
Northern Ireland Individual & Corporate Insolvencies

Q1 2013 Update

Issued 8th May 2013

Richard Ramsey

Chief Economist Northern Ireland

richard.ramsey@ulsterbankcm.com

N. Ireland Personal & Corporate Insolvencies Summary

- ❑ In Q1 2013, 836 individuals were declared insolvent in Northern Ireland (NI). This represented an increase of 10.6% q/q and a rise of 5.3% on the same quarter in 2012. Over the last four quarters to Q1 2013 there were 3,231 personal insolvencies within NI. This represents an increase of 10% 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 Q1 2013 (*4 quarter period*), the number of personal insolvencies in NI was more than double (+115%) that which prevailed prior to the start of the credit crunch (Q3 2007). This compares with an increase of 20% for Scotland with the number of insolvencies in England & Wales in 2012 almost 5% **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 slightly lower in NI than in England & Wales. Individual insolvencies per capita (> 18 years) are 23.6 per 10,000 of adult population relative to 23.9 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 22 quarters since the credit crunch began in Q3 2007 there have been 13,102 personal insolvencies and 1,695 corporate insolvencies in NI. This compares with 6,652 personal insolvencies and 723 corporate insolvencies in the 22 quarter period preceding the start of the credit crunch.
- ❑ In Q1 2013, there were 55 company liquidations in NI. This represented a 36% q/q fall relative to Q4 2012 and represented the lowest quarterly outturn since Q3 2009. The Q1 2013 outturn was also 51% below the corresponding quarter in Q1 2012. Looking over the year to Q1 2013 (*4 quarter period*) there were 354 corporate insolvencies which represented a significant fall on 2012's record high of 410 insolvencies. Whilst NI's corporate insolvencies have increased by 6.5 times the percentage increase in England & Wales during the credit crunch, NI's corporate insolvency rate (0.5%) is still below that of Scotland (0.6%) and England & Wales (0.7%).

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
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
2013*	3,231	1,375	1,344	512	354	210	144
2013 Q1 Q/Q % Change	10.6%	-8.6%	38.9%	1.7%	-36.0%	-37.5%	-34.2%
2013 Q1 Y/Y % Change	5.3%	-19.0%	40.9%	5.3%	-50.5%	-58.3%	-35.9%
Last 4 quarters Y/Y % Change	9.9%	-12.4%	17.2%	...	-1.9%	-4.1%	1.4%
% rise since credit crunch began**	115.3%	46.7%	138.3%	...	142.5%	98.1%	260.0%

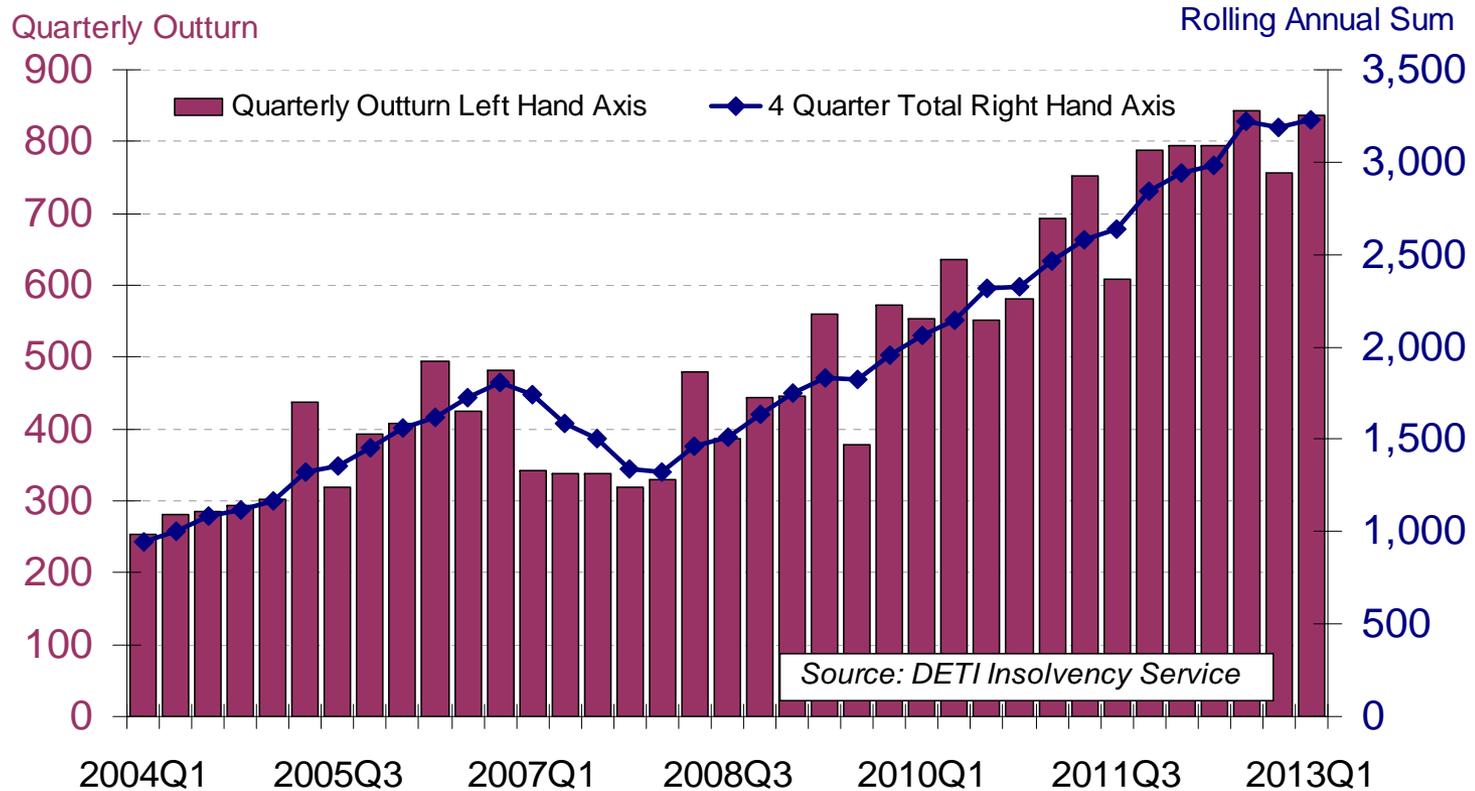
Source: DETI Insolvency Service, * Last 4 quarters to Q1 2013, **Relative to 4 quarters up to Q3 2007

Personal or Individual Insolvencies

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

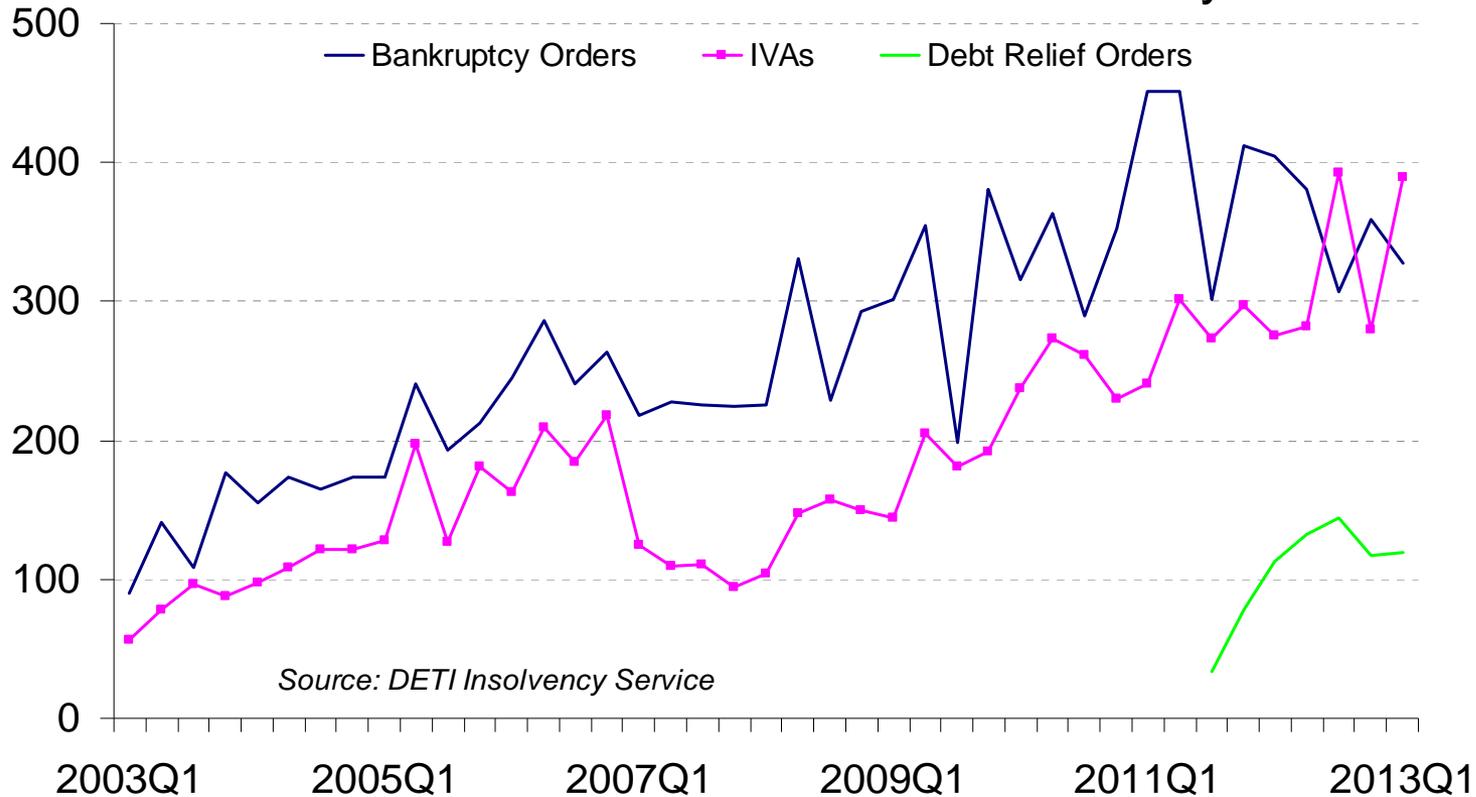
836 individuals became insolvent in Q1 2013 bringing the 4 quarter total to a new high of 3,231

NI Individual Insolvencies



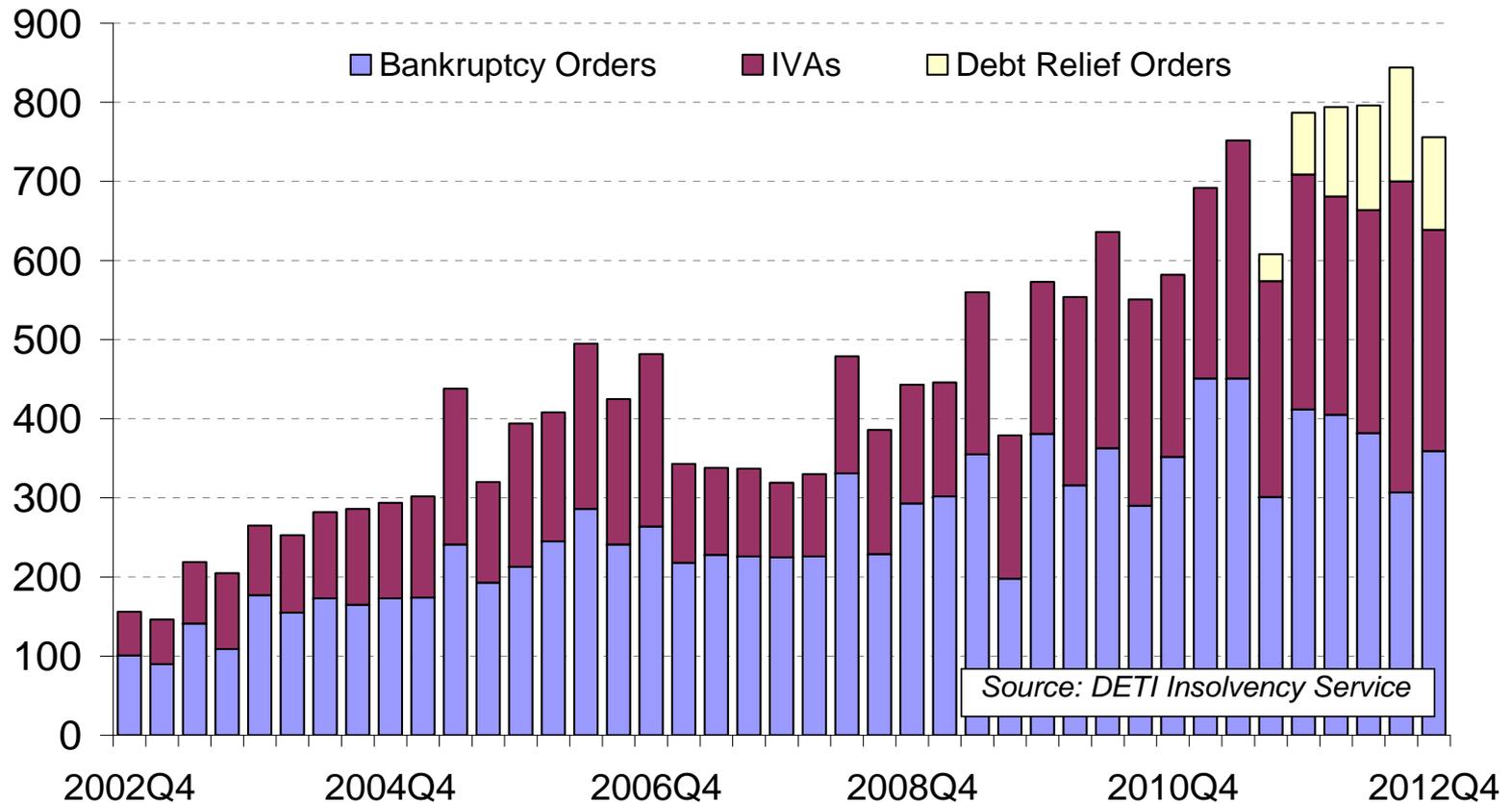
Bankruptcy Orders experience a 9% q/q fall in Q1 whilst IVAs post a rise of 2%

NI Personal Insolvencies - Quarterly

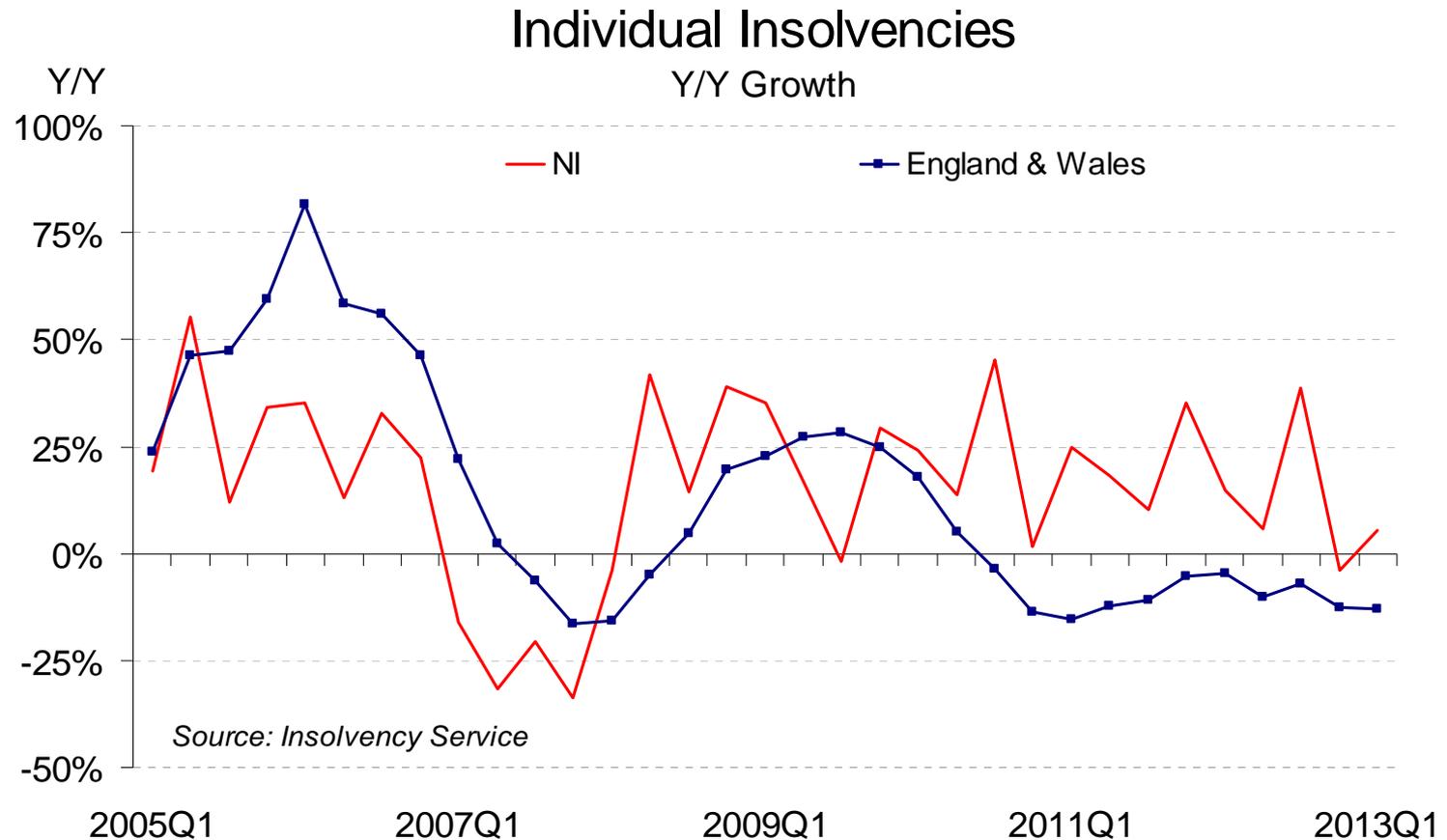


IVAs were the most common form of insolvency in Q1 2013 & accounted for 47% of insolvencies

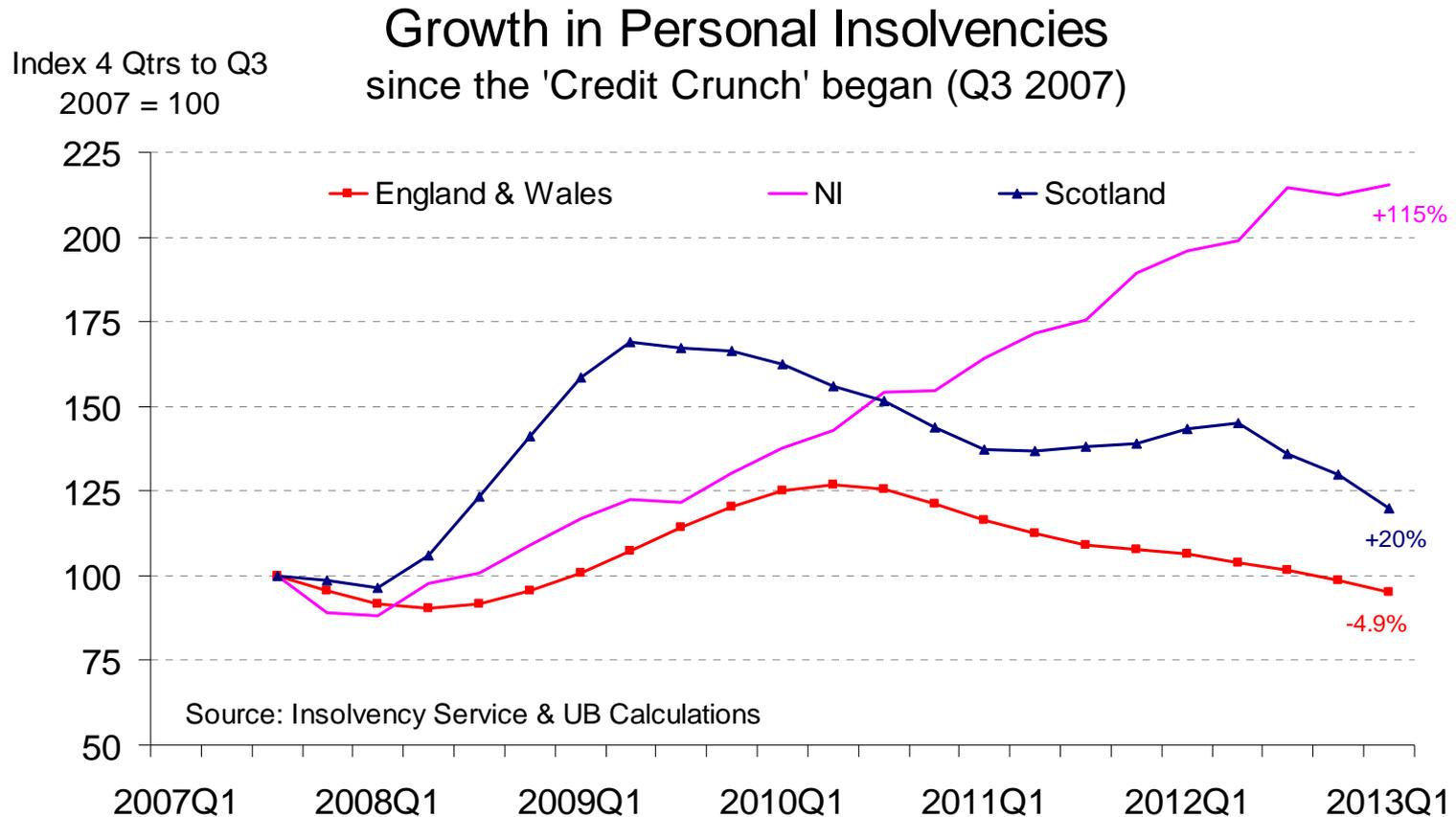
NI Personal Insolvencies



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

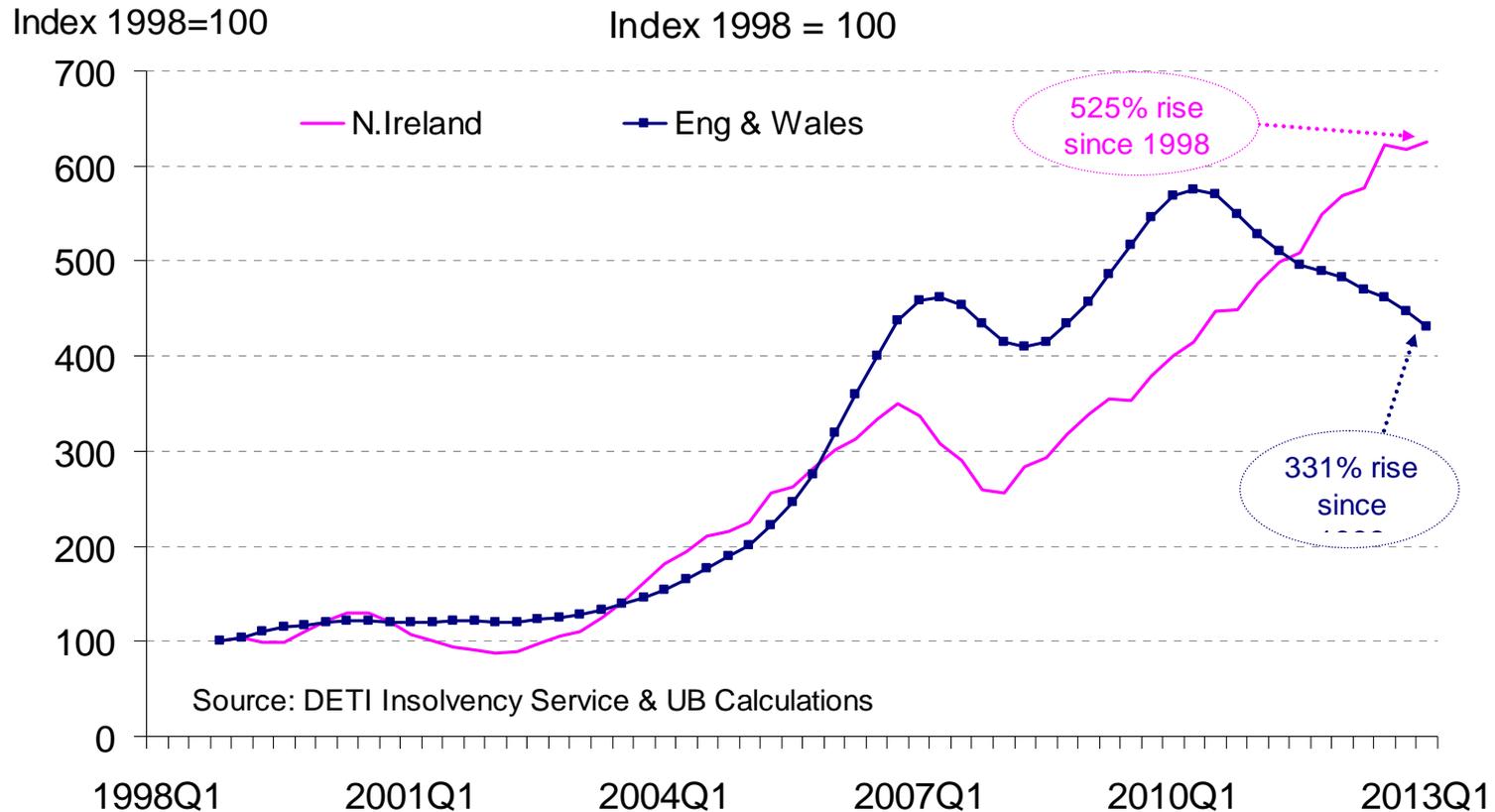


NI's personal insolvencies have more than doubled in 5.5yrs whereas England & Wales are back below 2007 levels

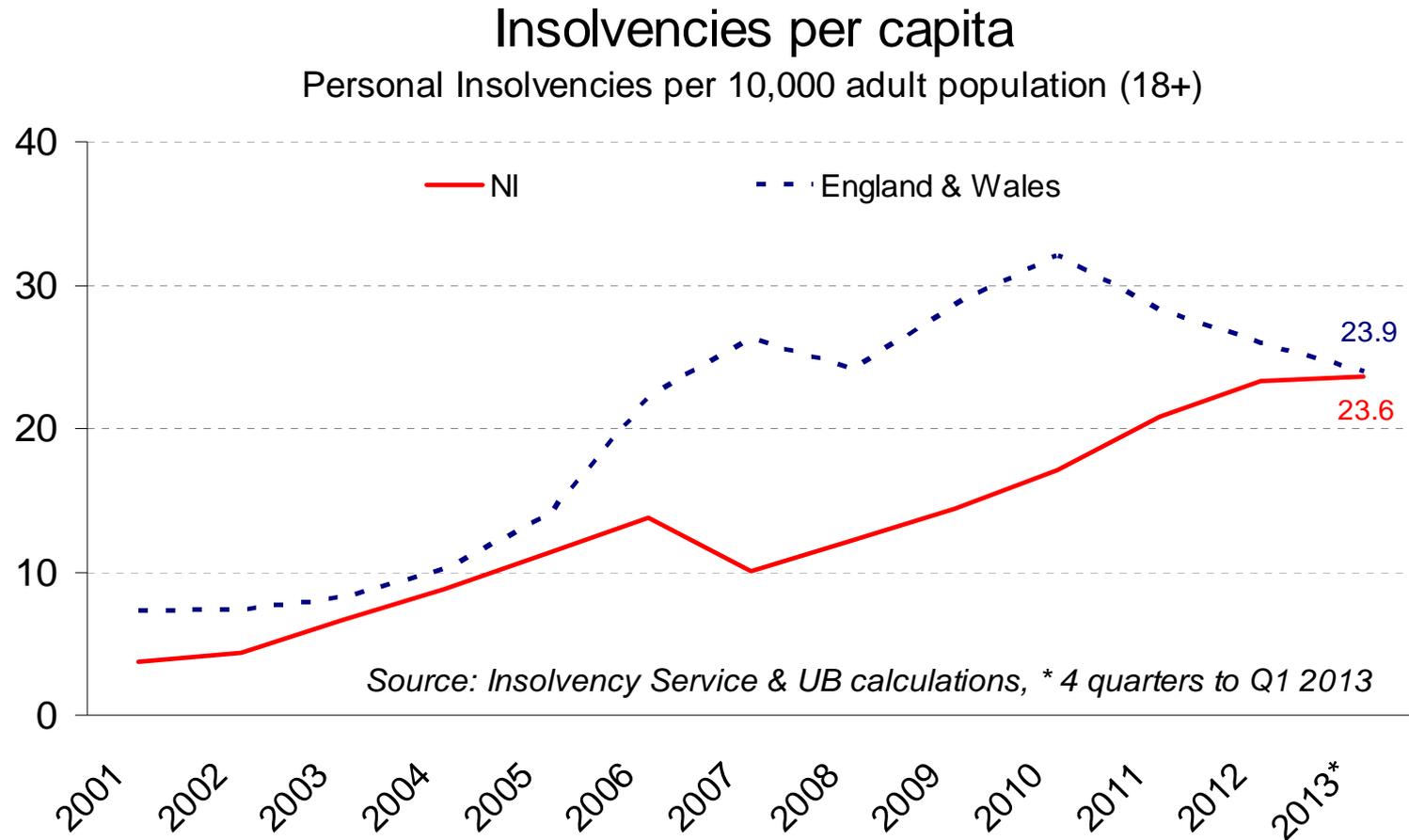


NI's personal insolvencies in Q1 2013 were almost 6.5 times greater than the corresponding quarter back in 1998

Growth in Personal Insolvencies since 1998



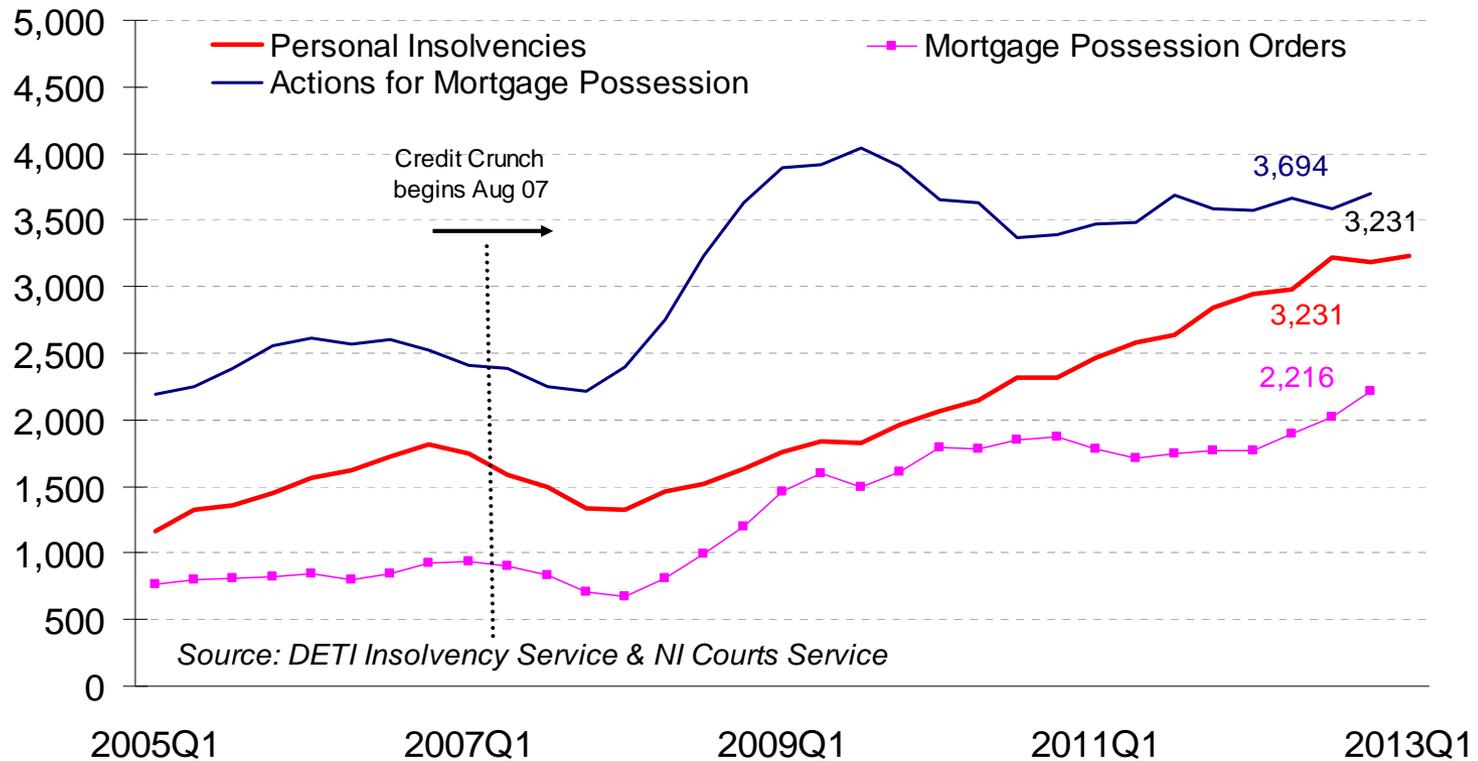
N.Ireland's personal insolvency rate has converged with that of England & Wales



Rise in personal insolvencies is just one sign of consumer stress

NI Consumer Stress

Rolling 4 Quarter Total

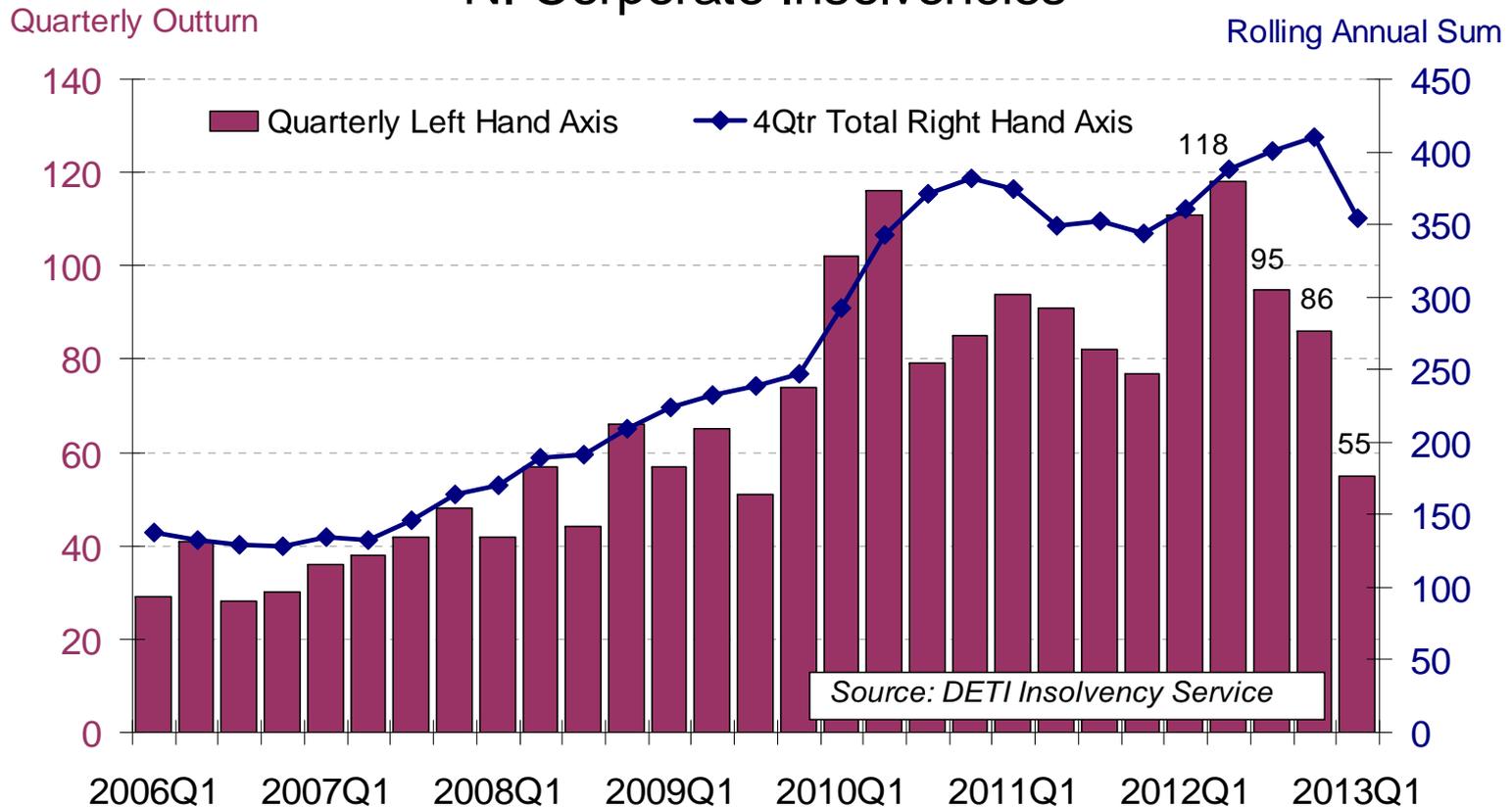


Corporate Insolvencies

*Includes: Compulsory Liquidations and
Creditors' Voluntary Liquidations*

55 local firms became insolvent in Q1, a 36% drop below the Q4 figure and the lowest outturn since Q3 2009

NI Corporate Insolvencies



Some casualties during the consumer downturn

Clinton
CARDS

barratts

PAST  TIMES
the perfect present

Thomas
Cook

GAME

La SENZA

REPUBLIC

habitat 

Blacks
THE OUTDOOR EXPERTS

JJB
SPORTS

Laser
direct

d₂

JESSOPS

Advice for life

The co-operative
travel

WOOLWORTHS

GEOX

TJ HUGHES
Making famous brands affordable

dekko
live work relax

mfi

Tiso
The Outdoor Specialist

adams

Xtra-vision

hmv

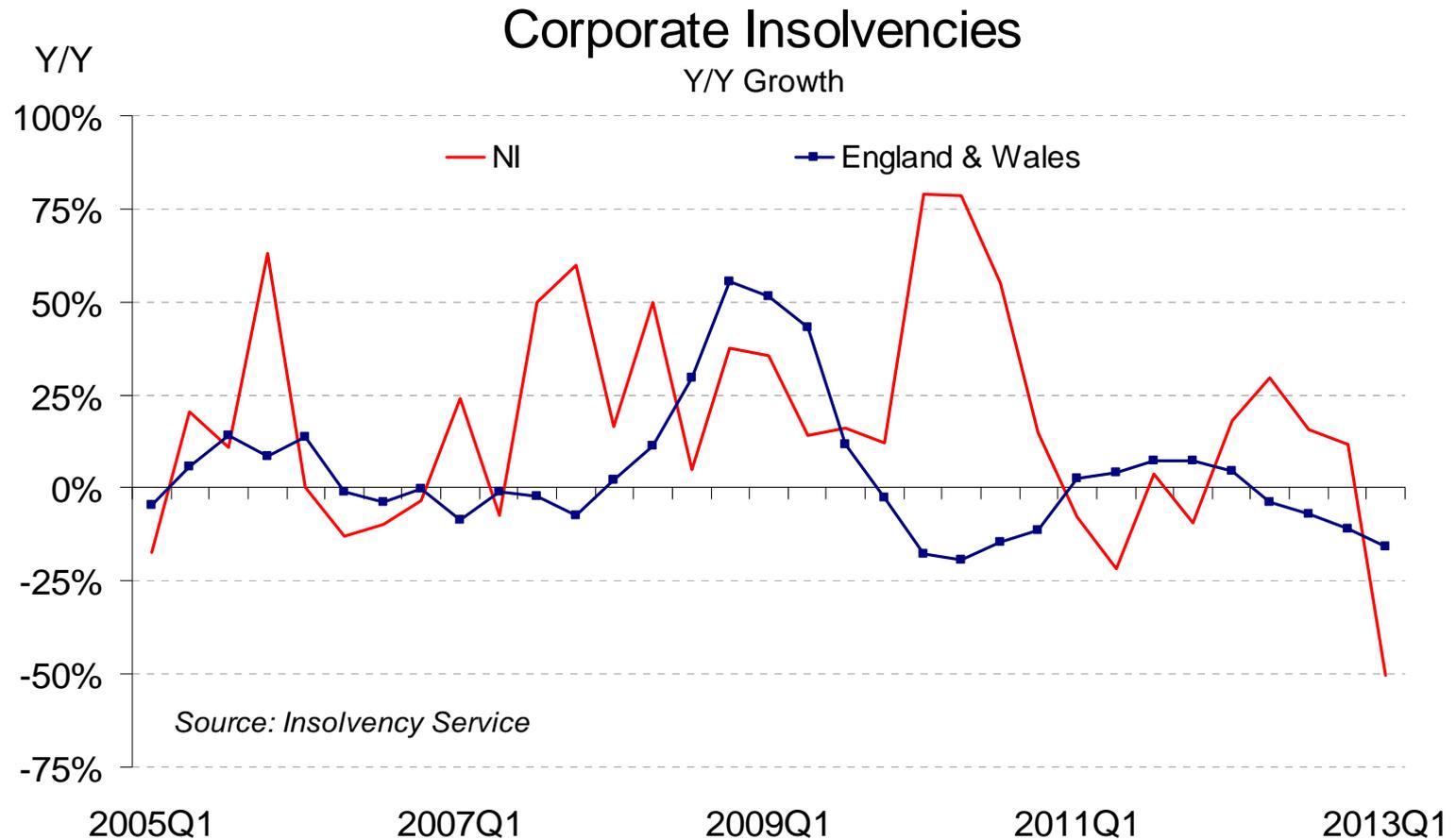
FLOORS-2-GO
THE FLOORING SPECIALIST

fultons

PEACOCKS

zavvi²

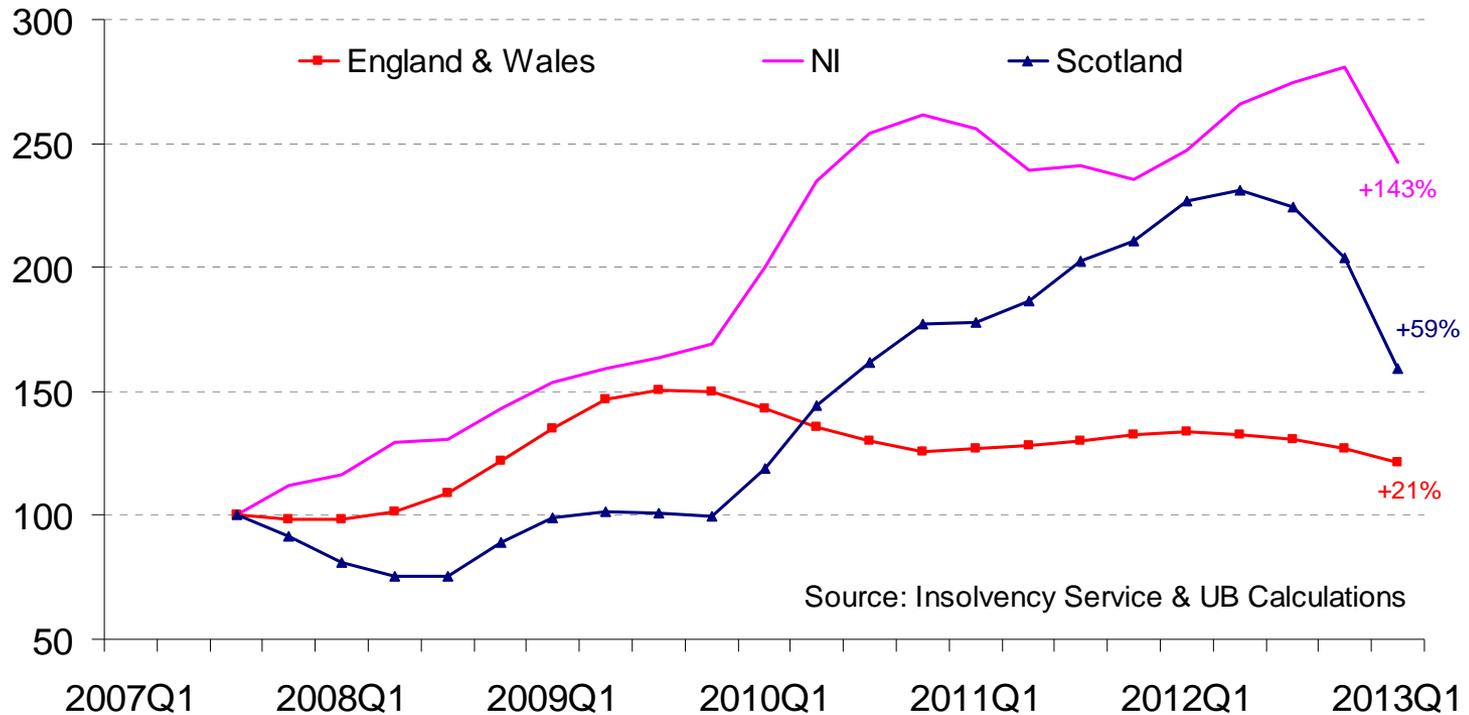
N.Ireland's annual growth rate in corporate insolvencies plunges 50% in Q1 2013 versus -16% for England & Wales



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

Growth in Corporate Insolvencies since the 'Credit Crunch' began (Q3 2007)

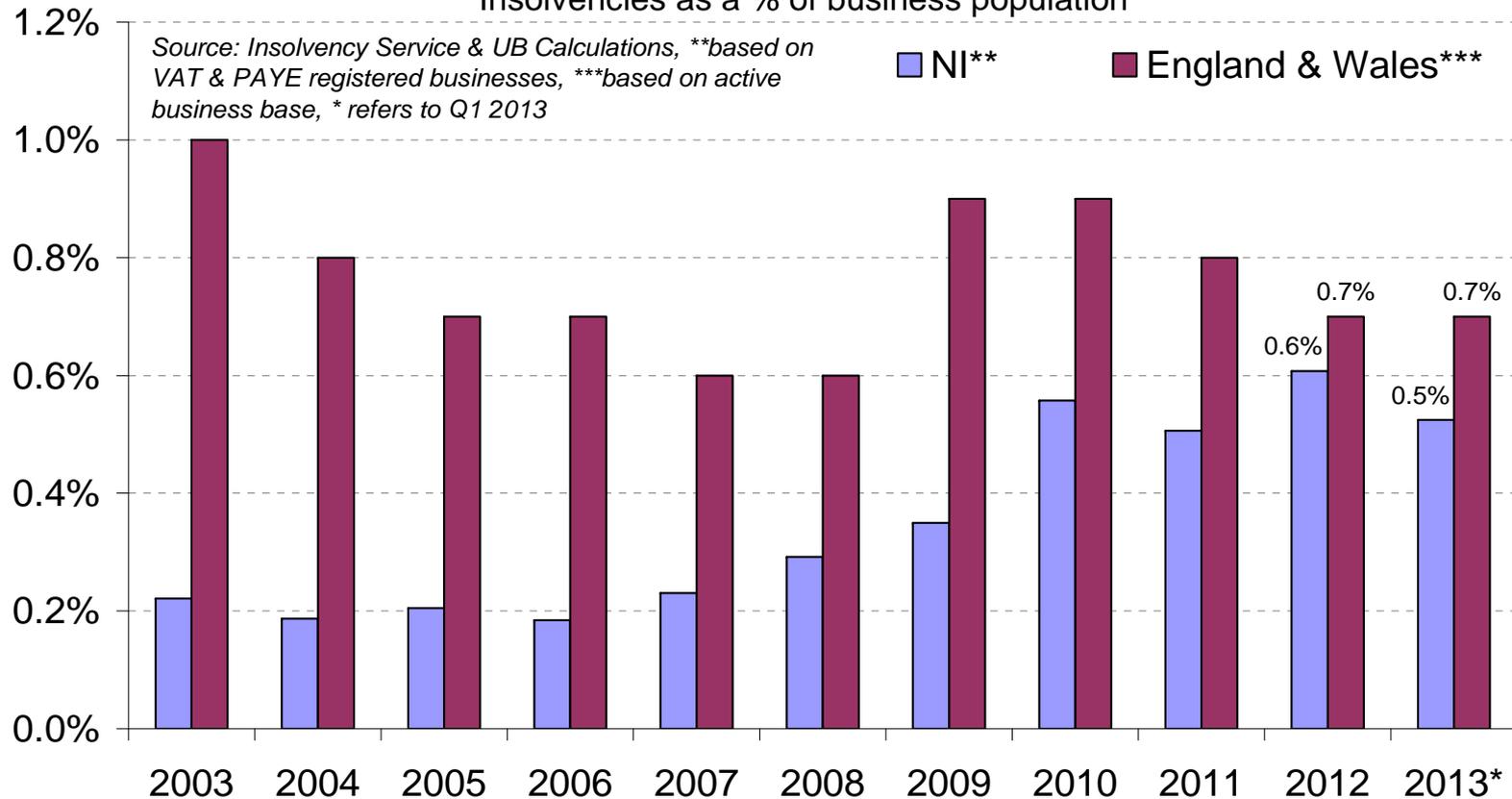
Index 4 Qtrs to Q3
2007 = 100



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

	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
2012 Q1	794	405	276	113	111	72	39
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
Latest Quarter Q/Q % Change	10.6%	-8.6%	38.9%	1.7%	-36.0%	-37.5%	-34.2%
Latest Quarter Y/Y % Change	5.3%	-19.0%	40.9%	5.3%	-50.5%	-58.3%	-35.9%
Last 4 quarters Y/Y % Change	9.9%	-12.4%	17.2%	...	-1.9%	-4.1%	1.4%
% rise since credit crunch began*	115.3%	46.7%	138.3%	...	142.5%	98.1%	260.0%

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

Disclaimer

This document is issued for information purposes only for clients of Ulster Bank Group who are eligible counterparties or professional customers, and does not constitute an offer or invitation to purchase or sell any instrument or to provide any service in any jurisdiction where the required authorisation is not held. Ulster Bank and/or its associates and/or its employees may have a position or engage in transactions in any of the instruments mentioned.

The information including any opinions expressed and the pricing given, is indicative, and constitute our judgement at time of publication and are subject to change without notice. The information contained herein should not be construed as advice, and is not intended to be construed as such. This publication provides only a brief review of the complex issues discussed and readers should not rely on information contained here without seeking specific advice on matters that concern them. Ulster Bank make no representations or warranties with respect to the information and disclaim all liability for use the recipient or their advisors make of the information. Over-the-counter (OTC) derivatives can involve a number of significant and complex risks which are dependent on the terms of the particular transaction and your circumstances. In the event the market has moved against the transaction you have undertaken, you may incur substantial costs if you wish to close out your position.

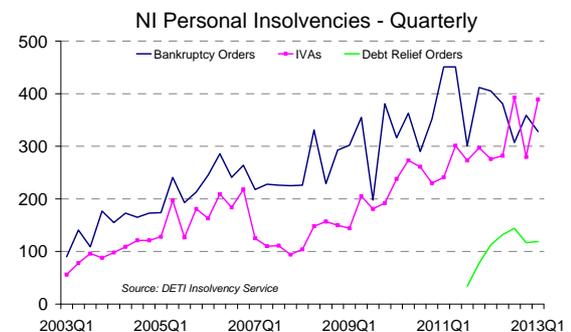
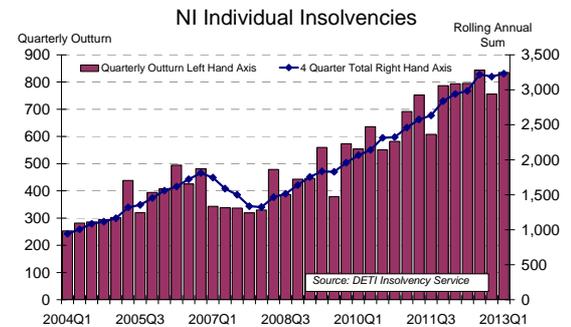
Ulster Bank Limited Registered Number R733 Northern Ireland. Registered Office 11-16 Donegal Square East, Belfast, BT1 5UB. Authorised and regulated by the Financial Services Authority. Member of The Royal Bank of Scotland Group.

Ulster Bank Ireland Limited, a private company limited by shares, trading as Ulster Bank, Ulster Bank Group and Bank Uladh. Registered No. 25766. Registered Office Ulster Bank Group Centre, George's Quay, Dublin 2. Ulster Bank Ireland Limited is regulated by the Central Bank of Ireland. Member of The Royal Bank of Scotland Group.

Calls may be recorded.

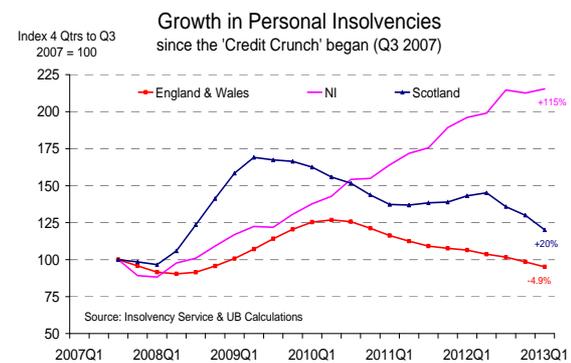
Individual insolvencies still rising following 2012's record high

The Q1 2013 personal and corporate insolvency figures for Northern Ireland (NI) were released on 3 May 2013. 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 in Q1 2013 with 3,231 insolvencies recorded over the last four quarters. In the latest quarter, 836 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 Q1 outturn represented a quarterly rise of 10.6% and was 5.3% above the corresponding figure in Q1 2012. The latest quarterly increase was driven by a 39% rise (+109) in IVAs in Q1 2013; conversely, the number of bankruptcy orders fell by almost 9% (-31). It is noted that the latest four quarter outturn (to Q1 2013) is more than double (+115%) the four quarter period that pre-dates the credit crunch. In the 22 quarters since the credit crunch began in Q3 2007 there have been 13,102 personal insolvencies in NI. This compares with 6,652 personal insolvencies in the 22 quarter period preceding the start of the credit crunch.



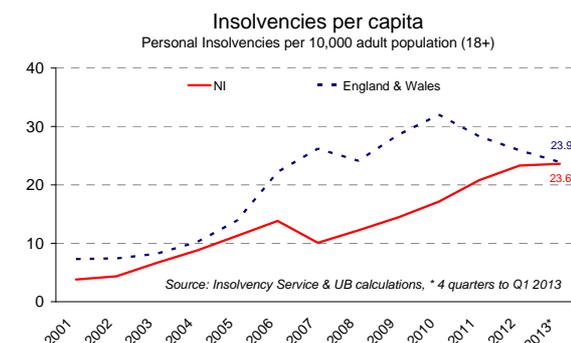
Individual insolvencies still falling in Great Britain

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 Q1 2013, it is noted that personal insolvencies in E&W decreased by almost 2% q/q and were 13% below the corresponding quarter in 2012. Since the Q1 2010 peak, personal insolvencies have fallen by 30%. Meanwhile, the total number of insolvencies over the latest four quarter period is almost 5% **below** its pre-credit crunch level (Q4 2006 to Q3 2007). Scotland's personal insolvencies in Q1 2013 were 29% lower than Q1 2012. In addition, insolvencies in Scotland remain 20% above their pre-credit crunch level.



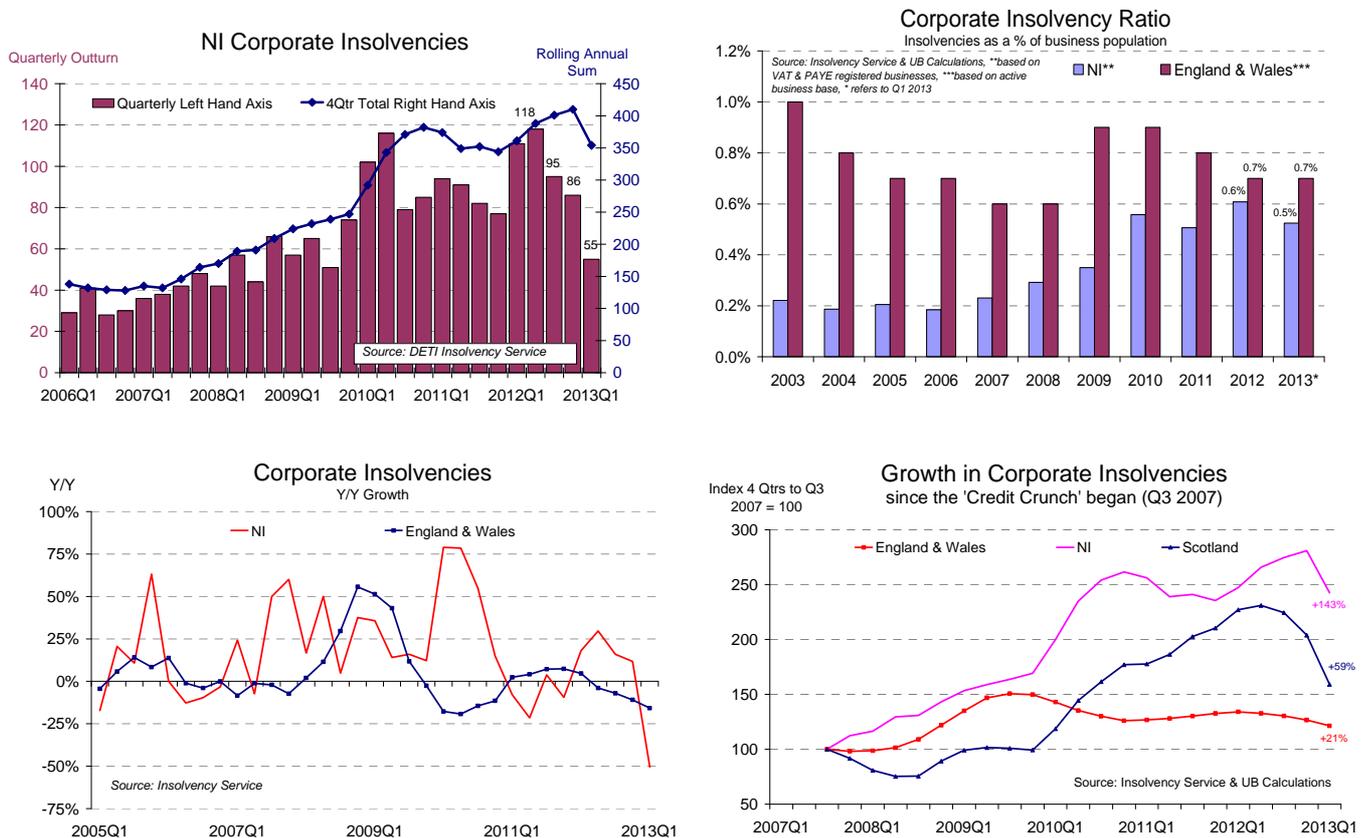
NI individual insolvency rate gap with England & Wales has closed

Despite the sharper rises in NI's insolvency figures, the incidence of personal insolvency remains marginally lower in NI than in E&W. Individual insolvencies per capita (> 18 years) are 23.6 per 10,000 of adult population relative to 23.9 for E&W. Despite this current favourable position, the debt overhang and more intense squeeze on local household finances should see a further closing (and reversal) in the NI and E&W insolvency rate gap in the years ahead. It is noted that 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 fall by over one third in Q1 2013 to a 14 quarter low

In Q1 2013 there were 55 company liquidations (or corporate insolvencies) in NI, which represents a quarterly fall of 36% and a 51% y/y decline relative to Q1 2012. Furthermore, the Q1 2013 outturn represents the lowest quarterly figure since Q3 2009. Last year was a record year for corporate insolvencies in Northern Ireland with 410 in total. The steep decline in Q1 2013 means that the latest four quarter corporate insolvency total has fallen to 354. The latter is 143% above the level that prevailed before the credit crunch began (146). Meanwhile, corporate insolvencies in England & Wales posted a marginal 0.3% quarterly decline in Q1 2013 and were 18% below the same quarter in 2012. Corporate insolvencies peaked in 2009 for England & Wales with the latest four quarter period to Q1 2013 19% below this recent high. Furthermore, corporate insolvencies within England and 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 during the last two quarters. In Q1 2013, the number of corporate insolvencies was 29% lower relative to the corresponding quarter in 2012. Clearly, Northern Ireland'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 (0.7%) & Scotland (0.6%). 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, 1,695 firms in Northern Ireland 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/201305/index.htm>

<http://www.insolvencydirect.bis.gov.uk/otherinformation/statistics/201305/table6.pdf>

<http://www.insolvencydirect.bis.gov.uk/otherinformation/statistics/201305/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
2012 Q1	794	405	276	113	111	72	39
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
Latest Quarter Q/Q % Change	10.6%	-8.6%	38.9%	1.7%	-36.0%	-37.5%	-34.2%
Latest Quarter Y/Y % Change	5.3%	-19.0%	40.9%	5.3%	-50.5%	-58.3%	-35.9%
Last 4 quarters Y/Y % Change	9.9%	-12.4%	17.2%	...	-1.9%	-4.1%	1.4%
% rise since credit crunch began*	115.3%	46.7%	138.3%	...	142.5%	98.1%	260.0%

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

Richard Ramsey
 Chief Economist Northern Ireland
 8th May 2013

This document is issued for information purposes only for clients of Ulster Bank Group who are eligible counterparties or professional customers, and does not constitute an offer or invitation to purchase or sell any instrument or to provide any service in any jurisdiction where the required authorisation is not held. Ulster Bank and/or its associates and/or its employees may have a position or engage in transactions in any of the instruments mentioned.

The information including any opinions expressed and the pricing given, is indicative, and constitute our judgement at time of publication and are subject to change without notice. The information contained herein should not be construed as advice, and is not intended to be construed as such. This publication provides only a brief review of the complex issues discussed and readers should not rely on information contained here without seeking specific advice on matters that concern them. Ulster Bank make no representations or warranties with respect to the information and disclaim all liability for use the recipient or their advisors make of the information. Over-the-counter (OTC) derivatives can involve a number of significant and complex risks which are dependent on the terms of the particular transaction and your circumstances. In the event the market has moved against the transaction you have undertaken, you may incur substantial costs if you wish to close out your position.

Ulster Bank Limited Registered Number R733 Northern Ireland. Registered Office 11-16 Donegall Square East, Belfast, BT1 5UB. Authorised and regulated by the Financial Services Authority. Member of The Royal Bank of Scotland Group.

Ulster Bank Ireland Limited . A private company limited by shares , trading as Ulster Bank , Ulster Bank Group and Bank Uladh. Registered in Republic of Ireland. Registered No. 25766. Registered Office: Ulster Bank Group Centre, George's Quay, Dublin 2. Member of the Royal Bank of Scotland Group. Ulster Bank Ireland Limited is regulated by the Central Bank of Ireland.

Calls may be recorded.



Ulster Bank Limited accepts no liability for the outcome of any actions taken arising from the use of this article