

Mortgage Intermediary Census Broker Confidence Report

August 2008



FINANCIAL
SERVICES
CONSULTING

OVERVIEW OF FINDINGS FROM AUGUST 2008

Brokers' Views of Current Mortgage Market Conditions & Own Business Compared to 6 Months Ago

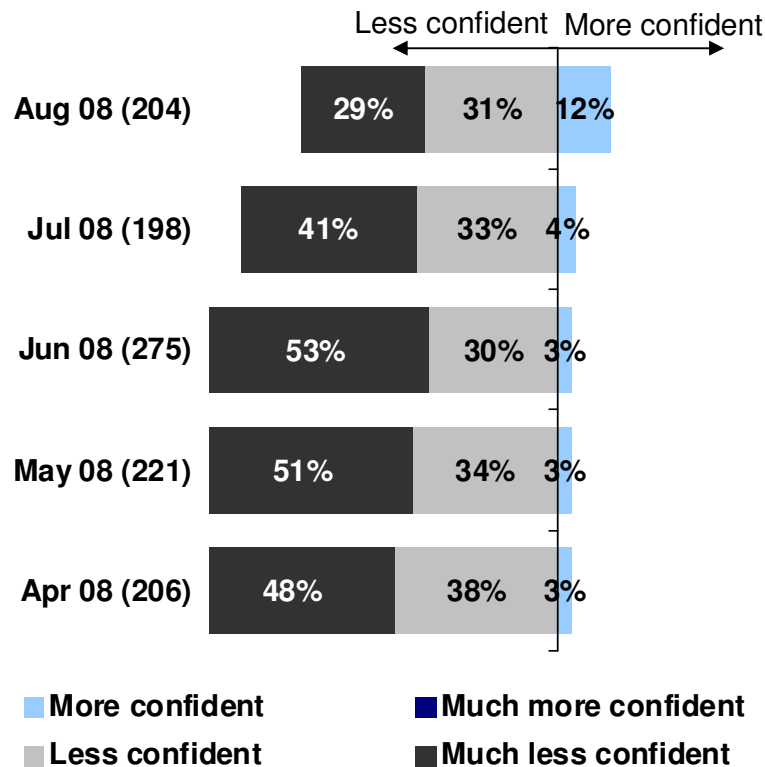
- The mortgage market conditions appear to be slightly improving or, for some aspects, stabilising
- August's figures show a slight increase in brokers' confidence in both the market and their own business
- However, business owners continue to feel that current market conditions are having more of a negative (than positive) impact on their business
- Almost 3 in 4 brokers spend more time with their clients in light of current market conditions, while 1 in 4 spend the same amount of time as in the past

Brokers' Views of Mortgage Lenders

- Perception of Abbey, Nationwide and Halifax has improved in August
- Over the past four months, more brokers say they have an improved perception of BM Solutions
- In August, compared to previous months, there has been a positive shift in brokers' views towards product rates, product availability and maximum LTV offered by lenders

BROKERS' CONFIDENCE IN MORTGAGE MARKET

- In August (for the first time since April), the proportion of brokers who are more confident in the mortgage market compared to 6 months ago is growing
- *Example quote from Broker: "Rates have improved recently and competition between lenders has started to reappear. I expect consumer demand to improve in early 2009 as confidence returns due to Base Rate cuts, lower inflation and less media focus on doom and gloom stories."*



Brokers' reasons for feeling LESS confident:

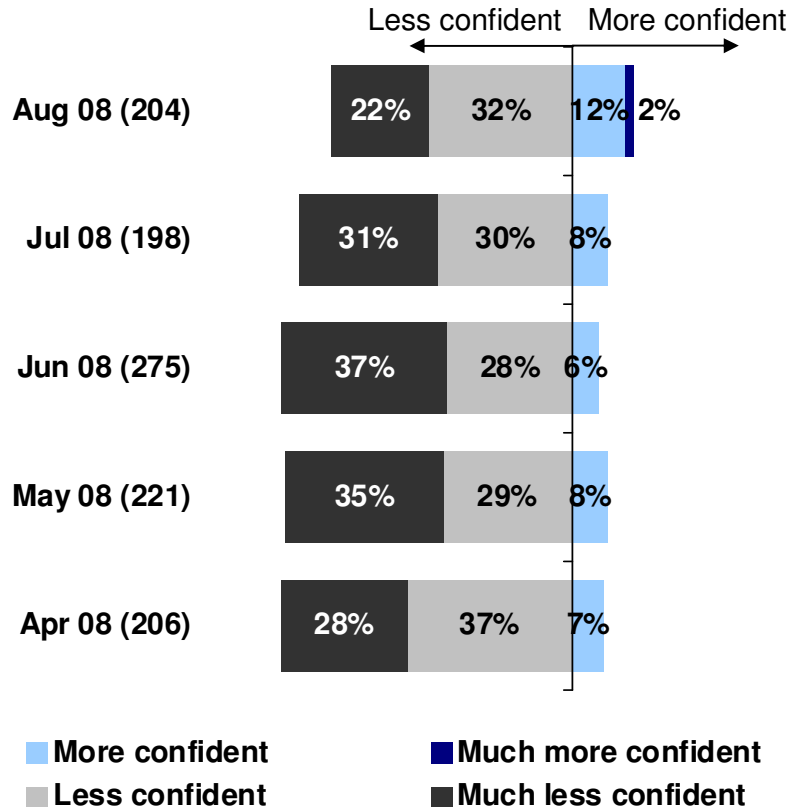
- *"Credit crunch still apparent. We are getting a decreasing number of customers purchasing properties. Dual pricing strategies."*
- *"Because of the market as a whole. Lenders treatment of customers, intermediaries. Negativity being promoted by the media."*
- *"The UK economy is now moving into a deep recessionary stage and it will take at least 4 years to start any recovery. UK consumers are now finding it tougher to meet expenditure costs of daily living and this will only worsen."*

Brokers' reasons for feeling MORE confident:

- *"I feel that the worst rats are behind us, the lenders need to be competitive to get any business in, they are generally bending over backwards to help, and their rates must improve over the coming months."*
- *"There has been an overreaction to market conditions and realism will return."*
- *"Market has reached saturation point in negative comment from media."*
- *"Lenders are beginning to lower their rates and increase LTVs."*

BROKERS' CONFIDENCE IN OWN BUSINESS

- There has also been an increase in the proportion of brokers who are more confident about their own business prospects compared to 6 months ago, with 2% now saying they are actually 'much more confident'
- *Example quote from Broker: "I have increased marketing, including designing a new website and business model to be more insurance-focused. I have every expectation of success. Dual pricing appears to be on the wane."*



Brokers' reasons for feeling LESS confident:

- "Business is harder to get. Clients are more reluctant to do anything."
- "Reduced income could last until the end of next year."
- "Our income has decreased to the point where some of my colleagues are being made redundant."
- "Number of mortgage application has fallen by 45%."
- "Please see previous response. Lack of first time buyers is major problem - this has always been an indicator of a healthy market - I have seen 1 FTB in 5 months!!"

Brokers' reasons for feeling MORE confident:

- "Because business is gradually picking up."
- "Early signs of improvement upturn in business levels, growing introducer base."
- "It seems to be getting easier to remortgage clients due to lenders competing with each other and purchasers are slowly returning to the market."
- "Selling more insurance which was a bit neglected when mortgage were plentiful. This will build business in the long term."