



SHIP EQUITY RELEASE BUSINESS VOLUMES HOLD UP WELL DESPITE THE IMPACT OF THE CREDIT CRUNCH

SHIP (Safe Home Income Plans) has today published equity release business results for the first quarter of this year. Given the unprecedented events of the last 6 months, it is no surprise that overall sales volumes are slightly down, but SHIP believes this to be only a short term slip caused by the initial shock to consumers of the credit crunch. After the downturn in demand late last year, reflected in the lower number of completions in Q1 this year, providers and intermediaries are reporting a marked upturn in consumer demand for equity release.

In the first quarter of 2008, the number of equity release plans sold fell by 13% year on year, from 6,785 down to 5,892 (£293.9m down to £242.7m paid out). Given that equity release cases take two to three months to complete, this fall reflects lower demand in the final quarter of last year when the credit crunch and events at Northern Rock had its biggest impact on consumer behaviour.

The trend towards flexible drawdown products continued a pace with these products representing 55% of equity release plans sold compared to 40% of cases in Q1 2007. In Q1 this year - on top of the £242.7m paid out - a further £17.4m was drawn down from plans sold in previous quarters.

In terms of distribution, volumes sold through intermediaries held up relatively well, with a decline of only 6% compared to the first quarter last year, down from 3,925 cases to 3,682 (£197.6m down to £180.3m paid out). However, sales through direct channels reduced sharply with a reduction in value of 35%, down from 2,860 cases to 2,210 (£96.3m down to £62.4m) due principally to the difficulties experienced by one of the major direct players.

Equity release product providers and intermediaries reported a relatively slow December and January, but are saying that the level of inquiries since has improved markedly.

Andrea Rozario, Director General of SHIP said:

"Given the changes that have occurred in the wider mortgage market over the last 6 months, equity release business volumes have fared very well, and have certainly been more resilient than their counterparts in the mainstream mortgage market. This is a pointer to the increased focus lenders and intermediaries will place on equity release going forward as the mainstream mortgage market struggles and consumer demand for equity release increases.

Looking forward, the fundamental drivers of demand for equity release are as robust as ever - an ageing population, a decline in pension provision and a large proportion of people's wealth tied up in their property. Equity release is set for significant long term growth whatever the prospects may be for the mainstream mortgage market."

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Notes for Editors

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: Bridgewater Equity Release, Bristol & West Mortgages, Coventry Building Society, Hodge Equity Release, Home & Capital Trust, In Retirement Services, Just Retirement, LV, More2Life, Mortgage Express, 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.