Gallagher Re

Deposit Unlock Annual Report

2024

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Executive Summary

Executive Summary

Opportunities and learnings from 2024

The year 2024 has presented a challenging economic environment, with persistently high living costs and interest rates. Despite these obstacles, the Deposit Unlock scheme has remained steadfast in its mission to help buyers access the market.

Recognising the need for growth and evolution, and after analysing the barriers to homeownership, we have partnered with two new lenders offering unique solutions. Our collaboration with Bluestone has made high LTV lending available to a previously underserved market. Deposit Unlock is now supporting a wider range of buyers, including young entrepreneurs and homeowners with a single past credit mistake. Meanwhile, through our partnership with Perenna, buyers can access lending at up to 6x LTI with a deposit of less than 5%. Perenna has also introduced builder-funded deposits of up to 5%, helping to attract potential buyers currently trapped in high-cost rental properties. By diversifying our offerings, we aim to provide even more support for those looking to purchase a new build home, regardless of their circumstances.

While it was disappointing when NBS and Nationwide exited the scheme due to compliance issues and internal costs, these changes have created new opportunities. Accord Mortgages, eager to fill the gap left by Nationwide and Newcastle's departure from the high LTV market, is in active discussions with us about new initiatives. Accord has renewed their partnership through January 2026, demonstrating their confidence in our continued collaboration.

Although competing schemes have emerged and high LTV lending has been lower overall this year, the number of scheme completions has remained steady. We recognise the need to further diversify, create new unique selling points (USPs), and consider adjusting the scheme's pricing structure through changes to our insurance model. We have gathered valuable feedback from housebuilders, lenders, and IFAs, which has informed a strategy to meet the evolving needs of all stakeholders.

For over 18 months, our interest rate tracking has followed 95% LTV rates, and we continue to monitor and analyse these trends to provide regular feedback to lenders and stakeholders. During this period, Deposit Unlock has offered one of the best rates, 88% of the time, in 2024*. Acknowledging that more can be done, we continue to explore the possibility of offering preferential rates for the scheme, given the strong protection we provide to our lenders.

We remain committed to the high LTV market and are confident that 2025 will bring positive changes and growth for the Deposit Unlock scheme. Buyers can look forward to new offerings designed to support their new build purchase.

> "We remain committed to the high LTV market and are confident that 2025 will be a year of change and growth for the scheme."

Freddie Scarratt
UK Head of Mortgage
Gallagher Re

*Best 5-year fixed rate with fee 88% of the time, and 5 year no-fee fixed 76% of the time, at bi-monthly data points compared with Halifax 90-95% lending. All rates are taken from Lender websites.

Executive Summary

Stability and improvements in 2024

In 2024, we saw significant shifts in the scheme's lending base, yet we started and ended the year with three lenders.

Our unique selling proposition (USP) portfolio underwent a comprehensive transformation to broaden our customer base and increase lending potential, resulting in a distinctive set of USPs by year-end. We achieved a key milestone with the 300th home purchased with Deposit Unlock, processing over £93 million through the scheme.

Throughout the year, we actively integrated feedback from developers and IFAs, which helped shape our USPs and drive other initiatives. Our growing presence on LinkedIn, over 1,000 followers, has strengthened our connections with key stakeholders, including mortgage advisors and new build developers, who play a pivotal role in promoting the scheme to homebuyers.

Our efforts have focused on refining operational processes to deliver superior service to both internal and external clients. We've ensured our databases are accurate, and our reporting remains precise. The onboarding process for new developers has become more efficient, drawing interest from smaller developers who have yet to enrol.

With Accord working to establish its own USP within the scheme and Bluestone and Perenna prepared to adapt and sustain momentum, the future looks promising. We are also anticipating the launch of our Property Search Website, which will be a valuable tool for customers searching for properties in specific regions.

Looking ahead, we are optimistic about developing an enhanced Deposit Unlock in 2025 that will continue to support customers in purchasing new build homes. Our aim is to reduce reliance on deposits, lessen the rental trap, and make homeownership a reality for more individuals.

> "Looking ahead, we are optimistic about developing an enhanced Deposit Unlock in 2025 that will continue to support customers in purchasing new build homes"

Melissa Schofield
Operations Manager
Gallagher Re

Overview of 2024

Source: Deposit Unlock Scheme Data January 2025

Annual Report Market Overview

After a challenging year for the economy in 2023, 2024 was a year of progress

After a challenging year for the economy in 2023, 2024 was a year of progress.

Growth picked up from the anaemic picture of the previous year, although unemployment continued to rise gently as the labour shortages of the post-Covid period eased. Most significantly, the inflation that bedevilled the economy over the preceding two years eased considerably, paving the way for the Bank of England to cut the Bank Rate twice to 4.75% by the year end.

The housing market continued the pattern of recent years, showing considerable resilience. Having been broadly flat the previous year, house prices were rising by around 4% by the end of 2024. Housing activity was also stronger with transactions rising to around 1.1 million for the year as a whole. Probably the most significant factor driving this housing market recovery was rising buyer affordability spurred both by lower mortgage rates and average earnings growth of around 5%. With earnings rising slightly faster than house prices, the house price earnings ratio eased back to 8.0, but the largest contribution to improved affordability came from lower borrowing costs. After the sharp rise in mortgage rates from the latter part of 2022, 2024 thus saw some respite, with rates falling gently for both fixed and variable rate products, although mortgage rates remain well above the very low levels seen until 2022.

Rob Thomas
Lender Consultant

Households have weathered the higher interest rate environment seen since 2022 remarkably well, with mortgage arrears actually falling by the end of 2024, despite the fact that many borrowers were still moving onto higher interest rate products over the course of 2024 as their earlier very cheap fixed-rate mortgage deals expired. With earnings growth now comfortably outpacing inflation, families are starting to feel somewhat better off, easing the previous cost of living crisis, while buy-to-let landlords have benefitted from sharply rising rents, which reflect the ongoing shortage of accommodation, in part driven by high net immigration, which reached 728,000 in the year to the end of June 2024.

Mortgage advances reflected the more buoyant housing market, reaching around £240 billion. The strongest component was house purchase lending, reflecting both higher sale prices and the volume of transactions. Remortgage activity in contrast, was down in 2024 and even product transfers, where borrowers take a new product from their existing lender, which had previously shown solid growth, were lower in 2024.

So, 2024 was a positive year for the housing and mortgage markets, and despite the recent volatility in the government bond (gilt) market, which will put some upward pressure on fixed-rate borrowing costs, the momentum that the market showed towards the end of the year augurs well for 2025.

2024 Scheme Data

£93,087,600 Through Deposit Unlock

December 2024 Completion Dashboard

£93,087,600 through Deposit Unlock | + £19,134,705 in 2024

260
England (+55)

300
Completions (+60)

£106k
Average Loan Coverage (+1k)

30
Scotland (+2)

34
HBs completed under DU (+7)

0.0%
90+ arrears

06
Wales (+1)

94.3%
Average LTV (+0.1%)

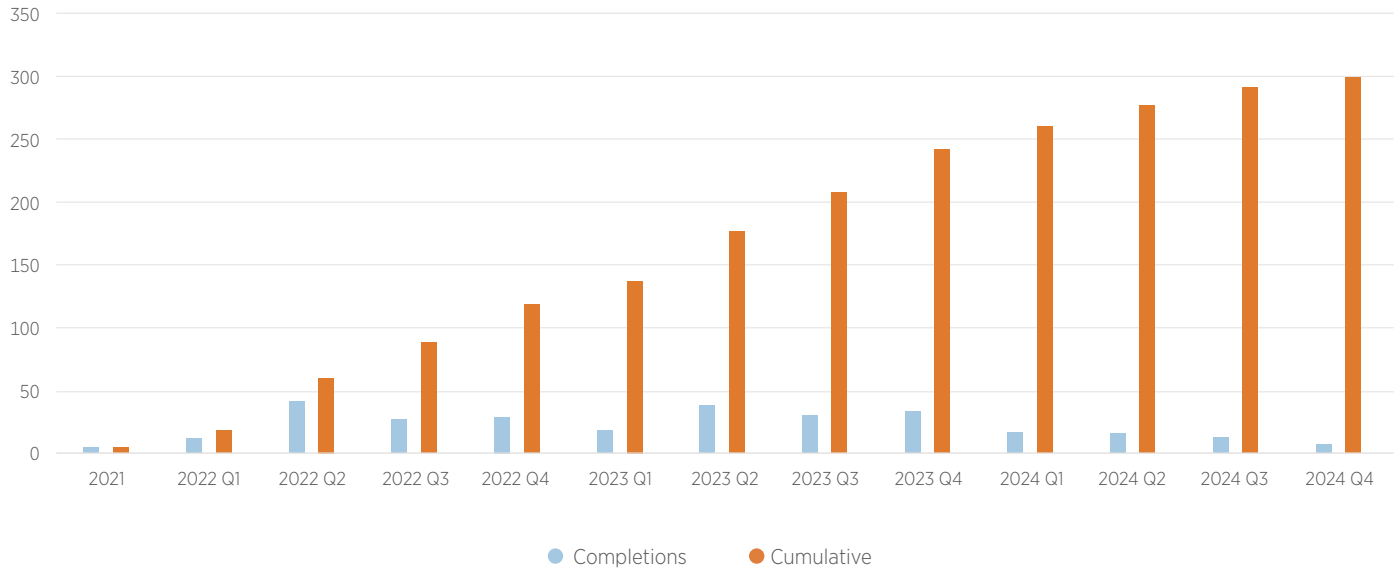
04
Northern Ireland (+2)

£310k
Average sale Price (+5k)

Source: Deposit Unlock Scheme Data January 2025

Deposit Unlock: Completions Tracker

60 completions in 2024 I 300 in total



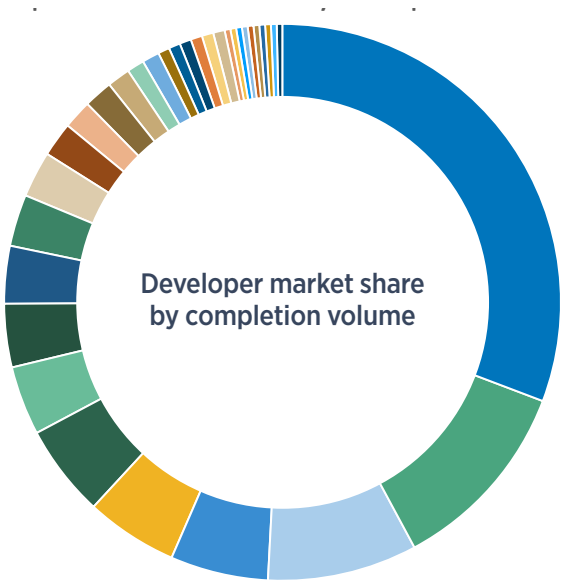
Completions based on Month-end MI December 2024
Source: Deposit Unlock Scheme Data January 2025

Market Share Dashboard

Lender and developer shares in the scheme

163	nationwide
89	Newcastle Building Society
41	ACCORD MORTGAGES
05	Bluestone. mortgages
02	Perenna

Source: Deposit Unlock Scheme Data January 2025

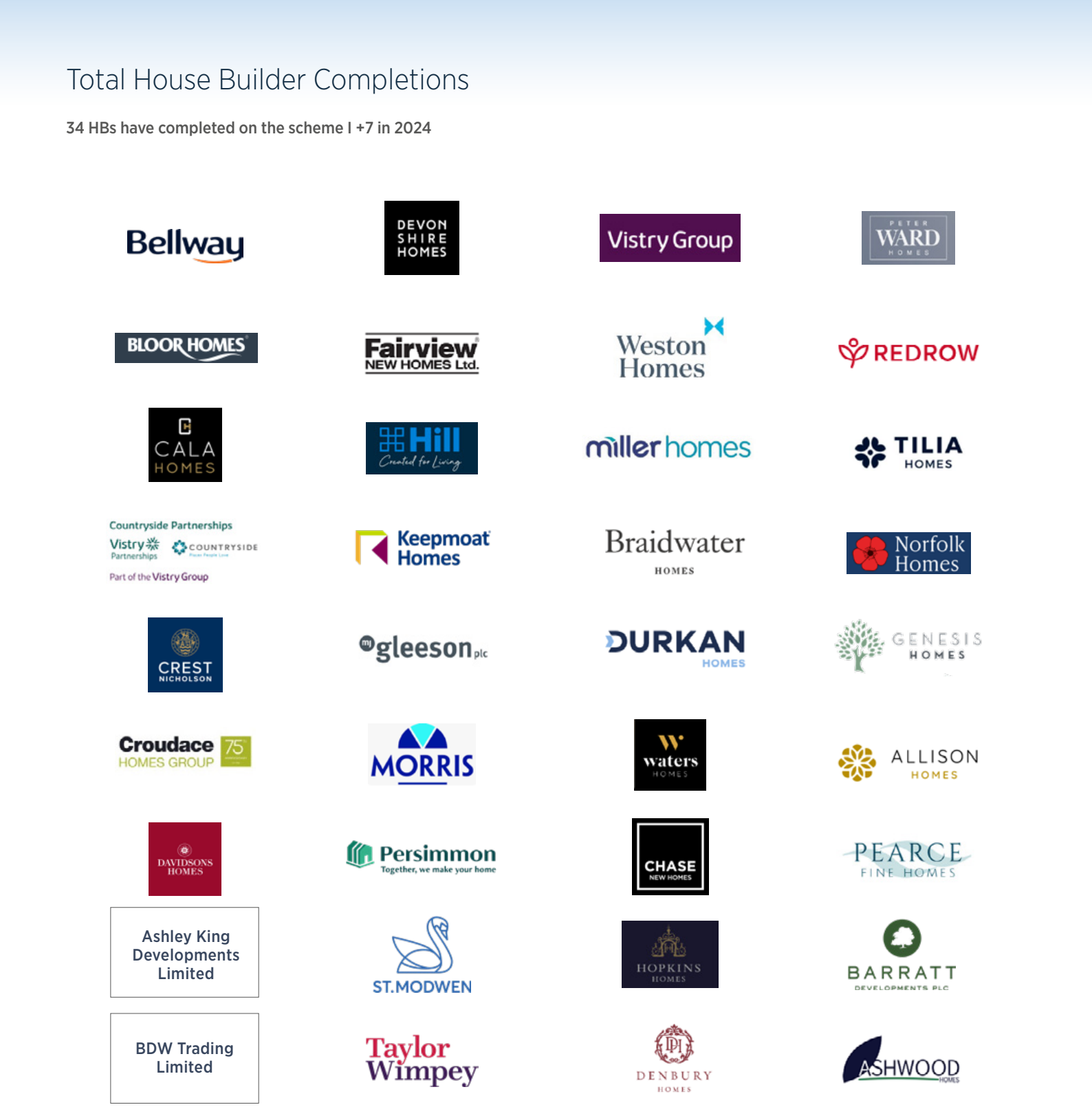


Developer Market Share

Number 1 proportion continues to drop (now at 30.2%)

Total House Builder Completions

34 HBs have completed on the scheme I +7 in 2024

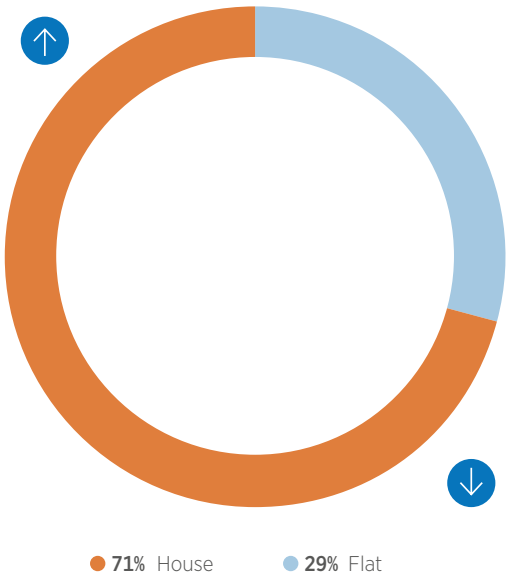


1. Ashley King Developments Limited
2. BDW Trading Limited
3. Bellway Homes Limited
4. Bloor Homes Limited
5. CALA Management Limited
6. Countryside Properties (UK) Limited
7. Crest Nicholson Operations Limited
8. Croudace Homes Ltd
9. Davidson Developments Limited
10. Devonshire Homes
11. Fairview New Homes Limited
12. Hill Holdings Limited
13. Keepmoat Homes Limited
14. MJ Gleeson
15. Morris Homes Eastern Limited
16. Persimmon Homes Limited
17. St Modwen Homes Ltd
18. Taylor Wimpey UK Limited
19. Vistry Homes Limited
20. Weston Homes
21. Miller Homes
22. Braidwater Limited
23. Durkan Homes
24. Waters Homes
25. Chase Homes
26. Hopkins Homes
27. Peter Ward Homes
28. Redrow Homes Limited
29. Denbury Homes
30. Tilia Homes
31. Norfolk Homes
32. Genesis Homes
33. Allison Homes
34. Pearce Fine Homes

Source: Deposit Unlock Scheme Data January 2025

House I Flat Mix

Slight increase in proportion at flats to 29% | +2%



No change from last month

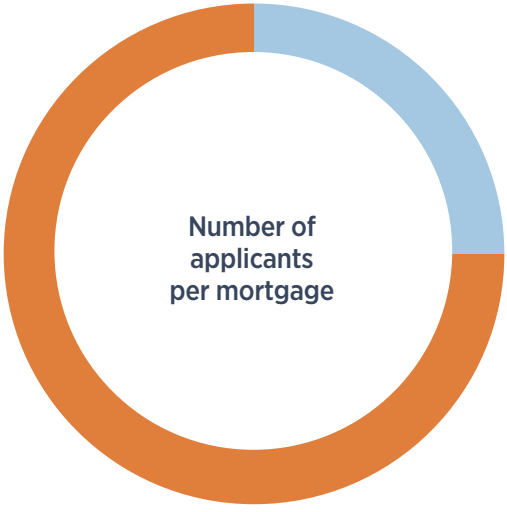
Increase from last month

Decrease from last month

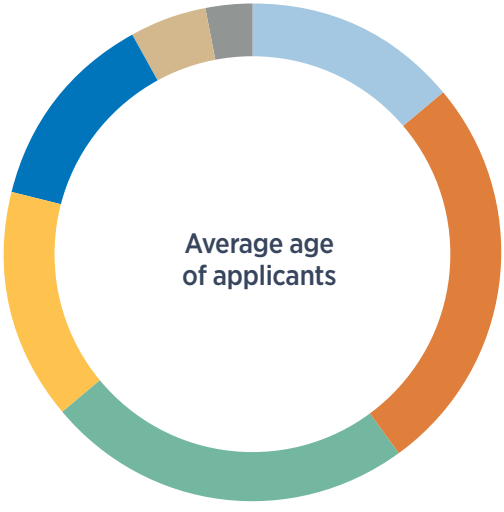
Source: Deposit Unlock Scheme Data January 2025

Buyer Demographic

Predominantly dual applications | No change in 2024



Average Age	Applicant 1: 34 Applicant 2: 31

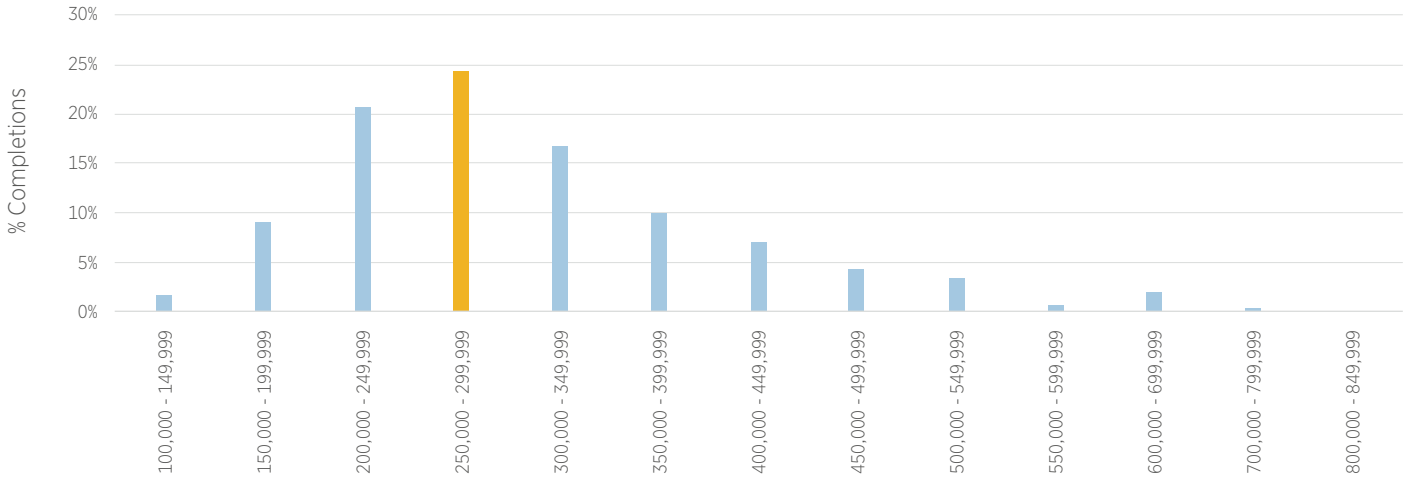


20-25	14%	41-45	13%
26-30	26%	46-50	5%
31-35	24%	XX	3%
36-40	15%	56-60	0%

Source: Deposit Unlock Scheme Data January 2025

Lender Completion House Bandings

Increase in mean sale price at £310k | +5k

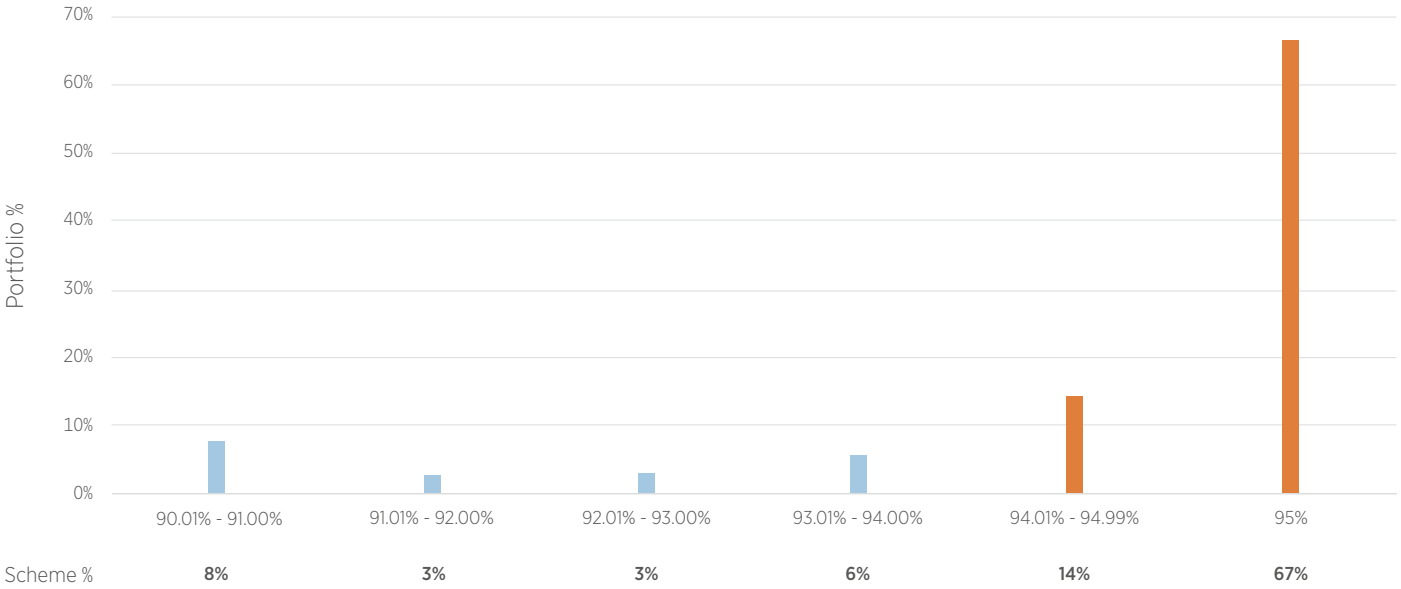


Completed Minimum £124,950 | **Completed Maximum** £723,000

Source: Deposit Unlock Scheme Data January 2025

Underlying LTV

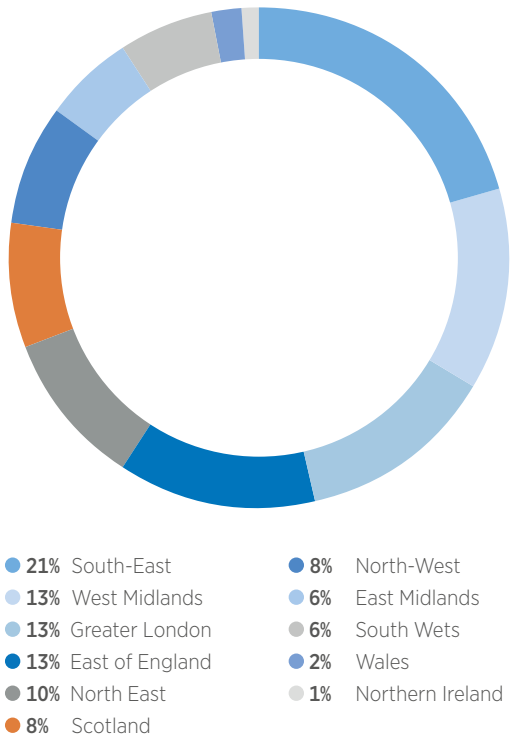
Marginal change in LTV | 81% above 94.0% LTV (+1%)



Source: Deposit Unlock Scheme Data January 2025

Geographical Volume Distribution

South-East remains the largest region by count | East of England overtakes Greater London by volume



	Volume	Volume %	Sales Value	Sales %
South-East	54	18%	19,846,615.00	21%
North-East	38	13%	9,029,090.00	10%
West Midlands	38	13%	11,736,495.00	13%
East of England	34	11%	12,440,945.00	13%
Scotland	30	10%	7,394,285.00	8%
Greater London	29	10%	11,805,090.00	13%
North-West	26	9%	7,622,415.00	8%
East Midlands	21	7%	5,617,180.00	6%
South-West	20	7%	5,459,605.00	6%
Wales	6	2%	1,646,470.00	2%
Northern Ireland	4	1%	724,410.00	1%

Scotland	Volume	Volume %	Sales Value	Sales %
Edinburgh	11	3.7%	3,271,455.00	4%
Glasgow	11	3.7%	2,372,950.00	3%
Aberdeen	5	1.7%	1,039,890.00	1%
Inverness	1	0.3%	284,995.00	0%
Kirkaldy	1	0.3%	204,995.00	0%
Paisley	1	0.3%	220,000.00	0%

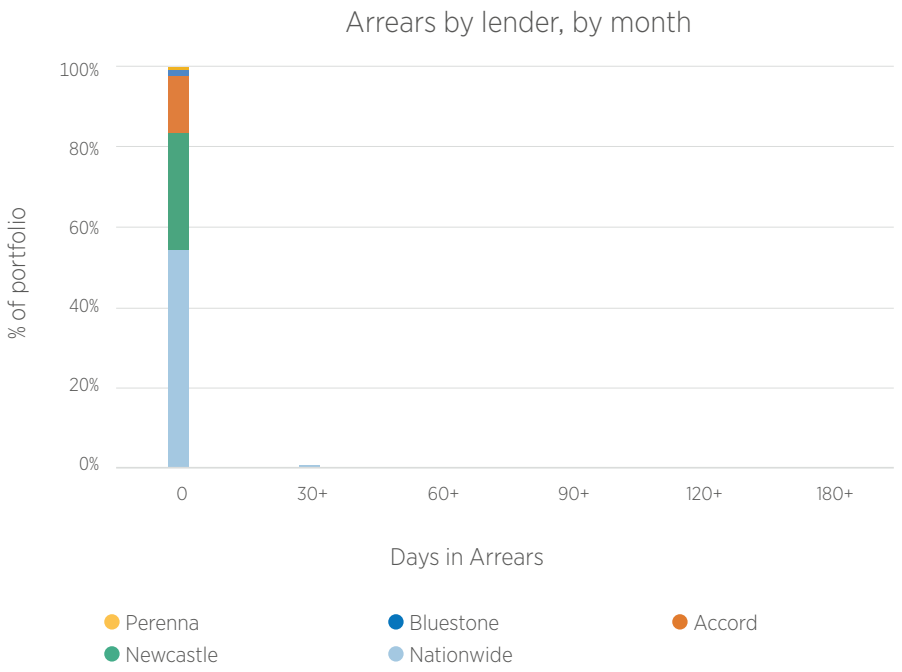
Source: Deposit Unlock Scheme Data January 2025

Arrears and Claims Information

Zero Claims to Date

Updated Arrears Data as of 31 December 2024

Currently running with only one loan in arrears, for 1 month, from a 300-loan portfolio 0.0% Claims



Q4 Update

- Most recent data shows only 1 missed payment for 1 month
- The loan with one reduced payment in Q1 2024 has been fully paid in each subsequent month
- Bluestone's one missed payment equates to 0.3% of the scheme portfolio
- 99.7% of the scheme portfolio is fully up to date with payments

Source: Deposit Unlock Scheme Data January 2025

Updated Redemptions Data as of 31 December 2024

4.47% Redeemed Loans

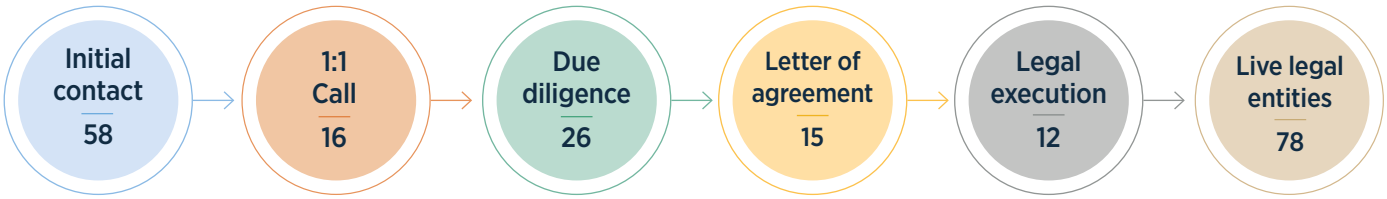
1. Deposit Unlock loans have typically been 2-year or 5-year fixed rates.
2. When a fixed rate ends, a buyer may mortgage away from the lender.
3. When this happens, the loan is no longer covered under the Deposit Unlock insurance
4. This is positive for developers. The 1.33% developer contribution remains in the Captive Cell for the duration of the policy, but increases the probability of funds being returned to the developer.

Scheme Redemptions	Value	Volume
DU Redemption Total	£4,163,815.00	14
DU Total	£93,087,600.00	300
% of DU loans redeemed	4.47%	4.67%

Source: Deposit Unlock Scheme Data January 2025

House Builder Pipeline Status

Over 85 Live Housebuilder Brands



NB: Live House Builders are based on legal entities, not brands.

On-boarding Housebuilders — Continued interest throughout 2024

Deposit Unlock achieved peak housebuilder participation in 2023

- A high percentage of the top 50 housebuilders are already active on Deposit Unlock
- 82% of eligible housebuilders* are already signed up to the scheme
- There has been a natural slowing down of onboarding
- Nevertheless, the scheme remains open to developers and there is a steady stream of new interest

*Excluding Social Housing and Retirement Developers
Source: Deposit Unlock Scheme Data

Lender Evolution

Bluestone Mortgages and Perenna Adding New Potential Customers and Reaching Higher LTI

Current Scheme USPs

Giving access to energy-efficient New Build homes to both FTBs and all home movers

6x affordability
With Perenna on board, affordability is increased.

Through DU, borrowers can achieve up to 6x LTI loans

Imperfect credit
With Bluestone and DU working together, one-mistake homeowners are no longer denied a mortgage

Higher loan values
Lending up to £750,000 at 95%

Offering customers more choices of properties across the country

Interest rates
The scheme has offered one of the best rates in the market, 88% of the time, in 2024*.

Also offering lifetime fixed rates for repayment stability.

5% deposit contribution
Housebuilders can offer up to 5% deposit contribution as part of their incentive with the Perenna offering.

Customers can therefore access homeownership with little, to no deposit

*Best 5-year fixed rate with fee 88% of the time, and 5 year no-fee fixed 76% of the time, at bi-monthly data points compared with Halifax 90-95% lending. All rates are taken from Lender websites.

2024 Lender Evolution

The 3-Scheme-Lender portfolio has changed throughout 2024

Nationwide and Newcastle leave Deposit Unlock

For different reasons, Nationwide and Newcastle did not renew their Deposit Unlock contracts

Nationwide to focus on more mainstream lending

- Throughout this year we have worked with Nationwide to increase scheme volume to an acceptable level for them
- This consisted of 4 options: Change in scheme price, change in LTV, introduction of a helping hand, & additional benefits
- Nationwide considered all options, but due to the time and capital costs of USP creation, return on investment was considered too high
- Nationwide felt their focus should be on lower LTVs and on other products, such as Helping Hand, and to withdraw from smaller schemes where investment yields were lower

Newcastle's internal compliance team to focus on bigger challenges

- Newcastle's renewal was halted internally due to internal compliance constraints
- With other demands on their time and capacity, compliance input to reapprove Deposit Unlock was considered too costly compared to the returns
- The path to return to the scheme in the future remains open

Source: Deposit Unlock scheme 2024 strategy outcomes

Accord to Step Up and Fill the Void?

Accord has the potential to win any 95% New Build business as Nationwide exits

Accord's policy was due for renewal on 31 January 2025

- The endorsements were signed in 2024 to extend the policy for 12 months
- This evidences Accords capacity for 95% lending

Strategy meeting planned for 2025

- In Q1 2024, the Gallagher Re team is meeting with the Mortgages team at Accord
- USP and high LTV lending strategy to be discussed

Increased scope and potential for Accord

- There is huge potential for change
- 4 clear USPs have been identified
- A scheme pricing change is also under consideration
- Combining a pricing change with a USP or new product could yield significant new business for Accord

New Lenders in 2024

Bluestone and Perenna sign up, offering USPs on the scheme

Bluestone Mortgages

- No credit scoring
- Only 12 months of trading history required for the self-employed
- One-mistake homeowners welcome
- CCJ's and defaults <£300 ignored, or if they were registered more than 3 years ago
- Criteria based on the applicant's credit profile on the day of completion

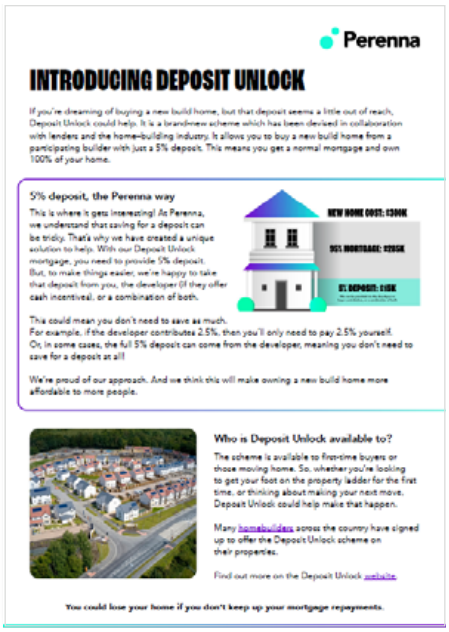
Perenna

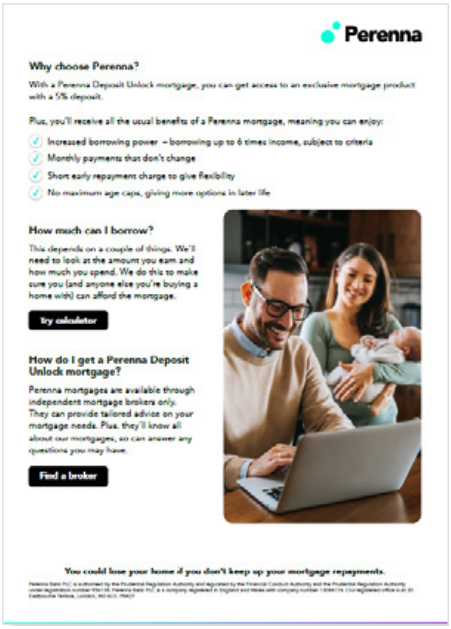
- Lends up to 6xLTI
- Fixed rates for the life of the mortgage
- Up to 5% developer deposit accepted
- Monthly payments that don't change
- No maximum age caps
- Short early repayment charge, giving flexibility

January 2025 For full Terms & Conditions for lending criteria, please see:
https://bluestonemortgages.co.uk/wp-content/uploads/2025/02/Residential_Product_Guide.pdf

Perenna's USP

High LTV lending to self-employed and complex customers, without a straightforward credit history





Source: Promotional scheme PDF provided by Perenna

Example of Perenna's Deposit Contribution Product

In August 2024, Bellway gifted a 2.5% deposit to the purchaser mortgaging with Perenna and Deposit Unlock

Deposit contribution product

Housebuilders can offer up to a 5% deposit contribution as part of their incentive with the Perenna offering

Customers can therefore access homeownership with little, to no deposit

This Deposit Contribution Product, offered only in conjunction with Deposit Unlock's Lender Protection, can be offered to any lender who recognises and approves it

5% housebuilder contribution

Bellway is the first scheme developer to have successfully completed with a borrower utilising the 5% Deposit Contribution offered via Perenna

- Bellway was able to provide 2.5% of the 5% deposit required by the borrower
- This is the first of its kind, and many more completions in this nature to follow with other Deposit Unlock Scheme house builders

House purchase

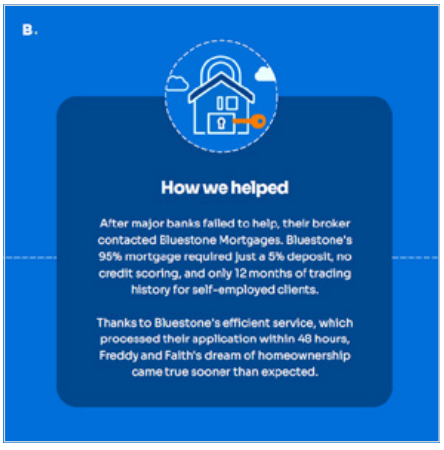
Perenna's first scheme completion was August 2024

- £300,000 House Price
- 95% Perenna Mortgage: £285,000
- 2.5% Developer Gifted Deposit
- 2.5% Borrower Deposit £7,500

Source: Deposit Unlock Scheme Data January 2025

Bluestone's USP

High LTV lending to self-employed and complex customers, without a straightforward credit history



Source: Bluestone Mortgages. For full Terms & Conditions, please see: https://bluestonemortgages.co.uk/

Deposit Unlock — Interest Rate Tracker

Observed as of 28 January 2025

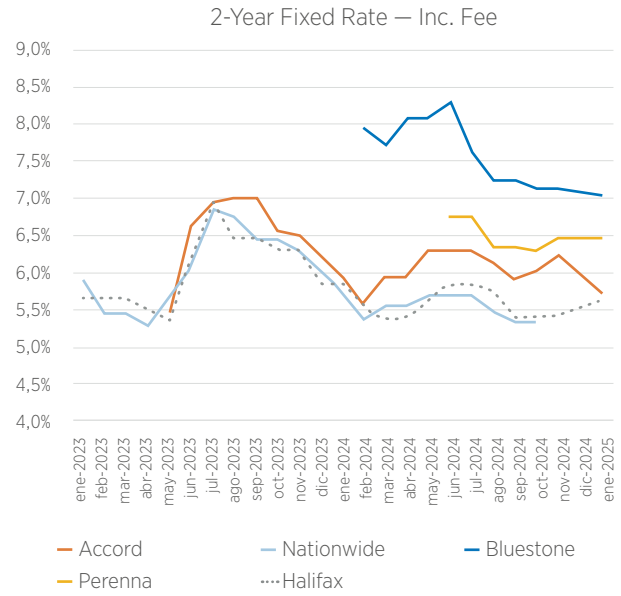
	Complex Lender							
	ACCORD MORTGAGES		Bluestone. mortgages		Perenna		HALIFAX New Build specialist product/ All New Build (standard) product	
	£995 fee	£0 fee	£1,495 fee	£0 fee	£1,999 fee	£0 fee	£999 fee	£0 fee
2 yrs. fixed	5.71% —	5.87% —	7.04% ↓	7.69% ↓	6.46%* —	6.59%* —	5.53% ●	5.79% ●
5 yrs. fixed	5.25% ●	5.39% ●	7.14% ↓	6.79% ↓	6.46%** —	6.59%** —	5.34% —	5.45% —

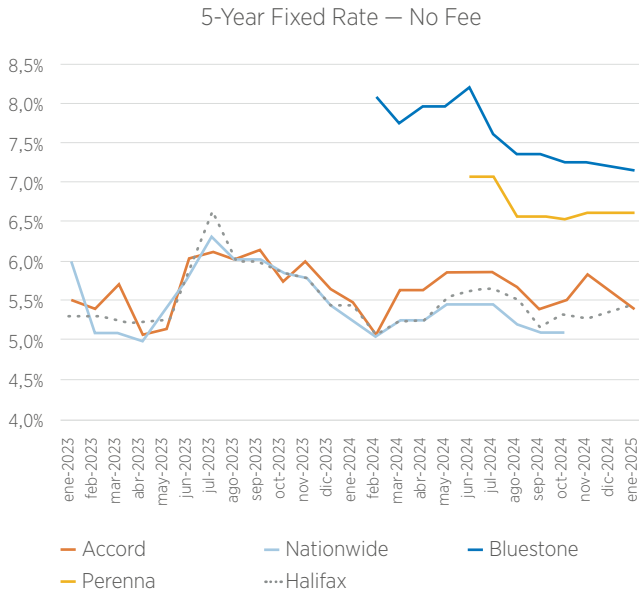
*15-20Y Fixed & **35-40Y Fixed | **Note:** Santander only provide a 3-year no fee option: 5.78%
Source: All interest rates taken from Lender websites as at 28 January 2025

↑ Increase | ↓ Decrease | ● Best Rates

Interest Rate Tracker as of 28 January 2025

Deposit unlock offering competitive rates and products





Source: All interest rates taken at bi-monthly data points and compared with Halifax 90-95% lending. Rates all taken from lender websites.

Lender Criteria Comparison

Criteria	Accord Mortgages	Bluestone mortgages	Perenna	Halifax	Santander
Max. Applicants	2 Applicants	4 Applicants	2 Applicants	4 Applicants	2 Applicants
Max. Age	80 Years	80 Years	None	80 Years	75 Years
Max. Term	40 Years	35 Years	40 Years	40 Years	40 Years
Max. Loan Amount	£600k	£600k	£750k	£570k	£570k
Property Type	Houses	Flats & Houses	Houses	Houses	Flats & Houses
Self-Employed Criteria	Latest 3-years accounts	Latest 1-years accounts	Latest 2-years accounts	Latest 2-years accounts	Latest 3-years accounts (Home Mover Only)
Financial Incentives	5.00%	5.00%	5.0%	5.00%	5.00%
Customer Type	Prime	Near-Prime	Prime	Prime	Prime
Availability	All Customers	FTB only	All Customers		All Customers
Offer Period	6-months	6-months	150 days	6-months	6-months

Source: All data taken from lender websites and accurate as of 24 February 2025.
*Flats must have a minimum of 2 bedrooms
**£380k max loan amount for flats

Scheme Evolution

Strategy and Operations

Looking Ahead for 2025

Key focus on scheme regeneration and growth through key areas

USP development
Focus on Accord Strategy and USP creation

Website launch
A 'Rightmove' for Deposit Unlock

One-stop shop for buyers to find a new build property at 95% LTV

Scheme pricing review
Analysis of cover vs cost is underway

Proposed change already approved by insurers

Lender and housebuilder discussions to follow

Process streamlining
Continued improvement of the way we do things to ease the load on lenders and developers

Product adaptation
Continued examination of existing lender offerings, effectiveness and competition

2025 Timeline

Key Dates for Stakeholders

January 2025

Website Launch

Pilot live Q1-Q2 2025

Meeting IFA Feedback

- One-Stop Shop for all things Deposit Unlock
- A 'Rightmove' for high LTV New build buyers

Launching in early 2025

- Very low cost to housebuilders*
- Launching with at least 2 top-50* housebuilders plus 2 other non-top-50**

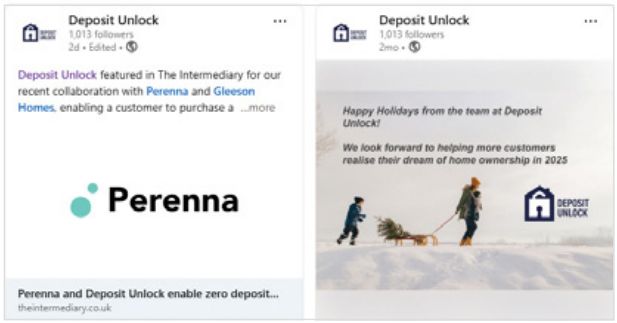
Live site to attract further buy-in

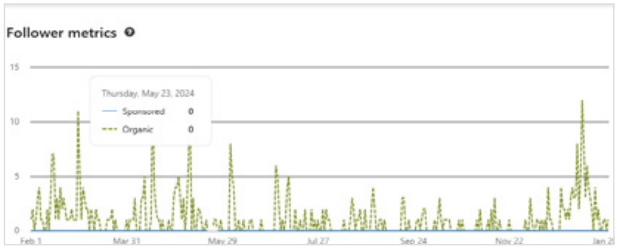
- The active site will meet buyer and IFA needs
- Further developers to be added once successfully launched

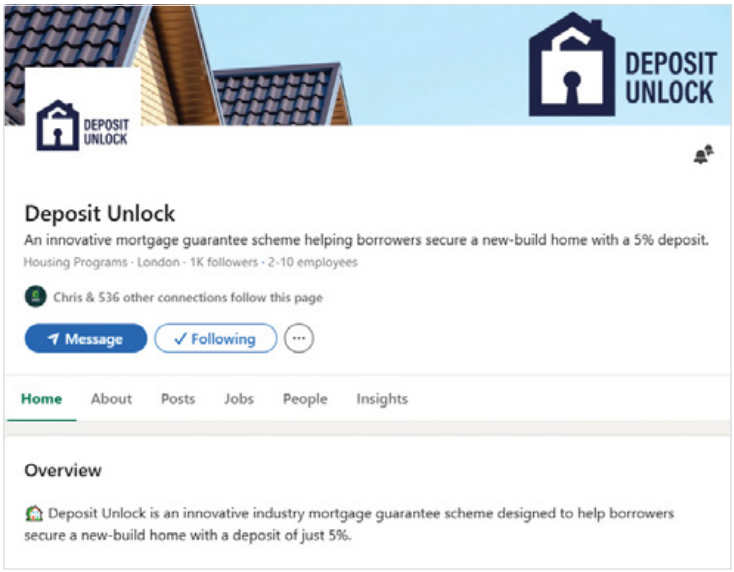
*£500 to £1000 depending on Developer turnover
**Top 50 Housebuilders Source

LinkedIn Presence

Over 1,000 followers milestone







→ **Follow to keep up with our latest news!**
https://www.linkedin.com/company/deposit-unlock

Source: LinkedIn Website Data

Operational Improvements

Creation and approval of one central Cell Parent Agreement

A Cell Parent Agreement (CPA) is a contract between house builders and respective insured cells, which record developer participation with said DU lenders

Previous

House builders manually date and sign a PDF document per lender

New

Email confirmation opt-in for new lenders

- On 03 September 2024, Gallagher Re circulated an email that required developer approval to join both cells for our newest scheme lenders, Bluestone Mortgages and Perenna
- This email was part of an operational update that will ensure we have one central Cell Parent Agreement (CPA) for all Deposit Unlock Scheme lenders going forward
- We required developer active opt-in response to our initial email prior to the 30-day deadline (03 October 2024)
- Final Status: 79% response house builder rate
- Additional housebuilders will be endorsed into the Perenna and Bluestone cells as and when completions occur

November 2024

AmTrust Europe Limited (AEL) — Reinsurer

Change of Name effective 1 February 2025

- Deposit Unlock reinsurer, AEL, has notified us of a change in name to AmTrust Speciality Limited from 1 February 2025
- The registered address will also be changing to: Exchequer Court, 33 St Mary Axe, London, EC3A 8AA
- All other company details will continue to remain the same, including the company number, 1229676

AmTrust has confirmed that this is purely a name change, the AmTrust structure is unaffected, and there are no changes to the reinsurance arrangements or terms of cover. Qualis UK will continue to manage the relationship in all aspects.

Claims Against Limitation of Liability

Gallagher Re — Nothing to Report

Gallagher Re

Who we are

Mission Statement

We are an international sales and marketing company that plans and administers cost-effective, differentiated property/casualty and human resource risk management programs as brokers, consultants and third-party administrators.

Our mission is to:

- Provide superior, cost-effective risk management products and services that meet the ever-changing needs of our current and prospective clients while continuing to strive for the highest professional excellence in the delivery of those products and services.
- Provide our employees with an opportunity for professional growth, personal satisfaction and financial security.
- Build and maintain long-lasting, consistent, honest and profitable relationships with our insurance markets, who we recognise play a crucial role in meeting our clients' risk management needs.
- Grow shareholder value by increasing our client base, dedicating ourselves to increased productivity, profitability and professionalism resulting in long-term earnings-per-share growth.

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It's the *way* we do it.

Gallagher Re

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