DYNAMIC CREDIT

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Contents

Dutch Housing Market Update 2023-Q2

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Dynamic Credit originates and manages tailored portfolios of Dutch residential and consumer BTL mortgage loans for institutional investors in an easy, cost-efficient and transparent way. As always, we welcome the opportunity to discuss the housing market or investing in Dutch mortgages.

"The dissolution of the Rutte IV cabinet has introduced an element of regulatory uncertainty into the Dutch housing market. One of the policies that is still expected to be implemented is the property's energy label as a factor in loan affordability assessments. This political volatility coincides with a drop in both demand and supply for new-build homes, contributing to a further increasing housing shortage. The shortage has increased to 390,000 in 2023, up from 315,000 in the prior year. This increase is attributed to a higher than expected population growth and a decelerating pace of housing construction. Yet, in spite of these challenges, the market showed its resilience with a modest increase in housing prices in June 2023 compared to the previous month."

Jasper Koops,
Head of Portfolio Management

DYNAMIC

1. Executive Summary

Collapse Rutte IV: The cabinet in the Netherlands collapsed on July 7, 2023. Forming a new government may take considerable time after the general elections scheduled for November. In the meantime, the incumbent cabinet will act in a caretaker capacity, with limited powers, responsible for facilitating elections and managing ongoing affairs while avoiding controversial legislation. This may impact the implementation of new housing market regulations.

Mortgage rates: In 2023-Q2 mortgage rates remained relatively flat, with changes ranging from -6 bps to +7 bps. However, rates have increased quarter-to-date, especially from 10-year fixed onwards.

Mortgage spreads: Spread changes vary substantially over the curve: 5-year spreads decreased by 28 bps during the quarter, 10-year spreads remained relatively flat. Meanwhile, 20-year and 30-year spreads saw slight increases.

Housing prices: Dutch housing prices are down 1.90% QoQ and 5.20% YoY as of 2023-Q2, but saw a 0.20% MoM increase in June 2023.

Property transactions: In 2023-Q2, total property sales in the Netherlands totaled around 45,000, marking an increase of approximately 10% QoQ, but a decrease of 6.10% YoY.

Affordability update: The market projects improved housing affordability caused by decreased housing prices and increased wages. Wages are expected to substantially increase, possibly enabling homebuyers to borrow the same amount in 2024 as they could in 2022, despite current mortgage interest rates being around 3 percentage points higher.

Consumer confidence: Consumer confidence remains persistently negative, as Dutch consumers express concerns about the economy and their personal financial situation. This leads to a low willingness to make purchases at the moment, extending the negative sentiment.

Consumer consumption: Household spending up 1.40% YoY as of May 2023, mainly driven by growth in the services sector. However, spending on goods declined. There are indications of potentially less favorable conditions for households going forward, as manufacturers express decreased optimism about future employment.

Newly built homes: Transactions of newly built homes are down 53% YoY. This decline in sales occurred alongside an increase in prices of newly built homes, making newly them less attractive compared to existing homes and potentially impacting new housing projects. The government's discussion of guarantees or subsidies for new construction remains uncertain under the current caretaker government.

2. Dutch Housing Market Update

Fall of Rutte IV Cabinet: Possible Consequences for the Housing Market

On July 7, 2023, the Rutte IV cabinet, comprising of the People's Party for Freedom and Democracy (VVD), Democrats 66 (D66), Christian Democratic Appeal (CDA), and Christian Union, fell due to unresolved differences regarding the issue of family reunions for refugees.

Prominent figures such as Mark Rutte, who has been serving as the Prime Minister of the Netherlands since 2010, Hugo de Jonge, the Minister for Housing and Spatial Planning, and Marnix van Rij, the State Secretary for Finance, have all expressed their intent to exit the political sphere following the formation of the subsequent cabinet.

The next general elections are scheduled for November 22, 2023. Given the complexities of forming a new government, it is anticipated that numerous parties will be required to secure a majority. As a precedent, the most prolonged formation process followed the 2021 elections and lasted 299 days, suggesting that it is plausible for a new government to be instated only by mid-2024.

In the interim, the incumbent cabinet will operate in a caretaker capacity, with powers more limited than those of a regular administration. The primary responsibilities of a caretaker government are to facilitate elections and manage ongoing affairs, while refraining from introducing controversial legislation. The determination of what constitutes "controversial" will be made following the summer recess, leaving some uncertainty surrounding the potential implementation of new housing market regulations. A status overview of the situation is provided below:

- Cap rental increases

  Housing Minister, De Jonge, calls for an extension of the regulation capping rental increases in the open sector until May 2027. This temporary measure, limiting yearly rent increases to the average wage increase plus 1%, is set to expire in May 2024. Despite evidence of non-compliance by landlords, De Jonge emphasizes the protection the law offers to about 500,000 renters from drastic rent hikes.

  Minister De Jonge plans to improve enforcement of rental regulation, while also advocating for a new regulation focusing on 'mid-rent' control by 2027. However, the fall of the government casts uncertainty on the implementation of this new law. The House of Representatives (*Tweede Kamer*) has approved the amendments to the Housing Act, but it is unclear whether the topic will be classified as controversial, potentially delaying its consideration until after the elections.

- Proposed Affordable Rent Act (*Wetsvoorstel Betaalbare Huur*):

  This proposed legislation broadens the scope of rental price regulation to properties garnering up to 186 points (as opposed to the current 148 points) under the Housing Valuation Regulation (*Woningwaarderingsselsel*). It also provides municipalities with the means to enforce maximum rent levels, and extends tenants' rights to appeal to the Rent Assessment Committee (*Huurcomissie*).

  The proposal is under review by the Council of State to ensure constitutional compliance and assess executability. Only after the Council of State's approval the proposal will be presented to the House of Representatives for discussion.

  This issue is expected to spark controversy, given the stark differences in various parties' positions on this regulation. The ultimate enactment of this act, or a variant thereof, would be more probable under a more left-leaning government.

- Temporary Arrangement for Mortgage Credit (*Tijdelijke Regeling Hypothecair Krediet*):

  This regulation outlines the affordability criteria for mortgage lending, updated annually based on input from the National Institute for Budget Information (NIBUD). Currently in the consultation phase, the proposed revision incorporates inflation adjustments to the maximum debt-to-income ratios. Moreover, the property's energy label will also be considered for the borrower's borrowing capacity for the first time.

  This act is not anticipated to be labelled as controversial, and it is projected to be implemented on January 1, 2024.

- Wealth Tax (*Box 3 belasting*):

  The government agreed to implement a new wealth tax system after the Supreme Court deemed the existing one, in place since 2017 and based on an assumed asset mix and fictive returns, non-compliant with the European Convention on Human Rights. Meanwhile, intermediate measures categorizing assets into savings and investments, both with fictive returns, have been instituted for wealth tax purposes.

  Marnix van Rij had plans to submit a draft law for consultation over the summer. In this proposal, taxation on savings and liquid investments would be based on actual returns (both realized and unrealized), and illiquid assets such as real estate would be taxed on realized returns.

  Given the conflicting viewpoints on this issue, it is expected to be deemed controversial. This implies that significant further delays could be on the horizon. The status of the current slightly modified wealth tax in the Supreme Court remains uncertain.

- Continuation of New Home Construction:

  Concerns are mounting over future construction projects due to high costs, diminished returns, and reduced transactions. Proposals including guarantees or subsidies have been considered to avert a potential drastic decrease in new constructions. At the time of writing, it remains unclear whether such proposals will be executed under the current caretaker government.

- Amendments to the Housing Act (*Huisvestigingswet*):

  Under this act, municipalities have the discretion to assign 50% of rental homes to individuals with economic, social, or local ties. The distribution among these three groups is determined by the municipality itself. Municipalities are also allowed to identify specific professions as crucial and expedite housing for those professionals within the municipality. In the case of new constructions priced up to €355,000, buyers may need to apply for a housing permit in certain municipalities. This permit is only granted if the buyer's income is below a certain threshold. Municipalities can prioritize buyers with local ties or certain professions for new constructions. Lastly, the livability of a neighborhood can be a reason for the establishment of a housing ordinance.

  The House of Representatives has approved the amendments to the Housing Act. It remains uncertain whether this topic will be classified as controversial or if the Act will be presented to the Senate for a vote.

Several other policy changes, such as the abolition of the gift tax exemption (*Jubelton*), the increase in the transfer tax (*Overdrachtsbelasting*) and the Good Landlordship Act (*wet goed verhuurderschap*) have already been put into effect. No further changes are anticipated under the current caretaker cabinet. The fall of the Rutte IV cabinet presents a period of uncertainty for the future of the Dutch housing market, with significant policy changes hanging in the balance.

House prices and property sales

CBS provides regular reports on house price developments in the Netherlands using the Dutch House Price Index ("HPI"), this is used as a proxy for prices of existing domestic Dutch houses. In 2023-Q2, housing prices have experienced a decline of 1.90% compared to the previous quarter and 5.20% compared to the same quarter last year. During the first half of 2023, housing prices have been decreasing, however housing prices by 0.20% increased in June 2023. When comparing the price index as measured in 2013, when the index was at its lowest after the great financial crisis, to the current price index value, housing prices are up circa 87%. As for total property sales in the Netherlands, these totaled about 45,000 in 2023-Q2, roughly an increase of 10% QoQ. However, compared to the same period a year earlier it's a decrease of approximately 6.10%.

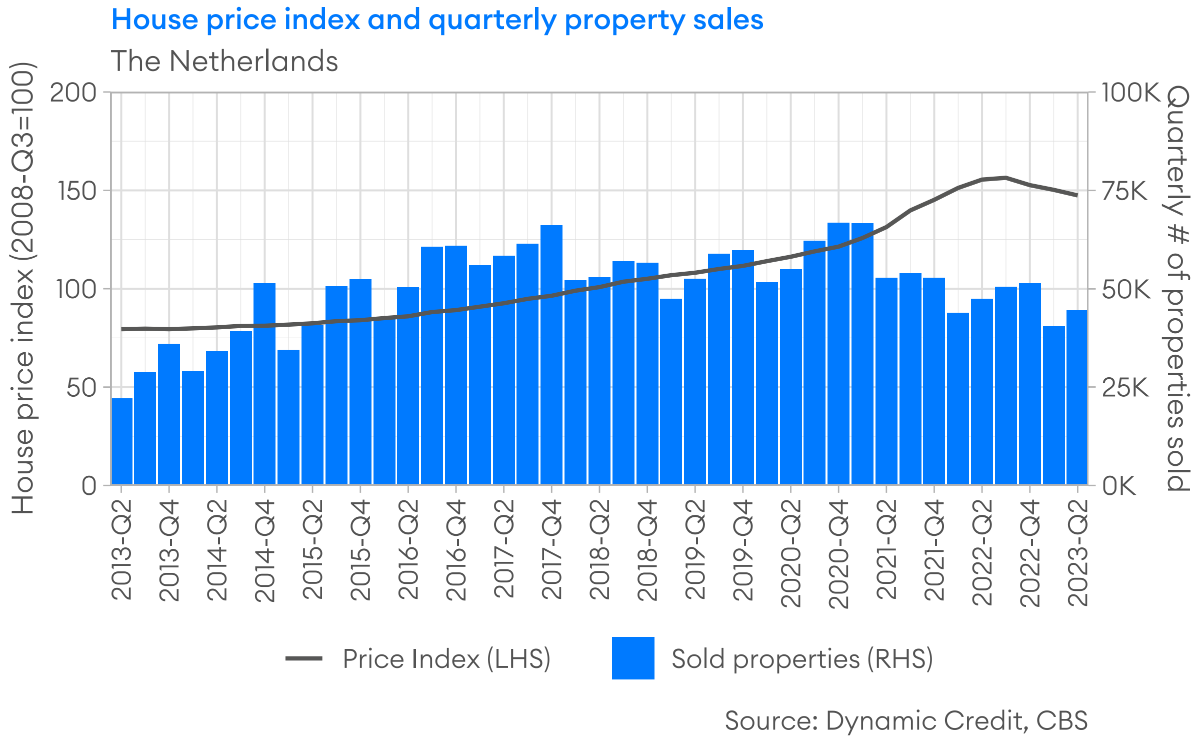


Figure 1: House Price Index of the Netherlands ("HPI") (2008-Q3 = 100) and monthly property sales. HPI until June 2023. Source: CBS, Dynamic Credit.

In addition, with the rally in housing prices over the past decade and the recent slump in mind, it is interesting to examine the current peak-to-trough of Dutch housing prices. The HPI peaked in July 2022 reaching a value of 189.2 after which it started to decline. As of 2023-Q2, almost a year later in May 2023, HPI reached its lowest value of 177.6, which translates into a peak-to-trough decrease of approximately 6.13%. As for peak-to-current, this decrease is slightly lower with 5.47%. The marginal 0.20% MoM increase seen in June might not yet signify the end of the downward trend in housing prices. Therefore, when considering the peak-to-trough, it is essential to keep in mind the possibility that it may become more pronounced. The section titled 'Expected house property sales developments' on page 8 contains outlook for the Dutch housing market based on forecasts of several financial institutions and may provide more insight.

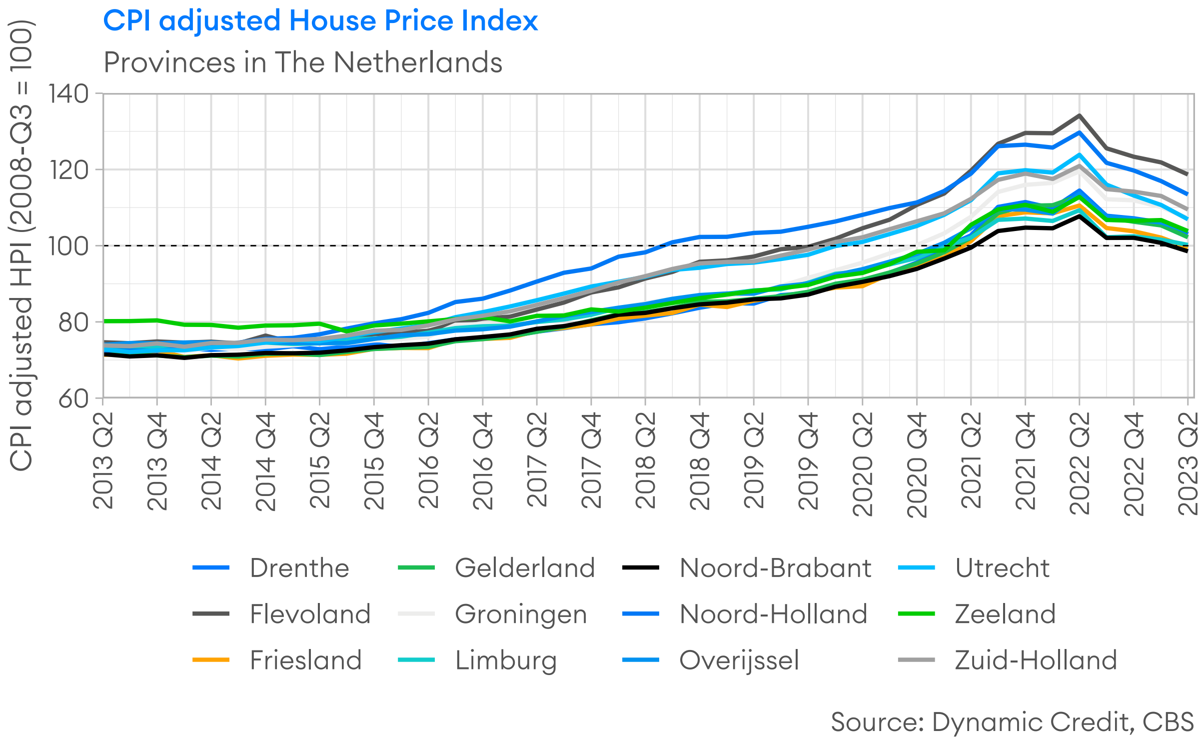


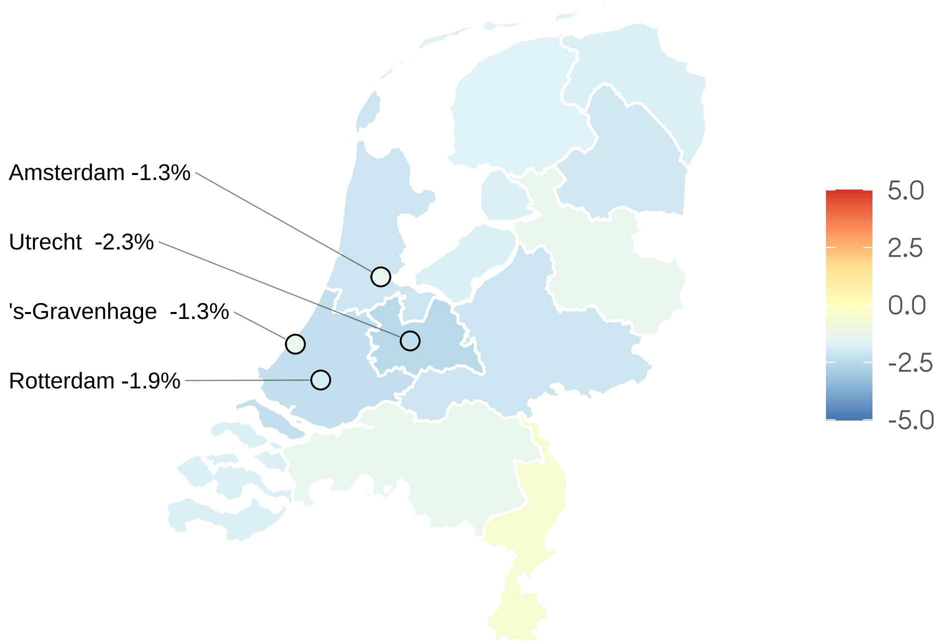
Figure 2: CPI Adjusted House price index per province in the Netherlands (2008-Q3=100). The data is indexed as of 2008-Q3 because this marks the pre-crisis high for the unadjusted House Price Index. (2023)

Moreover, when interested in a more granular view of the changes consider Table 1 below. Notably, housing prices have declined the least in more rural provinces such as Zeeland and Limburg, on average about 3% YoY. Whereas more urban provinces in the Randstad such as Noord-Holland and Utrecht saw more pronounced declines in housing prices of 8.10% on average YoY. The largest YoY decrease in housing prices occurred in the municipality of Utrecht, where housing prices decreased by 12.30%. With regards to the dispersion of property transactions we observe the largest share of transactions in the province Zuid-Holland, about 9,500 which is approximately 21% of total housing transactions in the Netherlands.

Area	Type	HPI (2022-Q2=100)	YoY Price %	QoQ Price %	Properties Sold in Quarter	QoQ Properties Sold %	YoY Properties Sold %
Nederland	Country	94.8	-5.2	-1.9	44,500	10.0	-6.1
Amsterdam	Municipality	90.9	-9.1	-1.3	2,202	5.9	6.2
's-Gravenhage	Municipality	94.5	-5.5	-1.3	1,416	15.8	2.1
Rotterdam	Municipality	95.3	-4.8	-1.9	1,363	23.5	-16.8
Utrecht	Municipality	87.7	-12.3	-2.3	1,022	6.9	-1.1
Groningen	Province	94.8	-5.2	-1.8	1,398	10.5	-3.7
Friesland	Province	95.1	-4.9	-1.7	1,580	18.1	-12.2
Drenthe	Province	95.1	-4.9	-2.0	1,418	26.8	0.6
Overijssel	Province	96.5	-3.5	-1.3	2,765	10.5	-4.9
Flevoland	Province	93.5	-6.5	-1.8	1,247	6.8	-11.9
Gelderland	Province	95.5	-4.5	-2.1	5,043	3.0	-6.8
Utrecht	Province	91.2	-8.7	-2.5	3,556	0.5	-7.7
Noord-Holland	Province	92.5	-7.5	-2.1	7,449	11.1	-3.8
Zuid-Holland	Province	95.7	-4.3	-2.3	9,492	11.9	-5.1
Zeeland	Province	97.3	-2.7	-1.8	1,139	16.9	-6.3
Noord-Brabant	Province	96.7	-3.3	-1.3	6,861	12.2	-3.7
Limburg	Province	96.9	-3.1	-0.5	2,552	9.5	-16.1

Table 1: House Price Index of the Netherlands ("HPI") (2022-Q2 = 100) and number of property sales changes in Dutch provinces and major municipalities 2023-Q2 Source: CBS, Dynamic Credit.

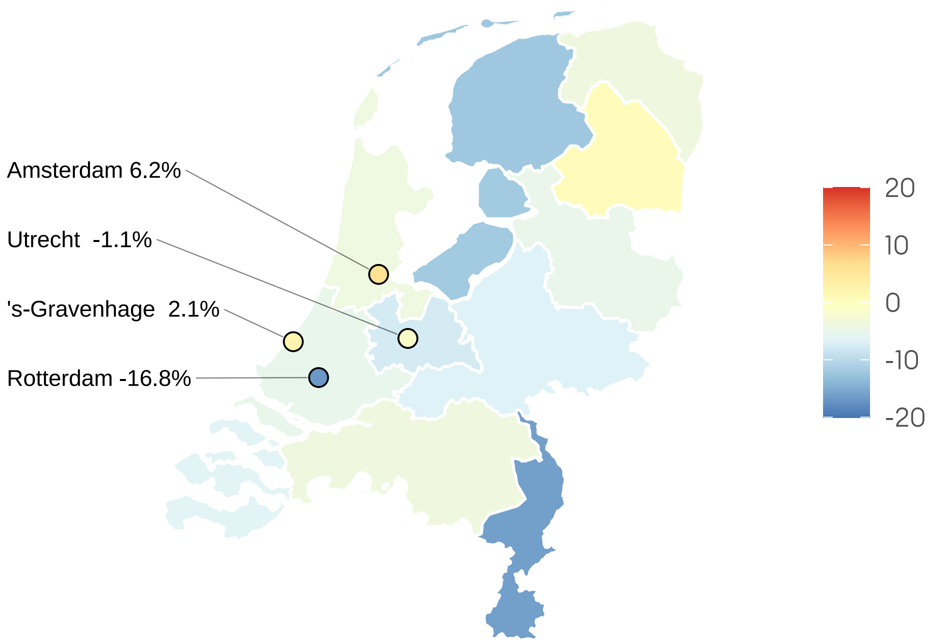
House Price Index QoQ change



Source: Dynamic Credit, CBS (2023 Q2)

Figure 3: Dutch House Price Index QoQ change in percentages, 2023-Q2.

Number of sold properties YoY change



Source: Dynamic Credit, CBS (2023 Q2)

Figure 4: Sold properties YoY change in percentages, 2023-Q2.

Expected house price and property sales developments

As of 2023-Q2 forecasts for Dutch housing prices are showing some minor changes. While many predictions remain similar to those in 2023-Q1, some institutions have slightly revised their expectations downward. The average forecast for housing price developments is -5.20% for 2023 and -2.20% for 2024, respectively, providing insights into expected future trends for housing prices. In addition, Figure 5 displayed below contains the forecast consensus made at different points in time represented by the colored interrupted lines, which gives an insight on the evolving market perspectives on the Dutch housing prices over time. Interestingly, forecasts made over the past several quarters are relatively concentrated, whereas older forecasts seem to be more widely dispersed. This is caused by the more frequent, but marginal adjustments made to forecasts by financial institutions. The next section will elaborate on these adjustments and explore the factors that are expected to influence the housing prices in the near future.

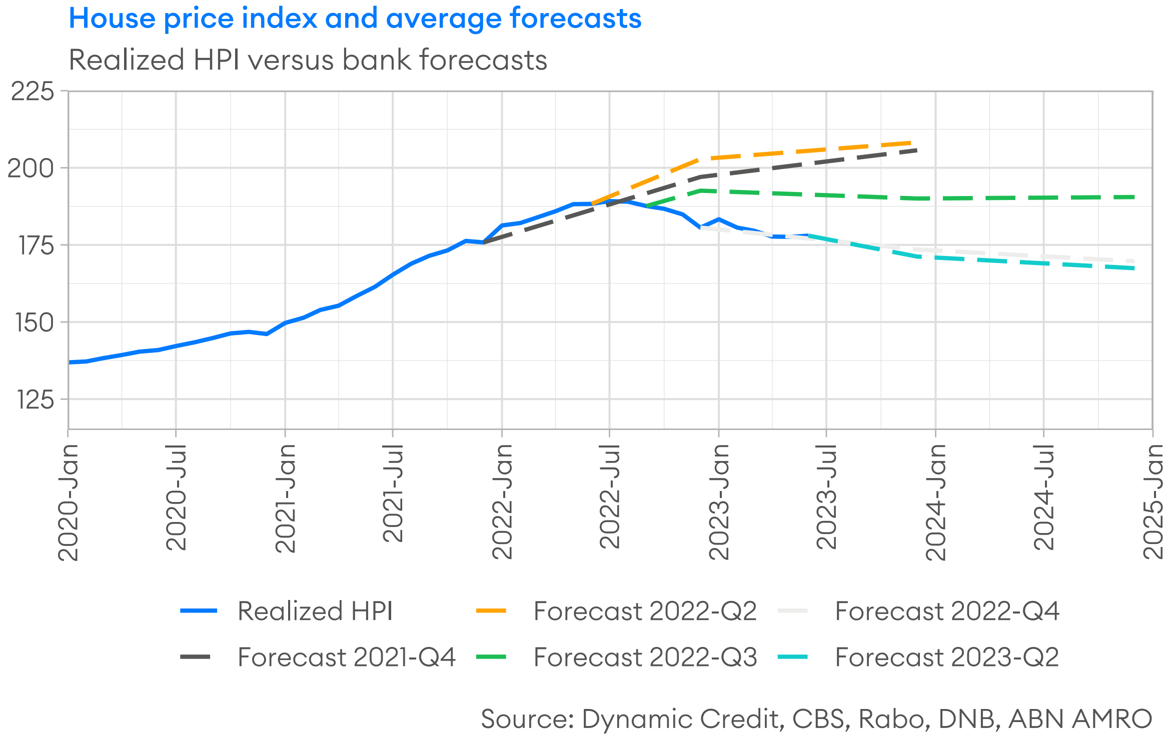


Figure 5: Realized house price index and average house price forecasts made at different points in time. Source: Dynamic Credit, CBS, Rabobank, DNB, ABN AMRO, ING, Fitch. (2023)

Beginning with DNB[1], which adjusted their forecast downward to –5.10% and –3.80% for 2023 and 2024 respectively with an expected peak-to-trough of about 10% in total. This decline is attributed to higher mortgage rates, resulting in reduced borrowing capacity for potential homebuyers. Moreover, ING[2] expects a decrease in housing prices of 6% to 7% during 2023, after which housing prices will stabilize. In addition to the factors named by DNB earlier in this paragraph, depressed demand is mentioned as a factor caused by home-buyer pessimism. In contrast, they do expect that substantial growth in salaries will counteract the negative impact of rising interest rates on borrowing capacity, supporting housing prices. ABN AMRO[3] slightly adjusted their projections upwards by one percentage point for both 2023 and 2024, resulting in forecasted decreases of 5% and 3% respectively. A substantial mismatch between supply and demand on the housing market is a recurring factor which is expected to limit the downward pressure on housing prices. According to ABN AMRO, the outlook on the tight housing market as a result of immigration, insufficient number of newly constructed homes (see page 9) and available build land is highly uncertain.

1 DNB - conomische Ontwikkelingen en Vooruitzichten DNB - juni 2023
2 ING - De Nederlandse woningmarkt
3 ABN AMRO - Woningmarktmonitor juli 2023

Newly built homes

In 2023-Q1, transactions of newly-built homes in the Netherlands fell to around 3,300, marking a 53% decrease compared to the same quarter in the previous year[1]. This represents the lowest number of transactions of newly built homes in a quarter since the start of measurement in 2015. This downturn in sales comes at a time when the prices of existing homes in 2023-Q1 were lower than a year earlier - a first since 2014 - with an average sale price of EUR 417,000. In contrast, the average sale price for newly built homes in the same period was EUR 504,000, representing a 3.60% increase from a year earlier. This price divergence makes newly built homes less attractive compared to existing homes, thereby depressing demand.

Decreasing demand for newly built homes might discourage new housing projects, as construction companies typically begin building when at least 70% of the prospective homes are sold. Construction companies and the government have been in discussions on guarantees or subsidies to ensure the continuation of new construction. However, at the time of writing, it is unclear whether such proposals will be approved under the current caretaker government, as outlined in our article on the fall of the Rutte IV cabinet (see page 3).

A decrease in building permits

Data from CBS provides an overview of the number of building permits issued for residential spaces from January 2012 to May 2023[2]. The number of permits issued in 2023 up to and including May averaged 4,368 per month, a decrease of close to 22% versus the same period in the prior year. This sharp reduction in the number of issued building permits is likely to negatively impact new construction in one to two years' time.

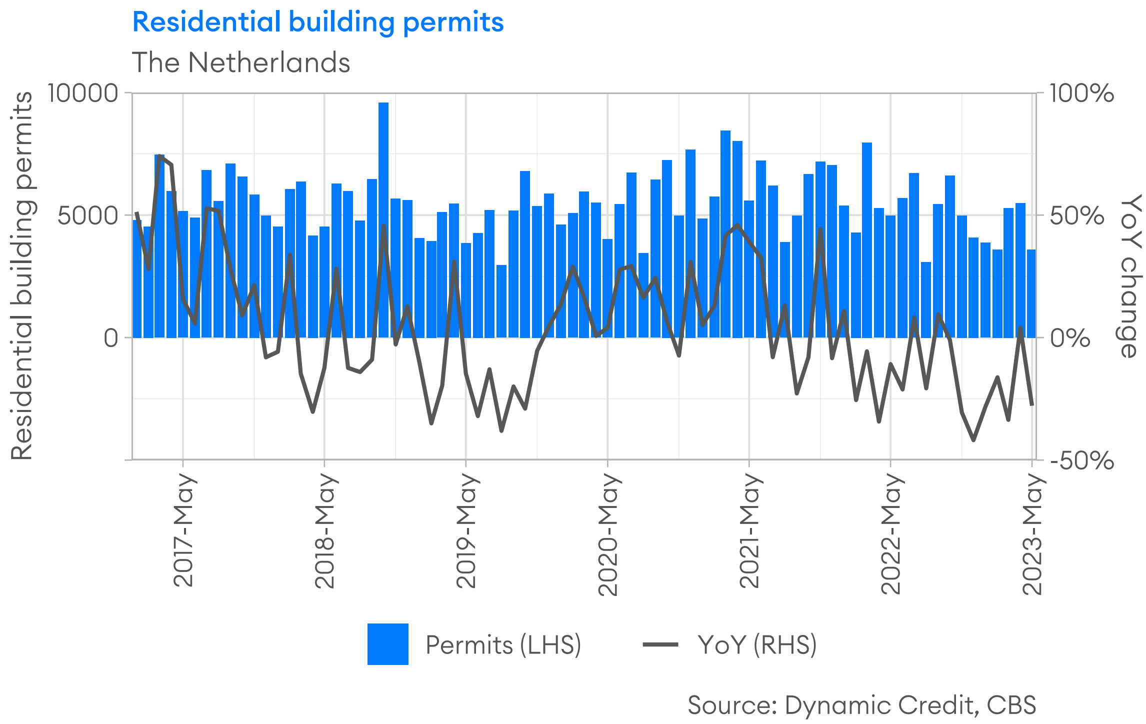


Figure 6: Number of issued building permits as of May 2023 and the percentual YoY change in the number of issued building permits excluding transformations i.e., repurposing office spaces to residential homes. Source: CBS, Dynamic Credit.

1 CBS - Aantal verkochte nieuwbouwkoopwoningen daalt verder
2 CBS - Bouwvergunningen woonruimten

Housing shortage

While both supply and demand for new-build homes are decreasing, the statistical housing shortage has worsened. According to ABF Research's new forecast[1], the housing shortage in the Netherlands has significantly risen within a year, reaching 390,000 in 2023, a notable increase from the previous year's 315,000. The researchers attribute the sharp increase in the housing deficit to the rapid growth of the Dutch population and a lower-than-expected rate of house construction. The situation has been exacerbated by the influx of Ukrainian refugees and a shortage of nursing home spaces, leading to elderly individuals occupying homes for longer periods. The market is not expected to experience any relief from this tightness until around 2028. ABF Research estimates that 981,000 new homes will need to be constructed, exceeding the initial target of constructing 900,000 homes by 2030.

1 Rijksoverheid - Woningbouwopgave stijgt naar 981.000 tot en met 2030

VEH Consumer confidence

Vereniging Eigen Huis ("VEH") measures consumer confidence in the Dutch housing market every month based on a questionnaire about interest rates, prices, and the general housing market[1]. The indicator can take values ranging from 0 to 200, with 100 indicating a neutral value. Higher values indicate positive consumer sentiment and lower values indicate negative sentiments.

Figure 7 displayed below shows the history of the VEH indicator. The indicator experienced a gradual decline from its peak of 121 in 2016-Q3 to the currently observed value of 72 by the end of 2023-Q2. In 2023-Q2 the index remained almost stable. There was a limited decrease from 73 at the end of March to the current 72. At this moment, the index is at its lowest point since 2013, which can be seen as the low of house prices following the global financial crisis. The VEH indicator considers consumers' views on a range of economic aspects but is focused on views on the housing market. The CBS consumer confidence index is primarily focused on the economy in general.

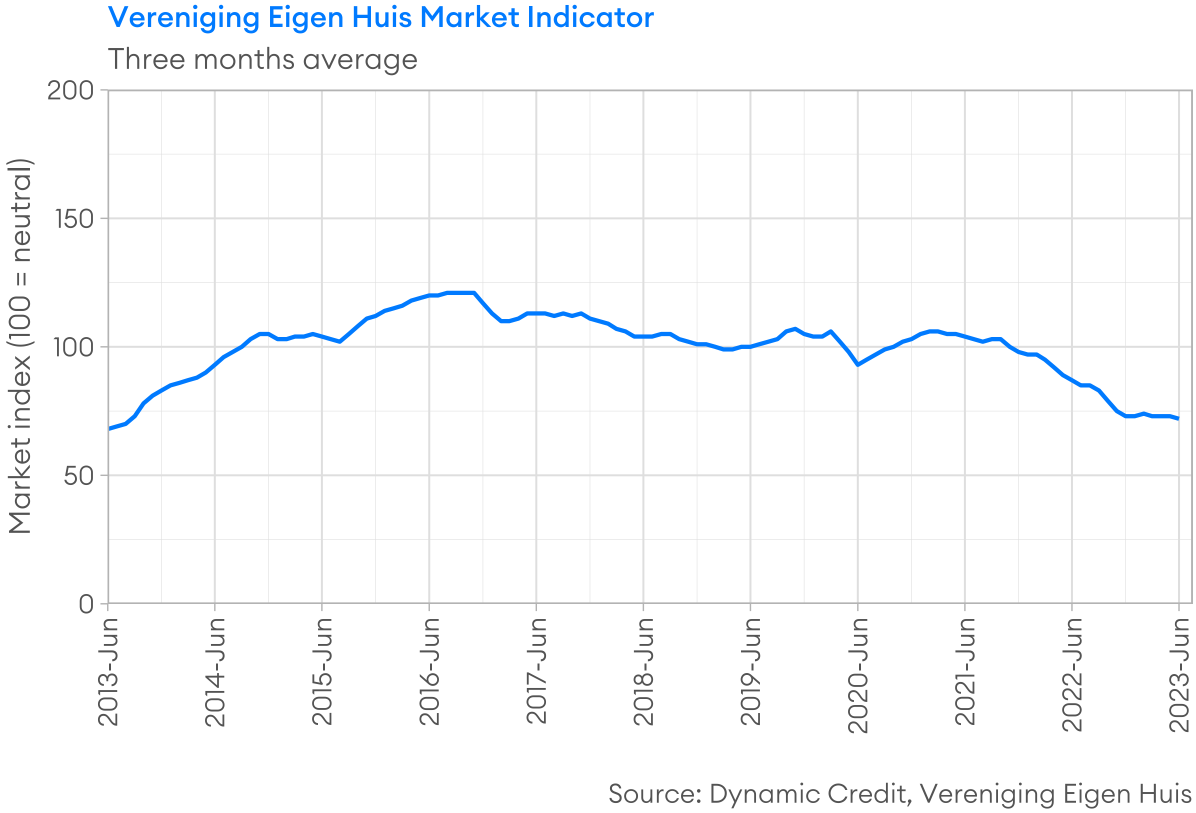


Figure 7: Vereniging Eigen Huis Market Indicator as of June 2023.

1 VEH – Eigen Huis Markt Indicator

CBS Consumer confidence

Statistics Netherlands ("CBS")[1] tracks consumer confidence based on the views and expectations of consumers on topics such as the general economic environment, personal financial situation, and willingness to buy in the Netherlands. The indicator is measured as percentage points of negative or positive answering options and can reach values between –100 and 100, where a value of 0 indicates an equal amount of positive and negative responses.

The latest report from Statistics Netherlands ("CBS") reveals that consumer confidence in the Netherlands continues to be persistently negative throughout the month of July 2023 with a value of -39 in July versus a value of -37 in April. Compared to the previous quarter, consumer sentiment remains more or less the same. Despite the passage of time, Dutch consumers remain skeptical about the current economic climate and show little optimism about the future outlook. Consumers expressed concerns about the economy and their own financial situation, with a low willingness to buy at the moment. Consumer confidence has been negative for four years now.

Figure 8: CBS total consumer confidence in the Netherlands as of July 2023.

1 CBS – Consumer confidence

CBS household consumption

In May 2023, Statistics Netherlands ("CBS")[1] reports there was a notable increase of 1.40% in household spending compared to May 2022, taking inflation into account. This increase in spending was particularly prominent in the services sector, which saw a remarkable growth of 5.30%. Services constitute half of all consumer expenditures. However, the picture was not entirely positive, as spending on goods experienced a decline of 4.50%, primarily affecting areas such as clothing, furniture- and electronic devices. Additionally, expenditures on food also saw a decrease of 5.30%. Looking ahead to June, CBS reported there are indications of less favorable conditions for households as, amongst others, manufacturers were less optimistic about future employment.

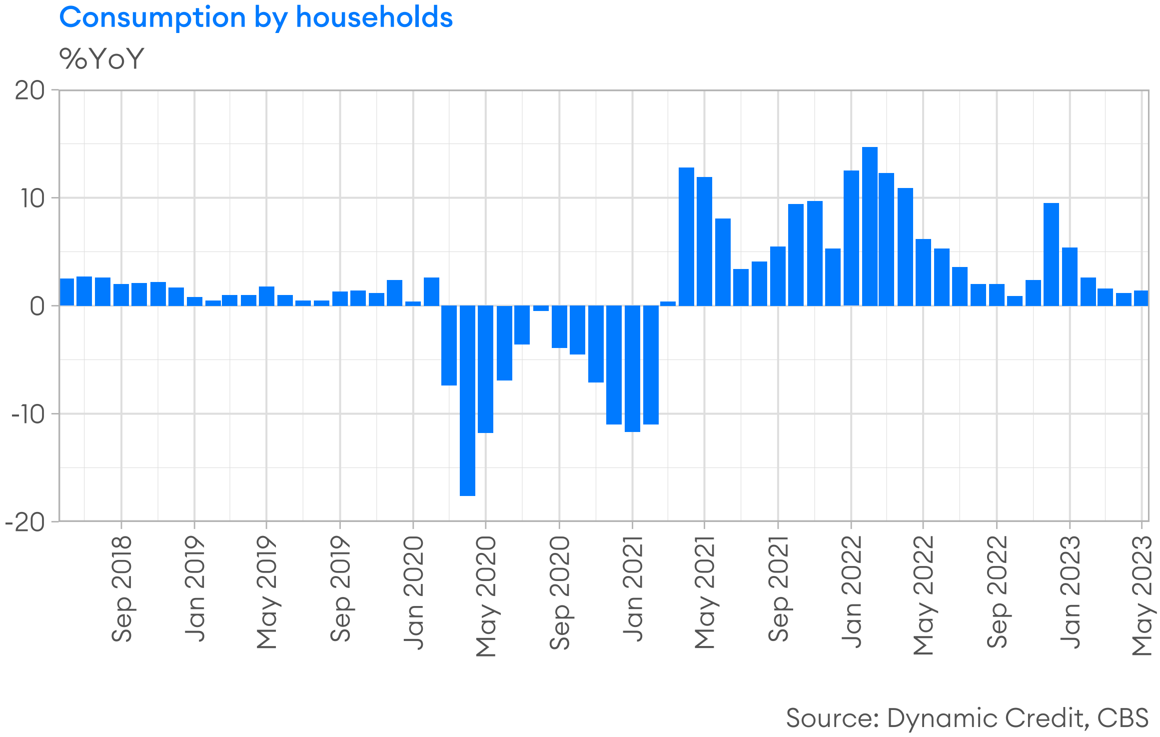


Figure 9: Percentual YoY domestic household consumption in the Netherlands adjusted for price changes up until May 2023.

1 [CBS - Household consumption over 1 percent up in May]

NHG

Stichting Waarborgfonds Eigen Woningen ("WEW"), a central, privatized entity, is responsible for the administration and granting of the Nationale Hypotheek Garantie ("NHG Guarantee"). The NHG Guarantee covers the outstanding principal, accrued unpaid interest and disposal costs of mortgage loans. Irrespective of scheduled repayments and prepayments made on a mortgage loan, the NHG Guarantee is reduced on a monthly basis by an amount which is equal to the principal repayment part of the monthly instalment as if the mortgage loan were to be repaid on a thirty-year annuity basis. Financial support from the Dutch government is formalized in a backstop agreement, under which the State is responsible for providing interest-free loans in case of need.

New NHG guarantees

According to Hypotheken Data Netwerk ("HDN", a provider of infrastructure for mortgage loan requests), approximately 36,000 loans with an NHG guarantee were offered for a total of EUR 8.3 billion in 2023-Q2 (compared to EUR 6.4 billion in 2022-Q2). This corresponds to an NHG market share of 35.56% in terms of mortgage loan balance (compared to 17.90% in 2022-Q2).

Please refer to Figure 10 for a graphic description.

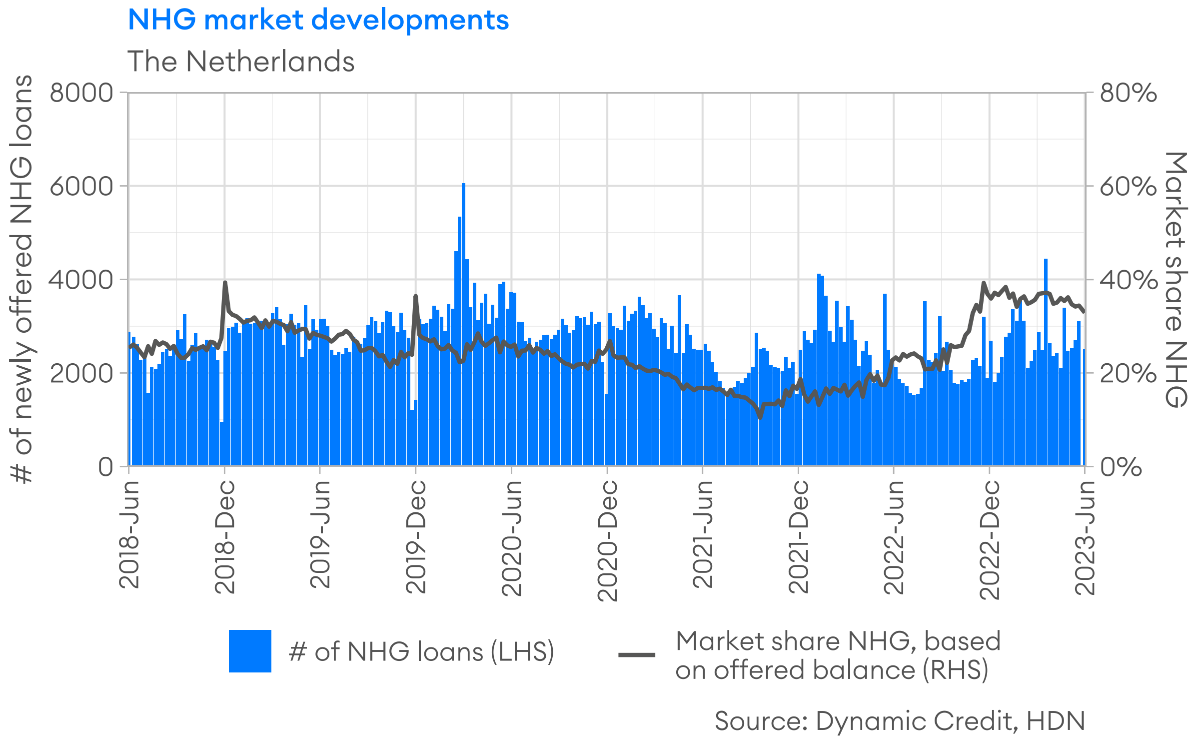


Figure 10: Number of new NHG guarantees and market share of NHG loans as a percentage of total originated balance through time. The x-axis refers to year and month. (2023)

Loss declarations[1]

In the first quarter of 2023 there were four loss declarations submitted under the NHG Guarantee. This number is double the number of loss declarations of the same quarter in 2022. The payout ratio was 100% and the total payout EUR 23,000. Despite decreasing housing prices, WEW observes there is still excess value in houses leading to no residual loss in case of sale of a house. Furthermore, NHG is still focusing on borrower focused solution and home preservation rather than selling the property. They announce to include more effective, tailor-made solutions in the new Conditions and Norms of 2024.

1 NHG - Kwartaalcijfers 1e kwartaal 2023

3. Owner-Occupied Mortgages

Mortgage rate developments

In the second quarter of 2023 mortgage rates remained relatively flat to recent standards. The 5-year, 10-year, 20-year and 30-year fixed rates on average changed with -6 bps, +3 bps, +4 bps and +7 bps respectively. Quarter to date the rates have increased, especially from 10-year fixed onwards. That has been initiated by a steep increase in the swap curve (and subsequential decrease). In comparison to last year rates are still significantly higher: 5-year fixed rates almost +1 percentage point, 10-year rates +68 bps and 20- and 30-year rates +36 bps on average.

The table below contains an overview of the interest rate developments.

Mortgage rate development for average of top 6 mortgage rates								
Fixed rate period	Risk class	2022-06-30	2023-03-31	2023-06-30	2023-07-18	QoQ	YoY	QtD
5-year	NHG	2.91%	3.98%	3.95%	3.96%	-0.03%	1.04%	0.01%
	60% LTMV (non-NHG)	3.08%	4.10%	4.04%	4.04%	-0.06%	0.96%	-0.01%
	80% LTMV (non-NHG)	3.15%	4.23%	4.17%	4.18%	-0.07%	1.02%	0.01%
	100% LTMV (non-NHG)	3.48%	4.46%	4.37%	4.43%	-0.09%	0.89%	0.06%
10-year	NHG	3.30%	3.94%	4.00%	4.09%	0.06%	0.70%	0.09%
	60% LTMV (non-NHG)	3.40%	4.05%	4.08%	4.14%	0.04%	0.69%	0.06%
	80% LTMV (non-NHG)	3.50%	4.21%	4.22%	4.31%	0.01%	0.72%	0.08%
	100% LTMV (non-NHG)	3.82%	4.42%	4.43%	4.52%	0.01%	0.62%	0.08%
20-year	NHG	3.67%	4.06%	4.14%	4.23%	0.08%	0.47%	0.09%
	60% LTMV (non-NHG)	3.98%	4.24%	4.25%	4.34%	0.01%	0.27%	0.09%
	80% LTMV (non-NHG)	4.04%	4.35%	4.38%	4.47%	0.02%	0.34%	0.10%
	100% LTMV (non-NHG)	4.22%	4.55%	4.62%	4.68%	0.06%	0.40%	0.07%
30-year	NHG	3.78%	4.12%	4.25%	4.32%	0.13%	0.47%	0.07%
	60% LTMV (non-NHG)	4.06%	4.29%	4.31%	4.38%	0.02%	0.25%	0.07%
	80% LTMV (non-NHG)	4.13%	4.38%	4.44%	4.55%	0.06%	0.31%	0.11%
	100% LTMV (non-NHG)	4.29%	4.59%	4.64%	4.71%	0.04%	0.34%	0.08%

Table 2: Average top-6 mortgage rates (excluding action rates) for mortgage loans with different fixed rate periods for four risk classes. Source: Dynamic Credit, Hypotheekbond. Reference date is 2023-07-18.

Spread developments[1]

The spread curve does not provide a homogenous picture. The spread on 5-year rates has decreased with 28 bps during the quarter. The 10-year spreads, the most popular fixed rate among borrowers and advisors, have stayed more or less flat quarter on quarter. 20-year and 30-year rate spreads have increased slightly. In the first days of the quarter spreads have increased after an increase and subsequent decrease of swap rates.

1 The EUSWxV3 swap is used, which uses quarterly resets and the floating leg is 3-month EURIBOR.

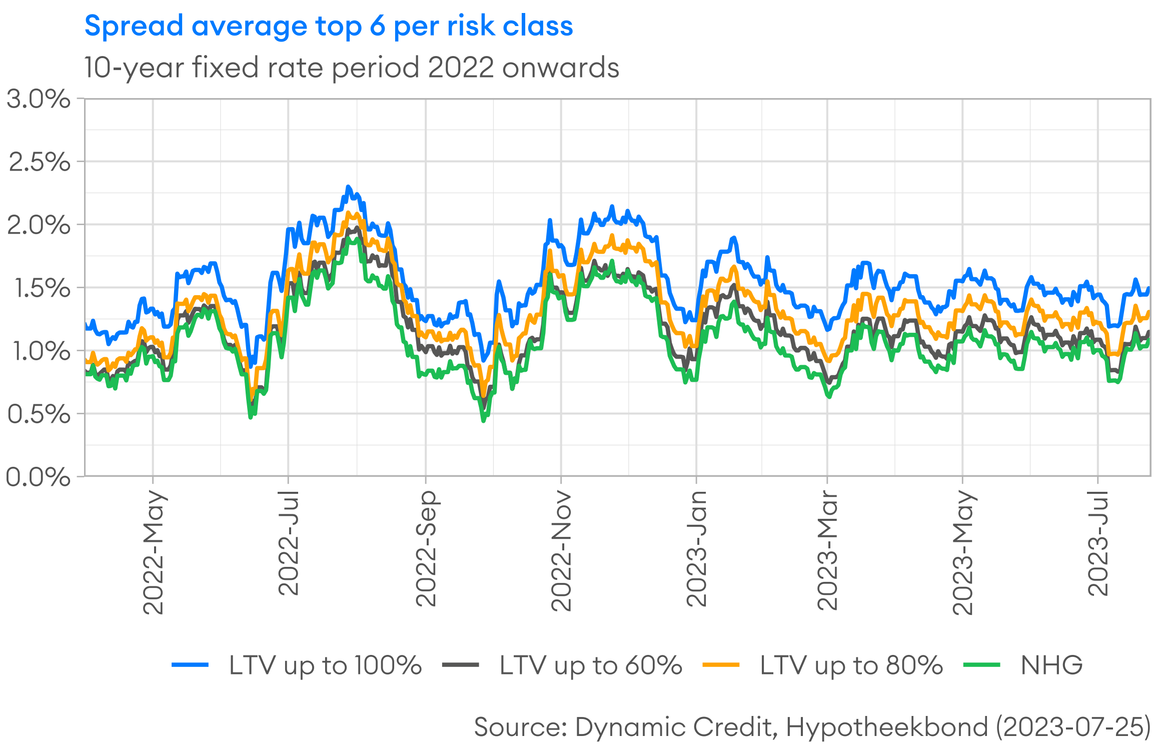


Figure 11 : Spread of the average top-6 price leader mortgage rates (excluding action rates) for mortgage loans with a 10-year fixed rate period for four risk classes. Starting January 2022 up to and including July 2023.

For a broader overview of the spread developments, see Table 3 as displayed below. In addition, the information should be interpreted as representative gross spread for newly originated Dutch residential mortgage loans over time.

Spread development for average of top 6 mortgage rates								
Fixed rate period	Risk class	2022-06-30	2023-03-31	2023-06-30	2023-07-18	QoQ	YoY	Qtd
5-year	NHG	1.17%	0.97%	0.73%	0.84%	-0.25%	-0.45%	0.11%
	60% LTV (non-NHG)	1.35%	1.10%	0.82%	0.91%	-0.28%	-0.53%	0.09%
	80% LTV (non-NHG)	1.42%	1.23%	0.94%	1.05%	-0.28%	-0.48%	0.11%
	100% LTV (non-NHG)	1.76%	1.46%	1.14%	1.30%	-0.31%	-0.61%	0.16%
10-year	NHG	1.23%	1.00%	1.00%	1.14%	0.00%	-0.23%	0.13%
	60% LTV (non-NHG)	1.33%	1.11%	1.09%	1.19%	-0.03%	-0.25%	0.10%
	80% LTV (non-NHG)	1.44%	1.28%	1.23%	1.36%	-0.05%	-0.21%	0.13%
	100% LTV (non-NHG)	1.76%	1.49%	1.43%	1.56%	-0.05%	-0.33%	0.13%
20-year	NHG	1.32%	1.06%	1.16%	1.25%	0.09%	-0.16%	0.09%
	60% LTV (non-NHG)	1.64%	1.25%	1.27%	1.36%	0.02%	-0.36%	0.09%
	80% LTV (non-NHG)	1.70%	1.37%	1.40%	1.50%	0.03%	-0.30%	0.10%
	100% LTV (non-NHG)	1.88%	1.57%	1.64%	1.70%	0.07%	-0.25%	0.07%
30-year	NHG	1.39%	1.11%	1.28%	1.35%	0.17%	-0.10%	0.06%
	60% LTV (non-NHG)	1.67%	1.29%	1.35%	1.40%	0.06%	-0.33%	0.06%
	80% LTV (non-NHG)	1.74%	1.37%	1.47%	1.57%	0.10%	-0.27%	0.10%
	100% LTV (non-NHG)	1.91%	1.59%	1.66%	1.73%	0.08%	-0.24%	0.07%

Table 3: Spread of the average top-6 mortgage rates (excluding action rates) over duration matched swap rates for four risk classes. Source: Dynamic Credit, Hypotheekbond. Reference date is 2023-07-18.

Affordability Update

Rising inflation has had a major impact on the affordability of Dutch housing over the past eighteen months. Mortgage interest rates have risen by about 3 percentage points, the fastest increase in decades. Higher mortgage rates, combined with the sharp rise in house prices in recent years, have worsened the affordability for consumers seeking a home. However, there are also signs that affordability is recovering.

Forecast from the market

Based on projections from Rabobank[1], it is expected that house prices (HPI) will decrease by an average of 6.50% YoY by the end of 2023. Additionally, by the end of 2024 house prices are estimated to be only 0.40% lower than a year earlier. The Central Planning Bureau (CPB) predicts that the gross modal income will rise with 6.50% this year and 4.90% in 2024. Together with lower house prices this will improve the prospects for buyers. Rabobank estimates that the affordability of homes will improve this year due to its predicted decline in house prices and further boosted by substantial nominal wage increases. Such substantial income growth would enable potential homebuyers to borrow almost the same amount in 2024 as they could in 2022, despite mortgage interest rates being around 3 percentage points higher now.

Affordability is expected to increase and could potentially fully recover in 2024 from the interest rate increases.

Also, the Dutch Central Bank ("DNB")[2] expects affordability to improve in the coming period. That results from a projected increase in incomes and the decline in house prices. Based on the DNB model, affordability could improve in 2024 compared to 2021 (before the rate increases) after significantly deteriorating in 2022. DNB expects the financing capacity for borrowers to increase from mid-2023, especially due to growth in income. The DNB model assumes a growth in income of 6% until 2024. However, the DNB states that the model does not take into account a change in sentiment on the housing market and that the actual result can therefore deviate significantly.

Dynamic Credit analysis

As described in the 2022-Q4 quarterly update[3], affordability dropped significantly last year. The affordability index developed by Dynamic Credit was considerably lower at the time, mainly driven by the sharp rise in mortgage interest rates. However, in 2023, a slight recovery in affordability can be observed as house prices experienced a minor decline, and income levels increased. Despite this improvement, affordability remained substantially lower compared to the end of 2021 (before the rate increases). To achieve a significant recovery in affordability in 2024, a mix of key changes need to materialize according to the affordability index model. Firstly, house prices need to decrease by an additional 5%. Such increase has been predicted by Rabobank. However there are already indications of rising prices due to higher demand and stagnant supply, according to both broker association NVM[4] and the most recent CBS house price index figures, which makes it unlikely. Secondly, income should continue to grow by an additional 7%. And finally, interest rates need to drop in line with capital market estimations, a decrease of approximately 0.5 percentage points. That combination would lead to a recovery towards the pre-interest rate increase affordability levels. But, to reach this level of affordability again there is still considerable distance left to cover.

1 Rabobank - Woningmarkt Update
2 DNB - Financieringsruimte en huizenprijzen
3 Dynamic Credit - reference to 2022-Q4 quarterly report
4 NVM - Woningmarkt veert op

4. Funding Update

RMBS

In the second quarter there has been modest RMBS issuance level of EUR 1.4 billion which raises the yearly total to EUR 10.7 billion.

Spreads on senior RMBS notes have moved in the 35-38 bps bandwidth throughout the quarter. That followed a period of decreasing spread from its peak of 70 bps in October 2022, and 57-58 bps by the end of the year.

Two owner-occupied and one BTL RMBS transactions have been priced:

- Delphinus 2023-1: A new issue from ASR in the series that was previously ran by SNS of which the latest transaction was in 2006. The notes are covered by a provisional pool with net principal balance of EUR 599 million, 42.9 WA years to maturity, 55.30% CLTIMV, 28.30% NHG and 35.50% IO loans. The long weighted average time to maturity is caused by a product feature on the IO loans that automatically extends the maturity by 30 years when maturity is reached (the WA time to maturity of these loans is assumed 83 years). The Class A notes (for EUR 500 million notional) were distributed and priced at par.

- Saecure 21: Just before the closing of the acquisition of Aegon by ASR a new issue in the Seacure series was placed. The Class A notes for a total of EUR 600 million notional have been placed externally. The pool consists of EUR 640 million net principal balance, WA seasoning of 2.33, CLTIMV of 63.60% and 40.10% IO. The notes were priced at par.

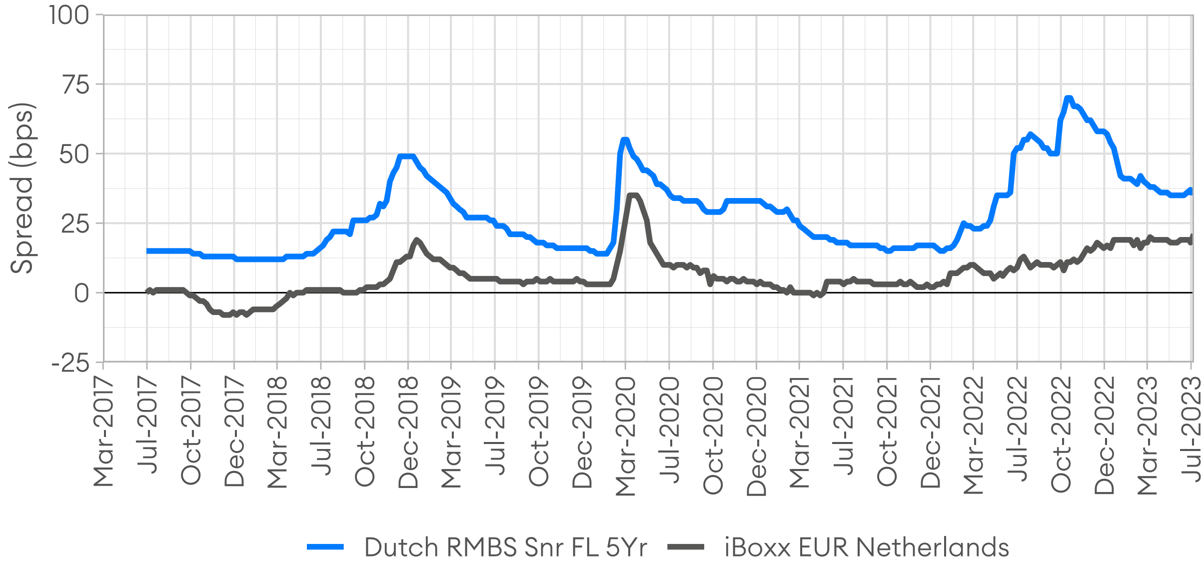
- Vecht Residential 2023-1: This is the inaugural issue of Mogelijk Hypotheken, a Dutch specialist BTL lender. The notes are covered by a provisional pool of loans that have been originated between 2020 and 2022 and outstanding balance of EUR 210 million, CLTV of 66.60% and 64.70% IO. The A-E notes have been placed publicly. The pricing of the notes seems to be wider than expected with discount margins of 130, 215, 315, 584 and 675 on the A- to E notes respectively (refer to Table 4 for the spreads).

Covered bonds

Total covered bond issuance for the quarter was EUR 1.75 billion making the yearly total EUR 9.3 billion. Notably Aegon Bank issued a covered bond for EUR 500 million end of June, just before the closing of the acquisition by ASR. Furthermore, mostly Rabobank and ING have been active this year with respective total issuances of EUR 2 billion.

Over the quarter, covered bond spreads have remained in the 18-20 bps bandwidth. Up from 16 bps by the end of the year and 8-9 bps mid-2022.

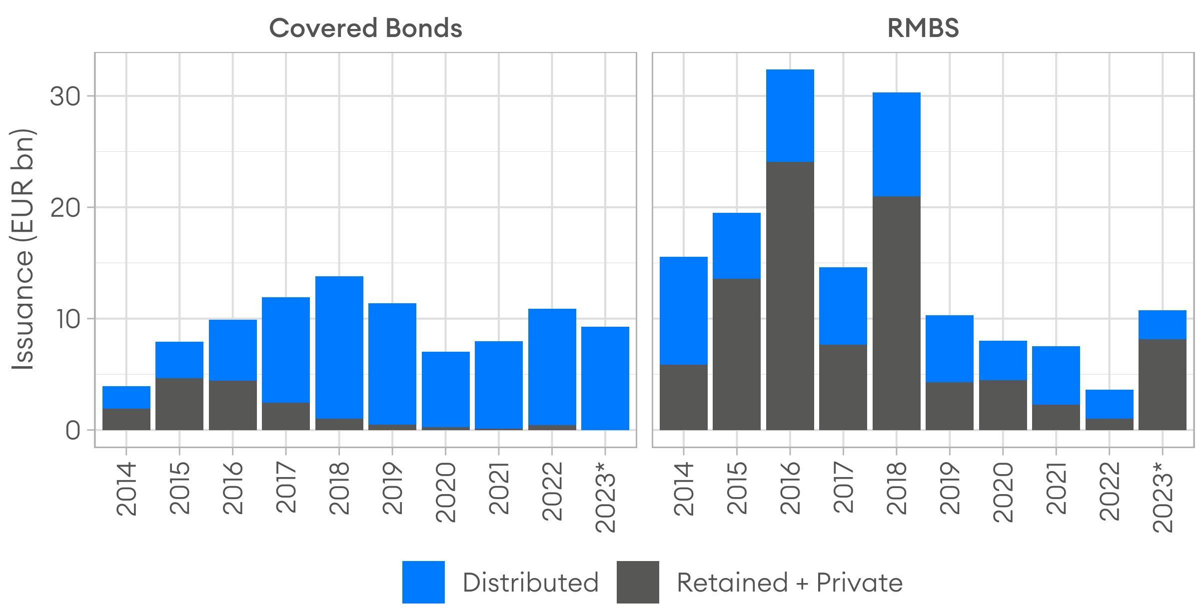
Mortgage funding spreads



Source: Dynamic Credit, JP Morgan

Figure 12: RMBS spread refers to indicative mid spread (DM) for representative generic RMBS bonds. iBoxx EUR Netherlands spread refers to spread versus mid swap rates. The data is as of 2023-Q2.

Mortgage funding issuance



* Data up to Q2
Source: Dynamic Credit, JP Morgan

Figure 13: Issuance of Dutch RMBS and covered bonds. The data is as of 2023-Q2.

Dutch RMBS market: Priced Dutch prime RMBS and BTL deals

Date	Issuer	Series	Seller	Class	Euro Amount	Life	FXFL	Sprd	DM	Benchmark	M	SP	F	DBR	Retained	Comments
2023-06-28	Delphinus BV	2023-1	ASR Bank	A	500	4.9	FL	46		3 Mo. Euribor		AAA	AAA		N	
				B	26	6.1	FX								Y	
				C	5	1.5	FX								Y	
2023-05-19	Vecht Residential BV	2023-1	Mogelijk	A	202	3.9	FL	100	130	3 Mo. Euribor	Aaa	AAA			N	
				B	9	5.1	FL	160	215	3 Mo. Euribor	Aa2	AA+			N	
				C	7	5.1	FL	240	315	3 Mo. Euribor	A3	A+			N	
				D	6	5.1	FL	350	584	3 Mo. Euribor	Ba2	BB			N	
				X1	5	1.1	FL	580	675	3 Mo. Euribor	Caa2	BB			N	
				X2	2		FL	580		3 Mo. Euribor					Y	
				Z1	4		FL	750		3 Mo. Euribor					Y	
				Z2	2		FX								Y	
2023-05-12	Saecure BV	21	Aegon Insurance	A	600	4.9	FL	42		3 Mo. Euribor		AAA	AAA		N	
				B	40	6.5	FX								Y	
				C	8		FX								Y	

Table 4: Priced Dutch RMBS and BTL Deals in 2023-Q2. Source: Dynamic Credit, JP Morgan.

DYNAMIC

5. Buy-to-let Mortgages

Rental market developments

Pararius reports[1] that in the five largest Dutch cities (Amsterdam, Den Haag, Eindhoven, Rotterdam and Utrecht) the average price per square meter for rental properties increased 5.10%-7.60% YoY and on a national level 0.40% YoY. There has been a decrease in the number of rental properties being offered in the five largest cities in the Netherlands of 27% YoY, despite an increase in demand. The number of rental properties in these cities over the total number of rental properties on a national level is now 39% (compared to 46% in 2022-Q2 and 55% 2021-Q2). The decrease in supply is largely attributable to a large number of restrictive measures making owning rental properties less attractive and can be viewed as a warning sign of what could happen if further regulation of middle market rentals takes place.

Real estate transaction for 6,900 properties

The FD reports[2] that the large Canadian real estate investor Eres (a subsidiary of Capreit) has put 6,900 Dutch rental properties with a combined estimated market value of EUR 1.7 billion up for sale, which would make it the largest real estate deal on the Dutch housing market in years. The sale is announced in an increased interest rate environment which makes it difficult to raise capital and that puts real estate values under pressure. The (intended) rent regulation has also contributed to the decision as it will ultimately lead to lower rents for thousands of properties. About a quarter of its Dutch portfolio would fall under rent regulation, and to about a third of the portfolio it is already applicable. The company anticipates to use the proceeds for investments in its home country.

Resignation of government and rent regulation

Following the resignation of the Rutte-IV cabinet in July, the cabinet is now in caretaker capacity and is only expected to handle ongoing matters until a new government is formed after elections. That leads to uncertainty about the future of legislative proposals, for example for the proposal to regulate middle market rent (*Wet betaalbare huur*) as presented by outgoing Minster of Housing de Jonge. For more information please refer to the comprehensive article about the resignation of government page 3 in this report.

Purchase protection (*opkoopbescherming*)[3]

From 2022 municipalities have the possibility to implement a purchase protection on property sales to block investors from certain segments in the housing market. The implementation differs between municipalities, mostly on limit to the property value and the geographical area. The narrative has primarily been that investors drive up prices and should be blocked from purchasing housing that is also attainable to low- and middle-income households. That should in turn improve the position of first-time buyers. Recent research from Franke et al. (2023) indicates that the removal of investors from the market has not led to decreasing house prices, however it has increased the proportion of first-time buyers. On the other hand, it has led to increased rent prices for the remaining rental housing stock due to decreased supply. Additionally, the neighbourhood composition changed because tenants of buy-to-let properties generally are younger, have lower incomes, and often have a migration background.

1 Pararius - Rental prices in the Netherlands continue to rise
2 FD - Canadese vastgoedbelegger zet duizenden Nederlandse huurhuizen te koop
3 Buy-to-Live vs. Buy-to-Let: The Impact of Real Estate Investors on Housing Costs.

Rate and spread development

During the second quarter of 2023, buy-to-let mortgage interest rates increased by 13 bps QoQ on average across fixed-rate-period and LTV segments included in Table 5 displayed below. Similar to previous quarters, the increase in buy-to-let mortgage interest rates was more pronounced in the 1-year fixed-rate-period segment due to the underlying swap movements, on average 37 bps QoQ for the 1-year segments compared to 5 bps QoQ in the 5-, 10- and 20-year fixed rate period segments.

With regards to buy-to-let mortgage spreads, those remained approximately at the same level compared to the previous quarter. On average, across fixed-rate-period and LTV segments spreads tightened by 6 bps QoQ. Conversely, after the second quarter had ended, spreads slightly expanded by a modest 4 bps. It is worth noting that although the above deltas are relatively small, throughout the quarter spreads are still volatile due to volatile swap movements whereas buy-to-let mortgage interest rates are relatively rigid in the short term.

It should be noted that Dynamic Credit is the only active lender in the high LTV (>85%) segment.

Market rate and spread development for consumer buy-to-let rates											
		BTL rates					Spreads				
Fixed rate period	LTV	2023-03-31	2023-06-30	2023-07-18	QoQ	QtD	2023-03-31	2023-06-30	2023-07-18	QoQ	QtD
1-year	50%	5.38%	5.80%	5.90%	0.42%	0.10%	1.93%	1.89%	2.05%	-0.04%	0.16%
	60%	5.49%	5.91%	6.01%	0.42%	0.10%	2.05%	2.00%	2.16%	-0.05%	0.16%
	70%	5.51%	5.94%	6.05%	0.43%	0.11%	2.06%	2.03%	2.20%	-0.03%	0.17%
	80%	5.80%	6.18%	6.31%	0.38%	0.13%	2.35%	2.27%	2.45%	-0.08%	0.18%
	90%	5.65%	5.85%	5.95%	0.20%	0.10%	2.21%	1.94%	2.10%	-0.27%	0.16%
5-year	50%	5.26%	5.32%	5.37%	0.06%	0.05%	2.25%	2.09%	2.23%	-0.16%	0.14%
	60%	5.39%	5.44%	5.48%	0.05%	0.04%	2.37%	2.20%	2.35%	-0.17%	0.15%
	70%	5.42%	5.48%	5.52%	0.06%	0.04%	2.40%	2.24%	2.39%	-0.16%	0.15%
	80%	5.61%	5.44%	5.50%	-0.17%	0.06%	2.59%	2.20%	2.36%	-0.39%	0.16%
	90%	5.55%	5.55%	5.65%	0.00%	0.10%	2.54%	2.31%	2.51%	-0.23%	0.20%
10-year	50%	5.35%	5.46%	5.52%	0.11%	0.06%	2.42%	2.46%	2.57%	0.04%	0.11%
	60%	5.46%	5.59%	5.66%	0.13%	0.07%	2.53%	2.59%	2.70%	0.06%	0.11%
	70%	5.49%	5.63%	5.69%	0.14%	0.06%	2.56%	2.62%	2.73%	0.06%	0.11%
	80%	5.63%	5.62%	5.71%	-0.01%	0.09%	2.70%	2.61%	2.76%	-0.09%	0.15%
	90%	5.65%	5.65%	5.75%	0.00%	0.10%	2.72%	2.65%	2.79%	-0.07%	0.14%
20-year	50%	5.76%	5.86%	5.90%	0.10%	0.04%	2.77%	2.88%	2.93%	0.11%	0.05%
	60%	5.86%	5.97%	6.01%	0.11%	0.04%	2.87%	2.99%	3.04%	0.12%	0.05%
	70%	5.91%	6.02%	6.06%	0.11%	0.04%	2.92%	3.04%	3.09%	0.12%	0.05%
	80%	5.82%	5.89%	5.96%	0.07%	0.07%	2.84%	2.91%	2.99%	0.07%	0.08%
	90%	5.85%	5.85%	5.95%	0.00%	0.10%	2.87%	2.87%	2.98%	0.00%	0.11%

Table 5: Interest rate and spread development for buy-to-let rates in the Netherlands. Source: Dynamic Credit, Hypotheekbond. Reference date is 2023-07-18. Note that the overview shows rates for consumer buy-to-let products, it excludes products that are targeted to professionals.

6. News

The following sections provide an update on the (macro)economic environment.

Monetary policy

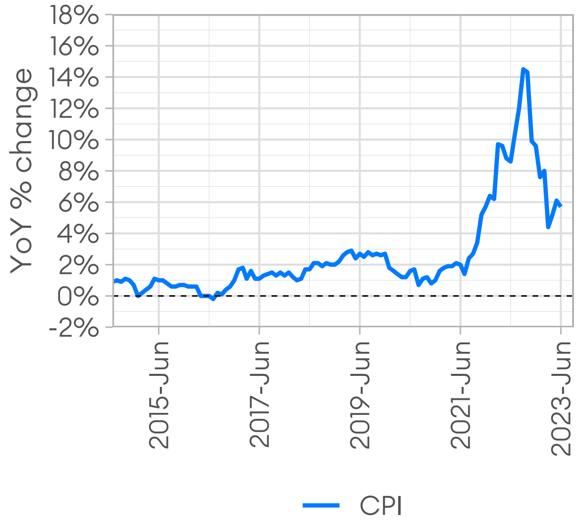
At the monetary policy meeting of the ECB in July it was decided to raise policy interest rates for the ninth consecutive time by 25 bps effective as of 2nd of August 2023. For the three key policy rates, this means the following: the refinancing operations rate is 4.25%, the marginal lending facility rate is 4.50% and the deposit facility rate is 3.75%[1]. The primary reason for the continued rate hike is that although inflation has been coming down in the Eurozone, projected inflation will remain too high for too long of a period. The next ECB policy rate decision meeting will be held in September 2023. Current ECB policy rates are at their highest point in the last two decades. Although the past several consecutive rate hikes are gradually rippling through the economy and Eurozone inflation seems to be slowing down, ECB officials might still be open to raise interest rates going forward to ensure bringing inflation down to the targeted 2% in a timely manner[2].

Inflation and Harmonized Index of Consumer Prices[3]

As of June 2023, consumer goods and services in the Netherlands were 5.70% higher than the same period a year earlier, compared to 4.40% in March (see Figure 14). In June 2023, motor fuels experienced a substantial decline of 23.20% in price. However, the cost of food increased by 13.10% YoY in June. In addition, core inflation (which excludes gas, electricity and district heating) declined from 8.10% as of March to 7.20% in June. Lastly, HICP increased from 4.50% in March to 6.40% in June. In addition, CBS published[4] their preliminary Dutch inflation estimate of 4.60% YoY as of July 2023. This is substantially lower than YoY inflation measured in June 2023, the numbers will be finalized beginning of August 2023.

Consumer Price Index

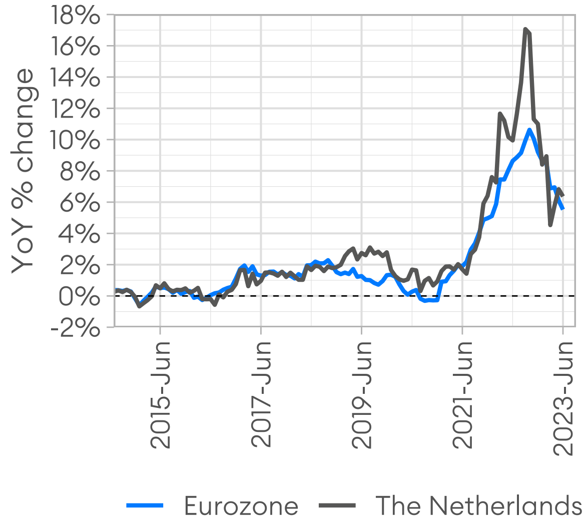
The Netherlands



Source: Dynamic Credit, CBS

HICP

Eurozone and The Netherlands



Source: Dynamic Credit, CBS

Figure 14: The consumer price Index in the Netherlands (left) and the Harmonized Index of Consumer Prices ("HICP") (right) both as of June 2023.

1 ECB - Key ECB interest rates
2 Bloomberg - ECB Hikes Rates Again While Keeping September Options Open
3 CBS - Inflation rate down to 4.4 percent in March
4 CBS - Inflatie in juli 4,6 procent bij snelle raming

Real GDP

Statistics Netherlands ("CBS") reports on the economic growth in the Netherlands[1]. In the first quarter of 2023, the Dutch economy saw a contraction of 0.30%. The contraction in GDP was primarily caused by the increased withdrawals from gas storage facilities. When examining YoY change, the Dutch economy expanded by 1.90%, primarily driven by more investments, higher household and public consumption compared to a year earlier.

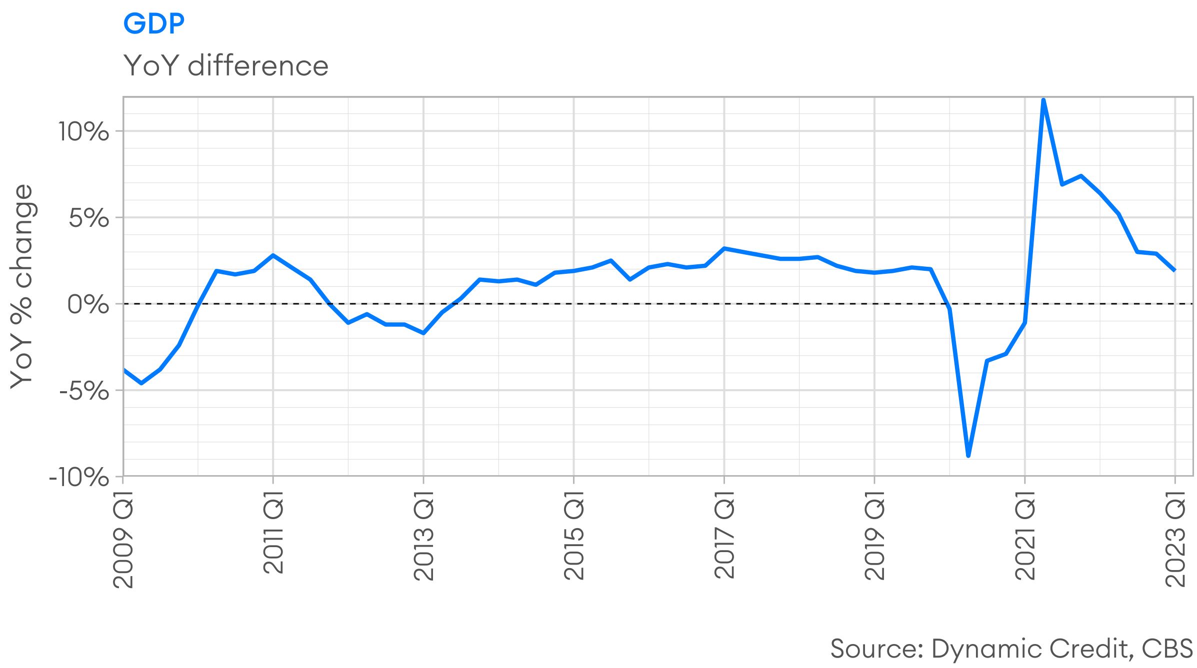


Figure 15: YoY GDP growth in The Netherlands as of 2023-Q1.

Unemployment

Statistics Netherlands ("CBS") reported[2] that unemployment remained relatively unchanged throughout the second quarter of 2023. In June 2023, 353,000 people aged 15 to 74 years were unemployed. This is 3.50% of the labor force, approximately the same as in 2023-Q1. In addition, a total of 3.6 million people aged 15 to 74 were not engaged in paid work for various reasons. Out of this group, 3.2 million people were neither actively seeking nor immediately available for work, and consequently, they are not considered part of the labor force.

1 CBS - Economic contraction of 0.3 percent in Q1 2023
2 CBS - Unemployment virtually unchanged in June

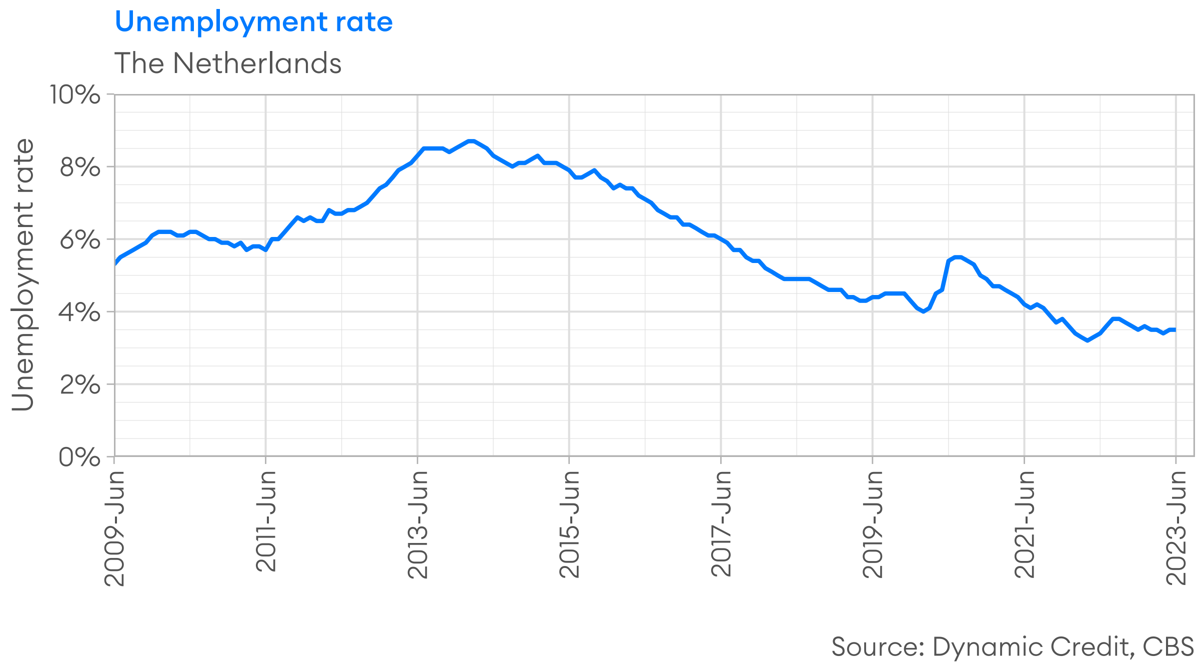


Figure 16: Unemployment rate in The Netherlands as of June 2023.

Bankruptcies

In June, CBS reported[1] that the number of bankruptcies in the Netherlands increased for the third consecutive month, with 48 more bankruptcies recorded compared to the previous month, an increase of 19%. Throughout the first half of 2023, bankruptcies were nearly 60% higher than in the same period of the previous year. However, it is important to consider that bankruptcies were relatively low throughout 2022 compared to the long-term average as can be seen in Figure 17. The trade sector experienced the highest impact, where 63 bankruptcies occurred, which represents a notable 40% increase compared to May 2023. Additionally, the sector of accommodation and food services stood out with the highest number of bankruptcies in June, relative to the size of the sector.

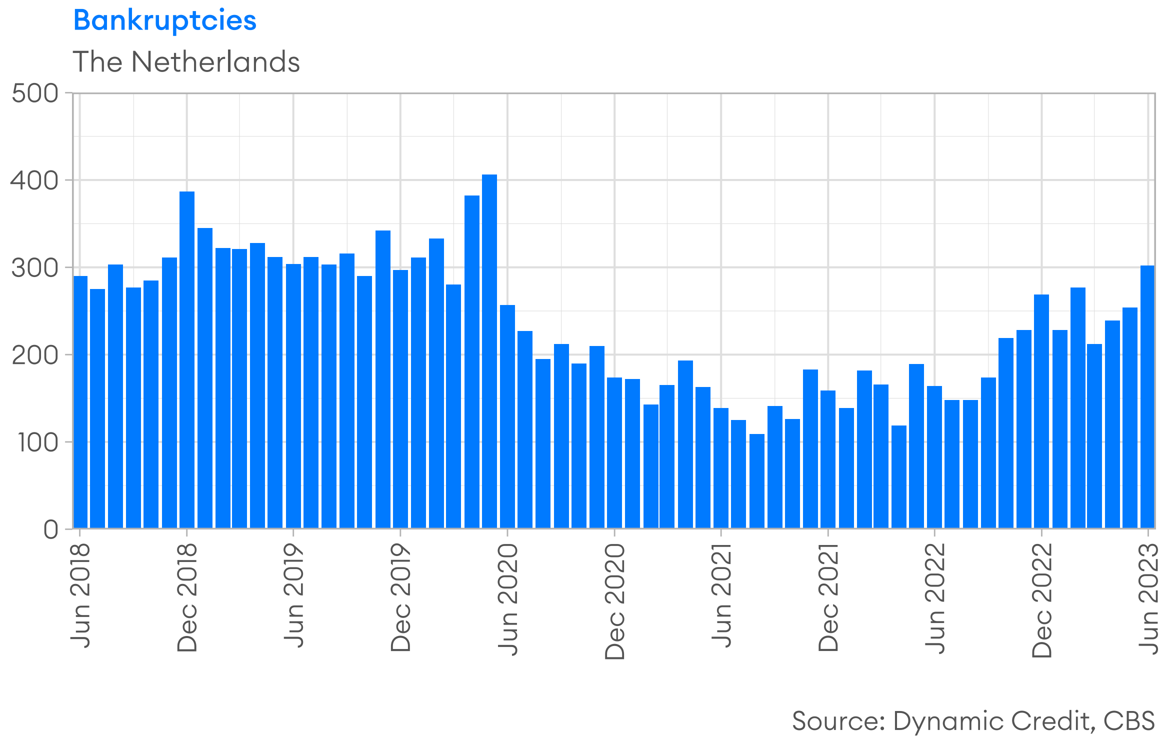


Figure 17: Monthly bankruptcies in The Netherlands as of June 2023.

1 CBS - More bankruptcies in June

7. Sustainability Update

Climate change poses a growing risk to residential properties, with water damage, drought, heatwaves, and flooding becoming more frequent and severe. These physical climate risks are currently underappreciated in residential real estate valuation according to ING[1] due to three main factors:

1. Lack of urgency: many people fail to acknowledge the urgency of considering climate risks when making housing decisions.
2. Difficulty in assessment: climate risks are complex and challenging to accurately estimate, making it harder for potential buyers to account for them.
3. Lack of knowledge about financial risks: homebuyers may not fully understand the potential financial consequences of climate-related property damage, adding to the reluctance to incorporate these risks into their calculations.

However, in the near future, the significance of climate risks in the housing market is likely to increase. KNMI[2] reports that concerns about the physical consequences of climate change may grow rapidly as they predict more extreme weather events and property damage, making the impact of climate change more evident. The emergence of standardized methodologies for assessing physical climate risks could change the game and lead to better incorporation into property pricing. By publishing portfolio-specific climate risk reports in 2022, Dynamic Credit has already taken a first step towards sharing insights about climate risks and bridging the knowledge gap.

Limited influence on property prices

Assessing physical climate risks is not easy. People tend to underestimate the risks, and there is a lack of knowledge about the potential financial impact resulting from climate-related property damage. The lack of urgency about physical climate risks can be attributed to insufficient context and the fact that most people have not personally experienced the consequences of natural disasters. As a result, physical climate risks feel abstract and distant. Additionally, the high information costs, coupled with the absence of a standardized methodology, contribute to the challenge of incorporating climate risks into property pricing. Moreover, many homeowners are not well-informed about their insurance policy's terms and about the extent of government compensation for climate-related property damage. Climate-related property damage is not always insurable, and there are significant differences in coverage among insurers.

How could this change in the future?

When it becomes easier and less time-consuming to assess physical climate risks for properties, the market can more effectively price these risks. It is expected that households will become increasingly aware of the financial excess that they run due to physical climate risks, partly because insurers and the government will be increasingly explicit about the financial consequences of these climate risks. Homebuyers will likely consider these risks in their purchase decisions, or financial institutions may factor them into their assessment of loan applications. Regulatory bodies, such as the European Central Bank (ECB)[3], may demand that banks, pension institutions, and insurers incorporate climate risks into risk management which will enhance the understanding of climate risks across institutional investors. According to ING, it is currently impossible to predict the effect on prices, as well as the timing of the effect.

1 ING - Climate risks entail the risk of a sudden drop in house prices
2 KNMI – Climate signal 2021
3 ECB - Banking supervision starts climate risk stress test 2022

Appendix

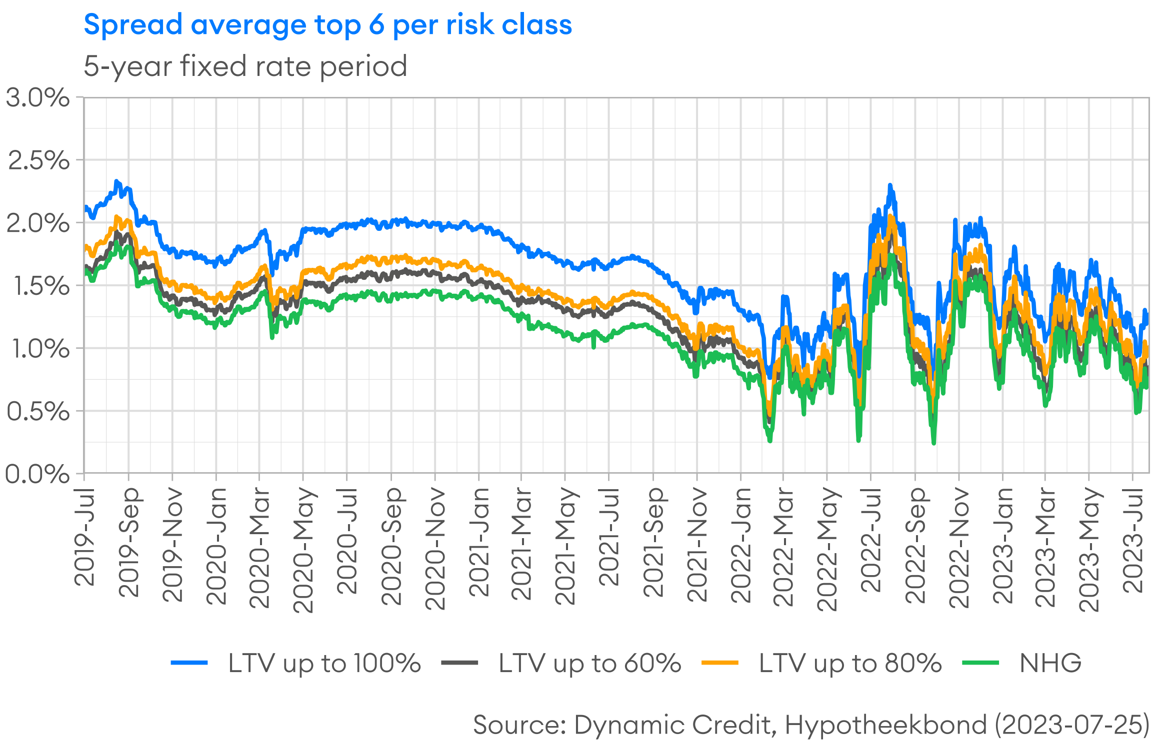


Figure A1: Spread of the average top-6 price leader mortgage rates (excluding action rates) for mortgage loans with a 5-year fixed rate period for four risk classes. Up to and including July 2023.

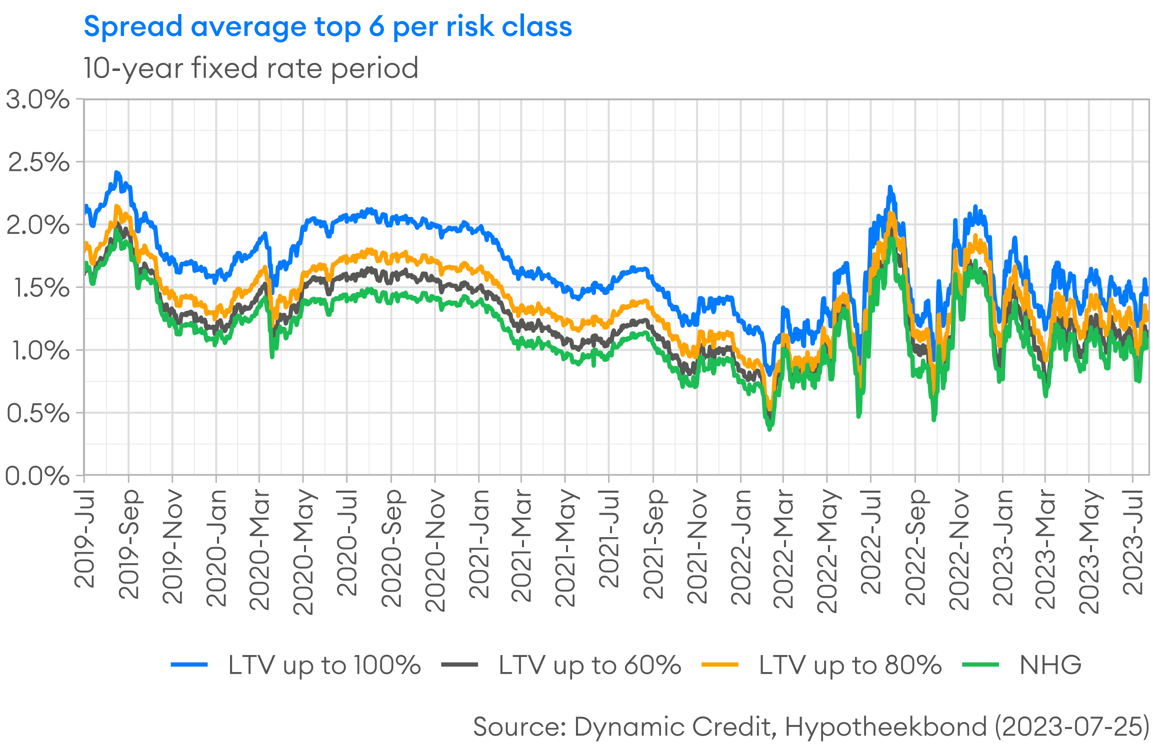


Figure A2: Spread of the average top-6 price leader mortgage rates (excluding action rates) for mortgage loans with a 10-year fixed rate period for four risk classes. Up to and including July 2023.

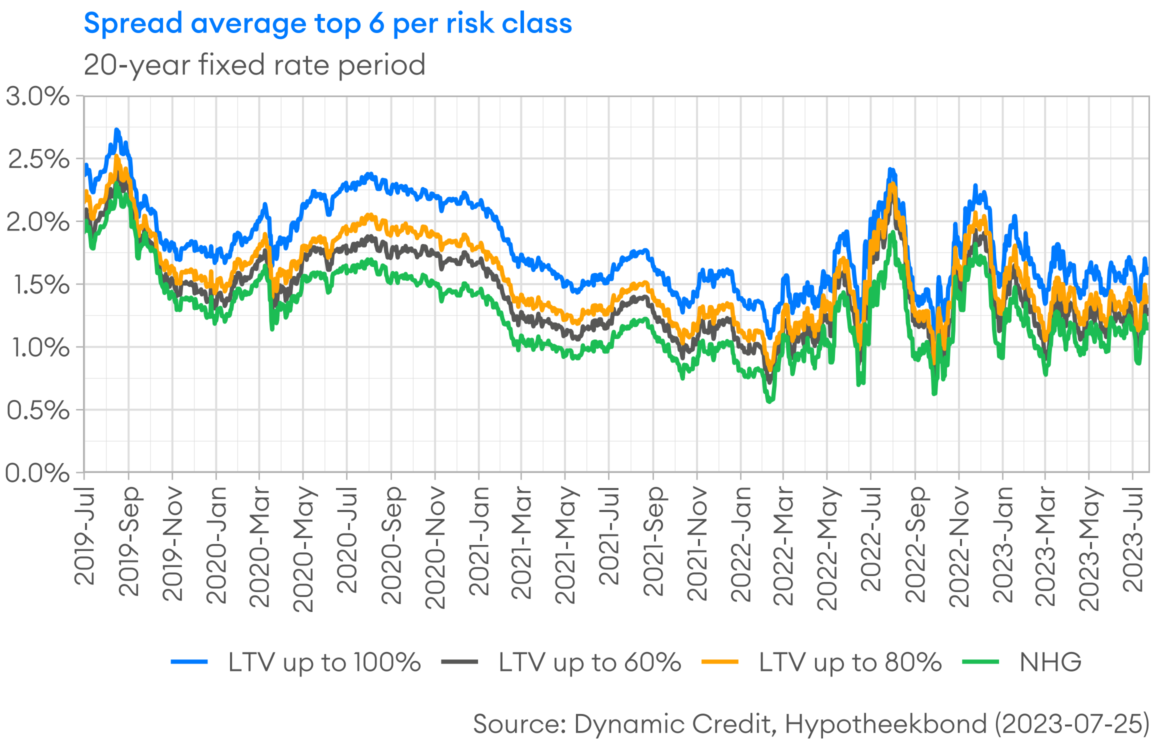


Figure A3: Spread of the average top-6 price leader mortgage rates (excluding action rates) for mortgage loans with a 20-year fixed rate period for four risk classes. Up to and including July 2023.

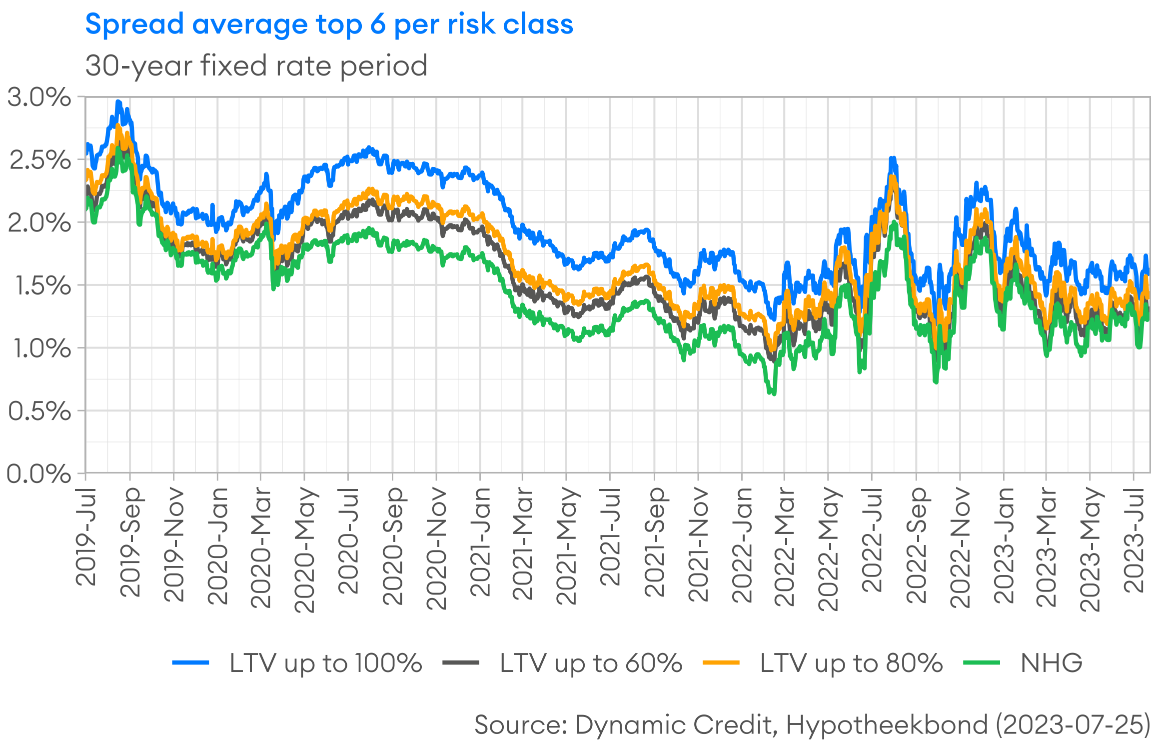


Figure A4: Spread of the average top-6 price leader mortgage rates (excluding action rates) for mortgage loans with a 30-year fixed rate period for four risk classes. Up to and including July 2023.

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