

News Release

Date:	Embargoed until 12.01am on Monday 12 February 2018
Subject:	Half a million households at risk of negative equity; proportion lower than in 2008, Computershare says

A drop in the average UK house price of the scale seen in the last financial crisis would put nearly half a million households at risk of negative equity, the UK's largest third-party mortgage servicer has revealed.

In an analysis of their data, Computershare Loan Services, which administers more than half of all third-party serviced mortgages in the UK, has forecast that the value of 4.12% of properties – or approximately 458,000 households – would drop below the outstanding mortgage balance on the property if average house price fell by 18.72% as it did between 2006 and 2009.

The figure is lower than the proportion affected after the last financial crash, when a similar drop saw between 7 and 11% of properties fall into negative equity – an improvement that Computershare attribute to providers lending more responsibly and complying with new regulation.

Andrew Jones, Chief Executive Officer at Computershare Loan Services, said: "Negative equity can create serious financial problems for borrowers and their families, so a substantial decrease in the average house price could contribute to significant economic problems in the event of another crash.

"Nevertheless, it seems that better lending practices by mortgage providers since 2008 have ensured that the consequences of such a fall could be significantly less damaging than after the last financial crisis.

"Computershare Loan Services will continue to work to limit the effects of any future house price fall and the associated costs of negative equity by focusing on supporting great relationships between lenders and borrowers, helping providers meet challenging but effective regulation and helping those falling into financial hardship directly."

Craig Simmons, Acting Head of Debt Advice at Money Advice Service, said: "Negative equity can go hand-in-hand with financial difficulties and it is important people plan ahead for possible changes to interest rates and house prices where possible.

Computershare Loan Services is a trading name for a group of companies comprising Computershare Mortgage Services Limited (company number: 02466320), Homeloan Management Limited (company number: 02214839), Topaz Finance Limited (company number: 05946900) and Baseline Capital Limited (company number: 04573392), each of which is registered in England and Wales and has its registered office at The Pavilions, Bridgwater Road, Bristol, Avon, BS13 8AE, UK. Each of Computershare Mortgage Services Limited, Homeloan Management Limited and Topaz Finance Limited is authorised and regulated by the Financial Conduct Authority, Registered Office: 25 The North Colonnade, Canary Wharf, London E14 5HS. You can read the Computershare legal notice here www.computershare.com/uk/disclaimer

NEWS RELEASE

“There are multiple sources of impartial debt advice available to people should they find themselves in financial difficulty and the Debt Advice Locator tool is a good starting point for finding help.

“We work closely with lenders and advice providers to ensure support is there for people if their financial situation deteriorates and I encourage the two sectors to continue building ever-stronger working relationships.

Computershare Loan Services data suggest that the North, which would experience an increase of 6.79% in negative equity, would be worst affected by a 19% drop in house prices, with Northern Ireland, (6.18%), Wales (6.12%) and Yorkshire & Humber (5.14%) also experiencing larger than average negative equity hikes.

Region	%
East Anglia	3.75%
East Midlands	3.59%
Greater London	2.69%
Northern Ireland	6.18%
North West	4.29%
North	6.79%
South East	2.62%
South West	3.74%
Scotland	3.96%
West Midlands	3.71%
Wales	6.12%
Yorkshire and Humber	5.14%
UK	4.12%

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Notes

1. The Money Advice Service's Debt Advice Locator can be found at <https://www.moneyadviceservice.org.uk/en/tools/debt-advice-locator>
2. Figures on negative equity during the financial crisis come from the Bank of England's 2009 Q2 Quarterly Bulletin, available at www.bankofengland.co.uk/publications/Documents/quarterlybulletin/qb090203.pdf
3. For high resolution images of spokespeople, visit <http://cpu.vg/spokespeople>.

Computershare Loan Services

Computershare Loan Services is a leading international third-party mortgage servicing company, currently administering over \$100 billion of assets. We continue to invest in technology and servicing enhancements globally and in mortgage servicing rights across the USA. We help mortgage lenders optimize the performance of their portfolios and support hundreds of thousands of borrowers throughout the lifecycle of every loan. Our expertise, experience and understanding of large volumes of complex financial data also help us provide insight and services to mortgage providers, investors and real estate professionals.

About Computershare Limited (CPU)

Computershare (ASX: CPU) is a global market leader in transfer agency and share registration, employee equity plans, mortgage servicing, proxy solicitation and stakeholder communications. We also specialise in corporate trust, bankruptcy, class action and a range of other diversified financial and governance services.

Founded in 1978, Computershare is renowned for its expertise in high integrity data management, high volume transaction processing and reconciliations, payments and stakeholder engagement. Many of the world's leading organisations use us to streamline and maximise the value of relationships with their investors, employees, creditors and customers.

Computershare is represented in all major financial markets and has over 16,000 employees worldwide.

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