



SHIP Q1 RESULTS 2009 SHOW RESILIENT EQUITY RELEASE SECTOR

- Strong performance compared to overall mortgage lending*
- Budget change of savings disregard** removes one of the barriers to pensioners releasing money from their home

The members of SHIP, the UK equity release industry body, that represents over 90% of the equity release sector in terms of volume, today reports Q1 figures to 31 March 2009.

Year on Year Comparisons:

The total value of equity release business written in Q1 2009 was **£245.01m** (Q1 2008: £245.8m). The average sum released rose 16% year on year from £41,718 (Q1 2008) to £48,287 (Q1 2009) as customers look to release more initially to compensate for lower savings incomes and tougher economic conditions. However, the actual number of policies sold fell by 14% year on year from 5,892 (Q1 2008) to 5,074 (Q1 2009).

Budget changes

Equity release is increasingly seen as a way of helping older homeowners making up for the gaps in their pensions and savings. The budget announcement to increase to £10,000 the amount that pensioners are allowed to have in savings without affecting their benefits will remove the barriers to a significant number of pensioners releasing some equity in their property. This announcement offers older homeowners a greater opportunity to help and support themselves during later life, and reduces the financial burden on their children.

Developments by Distribution Channel:

In Q1 2009, intermediaries sold 65% of all new equity release plans – a slight increase from the steady 63% of market sales sold by intermediaries in 2007 and 2008. This development is believed to stem from an increasing trend of



independent financial advisers adding equity release to the stable of in-retirement products they advise on.

Andrea Rozario, Director General of SHIP, commented:

"It is encouraging to see how resilient the equity release market is, especially when you consider the fact that consumers have become increasingly cautious about borrowing and the performance of the financial services sector as a whole..

"While there is a long-term trend towards drawdown products, Q1 2009 saw greater increase in the number of lump sum mortgages sold as potentially some consumers who may be worried about further house price falls and low savings rates look to release higher amounts.

"The relative stability of the market in such turbulent financial times is very pleasing. There remains a clear need for equity release products, which is becoming ever more important as pensioners feel the pinch from the recession. We remain realistic yet positive about the next quarter's results, and expect to see exciting market and product innovations as companies adapt to meet the changing needs of their clients."

-Ends-

* Overall mortgage lending has seen a 52% decline from £24.2 billion in March 2008, according to data from the Council of Mortgage Lenders.

** 'Savings disregard' is the amount of money that pensioners are allowed to save without it affecting their benefits. The recent budget raised this to £10,000, in line with the minimum of many drawdown products.

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About SHIP Equity Release:

Safe Home Income Plans (SHIP) is the UK's leading professional body for equity release product providers. Launched in 1991 to promote safe plans, SHIP is dedicated to the protection of the planholder and the safe growth of the