

Individual insolvencies still rising in 2013

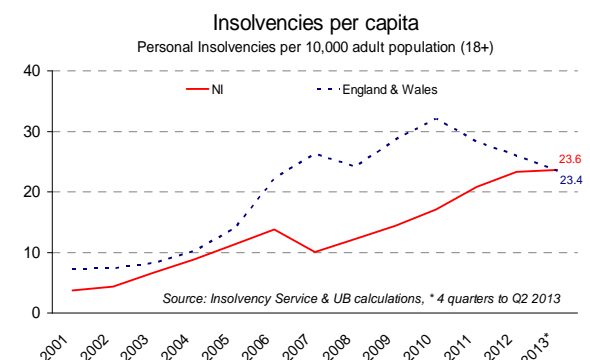
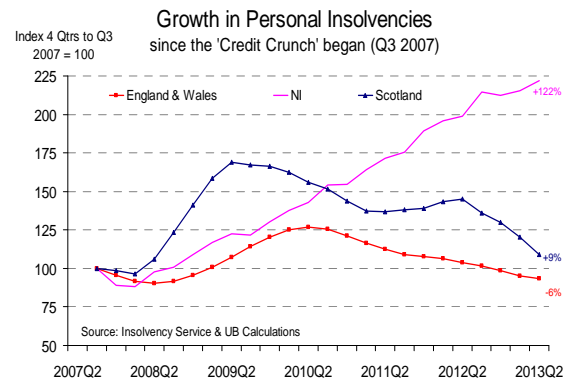
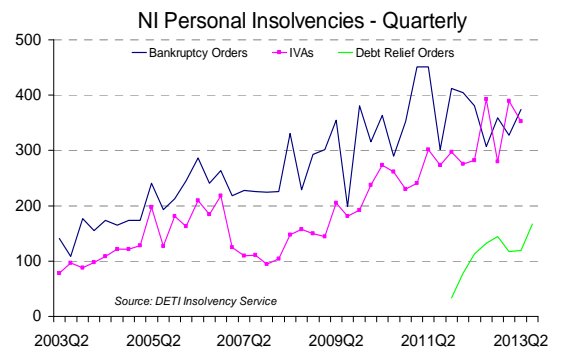
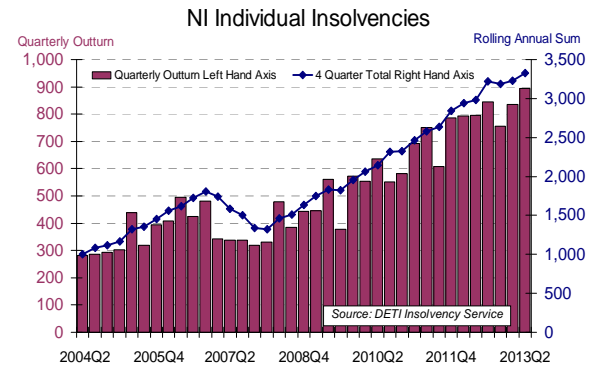
The Q2 2013 personal & corporate insolvency figures for Northern Ireland (NI) were released on 2nd August 2013. Despite five consecutive months of falling unemployment, signs of financial strain remain evident amongst NI households. Following a rise in unemployment of 41,500 (+177%) since early 2008, personal insolvencies in NI hit a record high of 3,189 in 2012. This trend has continued into 2013 with 3,330 insolvencies recorded over the last 4 quarters to Q2 2013. In the latest quarter, 894 individuals were either declared bankrupt (*or chose bankruptcy*), or entered into either an *Individual Voluntary Arrangement (IVA)* or a *Debt Relief Order (DRO)*. The latter came into effect on 30 June 2011 as an alternative route into personal insolvency. The Q2 outturn represented a quarterly rise of 6.9% and was 12.5% above the corresponding figure in Q2 2012. The latest quarterly increase was driven by a 40% rise (+48) in DROs & a 14% (+46) increase in the number of bankruptcy orders; conversely, the number of IVAs fell by over 9% (-36). It is noted that the latest 4 quarter outturn (*to Q2 2013*) is more than double (+122%) the 4 quarter period that pre-dates the credit crunch. In the 23 quarters since the credit crunch began in Q3 2007 there have been 13,996 personal insolvencies in NI. This compares with 6,773 insolvencies in the 23 quarter period preceding the start of the credit crunch.

Individual insolvencies still following a downward trajectory in GB

Whilst personal insolvencies are still on the rise in NI, the corresponding level in England & Wales (E&W) continues to follow a downward trajectory having peaked in 2010. Scotland's insolvency peak occurred one year earlier in 2009. Looking at the most recent figures for Q2 2013, it is noted that personal insolvencies in E&W were 6% below the corresponding quarter in 2012. Since the Q1 2010 peak, personal insolvencies have fallen by 28%. Meanwhile, the total number of insolvencies over the latest 4 quarter period is 6% **below** its pre-credit crunch level (*Q4 2006 to Q3 2007*). Scotland's personal insolvencies in Q2 2013 were 29% lower than Q2 2012. In addition, Scottish insolvencies are just 9% above their pre-credit crunch level.

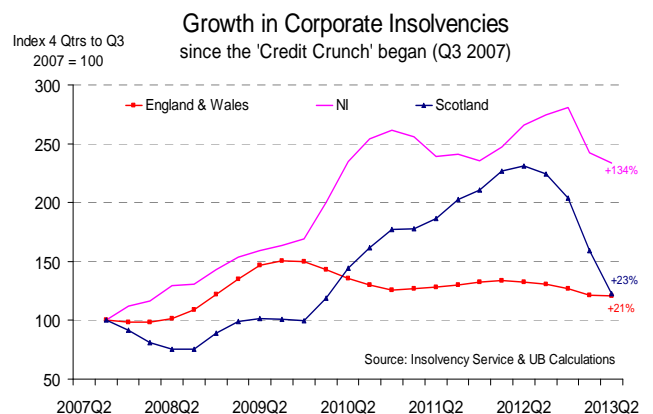
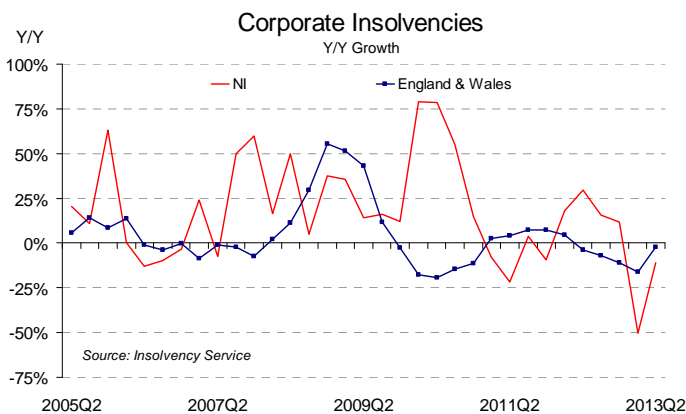
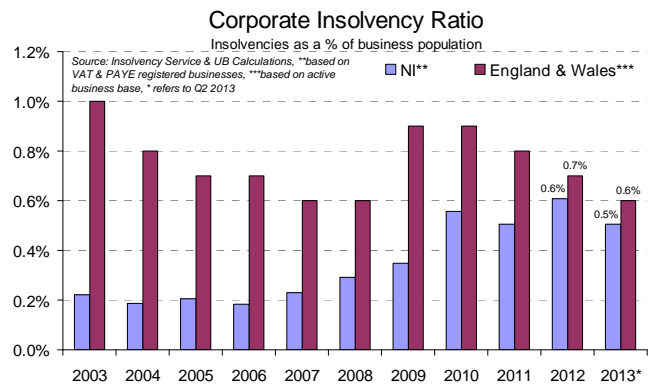
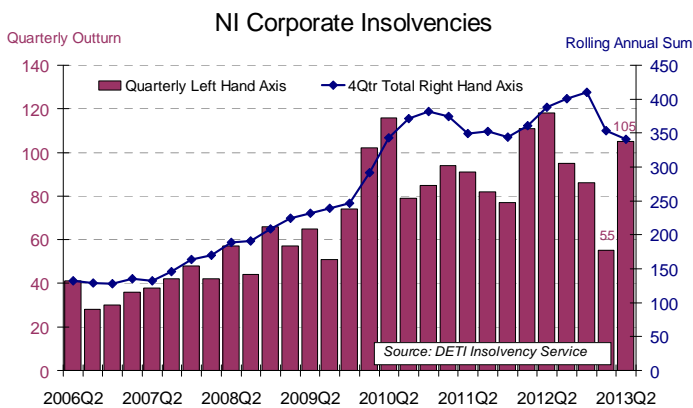
NI individual insolvency rate gap with England & Wales has closed

Despite the sharper rises in NI's insolvency figures, **the incidence of personal insolvency in NI and E&W is broadly the same**. Individual insolvencies per capita (> 18 years) are 23.6 per 10,000 of adult population relative to 23.4 for E&W. Looking ahead, the debt overhang and more intense squeeze on local household finances is expected to lead to a divergence in the NI and E&W insolvency rate gap. Since 2007 NI's personal insolvency rate has more than doubled whereas the equivalent rate for E&W is lower than it was in 2007 (26.2).



Northern Ireland corporate insolvencies up 91% q/q in Q2 2013 but lower than corresponding quarter in 2012

In Q2 2013 there were 105 company liquidations (or corporate insolvencies) in NI, which represents a quarterly rise of 91%, but is 11% lower relative to Q2 2012. Last year was a record year for corporate insolvencies in NI with 410 in total. However, the steep decline in Q1 2013 means that the latest four quarter corporate insolvency total has fallen to 341. Nevertheless, the latter is 134% above the level that prevailed before the credit crunch began (146). Meanwhile, corporate insolvencies in England & Wales posted a 12% quarterly increase in Q2 2013 and were 0.5% above the same quarter in 2012. Corporate insolvencies peaked in 2009 for England & Wales with the latest four quarter period to Q2 2013 19% below this recent high. Furthermore, corporate insolvencies within England & Wales are just 21% above the levels that prevailed prior to the credit crunch. It is noted that Scotland also experienced a surge in corporate insolvencies that was much steeper than in England & Wales. However, corporate insolvencies in Scotland have fallen sharply in recent quarters. In Q2 2013, the number of corporate insolvencies was 57% lower relative to the corresponding quarter in 2012. Clearly, NI's corporates appear to be exhibiting more signs of financial distress than their counterparts in Great Britain. Two key factors behind this are the direct and indirect exposure to the severe property downturn and the Republic of Ireland's economy. However, it should be noted that NI's corporate insolvency rate (0.5%), which is corporate insolvencies expressed as a proportion of the business base, remains below that of England & Wales (0.6%) and is on a par with Scotland (0.5%). Therefore an important factor behind NI's surge in insolvencies is due to the fact that insolvencies were coming off a rather low base. Since the credit crunch began in 2007 Q3, 1,800 firms in NI have been declared insolvent.



A summary table of insolvency data is highlighted overleaf. For further information check out the weblinks below:

<http://www.insolvencydirect.bis.gov.uk/otherinformation/statistics/201308/index.htm>

<http://www.insolvencydirect.bis.gov.uk/otherinformation/statistics/201308/table6.pdf>

<http://www.insolvencydirect.bis.gov.uk/otherinformation/statistics/201308/alltables.xls>

Northern Ireland Corporate & Personal Insolvencies

	Individuals				Companies		
	Total	Bankruptcy Orders	Individual Voluntary Arrangements	Debt Relief Orders	Total	Compulsory Liquidations	Creditors Voluntary Liquidations
2005	1,454	821	633	...	138	85	53
2006	1,809	1,035	774	...	128	78	50
2007	1,338	898	440	...	164	122	42
2008	1,638	1,079	559	...	209	158	51
2009	1,958	1,236	722	...	247	164	83
2010	2,323	1,321	1,002	...	382	250	132
2011	2,839	1,615	1,112	112	345	209	136
2012	3,189	1,452	1,231	506	410	252	158
2007 Q1	343	218	125	...	36	29	7
Q2	338	228	110	...	38	29	9
Q3	338	227	111	...	42	28	14
Q4	319	225	94	...	48	36	12
2008 Q1	330	226	104	...	42	37	5
Q2	479	331	148	...	57	42	15
Q3	386	229	157	...	44	27	17
Q4	443	293	150	...	66	52	14
2009 Q1	446	302	144	...	57	34	23
Q2	560	355	205	...	65	46	19
Q3	379	198	181	...	51	27	24
Q4	573	381	192	...	74	57	17
2010 Q1	554	316	238	...	102	49	53
Q2	636	363	273	...	116	92	24
Q3	551	290	261	...	79	55	24
Q4	582	352	230	...	85	54	31
2011 Q1	692	451	241	...	94	61	33
Q2	752	451	301	...	91	56	35
Q3	608	301	273	34	82	43	39
Q4	787	412	297	78	77	48	29
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Q2	795	381	282	132	118	72	46
Q3	844	307	393	144	95	60	35
Q4	756	359	280	117	86	48	38
2013 Q1	836	328	389	119	55	30	25
Q2	894	374	353	167	105	66	39
Latest Quarter Q/Q % Change	6.9%	14.0%	-9.3%	40.3%	90.9%	120.0%	56.0%
Latest Quarter Y/Y % Change	12.5%	-1.8%	25.2%	26.5%	-11.0%	-8.3%	-15.2%
Last 4 quarters Y/Y % Change	11.6%	-8.7%	25.4%	53.2%	-12.1%	-13.2%	-10.5%
% rise since credit crunch began*	121.9%	46.0%	150.9%	...	133.6%	92.5%	242.5%

Source: DETI Insolvency Service, * Relative to 4 quarters up to Q3 2007

Richard Ramsey
 Chief Economist Northern Ireland
 7th August 2013

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Northern Ireland Individual & Corporate Insolvencies

Q2 2013 Update

Issued 7th August 2013

Richard Ramsey

Chief Economist Northern Ireland

richard.ramsey@ulsterbankcm.com

N. Ireland Personal & Corporate Insolvencies Summary

- ❑ In Q2 2013, 894 individuals were declared insolvent in Northern Ireland (NI). This represented an increase of 6.9% q/q and a rise of 12.5% on the same quarter in 2012. Over the last four quarters to Q2 2013 there were 3,330 personal insolvencies within NI. This represents an increase of 11.6% relative to the same period one year previous. In addition, the latest four quarter period represented a record high in NI personal insolvencies.
- ❑ Over the year to Q2 2013 (*4 quarter period*), the number of personal insolvencies in NI was more than double (+122%) that which prevailed prior to the start of the credit crunch (*Q3 2007*). This compares with an increase of 9% for Scotland with the number of insolvencies in England & Wales some 6% **below** its pre-credit crunch level. Meanwhile, NI's personal insolvencies have increased more than five-fold since 1998.
- ❑ Despite the sharper rise in NI's insolvency figures, the incidence of personal insolvency remains broadly the same in both NI and in England & Wales. Individual insolvencies per capita (*> 18 years*) are 23.6 per 10,000 of adult population relative to 23.4 for England & Wales.
- ❑ Looking ahead, the debt overhang & more intense squeeze on NI's household finances will see a further closing (*& reversal*) in NI's insolvency rate gap with England & Wales. Since 2007 NI's personal insolvency rate has more than doubled whereas the equivalent rate for England & Wales is lower than it was in 2007.
- ❑ In the 23 quarters since the credit crunch began in Q3 2007 there have been 13,996 personal insolvencies and 1,800 corporate insolvencies in NI. This compares with 6,773 personal insolvencies and 747 corporate insolvencies in the 23 quarter period preceding the start of the credit crunch.
- ❑ In Q2 2013, there were 105 company liquidations in NI. This represented a 91% q/q rise relative to Q1 2013 but was also 11% below the corresponding quarter in Q2 2012. Looking over the year to Q2 2013 (*4 quarter period*) there were 341 corporate insolvencies which represents a significant fall on 2012's record high of 410 insolvencies. Whilst NI's corporate insolvencies have increased by almost 6.5 times the percentage increase in England & Wales during the credit crunch, NI's corporate insolvency rate (0.5%) is on a par with Scotland (0.6%) and still below England & Wales (0.6%).

Summary Table: NI Personal & Corporate Insolvencies

Northern Ireland Corporate & Personal Insolvencies

	Individuals				Companies		
	Total	Bankruptcy Orders	Individual Voluntary Arrangements	Debt Relief Orders	Total	Compulsory Liquidations	Creditors Voluntary Liquidations
2007	1,338	898	440	...	164	122	42
2008	1,638	1,079	559	...	209	158	51
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2011	2,839	1,615	1,112	112	345	209	136
2012	3,189	1,452	1,231	506	410	252	158
2013*	3,330	1,368	1,415	547	341	204	137
2013 Q2 Q/Q % Change	6.9%	14.0%	-9.3%	40.3%	90.9%	120.0%	56.0%
2013 Q2 Y/Y % Change	12.5%	-1.8%	25.2%	26.5%	-11.0%	-8.3%	-15.2%
Last 4 quarters Y/Y % Change	11.6%	-8.7%	25.4%	53.2%	-12.1%	-13.2%	-10.5%
% rise since credit crunch began**	121.9%	46.0%	150.9%	...	133.6%	92.5%	242.5%

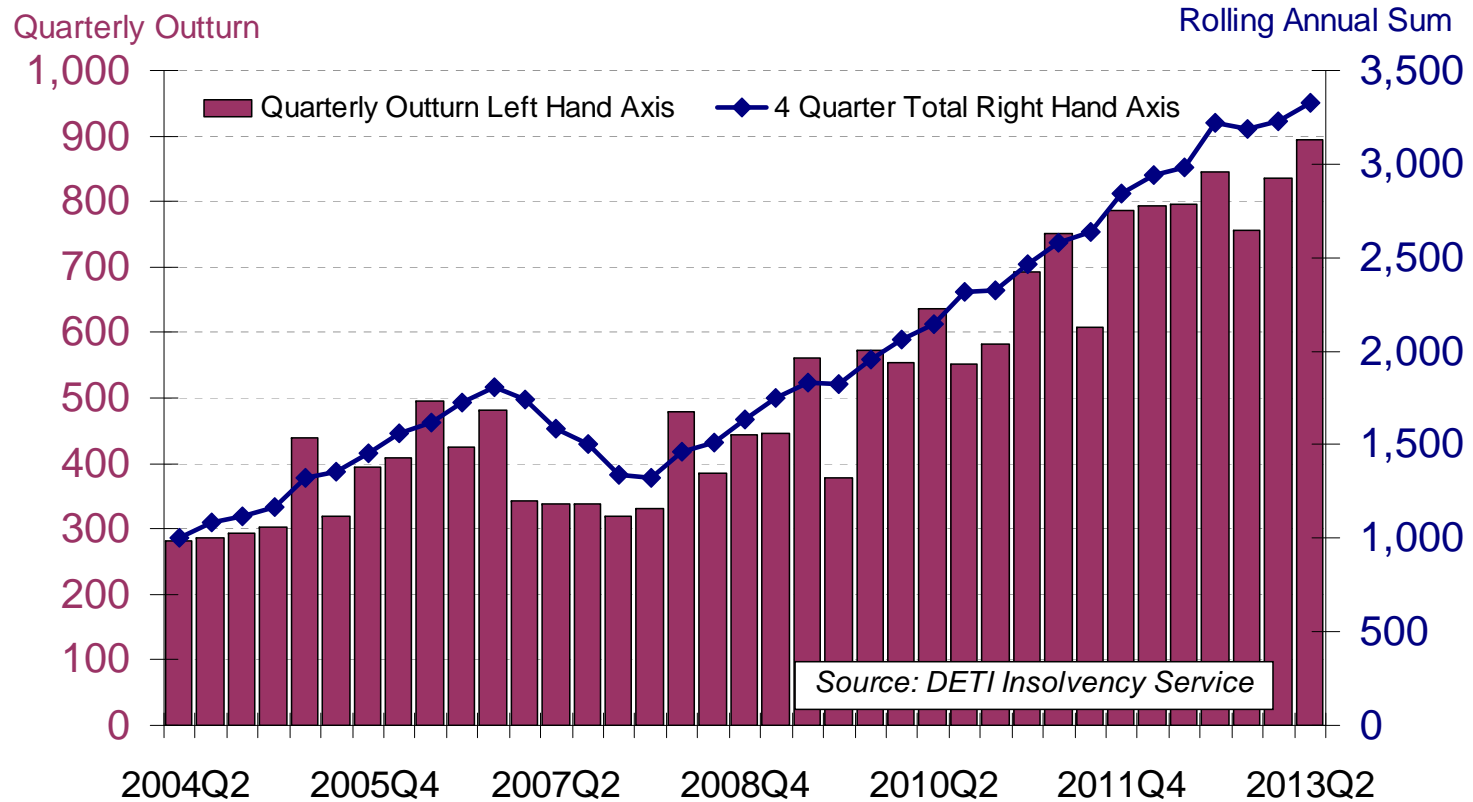
*Source: DETI Insolvency Service, * Last 4 quarters to Q2 2013, **Relative to 4 quarters up to Q3 2007*

Personal or Individual Insolvencies

*Includes: Bankruptcy Orders, Debt Relief
Orders (DROs) and Individual Voluntary
Arrangements (IVAs)*

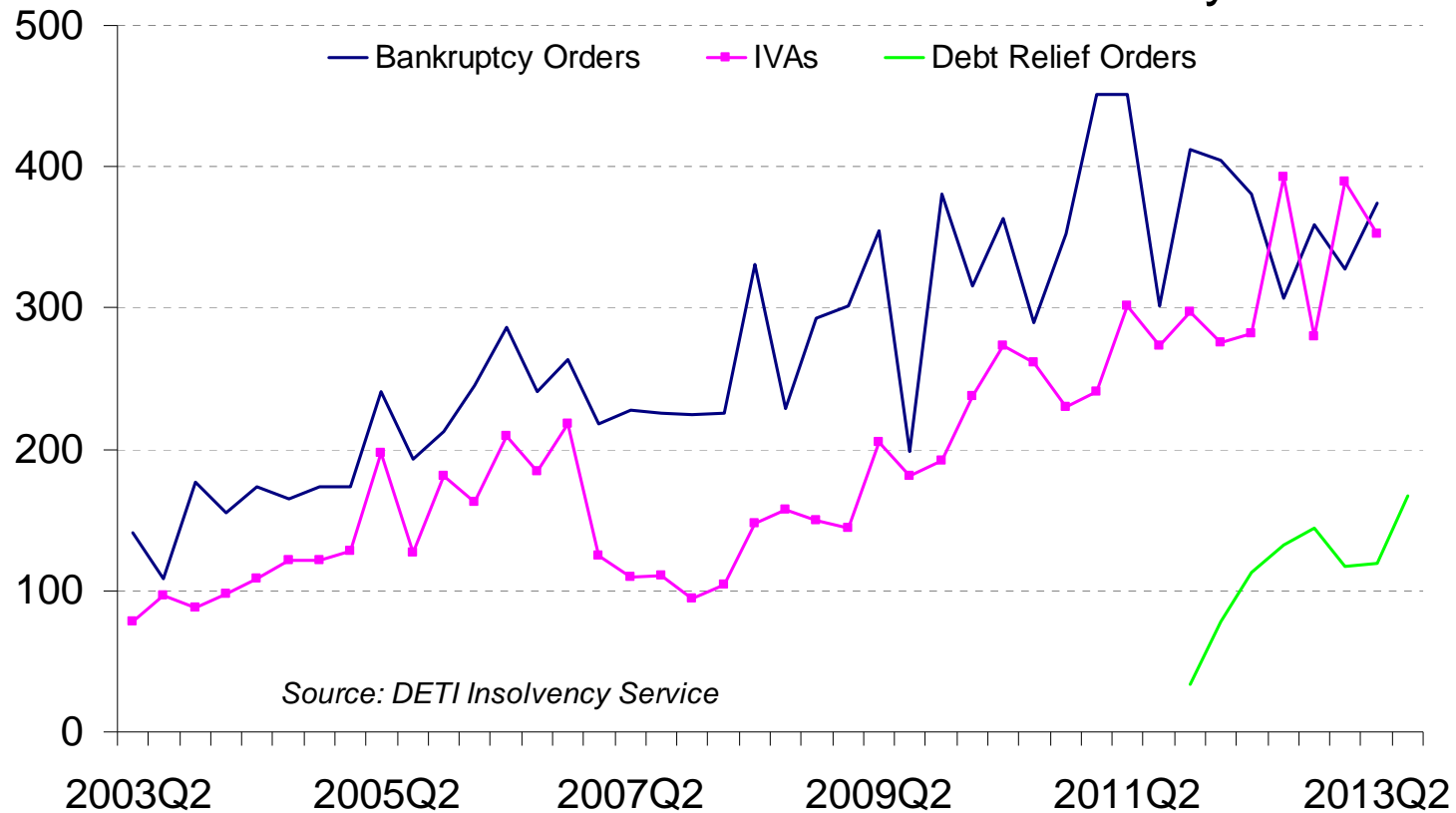
894 individuals became insolvent in Q2 2013 bringing the 4 quarter total to a new high of 3,330

NI Individual Insolvencies



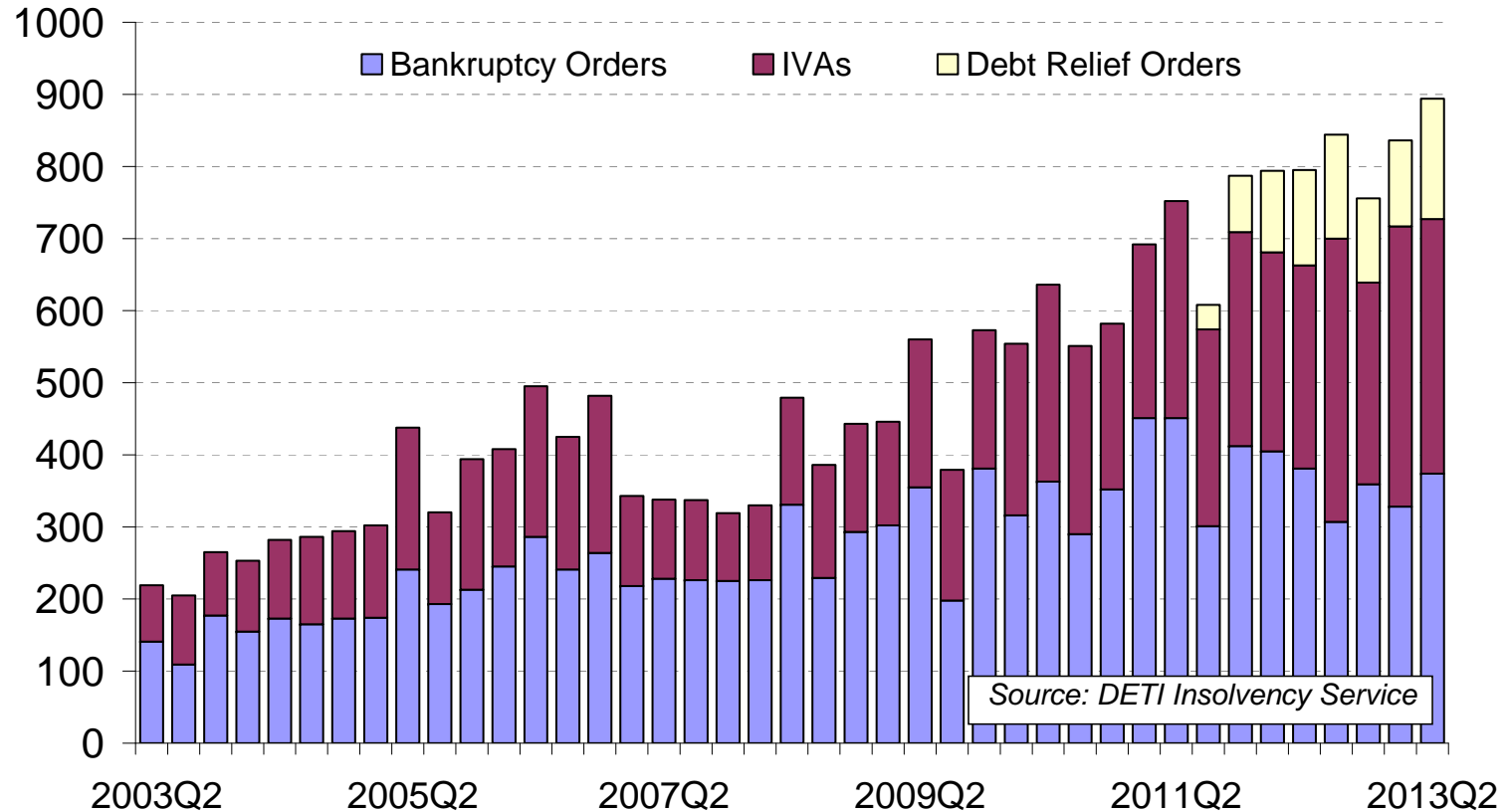
Bankruptcy Orders experience a 14% q/q rise in Q2 whilst IVAs post a fall of 9%

NI Personal Insolvencies - Quarterly

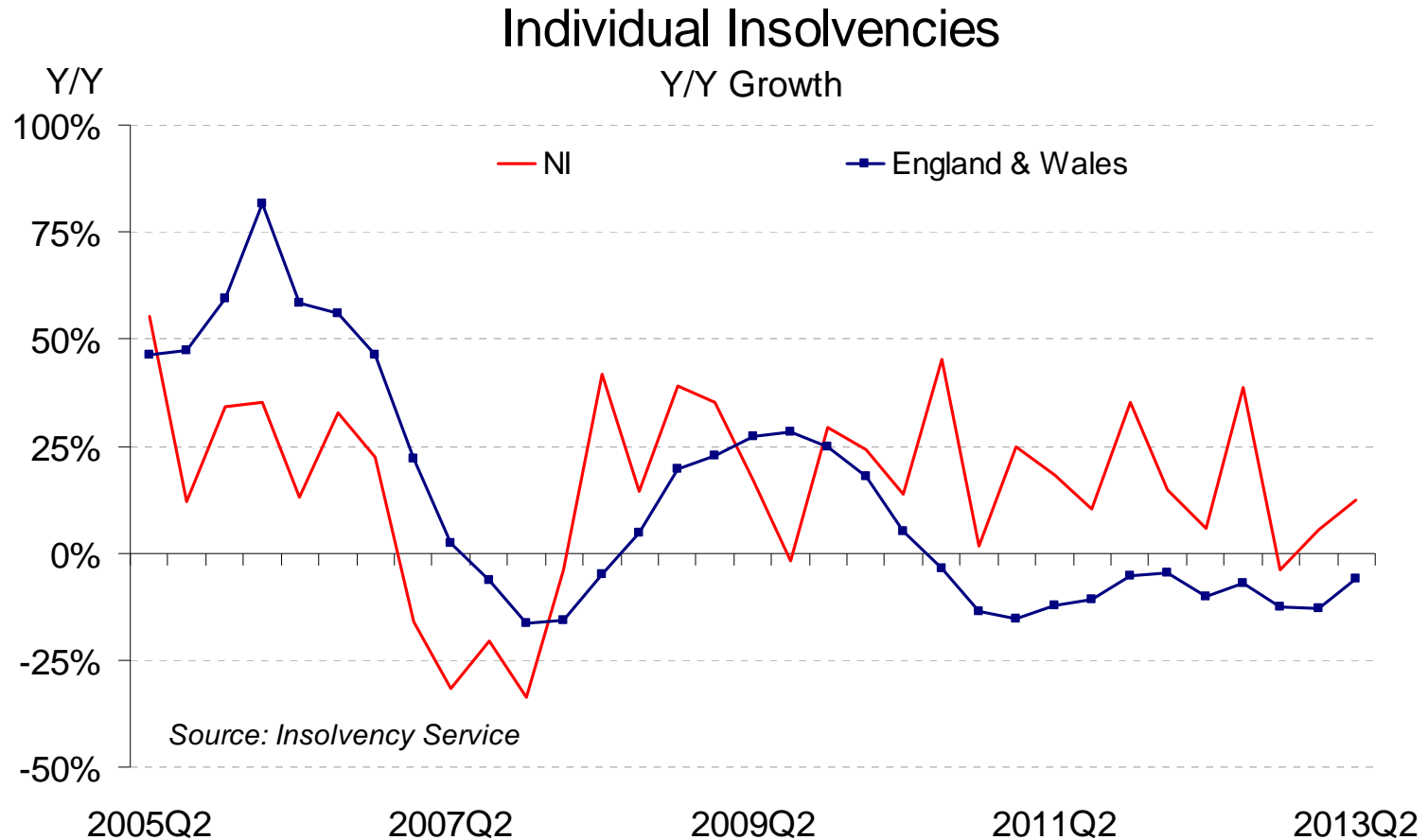


Bankruptcy Orders were the most common form of insolvency in Q2 2013 accounting for 42% of insolvencies

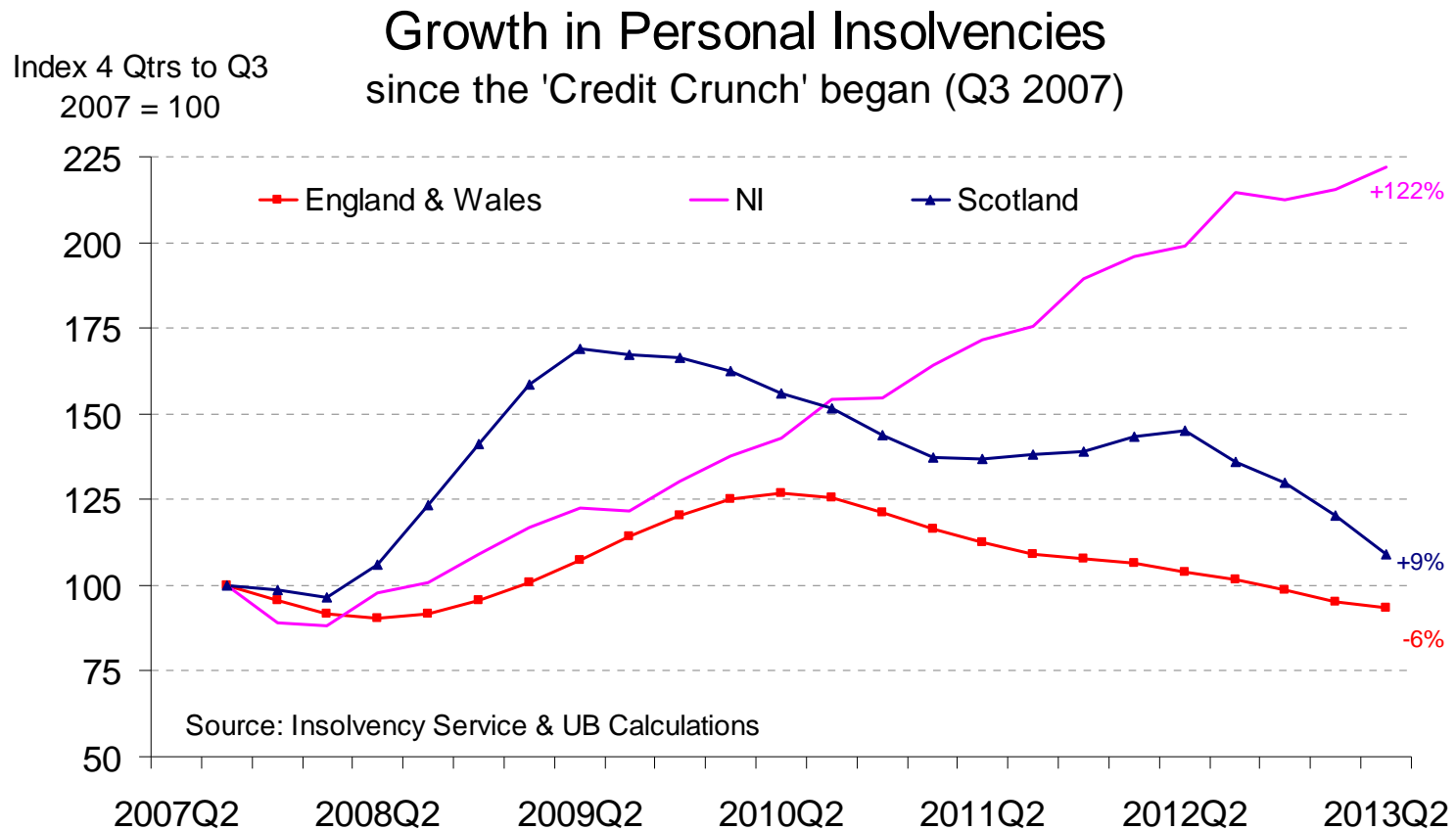
NI Personal Insolvencies



NI's personal insolvencies have been rising (from a lower base) at a faster rate during the downturn than England & Wales

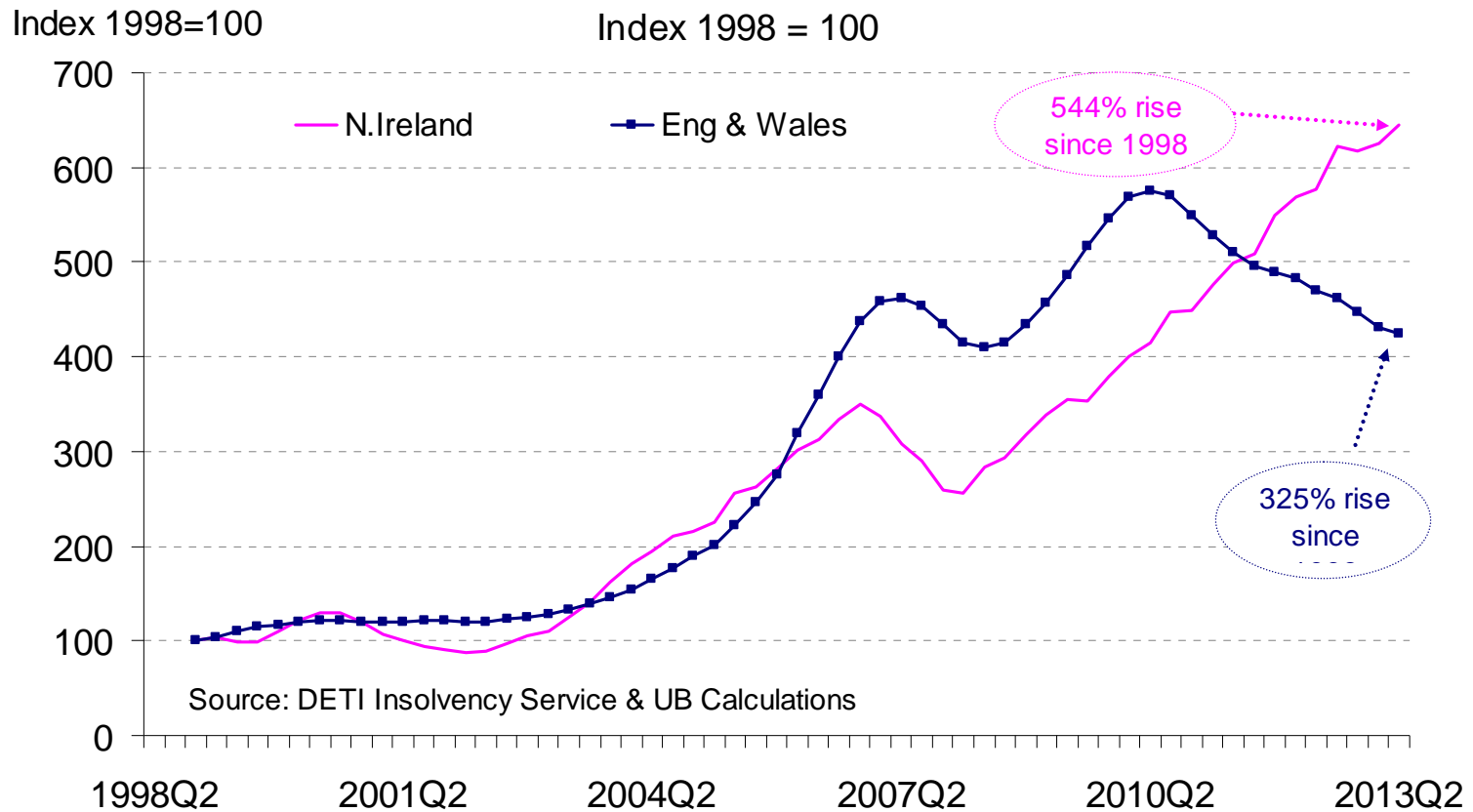


NI's personal insolvencies have risen by 122% since credit crunch began. In England & Wales insolvencies are now lower

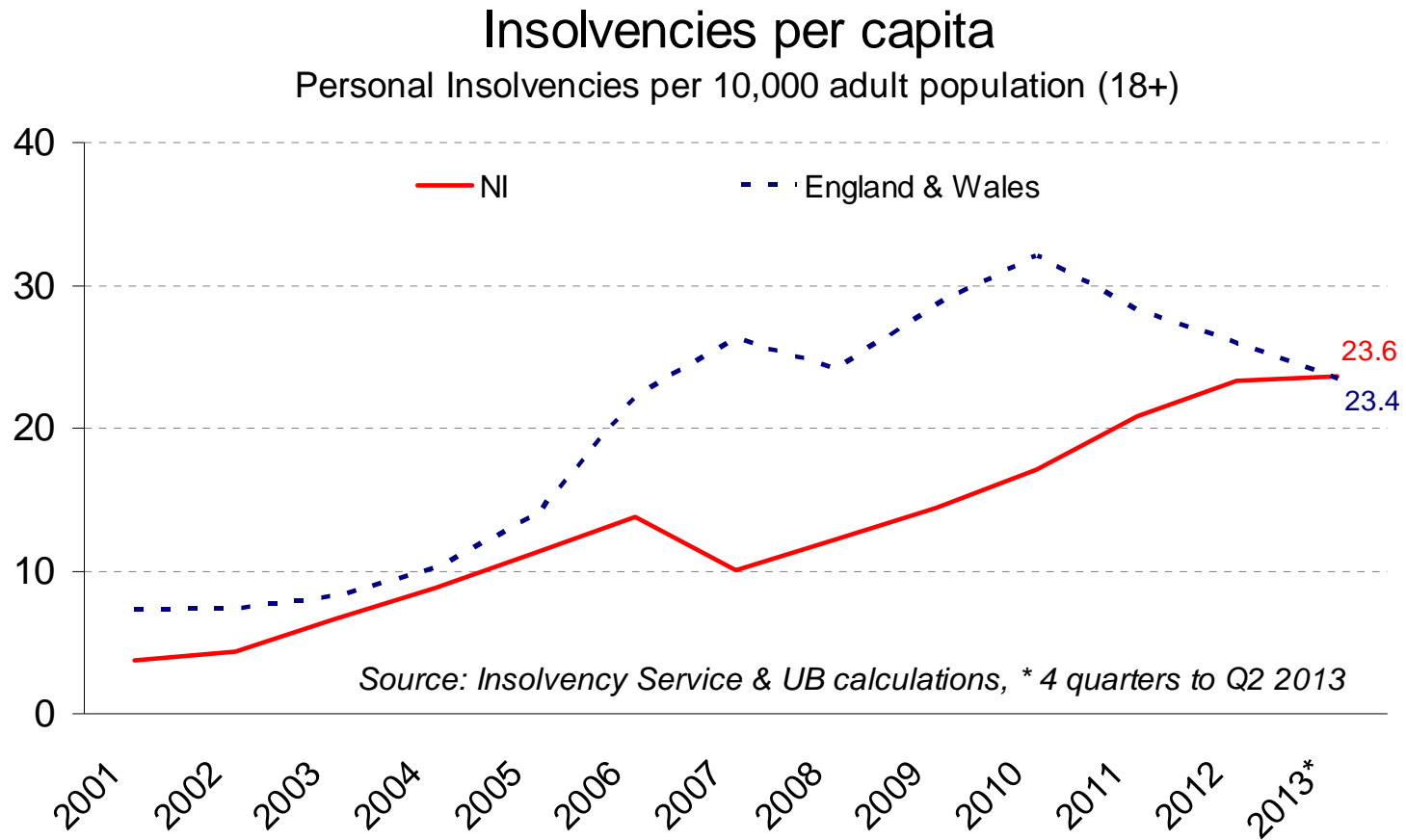


NI's personal insolvencies in Q2 2013 were almost 6.5 times greater than the corresponding quarter back in 1998

Growth in Personal Insolvencies since 1998



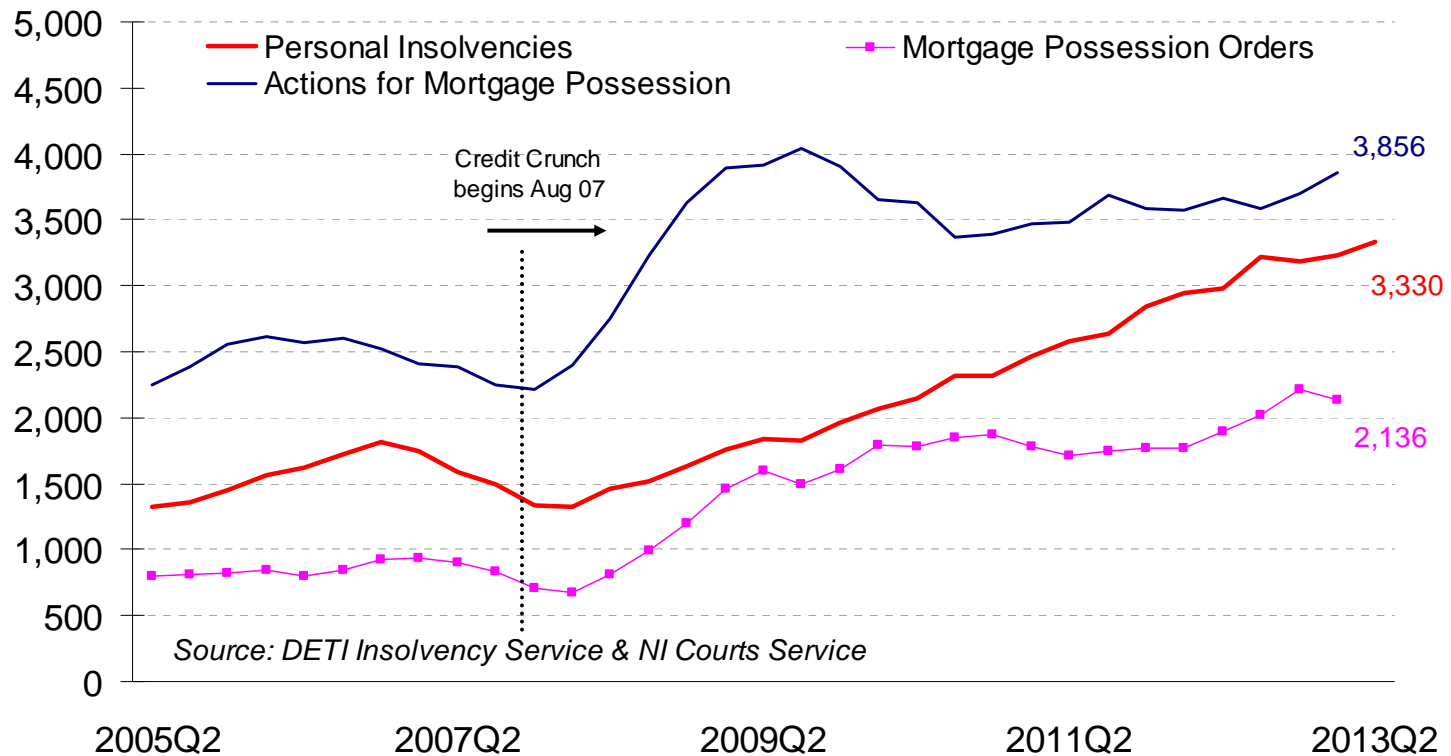
N.Ireland's personal insolvency rate has converged with that of England & Wales



Rise in personal insolvencies is just one sign of consumer stress

NI Consumer Stress

Rolling 4 Quarter Total

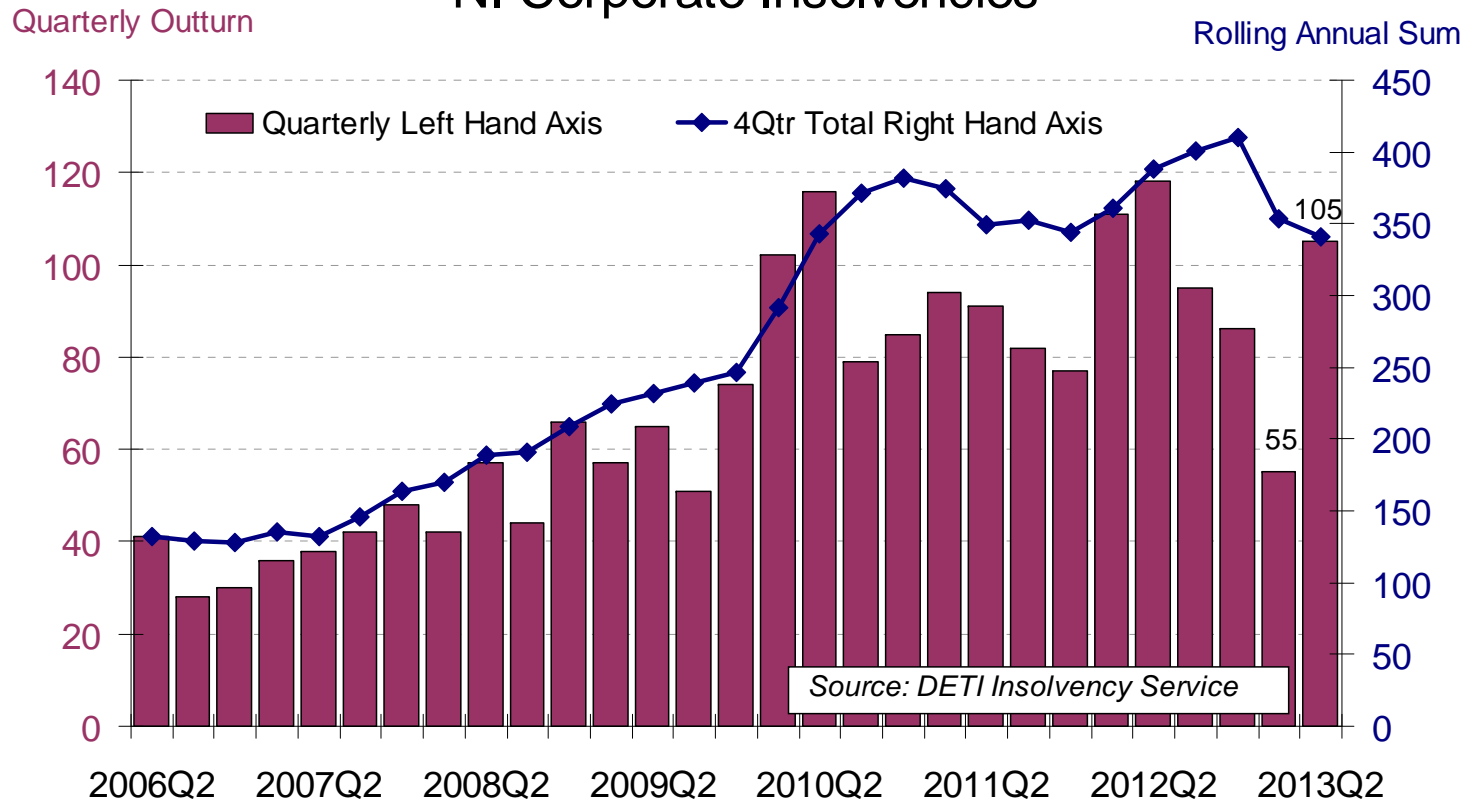


Corporate Insolvencies

*Includes: Compulsory Liquidations and
Creditors' Voluntary Liquidations*

105 local firms became insolvent in Q2 2013, a 91% rise on the Q1 figure

NI Corporate Insolvencies



Some casualties during the consumer downturn



barratts

PAST  TIMES
the perfect present



GAME

La SENZA

REPUBLIC

habitat 

Blacks
THE OUTDOOR EXPERTS



JESSOP'S

The co-operative
travel

WOOLWORTHS

GEOX

Advice for life

TJ HUGHES
Making famous brands affordable

dekko
live work relax

mfi



adams

Xtra-vision

hmv

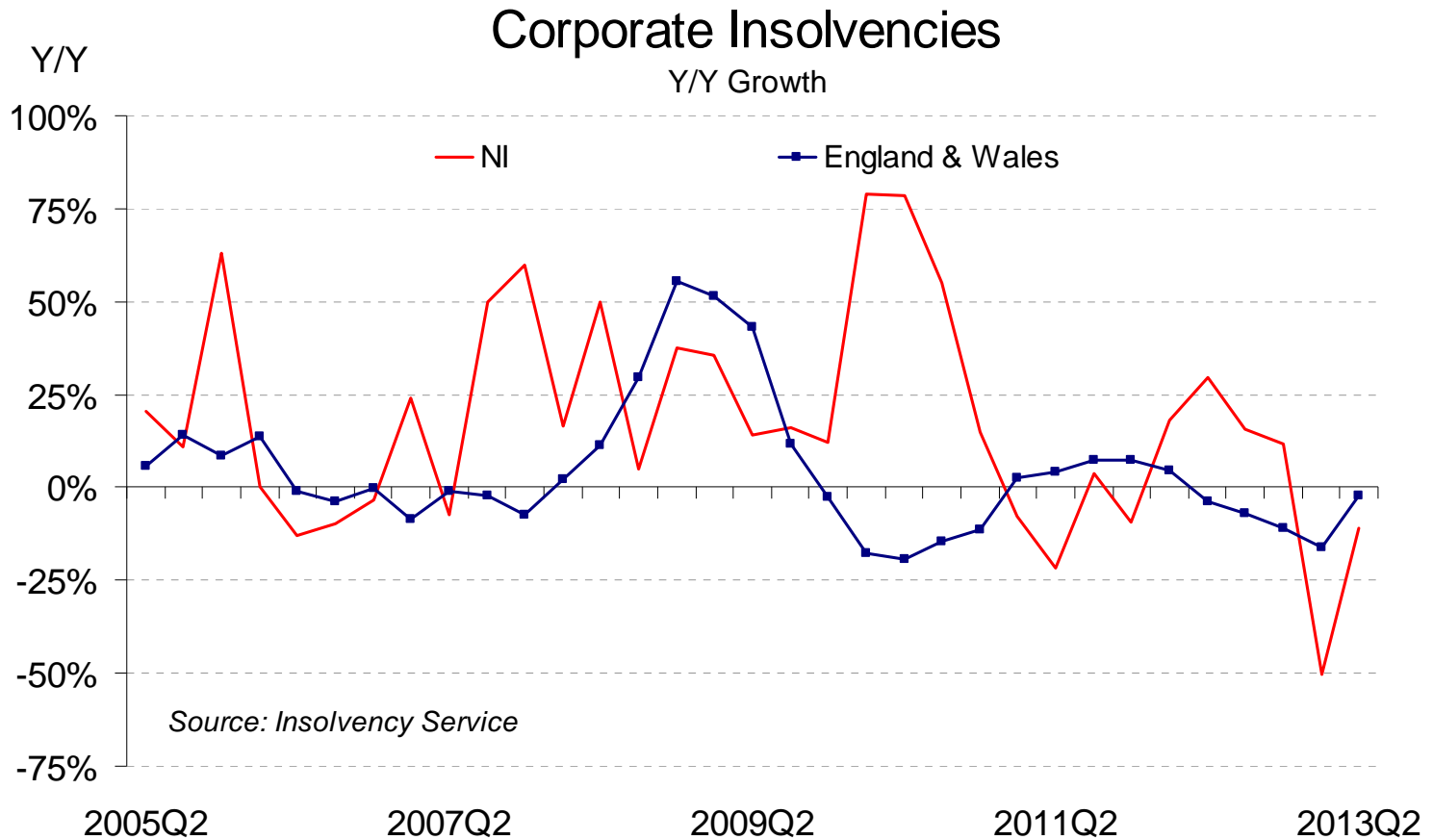
FLOORS-2-GO
THE FLOORING SPECIALIST

fultons

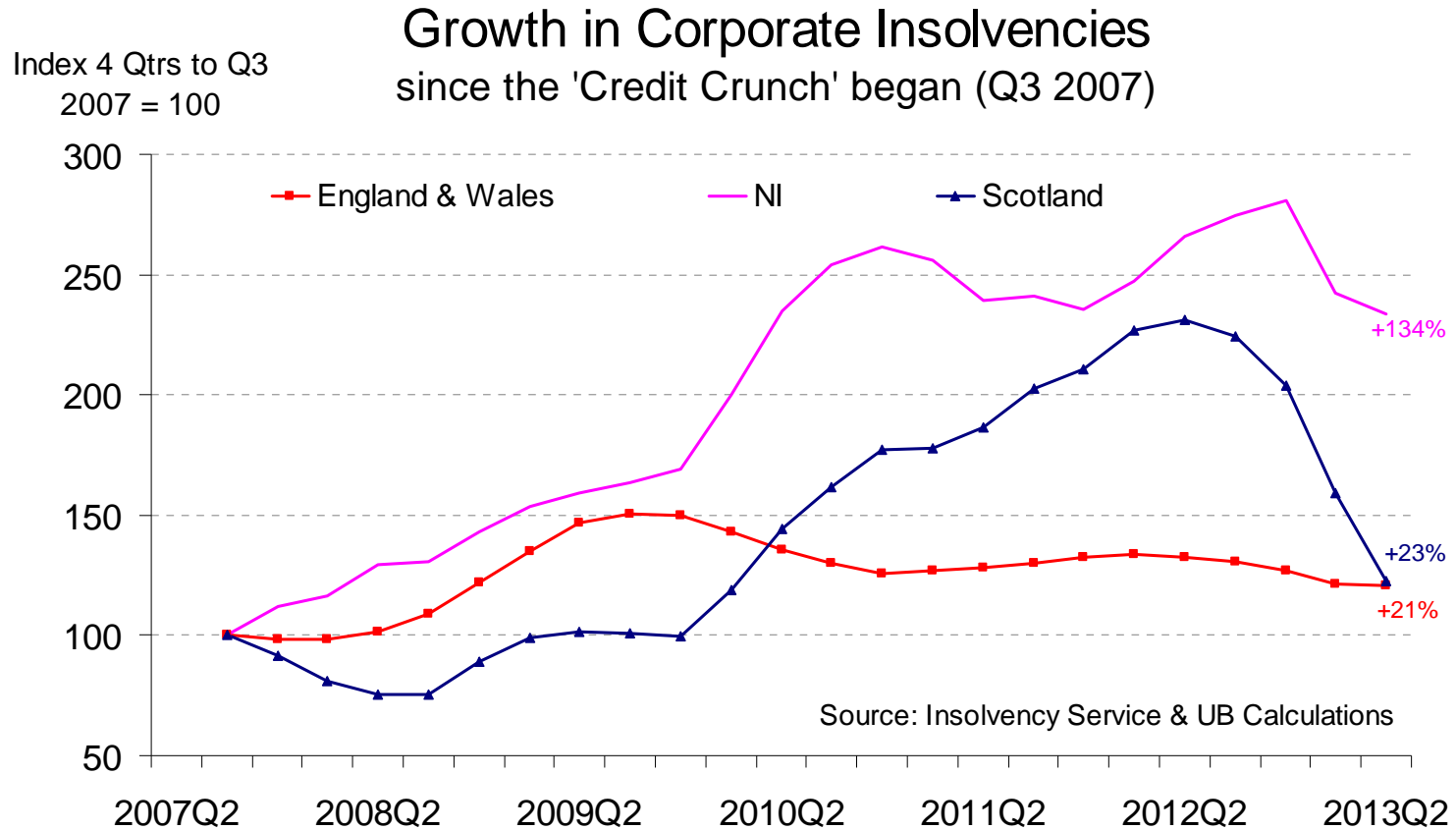
PEACOCKS

zavvi²

N.Ireland's annual growth rate in corporate insolvencies falls by 11% in Q2 2013 versus -2% for England & Wales



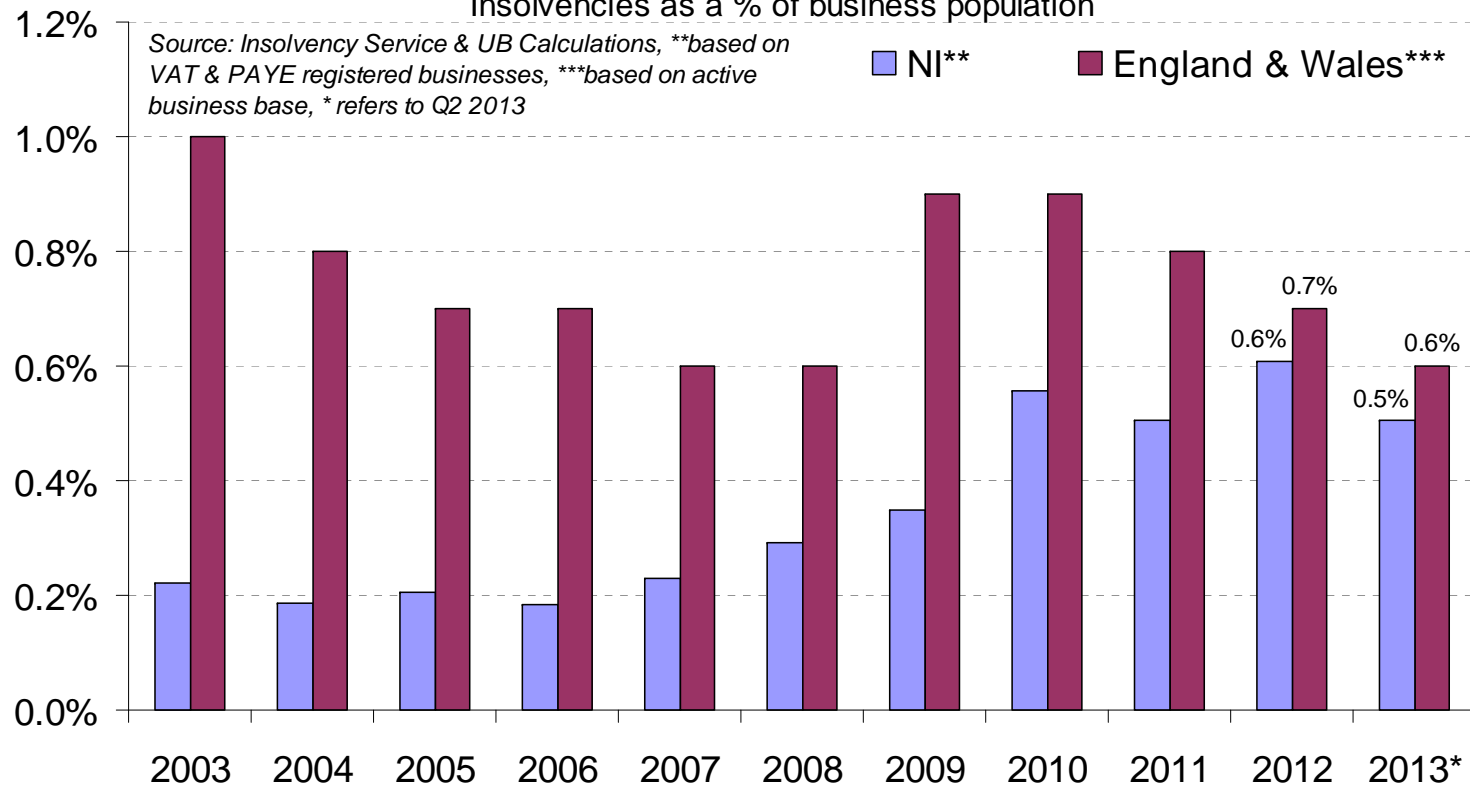
NI corporate insolvencies have risen by almost 6.5 times the rate in England & Wales since credit crunch began



But NI's corporate insolvency ratio remains below that of England & Wales though it is converging

Corporate Insolvency Ratio

Insolvencies as a % of business population



Detailed Table: NI Personal & Corporate Insolvencies

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Source: DETI Insolvency Service, * Relative to 4 quarters up to Q3 2007

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