MORTGAGE INVESTOR REPORT

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On 2010 lending
'Buy to let' redemption
rates reached 50%

3 years from completion

6+ arrears rates
are down 1.5%

since 2010

In 2012 repossession
rates remained steady

around 1%

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Having the **right information** at the **right time** helps you make **better informed decisions.**

HML maintains the **largest commercially available data pool** of mortgage accounts in the industry with monthly performance data for **1 million unique accounts** over time (originating as far back as the **late 1980s)** and **200,000 currently live.** It provides this information to clients through the 'Mortgage Investor Report'.

The Mortgage Investor Report provides **unique insight into the UK mortgage industry,** including the rise of arrears rates through the recession and the fall during the subsequent recovery.

This insight on account **performance,** including arrears, redemption and repossession, enables our clients to make **confident** and **effective** decisions in areas such as new lending, portfolio and strategy benchmarking, risk management and capital calculations.

We call this the Mortgage Investor Report

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Features

Key Features

- **Largest UK pool of commercially available mortgage data**
  - Multiple lenders (Conforming/Non-Conforming)
  - 10 years history
  - Mortgages originating from late 1980s onwards

- **Easy to access and to interrogate data by numerous cuts**
  - Asset quality (prime, sub prime)
  - Original LTV
  - Property type
  - Region
  - Residential/Buy to Let
  - Self certified
  - Cohort of lending

- **Numerous metrics**
  - Months in arrears
  - Arrears as % of balance
  - Repossession
  - Redemption

- **Forecasting capability to predict arrears trends 15 months into the future**

- **View account level data to implement strategies**

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Benefits

Key Benefits

- **Benchmark**

  Draw direct comparisons between your book and the data pool to understand performance by segment (region/asset type/LTV etc.)

- **Lend**

  Insight into risk associated with increasing lending in new markets (BTL, region etc.) or moving up or down the risk curve in terms of LTV

- **Invest**

  Understand segments of good performance to invest in securities or to buy/sell books

- **Arrears**

  Forward looking view of where portfolios are heading to help with capacity, concentration risk and arrears management

- **Capital**

  Scorecard outputs to support provisioning and lender applicants for Advanced Internal Rating Based (AIRB) waiver
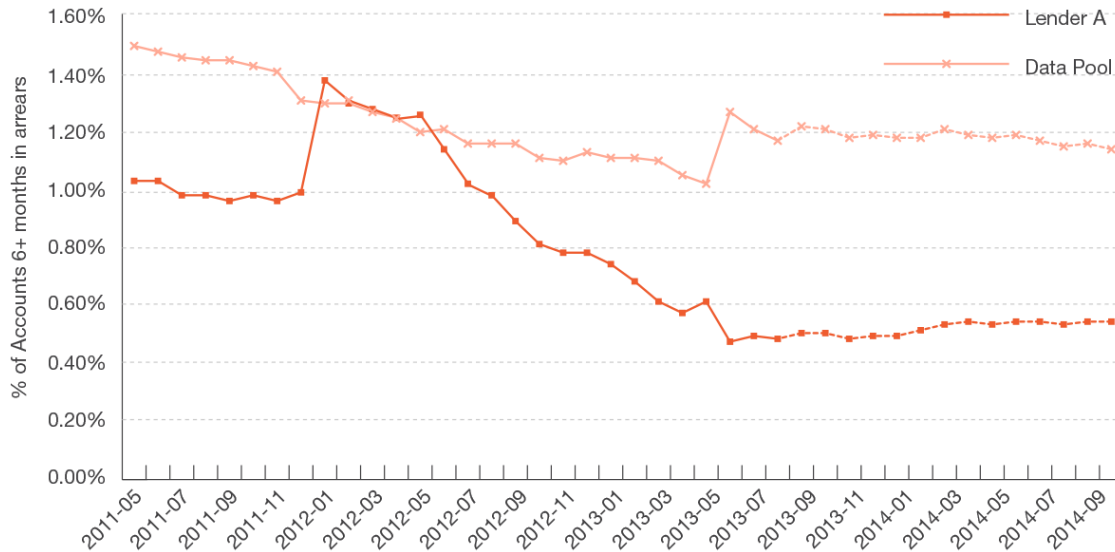
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Benchmark

Ideal for portfolio owners looking to:

- Capacity plan
- Benchmark own pool against data pool

Benchmark historic and future arrears rates

Example Insight:

Lender can clearly see reduction in arrears following the implementation of a new arrears strategy at the start of 2012 however this may be a results of market wide recovery performance following the recession.

Benchmarking this performance against the rest of the pool reinforces that this reduction is above industry average and that the new strategy has been successful.
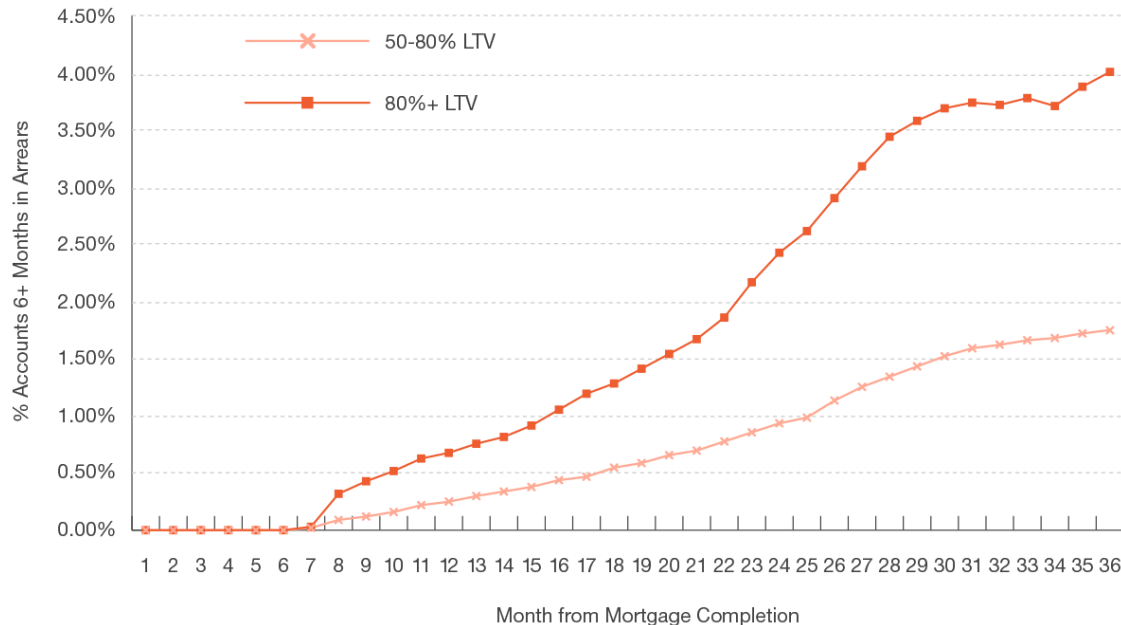
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Lend

Ideal for lenders looking to:

- Enter new markets
- Lend to different risk levels

Arrears rates from month of completion

Example Insight:

Due to a reduction in applicants for BTL mortgages with current lending capped <80% LTV, client requires information to understand movement up the LTV curve in order to release a new product.

The Mortgage Investor Report shows a direct comparison in risk over the first 3 years for BTL lending split by LTV band to support the proposal or to highlight it is not viable.
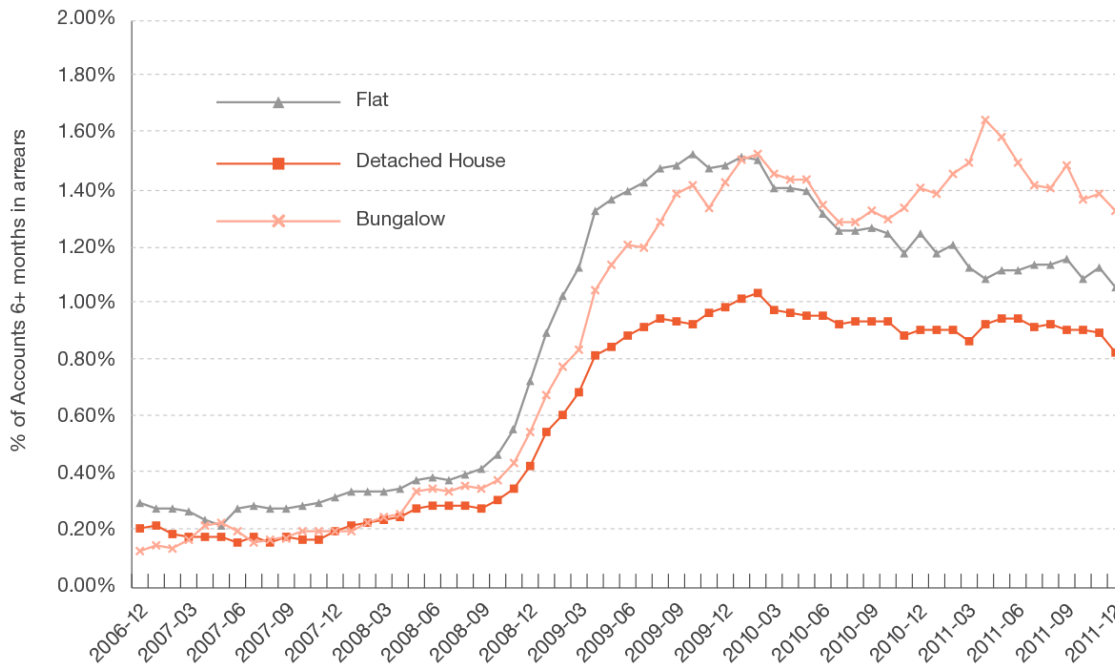
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Invest

Ideal for investors looking to:

- Identify segments of high recovery post-recession
- Mirror mortgage securities (via prospectus data)

Arrears Pre and Post Recession by Property Type

Example Insight :

Investment opportunity exists for a portfolio made up mainly of residential flats.

The Mortgage Investor Report shows performance through and after the recession indicating this segment's relative performance to other property types.
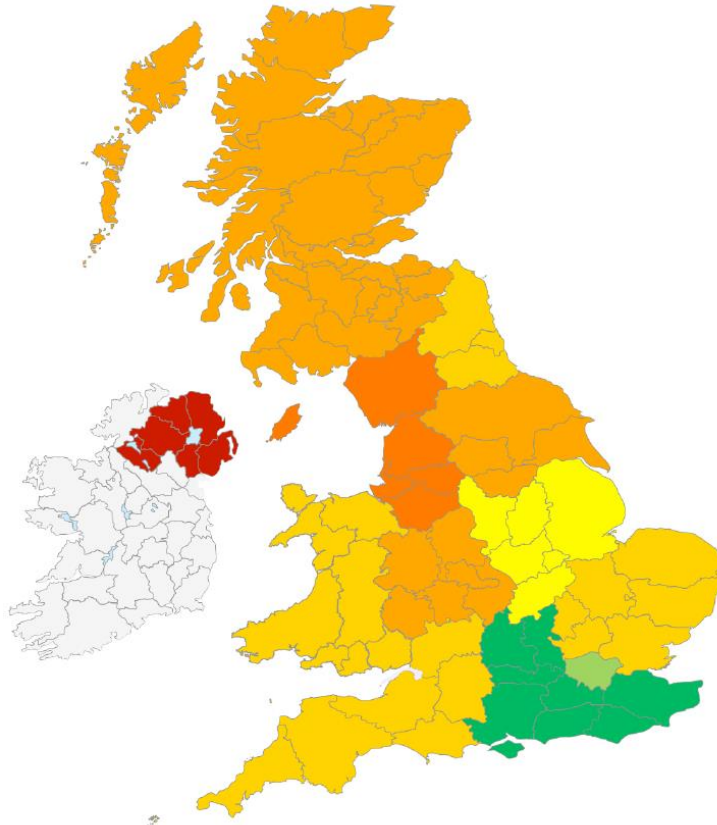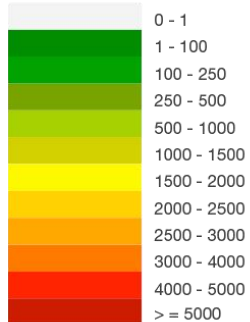
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Arrears

Ideal for credit risk managers:
- To analyse concentration risk by region
- Targeting areas for book sale
- Compare lending criteria by region (e.g. LTV comparisons)

Average expected loss per account (£)

Legend:
- 0 - 1
- 1 - 100
- 100 - 250
- 250 - 500
- 500 - 1000
- 1000 - 1500
- 1500 - 2000
- 2000 - 2500
- 2500 - 3000
- 3000 - 4000
- 4000 - 5000
- >= 5000

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Example Insight :

Regional lender is challenged by the FCA about the concentration risk of their regional portfolio.

The Mortgage Investor Report demonstrates that the region they lend in is in line with the rest of the market in terms of risk and therefore extra capital is not required.

Capital

Ideal for supporting Basel IRB including:

- Support 'Use test' requirements
- Comparison of RWAs using IRB and Standardised
- Interrogate data at segment and account level

	Prime	Sub prime light	Sub prime heavy
Avg Probability of Default (PD)	1.11%	7.73%	9.54%
Avg Exposure at Default (EAD)	£120,714.07	£118,352.91	£136,554.43
Avg Loss Given Default (LGD)	2.07%	4.14%	5.16%
Avg Risk Weighted Assets (RWA) IRB	£2,390	£16,415	£21,346
Avg Risk Weighted Assets (RWA) Standardised	£48,415	£90,907	£126,386

Example Insight:

To support a Basel IRB waiver application a lender needs to demonstrate an understanding of risk throughout their portfolio.

The Mortgage Investor Report is used to separate the book out into asset quality to show the expected defaults and associated losses with these segments and also the potential difference in RWAs by using IRB (compared to standardised).

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Case Study

HML Business Intelligence provides an annual regional repossession forecast which utilises the forecasting capability of the Mortgage Investor with projected repossession values extrapolated to a UK position.

This is the only regional repossession forecast available in the UK.

2016 Forecast

Region	Repossession rate forecast	Full UK forecast
East of England	0.08%	870
East Midlands	0.06%	513
Greater London	0.13%	1,377
North	0.11%	499
North West	0.09%	1,091
Northern Ireland	0.27%	887
Scotland	0.08%	830
South East	0.09%	1,323
South West	0.06%	586
Wales	0.12%	645
West Midlands	0.11%	987
Yorkshire & Humber	0.08%	718
Total	**0.09%**	**10,326**

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Contact

FIND OUT MORE

To find out how Mortgage Investor Report can help you stay ahead of the increasingly competitive market, contact:

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