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SHIP FULL YEAR RESULTS 2007

Another year of growth for the equity release market

Intermediary sales rise 25% and strong 2008 predicted

The members of the UK equity release industry body, SHIP (Safe Home Income Plans), that represents over 90% of the equity release sector, today reports full year figures to 31 December 2007. These show further growth in equity release new business, a major rise in sales via intermediaries, and a sector that is well placed to prosper against the backcloth of the credit crunch affecting the mainstream mortgage market.

Overall Business Figures:

The total value of new business written for full year 2007 reached £1,210.4 million, a 5% increase on last year's figure (FY 2006 - £1,154.3 million) and the number of new policies sold rose 5.5% from 27,772 in 2006 to 29,293 in 2007.

Sales via intermediaries rose by a significant 25%, from 14,799 in 2006 to 18,531 in 2007, while sales via direct sales forces fell from 12,973 to 10,762. SHIP believes that this reflects increasing numbers of intermediaries entering the sector, endorsed in a recent survey** which reported that 41% of intermediaries expect the sector to grow in 2008.

The number of drawdown schemes and home reversions sold grew strongly. Drawdown scheme numbers almost doubled year on year (FY 2006 – 6,982, FY 2007 – 13,736) as this flexible product continued to grow in popularity. The number of new home reversion products sold rose by 6%, as regulation by the FSA in April 2007 boosted confidence in the product. (FY 2006 – 1,440, FY 2007 – 1,529). Overall, the value of equity release mortgage business grew 4% from £1080.8 million (2006) to £1127.8 million (2007), while the value of home reversions grew 12% from £73.5 million to £82.6 million.

As well as consumer demand and easier access to advice, growth is also being stimulated by highly competitive interest rates, currently as low as 5.90% (headline rate, compounded yearly to give a rate of 6.06% fixed).

Against the backcloth of the credit crunch, equity release has continued to perform well. The total value of business written in Q4 was £288.9 million, 9% lower than Q4 2006 (£317.4 million). This was substantially linked to the situation surrounding one of the sector's major players (Northern Rock) and compares to a 12% fall in gross lending by all mortgage lenders from Q3 to Q4 (CML).

Andrea Rozario, Director General of SHIP, commented;

"The equity release sector is extremely well placed to develop strongly in 2008. We expect consumer demand to grow as the rising cost of living places increasing pressure on pensioners, while average pension fund size continues to fall and investment income is squeezed by the current stock market falls. In addition increasing numbers find themselves in retirement yet still servicing mortgages or other personal debt. Equity release will

represent a positive financial solution to more and more people, who have unprecedented property wealth to benefit from.

“In addition, the choice of products and the competitiveness of rates has never been greater. And, against a more uncertain housing market, the value of SHIP members’ product guarantees will offer complete reassurance to equity release clients. The guarantees that customers are protected from negative equity and are able to stay in their own home should provide particular comfort.”

-Ends-

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About SHIP:

Safe Home Income Plans (SHIP) is the UK’s leading professional body for equity release product providers, representing the interests of its members who provide home income and equity release plans. It was launched in 1991 to promote safe schemes. At present, 90% of the equity release market (in volume terms) is represented by SHIP members.

SHIP’s members: Bradford & Bingley plc, Bridgewater Equity Release, Bristol & West Mortgages, Coventry Building Society, Hodge Equity Release, Home & Capital Trust, In Retirement Services, Just Retirement, LV, More2Life, National Counties Building Society, New Life Mortgages, Norwich Union, Northern Rock plc, Partnership Home Loans, Prudential, Retirement Plus, Standard Life, Stonehaven Equity Release, Stroud & Swindon Building Society.

*11 January 2008: Northern Rock PLC agreed to sell its portfolio of Lifetime home equity release mortgages, with assets worth GBP2.2 billion, to JP Morgan.

** Stonehaven research Q4 2007.

SHIP Business figures:

Period	Total SHIP £m	Period	Total SHIP £m
2007 FY	1210.4		
		2007 Q4	288.9
		2007 Q3	325.3
		2007 Q2	302.3
		2007 Q1	293.9
2006 FY	1154.3		
		2006 Q4	317.4
		2006 Q3	295.1
		2006 Q2	262.8
		2006 Q1	279.0
2005 FY	1103.5		
		2005 Q4	297.6
		2005 Q3	293.6
		2005 Q2	260.9
		2005 Q1	251.4
2004 FY	1192.3		
		2004 Q4	350.2
		2004 Q3	338.4
		2004 Q2	260.4
		2004 Q1	243.3
2003 FY	1161.40		
2002 FY	852		
2001 FY	572		