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Media release sent on behalf of Integer

Integer throws lifeline to abandoned FNB clients

The recent announcement by FNB that they intend to withdraw loan approvals provided to some of their clients, for the purchase of residential properties, is set to cause some major disruptions to the home loan industry.

"Leaving approved clients high and dry is an extreme response to tightening market conditions," stated Integer Home Loan CEO, Simon Stockley. "The need to make fair, balanced and transparent credit decisions - and to stand by these decisions - is paramount, or hard-pressed South African consumers are once again going to bear the brunt of industry inefficiencies and indifference."

Stockley's concern was the possibility of a knock-on effect that could impact not only the purchaser of a property but also cited parties such as sellers, developers, estate agents, valuers and lawyers. "I would invite any person affected by this situation to contact Integer and we will do our best to assist them if we can," declared Stockley. "We are definitely still open for business and actively seeking to expand our lending book despite tight market conditions."

Other lenders, including Standard Bank, have also expressed their surprise and concern at the decision by FNB, which effectively erodes public confidence in South Africa's property market. Since purchases in developments of the sort being reviewed by FNB often involve the payment of deposits, purchasers who have finance withdrawn could find themselves breaching their conditions of purchase and potentially forfeiting their deposits as a result of this action. The knock-on effect of this unilateral action could be profoundly negative.

Rising interest rates and the introduction of the National Credit Act in 2007 have also imposed further lending strictures on the borrowing public. Such events will have placed greater pressure on home owners to repay the higher bond installments on these loans. In many cases, the home loans granted by banks a mere 6 to 18 months ago would today not have been granted due to affordability issues.

"The market is decidedly tougher now," says Stockley, "but it would seem that rash or, in the least, marginal decision making has now caused a bank to renege on commitments already made."

Integer has grown its book significantly since launch in October last year having processed over R3.5 billion rands worth of applications, with the committed loan portfolio now rapidly approaching three quarters of a billion rand. An inaugural securitisation issue is planned for later this year.

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