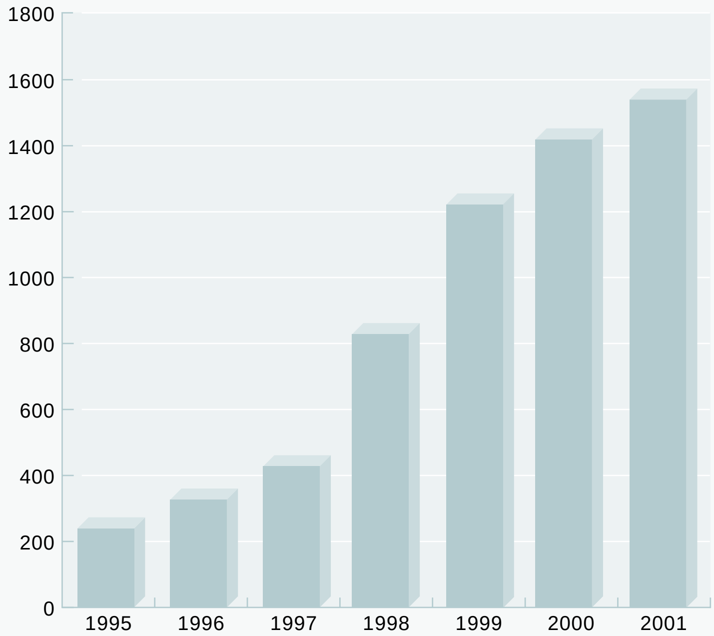
FISED/VARIABLE RATE ANALYSIS 2001



TOTAL MORTGAGES ADVANCED (VALUE)



VALUE OF COMMERCIAL MORTGAGES ADVANCED €M



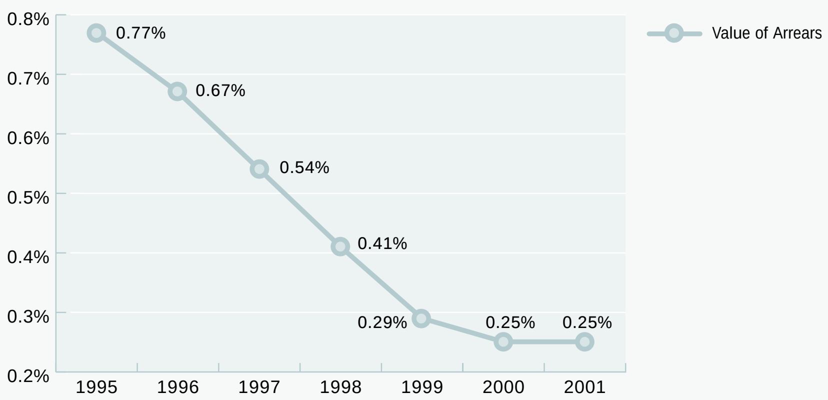
Commerical Mortgages Advanced	No.	Value €m
2001	3,280	1,608
2000	5,062	1,475
1999	5,861	1,299
1998	5,202	807
1997	3,664	463
1996	3,308	344
1995	2,991	232

ARREARS

Note: Both commercial and residential mortgages are included in the arrears and repossessions figures

Total Accounts in Arrears at Year End as a Percentage of Total Portfolio

Total Value of Arrears at Year End as a Percentage of Total Portfolio

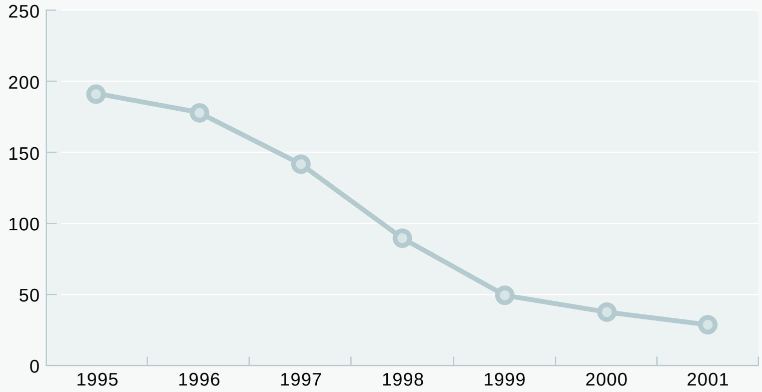


Year	% No. A/C in Arrears	Value of Portfolio in Arrears
2001	7.2%	0.25%
2000	7.0%	0.25%
1999	7.5%	0.29%
1998	10.1%	0.41%
1997	11.8%	0.54%
1996	13.7%	0.67%
1995	15.0%	0.77%

TOTAL REPOSSESSIONS

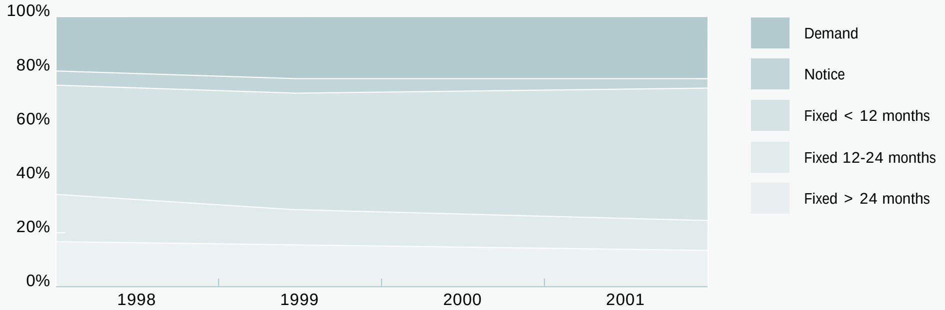
Properties taken into Possession	1995	1996	1997	1998	1999	2000	2001
Possession orders Executed	85	102	84	52	30	20	17
Properties Surrendered	73	59	46	27	11	11	6
Properties Abandoned	35	17	13	7	9	2	2
Totals	193	178	143	86	50	33	25

NUMBER OF REPOSSESSIONS, 1995-2001



FUNDING - RESIDUAL MATURITY

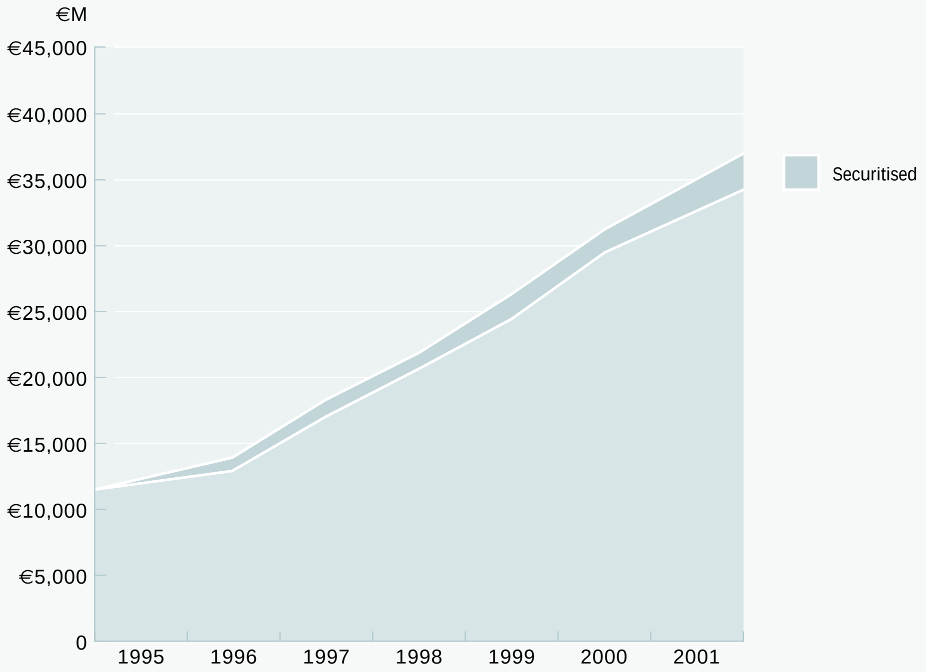
Year Ending	1998	1999	2000	2001
Demand	18%	15%	14%	14%
Notice	15%	12%	10%	9%
Fixed < 12 Month	40%	42%	46%	46%
Fixed 12 - 24 Month	5%	5%	4%	4%
Fixed > 24 Month	22%	26%	27%	28%



Note: While the preceding figures related exclusively to IMSA members, subsequent tables tables and charts reflect the whole market.

SECURITISATION

Residential Mortgages Outstanding



Values in values in millions of euro, Source: Central Bank of Ireland

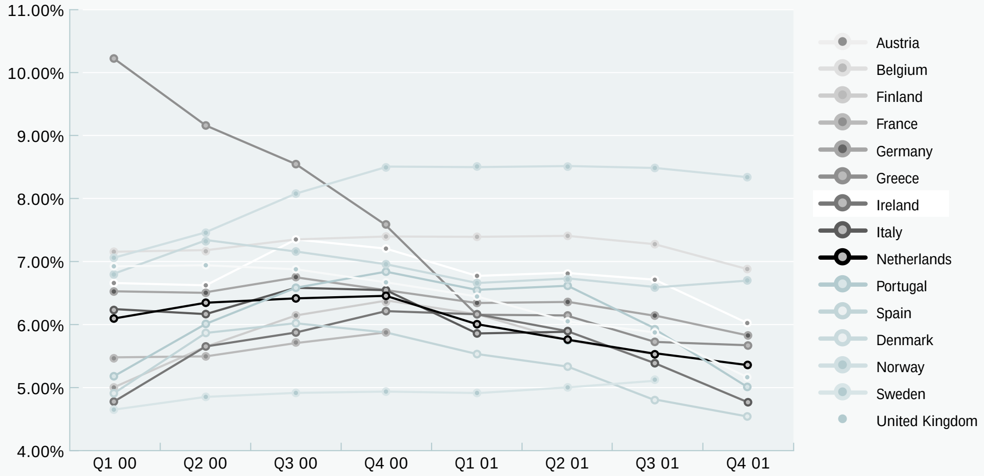
Year Ending	Residential Mortgages	Securitised	Total	% Securitised
1995	11,938	-	11,938	0.0%
1996	13,620	259	13,879	1.9%
1997	16,951	244	17,195	1.4%
1998	20,146	709	20,855	3.4%
1999	24,435	1,751	26,186	6.7%
2000	29,474	3,072	32,546	9.4%
2001	34,025	4,318	38,343	11.3%

INDICATIVE EUROPEAN INTEREST RATES

Source: European Mortgage Federation.

Note: Mortgage rates cannot be directly compared across Europe due to the differences between mortgage markets and products. Rates here are indicative and in some instances may not necessarily represent the overall national situation.

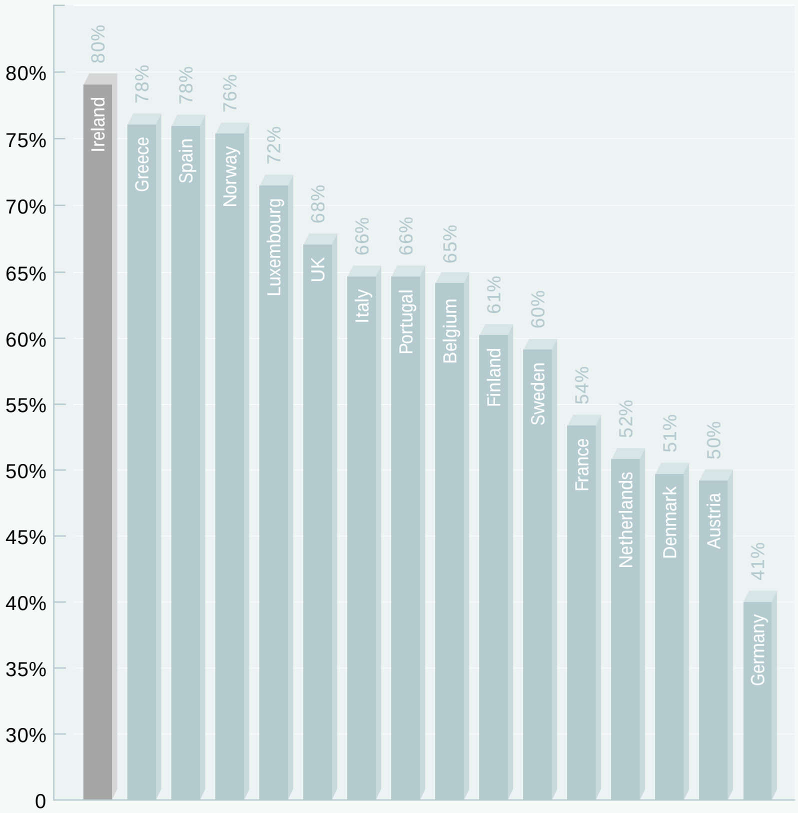
Country	Q1 00	Q2 00	Q3 00	Q4 00	Q1 01	Q2 01	Q3 01	Q4 01
Austria	6.75%	6.75%	7.38%	7.13%	6.80%	6.88%	6.63%	6.00%
Belgium	7.10%	7.10%	7.10%	7.25%	7.25%	7.25%	7.15%	6.90%
Finland	5.00%	5.60%	6.10%	6.30%	6.10%	5.80%	5.50%	
France	5.50%	5.50%	5.70%	5.80%				
Germany	6.64%	6.64%	6.72%	6.44%	6.12%	6.22%	6.08%	5.87%
Greece	10.25%	9.25%	8.65%	7.50%	6.25%	6.25%	5.85%	5.60%
Ireland	4.63%	5.63%	5.88%	6.17%	6.15%	5.90%	5.52%	4.72%
Italy	6.20%	6.15%	6.55%	6.50%	5.95%	5.95%		
Netherlands	6.10%	6.40%	6.40%	6.40%	6.00%	5.80%	5.60%	5.50%
Portugal	5.20%	6.00%	6.70%	6.80%	6.60%	6.20%	5.90%	5.00%
Spain	4.90%	5.90%	6.00%	5.90%	5.50%	5.30%	4.80%	4.50%
Denmark	6.83%	7.15%	7.13%	6.92%	6.77%	6.84%	6.63%	6.72%
Norway	7.10%	7.40%	8.10%	8.50%	8.50%	8.50%	8.50%	8.40%
Sweden	4.70%	4.80%	4.90%	4.90%	4.90%	5.00%	5.10%	
UK	6.90%	6.90%	6.80%	6.60%	6.40%	6.10%	5.80%	5.20%



OWNER OCCUPIER LEVELS IN EUROPE

Source: European Mortgage Federation.

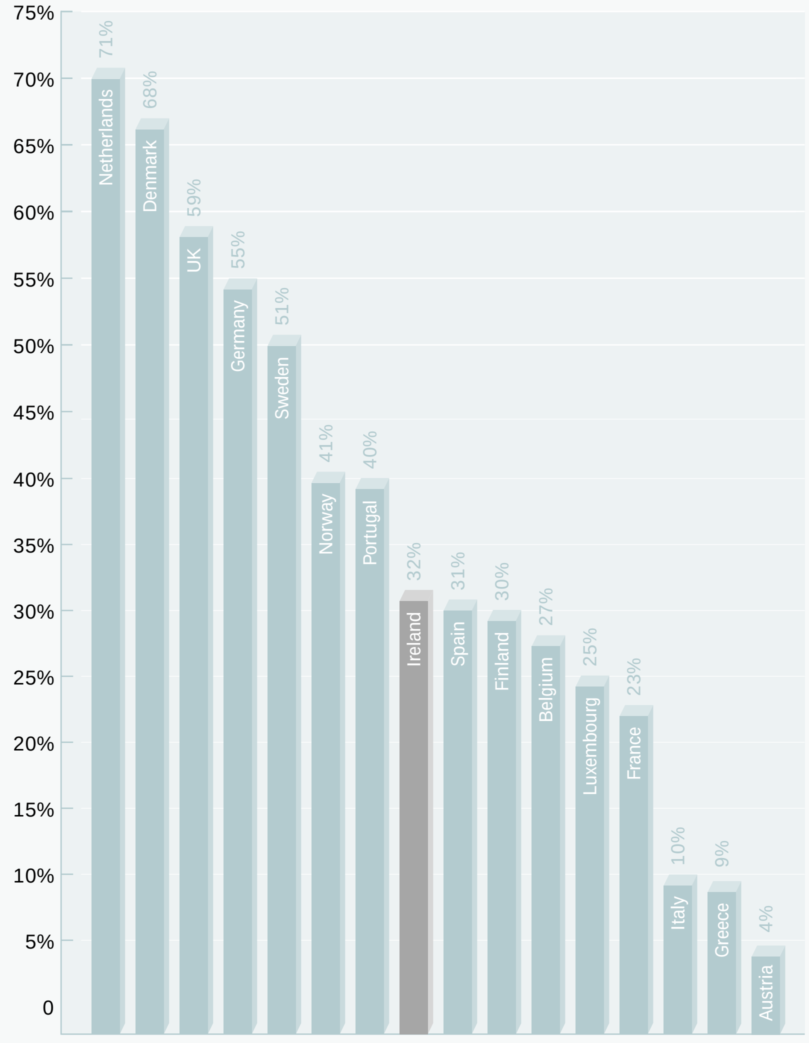
Note: Sources differ from country to country. Percentage of all homes occupied by their owners. Chart based on most recent available information (which varies from 1991 to 2000 from country to country).



SIZE OF RESIDENTIAL MORTGAGE MARKETS IN EUROPE
(volume outstanding as a % of GDP)

Source: European Mortgage Federation

Note: Chart based on most recent available data - ranges from 1997 to 2000 depending on country. Figure for Austria refers to both residential and commercial.



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Secretary & Director
Irish Nationwide Building Society

Cormac McCarthy *Vice-Chairman*
Chief Executive
First Active plc

Peter Fitzpatrick
Group Finance Director
Irish Life & Permanent plc

Ted McGovern
Chief Executive
EBS Building Society

Brian MacManus
Chief Executive
IIB Homeloans Ltd

Joe Larkin
Managing Director
ICS Building Society

Michael Fingleton
Chief Executive
Irish Nationwide Building Society

Harry Lorton
Chief Executive
permanent tsb

Joe Ryan
Director
EBS Building Society

Robert Bergin
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First Active plc

Mr Diarmuid Bradley
Deputy Chief Executive &
Chief Operations Officer
permanent tsb

Mr Tom Courtney
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ICS Building Society

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Irish Nationwide Building Society

Margaret Ferns
ICS Building Society

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First Active plc

Suzanne Tucker
ICS Building Society

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Executive Assistant

Irish Representation on European Mortgage Federation Committee

Executive Committee:
Peter Fitzpatrick
Irish Life & Permanent plc.

Eimer O'Rourke
IMSA

Legal Working Party:
Cathal McCarthy
Irish Life & Permanent

Eimer O'Rourke
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Economy Working Party:
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Irish Life & Permanent plc
Peter Gilligan
ICS Building Society

Statistical Working Party:
Martin Walsh
EBS Building Society

John Clinton
IMSA

Mortgage Bond & Capital Market Group:
Denis Mahony
ICS Building Society

Information

Bankers
permanent tsb
2 St. Stephen's Green
Dublin 2

Solicitors
McCann FitzGerald
2 Harbourmaster Place
Custom House Dock
Dublin 1

Auditors
Joy McNabola Murray & Co.
Chartered Accountants
17 Earlsfort Terrace
Dublin 2

IRISH MORTGAGE & SAVINGS ASSOCIATION
Nassau House, Nassau Street, Dublin 2 **T:** 01 677 7612 **F:** 01 677 7652 **E:** imsa@ibf.ie