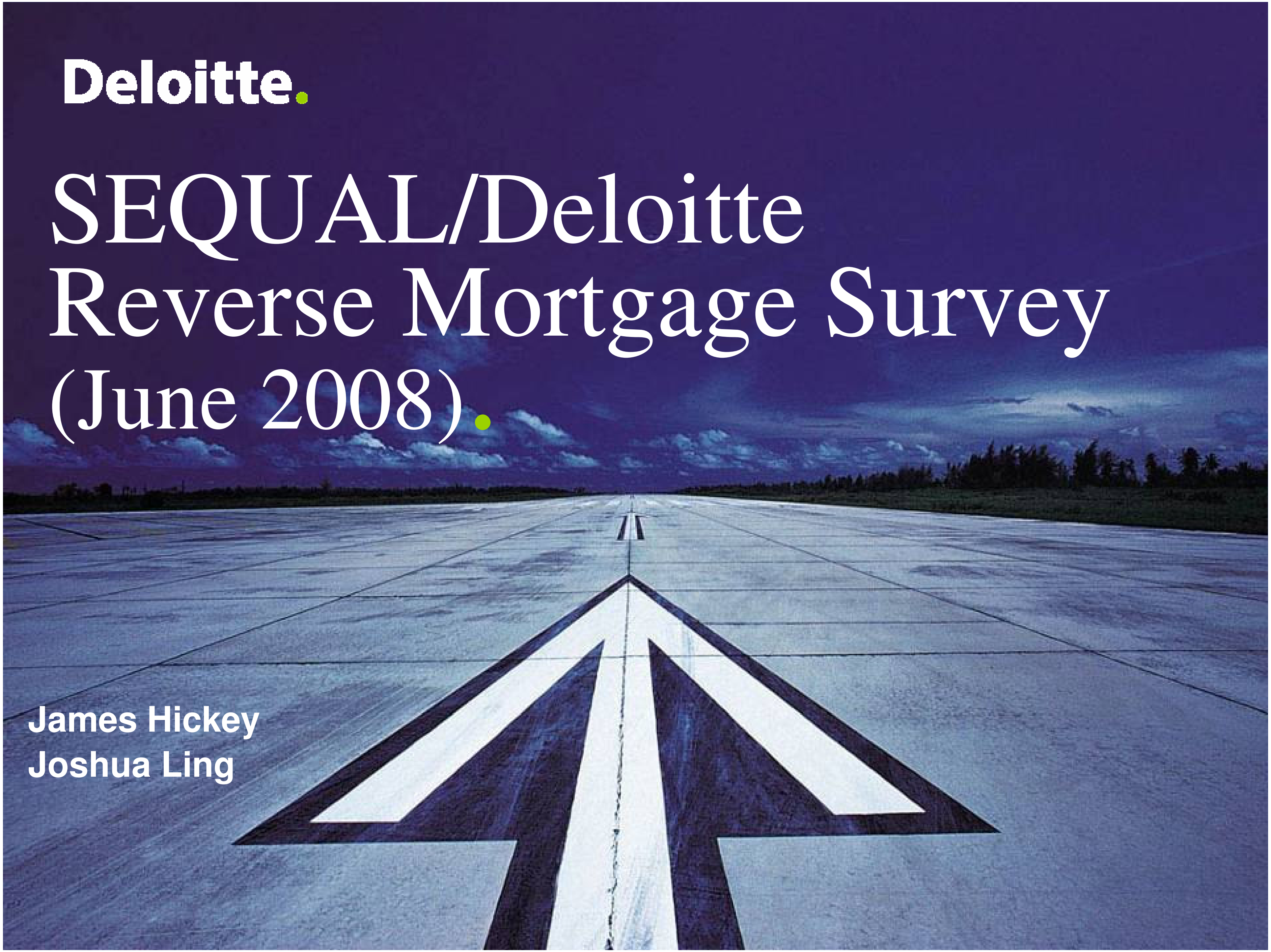


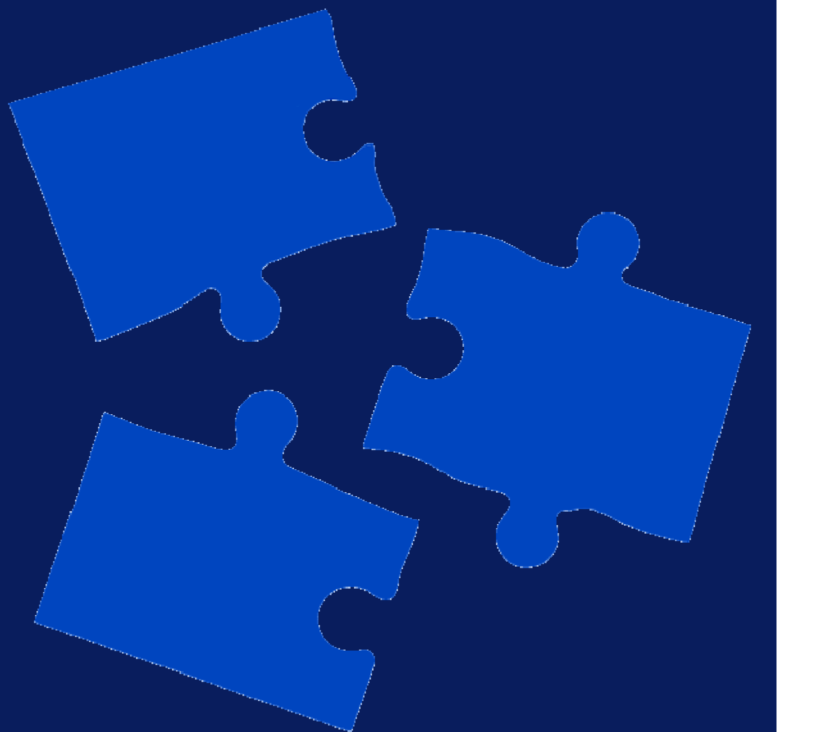
Deloitte.

SEQUAL/Deloitte Reverse Mortgage Survey (June 2008).

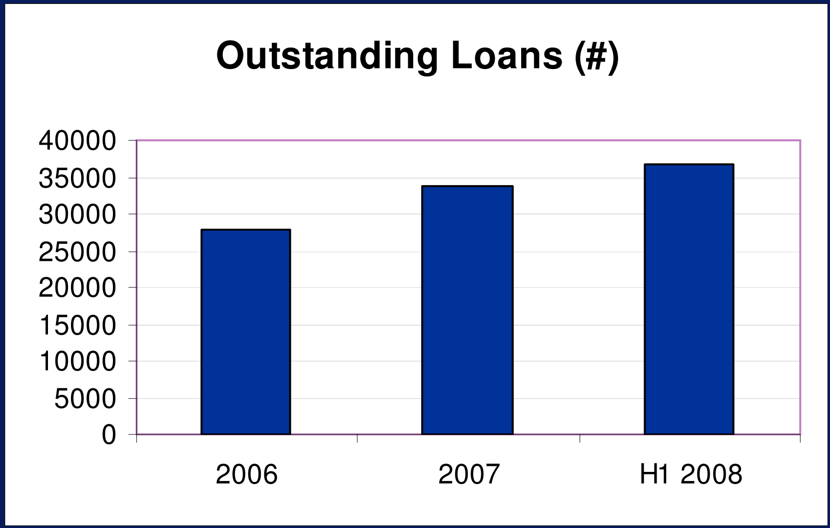
James Hickey
Joshua Ling

Contents

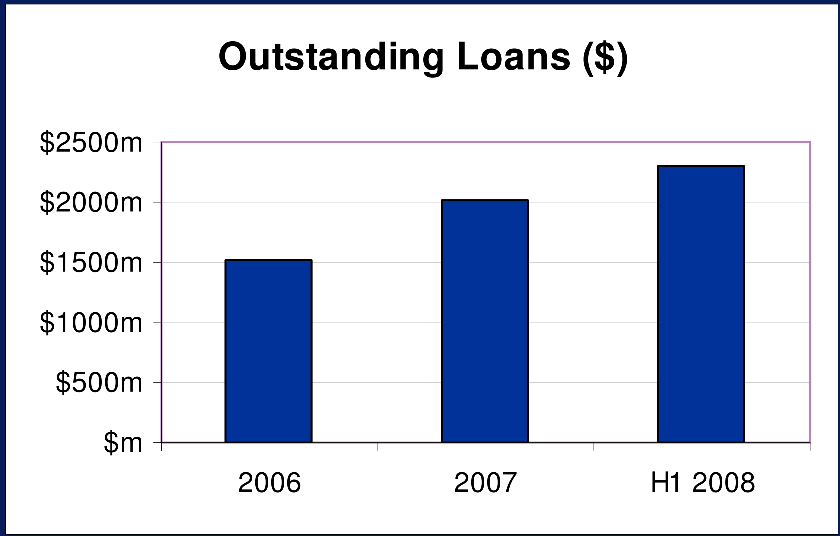
Market Volumes & Mix



Size of the market (30 June 2008) – Outstanding Loans



9% growth (6 months)



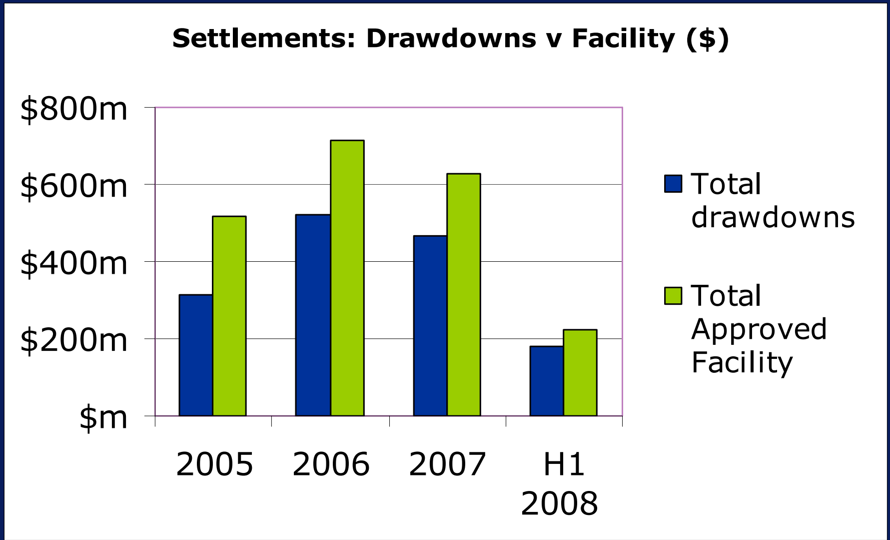
14% growth (6 months)

- Currently over 36,600 reverse mortgages on issue in Australia.
- Total loan book size of $2.3b.
- Average loan size increased to $63,000 (from $60,000 in H2 2007)
- Growth rates ($ outstanding):
  – 14% in last 6 months
  – 27% in last 12 months

Size of the market (30 June 2008) – Settlements

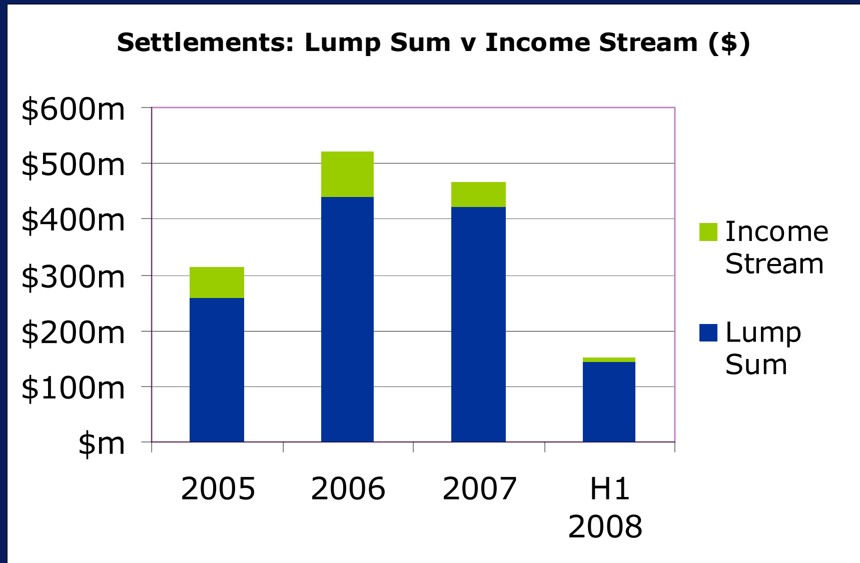
Settlements (new loans)

- 2008 H1 Settlements $180m (facility $225m)
  - ie, Drawdowns were 80% of loan facility approved
- 2008 Settlements of $180m:
  - 2007 H1: $271m (down 34% on H1 2007)
  - 2007 H2: $195m (down 8% on H2 2007)



Payment Type – Lump Sum v Income Stream

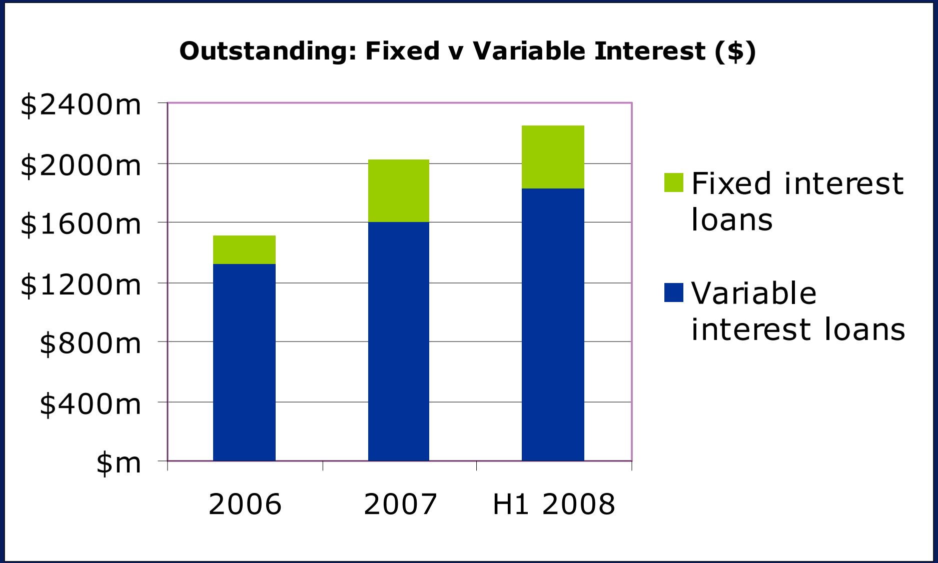
- Of the $180m Settlements in past 6 months:
  - 95% lump sum
  - 5% income stream
- Slight increase in lump sum settlements
  - Continued trend from previous 6 months
  - Potentially driven by popularity in line of credit as an alternative flexible option versus contractual income stream



Interest Rate Type

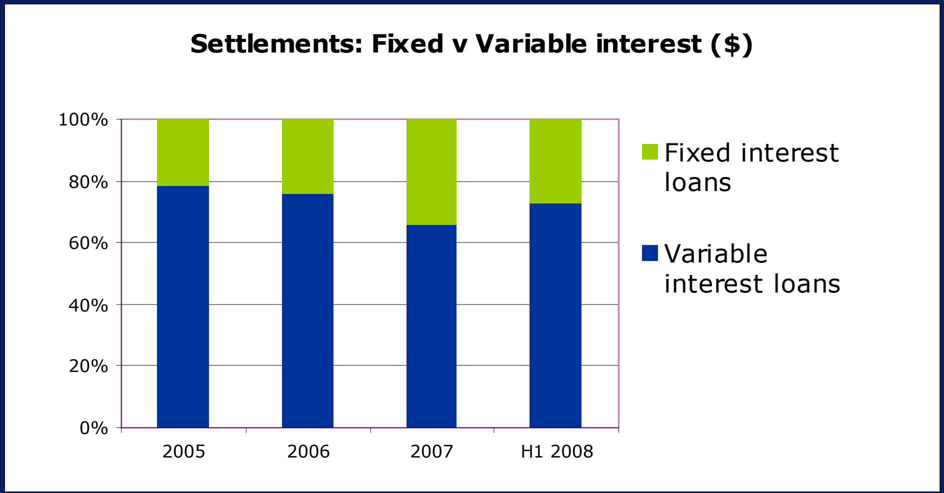
Outstanding

- 83% of all loans outstanding are variable interest as at 30 June 2008.
- Fixed interest loans are on average $10,000 more than variable loans



Settlements

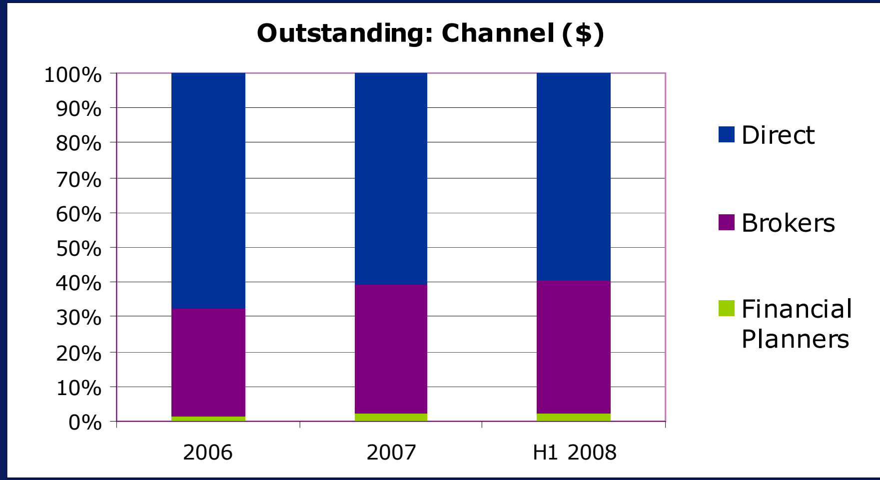
- The proportion of fixed interest reverse mortgage lending no longer on the increase
  - 28% in H1 2008
  - In the previous 3 years, fixed interest lending had been on the increase:
    - 34% in 2007
    - 25% in 2006
    - 22% in 2005



Channel

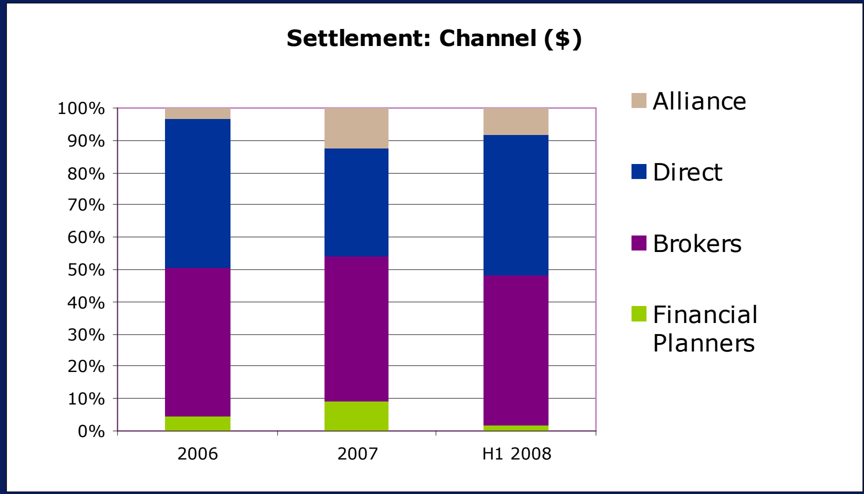
Outstanding

- Direct channel remains most popular (56% of outstandings)
- All channels relatively stable over the past 6 months as % of total



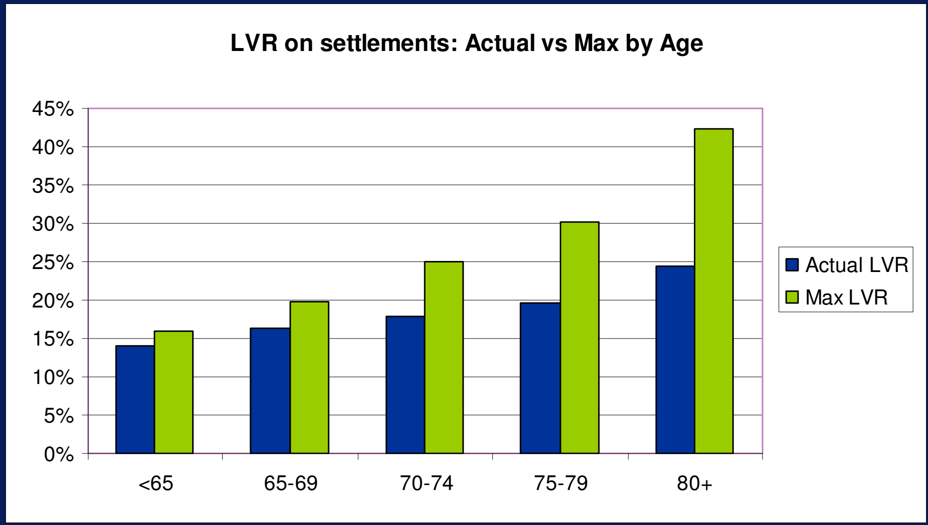
Settlements

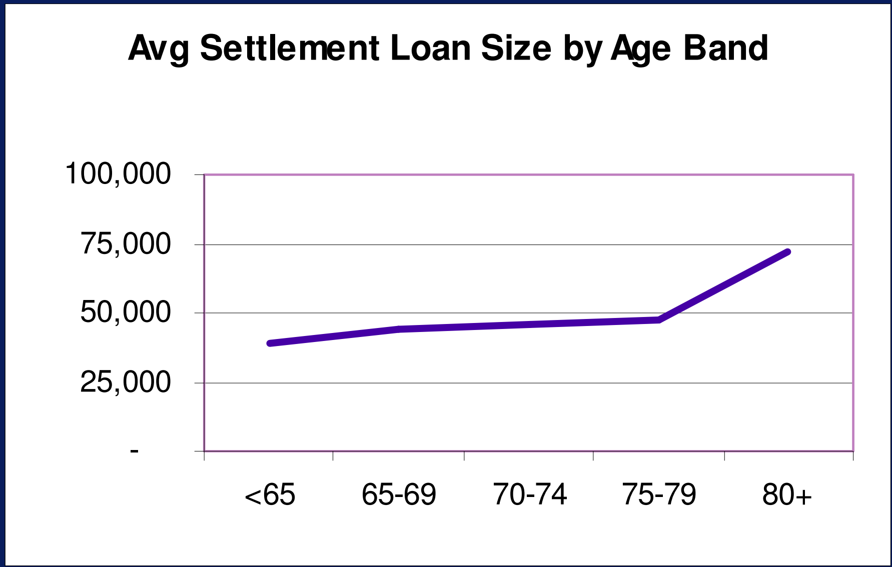
- Continued trend of Intermediated sales over Direct as largest channel in Aus:
  - 48% Brokers & Planners in H1 2008
  - 44% Direct in H1 2008
- Average loan size $53,600 via brokers/planners, $45,800 Direct
- “Alliance” channel (8%)



Loan-to-Valuation Ratio (LVR)

- Younger borrowers utilising larger proportion of facility
  - 14% of a maximum 15% was utilised for those <65
  - 24% of a maximum 40%+ was utilised for those over 80
- Average amount borrowed remains similar across ages
- More elderly borrowers are more comfortably within maximum limits

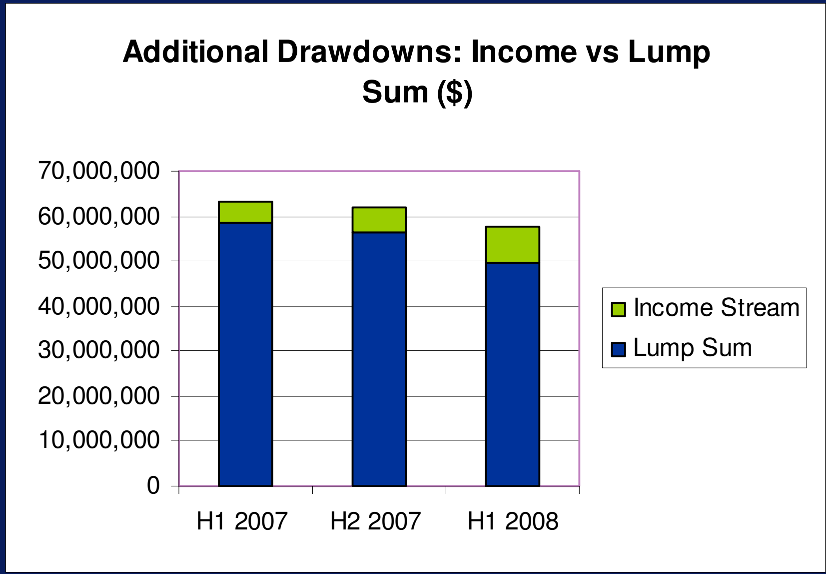




Additional Drawdowns

- 1 in 7 borrowers are making additional drawdowns on existing loans

Any additional drawdown (ADD) made by existing borrowers, including both lump sum payments via line of credit and regular income instalments.

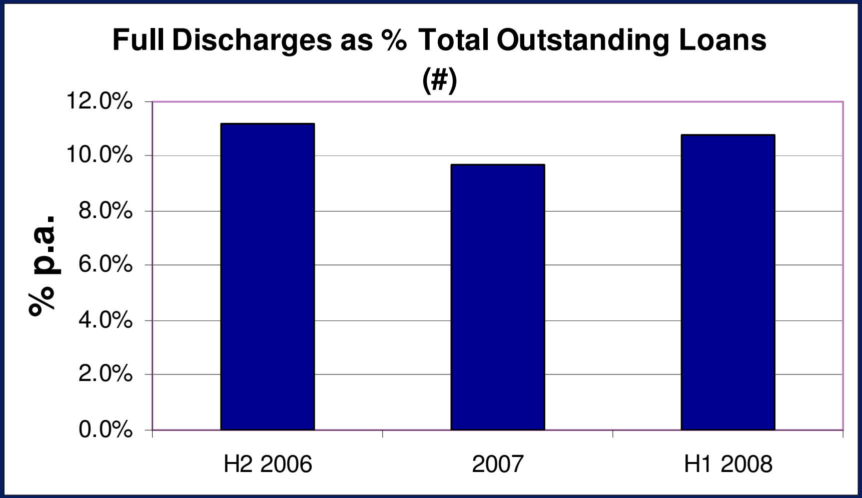


% Borrowers making ADDs (6 months)	14%
Average size of ADD (6 months)	$12,000
ADDs as % total $ outstanding loans	5.5% p.a. for H1 2008
Total ADDs H1 2008	$59m ($62m in H2 2007)

Discharges

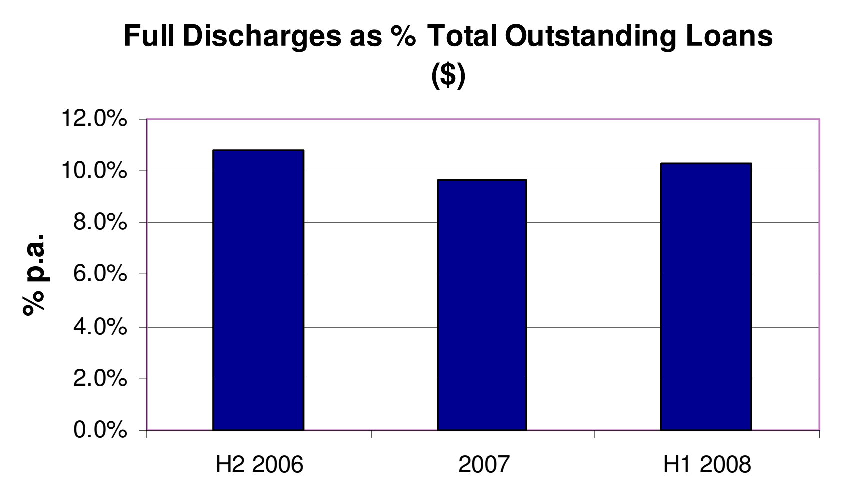
By # borrowers

- Full discharge rate of 11% p.a. in H1 2008
- In addition to this, about 7% made partial discharges in H1 2008

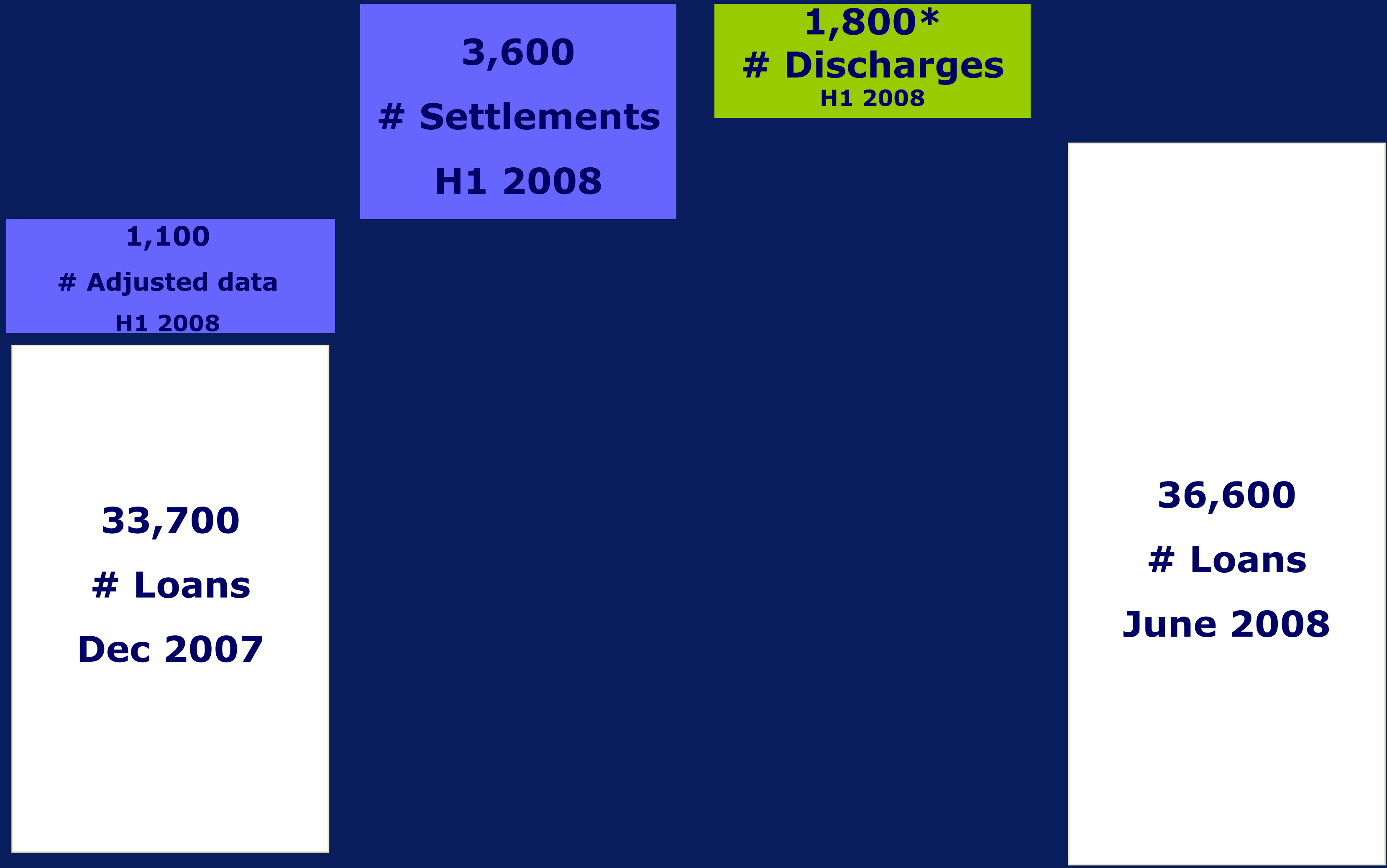


By $ discharges

- Full discharges are 10% p.a. in H1 2008
  - 10% p.a. in 2007
- Partial discharges are 1% p.a. of loan size outstanding
- Average size of discharge (in 6m period):
  - Full discharges = $60,000
  - Partial repayments = $6,000

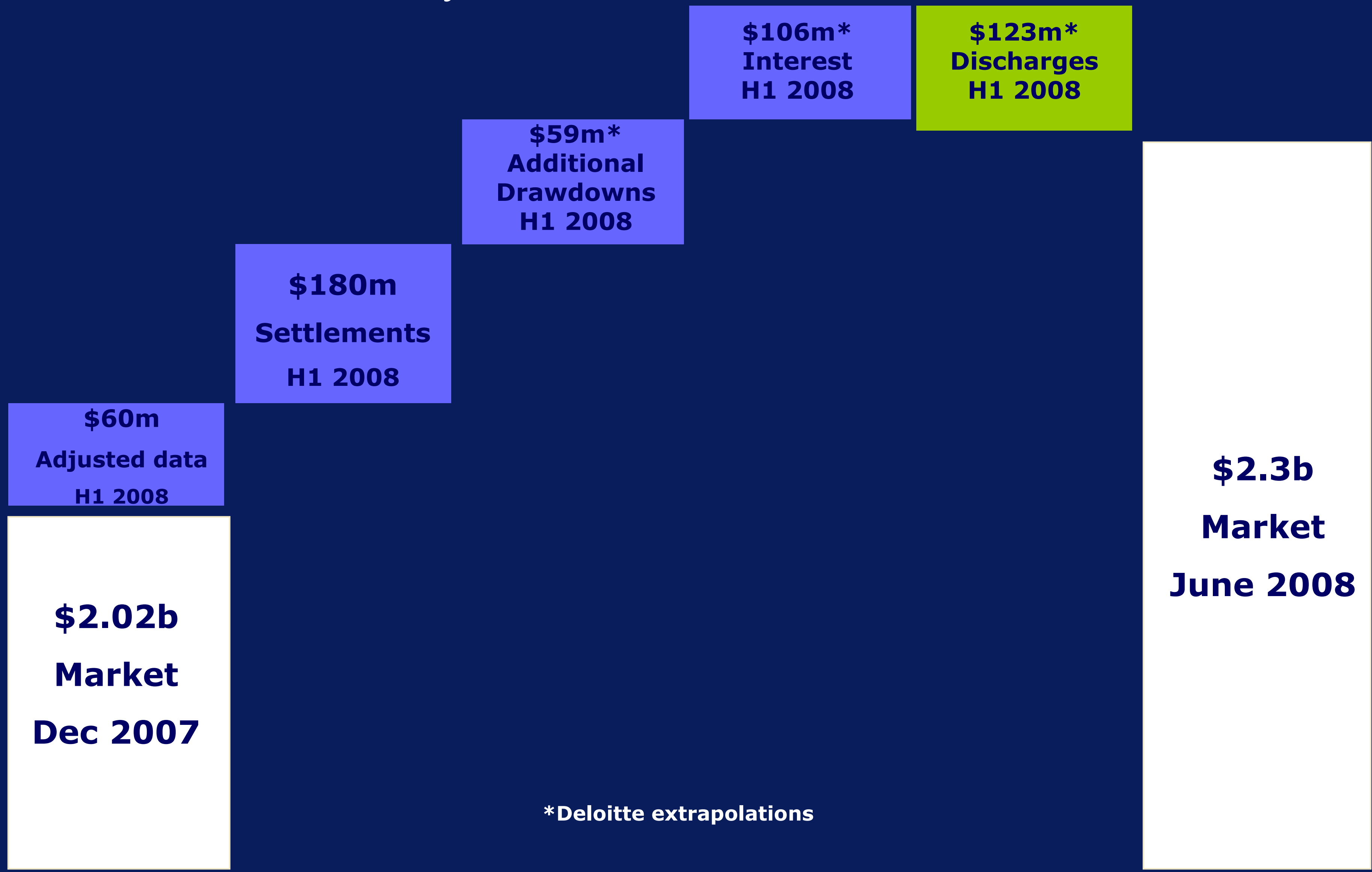


Market Movement – by numbers



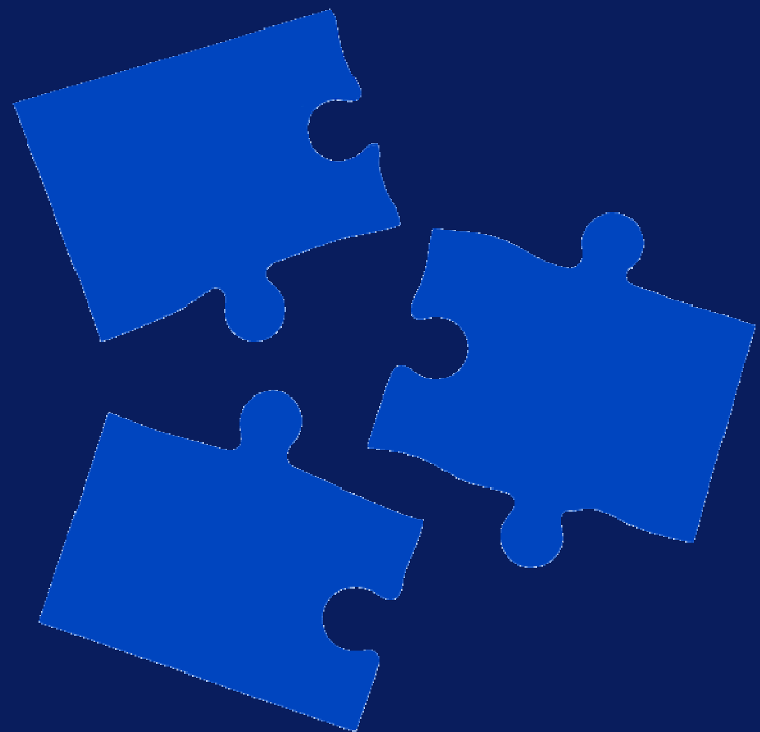
*Deloitte extrapolation

Market Movement – by amounts



*Deloitte extrapolations

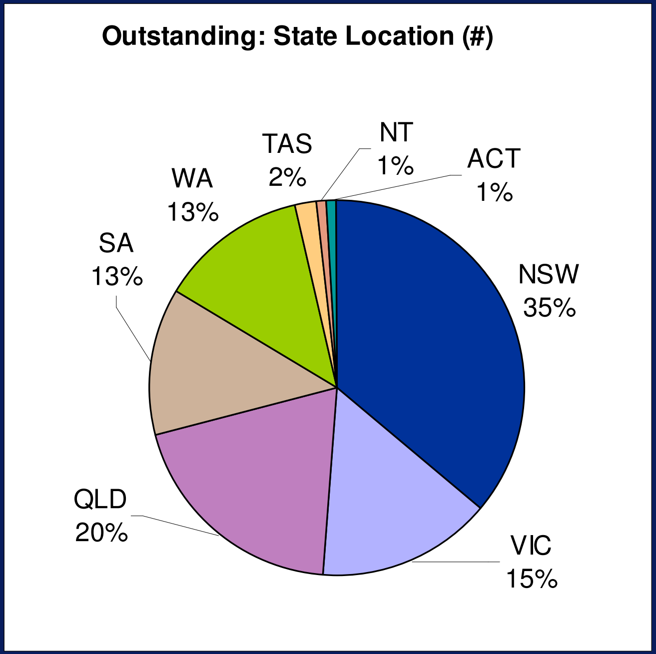
Housing Splits



Location: State

Outstanding

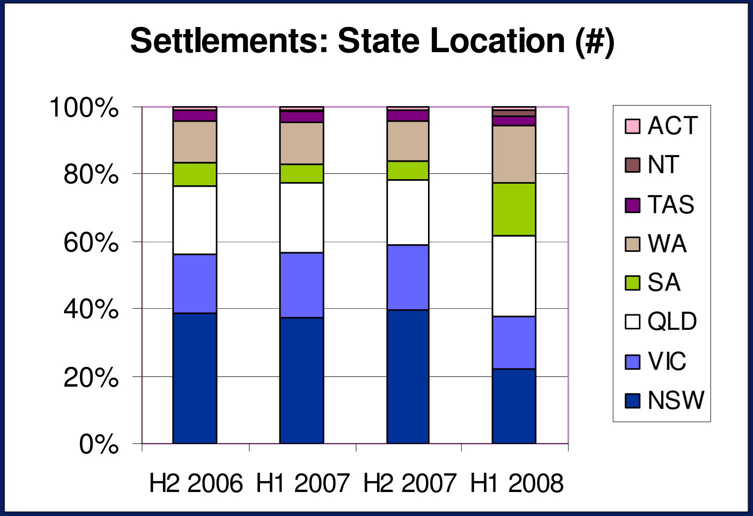
- Most reverse mortgage business in NSW (35%)
- QLD 20%, VIC 15% next most popular
- Other strong states
  - WA (13%)
  - SA (13%)



* figures updated to include various new lenders

Settlements

- An increasingly equal spread between states
- QLD now the largest (24%)
  - NSW (22%) fallen from 40%
- VIC, SA, WA around 16-17%

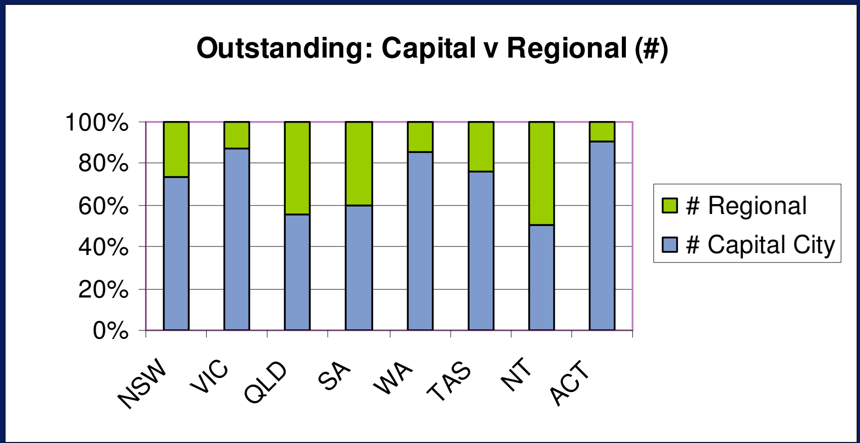


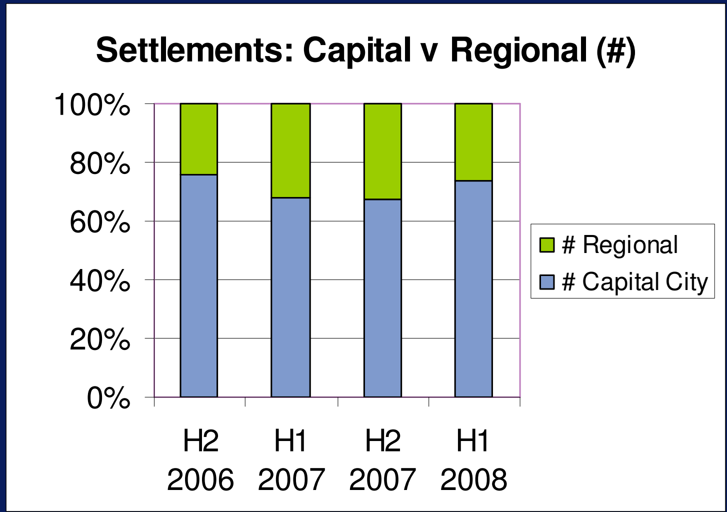
Year to date 2008

NSW	22%
VIC	16%
QLD	24%
SA	16%
WA	17%
TAS	3%
NT	1%
ACT	1%

Location: Capital City vs Regional

- Around 70% all loans outstanding in capital cities
  - Consistent with that seen last year
  - Settlements around 75% in capital cities
  - NSW, TAS around 75% in capital cities
  - VIC, WA around 85% in capital cities
  - Stronger regional presence in QLD, SA and NT (% capital city)
    - QLD (55%)
    - SA (60%)
    - NT (50%)

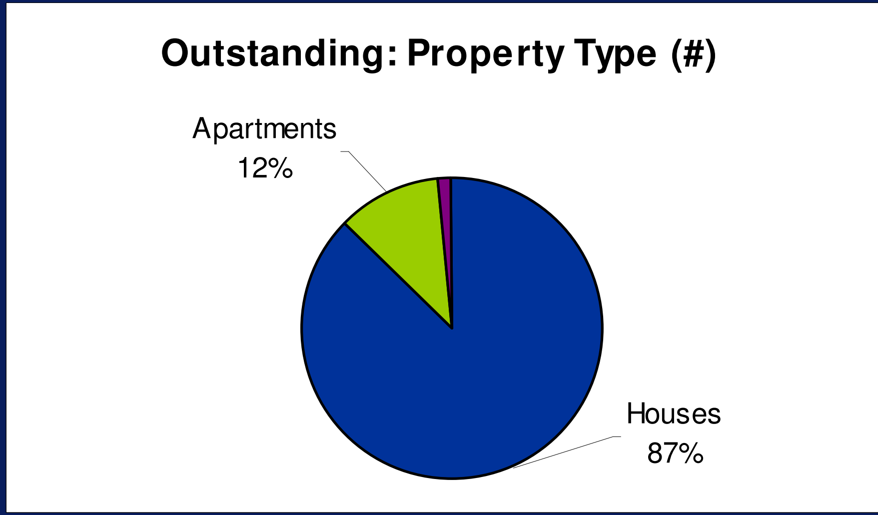




Housing

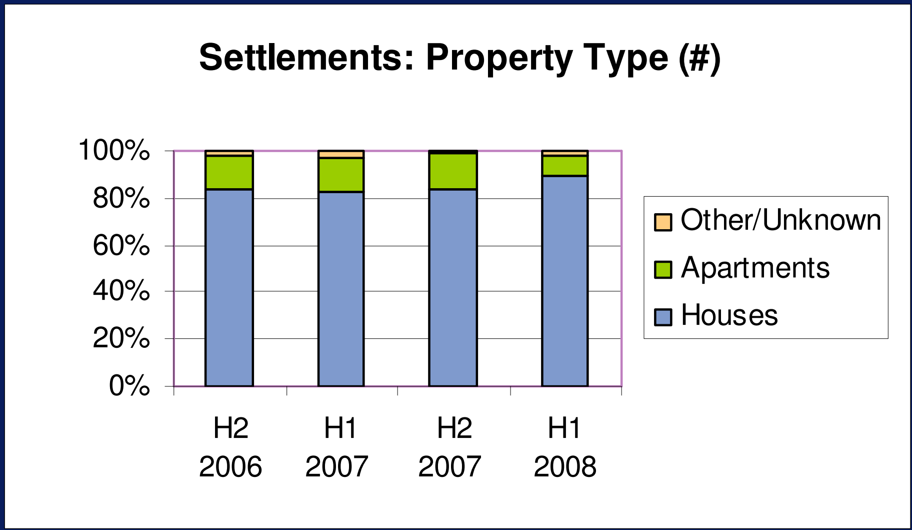
Outstanding

- Outstanding loans secured by houses remained most common
- 98% loans for owner-occupiers
  - 2% investment properties

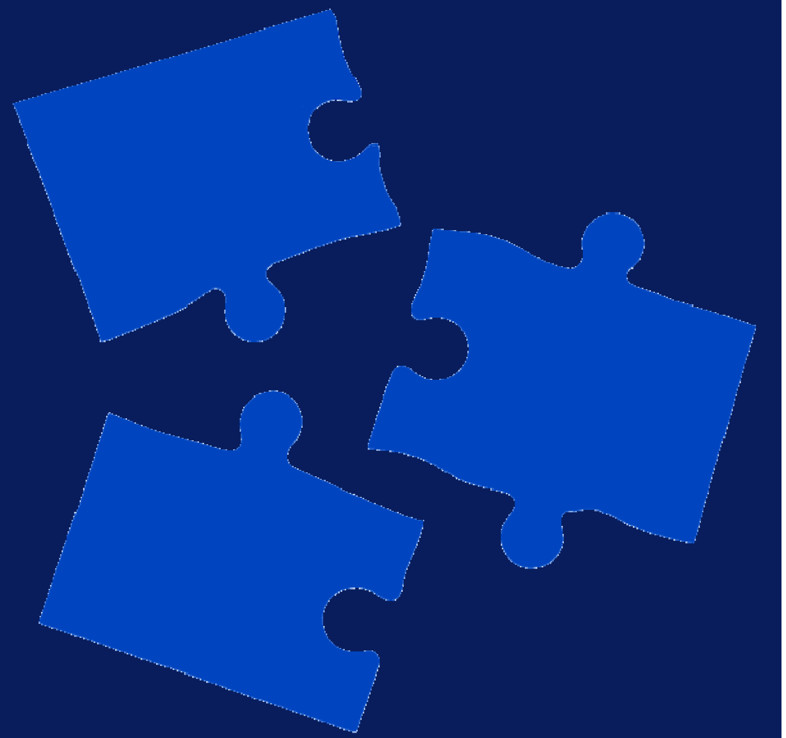


Settlements

- Houses made up 89% of settlements in H1 2008
  - relatively constant proportion over time
- Investment properties 4% of settlements



Borrowers

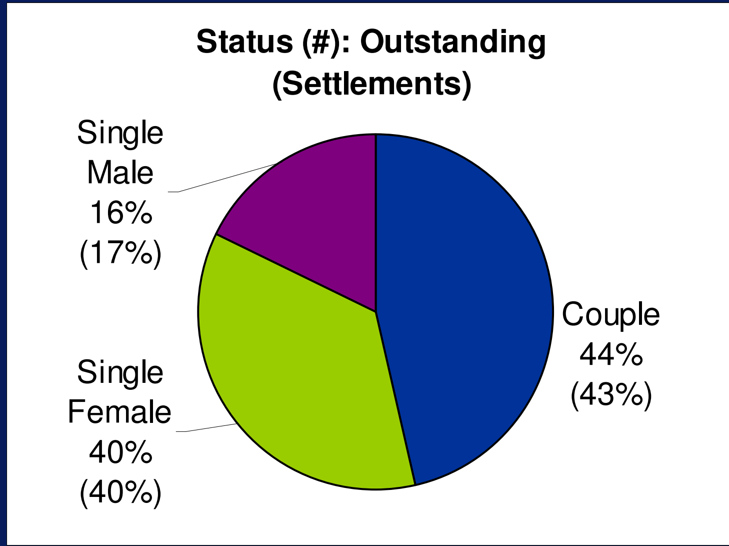


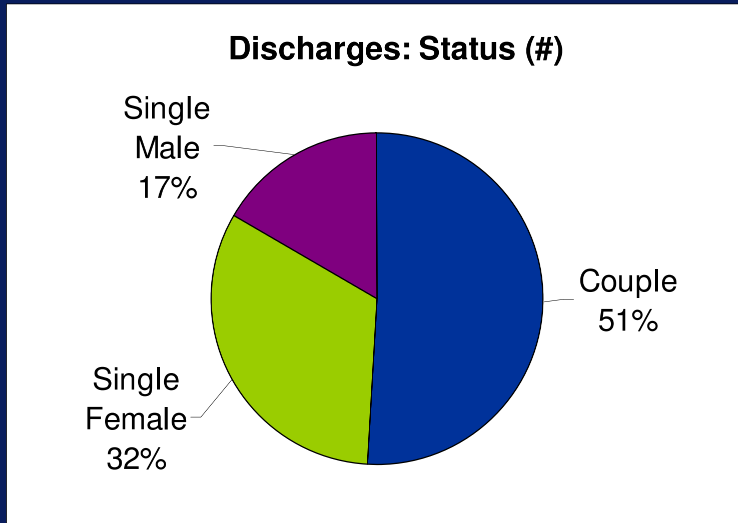
Borrower Status

<u>Outstanding</u>

- Couples remain the dominant segment closely followed by single female
- Average loan size:
  - Single females $66,500
  - Couples $61,500
  - Single males $52,500

- Discharges indicate that compared to the representation in outstanding loans:
  - Couples are a higher proportion than singles
  - Single females are a lower proportion of discharges

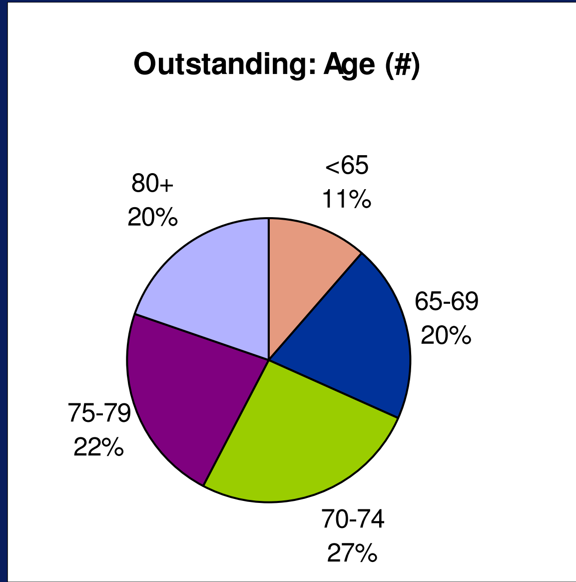




Borrower Age Band

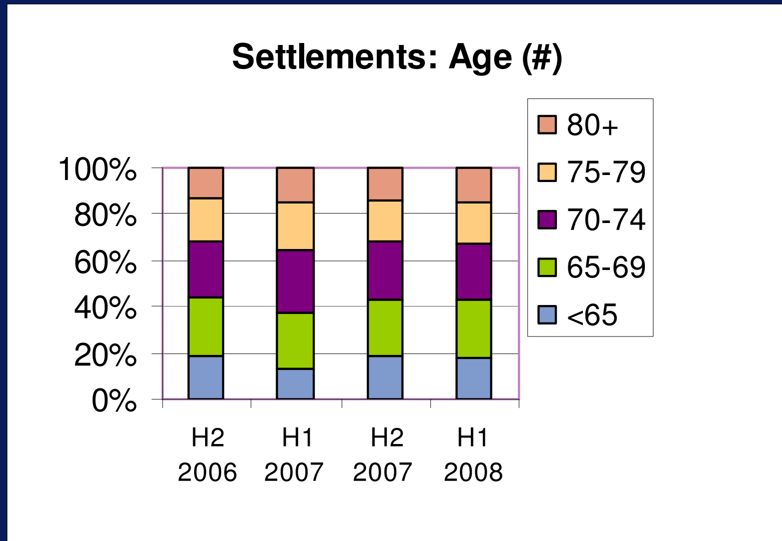
Outstanding

- Major age segment is 70-79 (50% of loans)
- Average age of existing borrowers is 73 years



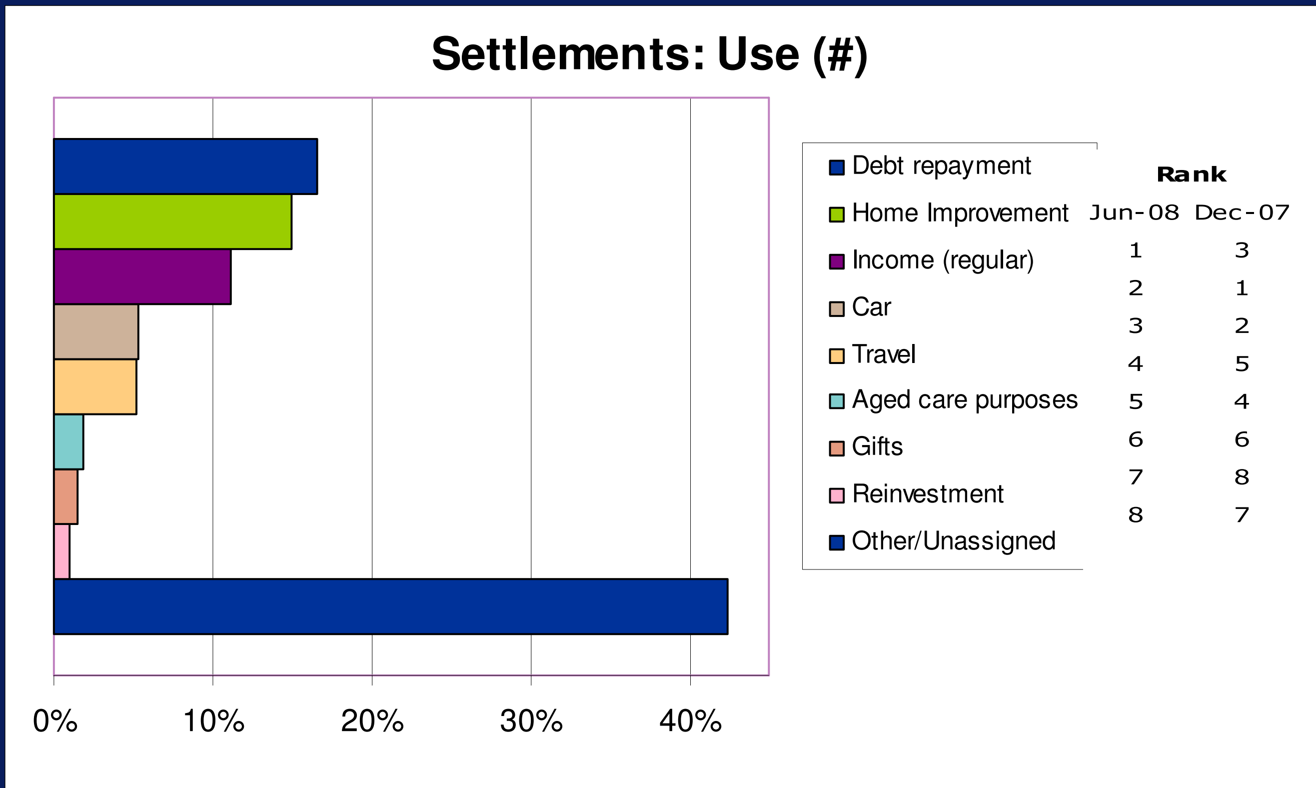
Settlements

- Average age of new borrowers 72 years
- Under 70s : comprise 43% of all new loans compared to 32% of outstanding loans
  - Indicates an increasing usage by younger borrowers
- Ages 70+ : biggest users of income stream



Use of Proceeds

- Consistency in the top 3 uses of settlements:
  - Debt repayment
  - Home Improvement
  - Regular income
- Debt repayment has become the number 1 reason for taking a reverse mortgage in the last 6 months

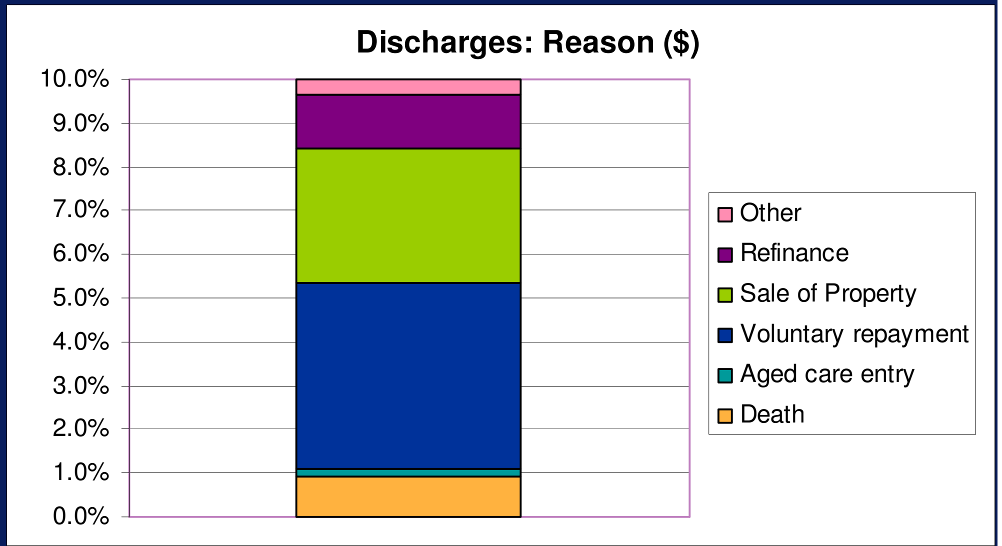


- *Note: Figures still indicative due to lack of completeness of data*

Discharges

Discharges v Reason

- Full discharges show a 10% p.a. repayment rate for H1 2008. Of this rate:
  - Mandatory repayment (eg. death, aged care entry) accounts for a 1% p.a. discharge rate
  - Sale of property accounts for a 3% p.a. discharge rate



Summary

	Dec-05	Dec-06	Dec-07	Jun-08
Outstanding Market Size	$848m	$1513m	$2023m	$2302m
Number of Loans	16,584	27,898	33,741	36,638
Average Loan Size	$51,148	$54,219	$60,000	$62,840
Settlements	$315m	$520m	$466m	$180m*
Facility (settlements)	$519m	$714m	$627m	$225m*
Additional Drawdowns	N/A	N/A	$125m	$59m*
Discharges	N/A	N/A	$(203)m	$(123)m*

* 6 month figures (with the addition of new data from various lenders)

- Market has grown 13.8% in last 6 months (29.6% p.a. annualised)
  - Market growth of 11.8% in H2 2007
- Total discharges (Full + Partial, by $) 11.7% p.a. with majority due to sale of property and voluntary repayment
- Additional drawdowns approximately 5.5% p.a. of outstanding loans
- Lump sum most popular drawn down type
- Variable rate loans most popular, however fixed rate increasing (over 24% new loans)
- Broker settlements are largest channel (46%), followed by Direct (44%)
- NSW 35% of market, QLD 20% and VIC 15%