

PROPERTY RE-EVALUATION SERVICES BY QARAR

Setting the right mortgage lending policy by leveraging HPI data and Qarar's Bespoke Property Re-Evaluation Services

Compliment your mortgage benchmarking report by leveraging the SIMAH House Price Index (HPI)



Mortgage lending in the Kingdom of Saudi Arabia (KSA) has undergone many changes over the last decade. Strong initial growth was affected by the introduction of new regulations, which ultimately led to a stable normal growth trajectory. More recently, as part of the National Transformation Programme 2020, the government has made an explicit effort to stimulate the housing market by applying various mechanisms for improving development quality, encouraging competition through free switching between banks, strengthening financing support, and increasing the maximum loan to value (LTV) rate for certain segments. Due to the nature of this long-term secured loan financial instrument, it is critical for property to be evaluated, appraised and financed with a long-term outlook in mind.

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Valuations are the foundation of mortgage lending decisions for banks. Movement in market forces impact house prices, which directly impacts the coverage or collateral of your mortgage portfolio.

OUR EXPERT VALUATION TEAM PROVIDES INFORMED, INDEPENDENT ADVICE ON A WHOLE RANGE OF PROPERTY RE-EVALUATION SERVICES, FROM RE-EVALUATING MORTGAGE PORTFOLIOS TO BENCHMARKING YOUR ORIGINATION POLICY. WE ARE ABLE TO DRAW ON OUR EXPERTISE WHILE LEVERAGING THE SIMAH HOUSE PRICE INDEX (HPI)

Qarar's Property Re-evaluation Services covers the following elements:

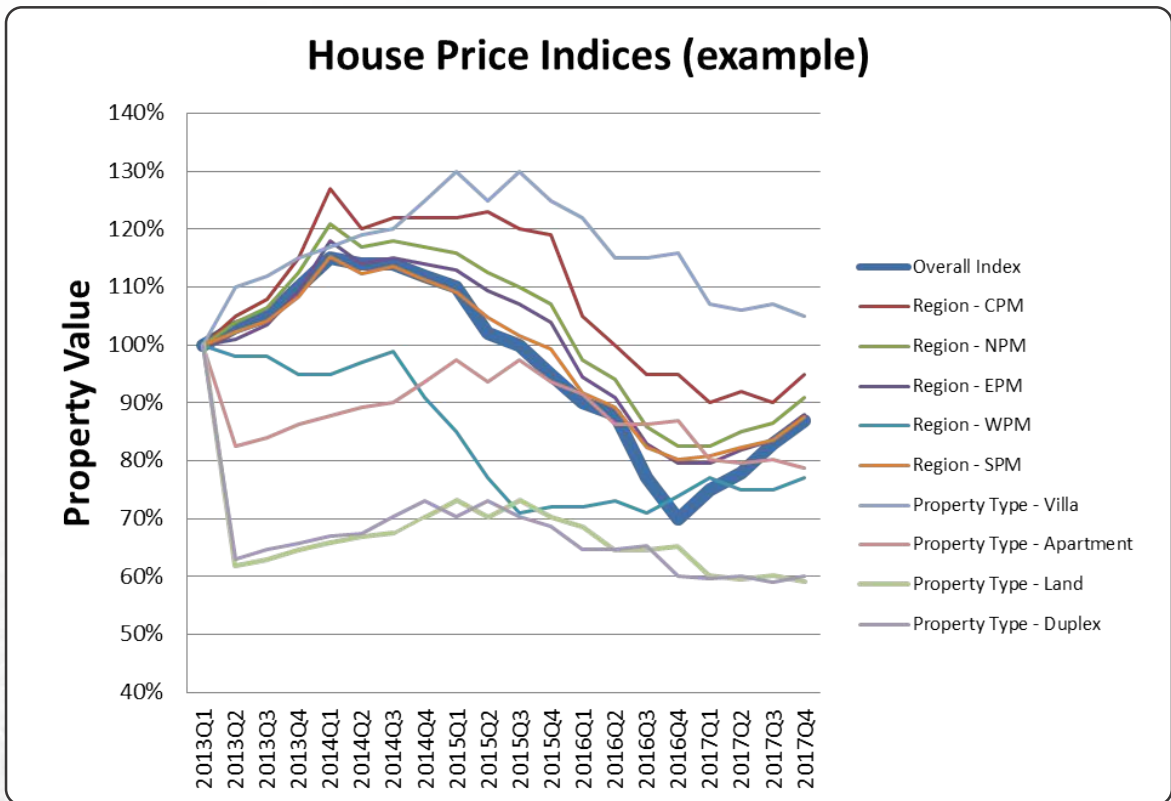
- Scorecard development
- Portfolio risk management and exposure
- Pricing adjustments
- IFRS 9 segment priority
- Growing the right portfolio segments
- Marketing focus

In addition to measuring overall market trends, a client can also request a portfolio analysis. This analysis can be used to benchmark a mortgage provider's own portfolio within certain market segments, providing insight into the dimensions below:

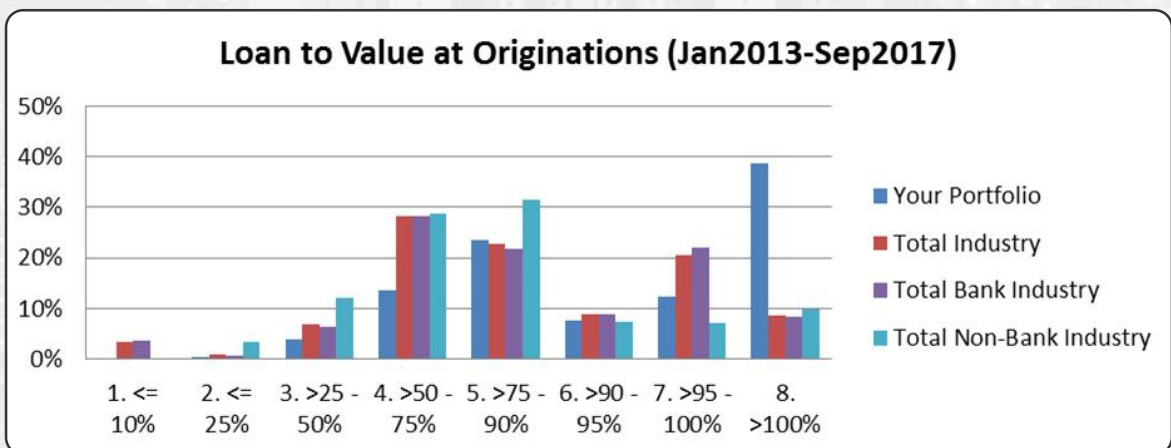
- Average Loan Amount
- Property Type
- Property Size
- Property Region
- Loan to Value
- Origination LTV compared to current LTV
- Whether the LTV increased or decreased over time

ABOUT SIMAH HOUSE PRICE INDEX (HPI)

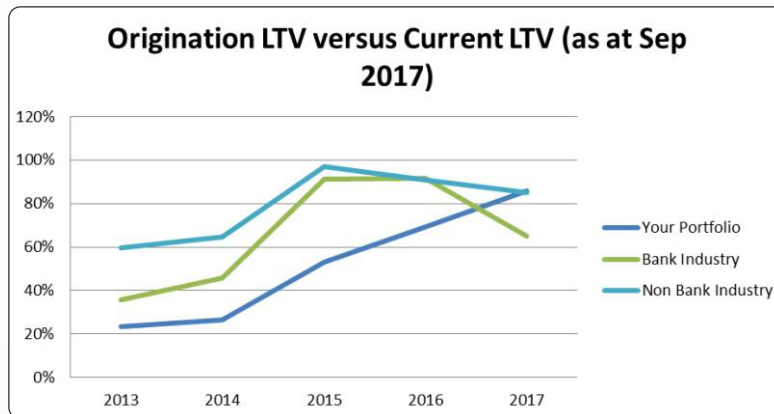
To support the government's efforts, SIMAH developed its House Price Index (HPI). The HPI makes use of banking member data that is submitted on a voluntary basis. It provides insights into industry level trends on the growth and contraction in house prices over time, while also showing these movements by segments such as cities, regions, property types and property ages. SIMAH currently publishes its HPI Report on a quarterly basis; and today the HPI boasts eight contributors including six major banks and two non-banks.



Graph 1: illustrates an example of how the house price index fluctuates over time for specific segments. It is important for a mortgage portfolio manager to take this into account in the financing process:



Graph 2: Compare your portfolio LTV with industry segments



Graph 3: Compare your portfolio LTV (at originations) with its current LTV (as per the most recent HPI)

ABOUT QARAR

We are the region's leading decision analytics company specialising in offering consulting, decision analytics and software technology to deliver tailor-made customer management and process automation solutions.

Our subject matter expertise spans the domains of Strategy, Pricing, Credit Risk Management, Marketing and Sales Analytics. In addition, by harnessing the power of proprietary credit bureau data, we have built a tangible advantage and offer a suite of industry leading technical solutions for our clients that can unlock the true value and power of their information.

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