

**30 June 2008**

## **Press release from Integer**

### **Integer introduces rate insurance to help consumers**

- Integer introduces rate insurance in the form of InterCap
- Consumers are protected if rates go up and saves when rates go down
- InterCap offers a choice of rates, levels of cap and time periods to access the capped product

Integer will be launching InterCap - a capped rate adjunct to their existing home loan offering - on 01 August 2008 in response to consumer concerns over rising interest rates. The advantage of a capped rate is that if rates go down, the borrower enjoys the benefit of savings and is not locked into a higher rate for that duration.

The non-bank home loans company, which offer home loans in competition to commercial banks under the slogan "Home loans made clever", are introducing the product to give hard-pressed South African consumers the option to take back control of their financial affairs.

InterCap is an innovative interest rate protection mechanism that allows the borrower to enjoy the benefit of falling interest rates, but prevents further increases to the bond rate at a chosen level. "We are excited that we have the opportunity to offer a sophisticated interest rate hedging mechanism which was previously not widely available to retail consumers," says Simon Stockley, CEO of Integer Home Loans. "We see this as part of our ongoing commitment of being a consumer champion and giving South Africans control of their financial affairs".

The InterCap offering allows a client to choose the level at which they want to cap their rate - either at the current bond rate or at an increase of 0.5, 1.0, 1.5 and 2% out of the money. In addition, the client chooses the duration of the cap - one, two or three years and chooses the level at which they want to cap the rate (for example, for the full bond amount or any other portion, perhaps fifty percent). The actual cost is determined at the time of the sale and is a function of the yield curve at the time.

Discussions and feedback from the Integer client base have indicated that South African consumers are hurting and many fear further interest rate hikes will simply push them over the edge. "The InterCap product has been designed in response to those fears and we expect strong consumer take up", said Stockley "In pricing the offering to consumers we have aimed to pitch it at a level where affordability is the key driver. Any home owner concerned about further interest rate increases should give serious consideration to taking out buying interest rate protection".

There is no cash outlay and, if taken up, InterCap is capitalised to the home loan account. It will be sold as an ancillary benefit to the home loan and does not vary the legal nature or fundamental benefits of Integer's transactional banking (salary sweep) offering but simply kicks in and pays away increased installments if rates should rise. Says Stockley, "It should be seen as interest insurance for home owners".

**For further information including a document with indicative pricing on Prime linked capped products, based on an average loan of R700 000, please contact:**

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