



human settlements

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Human Settlements
REPUBLIC OF SOUTH AFRICA**

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THE OFFICE OF DISCLOSURE

QUARTERLY REPORT

REPORTING PERIOD 1 JANUARY 2015 - 31 MARCH 2015

**Report in terms of Outcome Number 8: Sustainable Human Settlements and
Improved Quality of Household life**

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1. BACKGROUND

The department has developed a Medium Term Strategic Framework (MTSF) as a guiding document to measure performance targets as set with an objective to the achievement of 1.5 million housing opportunities in partnership with the private sector. Since the financial industry has a critical role to play in realizing the objective of the Home Loan and Mortgage Disclosure Act 2000 (Act No. 63 of 2000), therefore, it has been deemed necessary that they disclose information on a quarterly basis to the department through the Office of Disclosure. The Office of Disclosure has in partnership with financial institutions developed the quarterly reporting format for disclosure of information by financial institutions as a means to contributing to the MTSF targets.

2 PURPOSE

The purpose of this report is to present the information submitted to the Office and the compliance thereof by the financial institutions for the reporting period 1 January 2015 to 31 March 2015, to establish the lending patterns and practices of financial institutions for the reporting period in terms of the Act.

3. DISCUSSIONS WITH STAKEHOLDERS

Various engagements were held with financial institutions early in 2015 to discuss a way forward in obtaining information to satisfy the requirements of the MTSF. A reporting format was developed and agreed upon by all key stakeholders for implementation as of the 1st quarter of 2015.

4. FINANCIAL INSTITUTIONS THAT SUBMITTED RETURNS

The following financial institutions have disclosed information for the period 01 January 2015- 31 March 2015:

1. ABSA Bank Limited,
2. Albaraka Bank Limited,

3. Bank of Taiwan South Africa Branch,
4. Capitec Bank Ltd,
5. Citibank NA South Africa (Nil Return),
6. Eskom Finance Company SOC Ltd,
7. First Rand Bank Ltd,
8. GBS Mutual Bank,
9. Grindrod Bank Limited,
10. HBZ Bank Limited,
11. Investec Private Bank,
12. Ithala Limited,
13. Mercantile Bank Limited,
14. Nedbank Limited,
15. Nqaba Finance 1 (RF) Ltd,
16. Risima Housing Finance Corporation (SOC) Ltd,
17. SA Home Loans Group
18. Standard Bank of South Africa,
19. Standard Chartered Bank Johannesburg Branch (Nil Return),
20. State Bank of India, and
21. The South African Bank of Athens Ltd.

5. SUMMARY OF MORTGAGES AND UNSECURED CREDIT AGREEMENTS

5.1 SUMMARY OF CREDIT AGREEMENTS

Table 1 Applications And Rejections And Credit Agreements Entered Into				
Number of applications for credit received	Number of applications rejected	Number of approvals	Stand value of credit transactions entered into	Number of credit transactions entered into
409 309	192 582	216 727	34 100 588 832	* 614 308

* This figure is not limited to the current reporting period. (NB. The approved credit may not be an agreement within an approval period/ reporting period.

Table 2 Provincial distribution of credit agreements * Rand Value*		
Eastern Cape	Free State	Gauteng
2 018 766 767	1 212 357 056	21 705 610 885
KwaZulu Natal	Limpopo	Mpumalanga
4 626 164 959	802 284 312	1 710 730 751
Northern Cape	North West	Western Cape
395 695 767	1 219 918 180	8 491 161 821

Table 3
Gender, low income, historically disadvantaged persons

No. of Applications received from HDP(Black, Indian Coloured)	Number	1 221 983
	Rand value	42 472 566 993
No. of Applications from HDP rejected	Number	725 255
	Rand value	28 678 672 207
No. of credit agreements with HDP	Number	409 474
	Rand value	14 980 199 307
No. of credit agreements with low income persons	Number	93 149
	Rand value	843 289 994
No. of credit agreements with residents of remote/rural/low density areas	Number	19 146
	Rand value	1 448 091 026
No. of credit agreements with juristic persons	Number	560
	Rand value	1 279 710 353
No. of credit agreements with women	Number	249 546
	Rand value	11 664 808 127
No. of credit agreements with small business	Number	230
	Rand value	273 146 891
No. of houses repossessed	Number	84
	Rand value	No figures

5.2. MORTGAGE AGREEMENTS

Table 4 Value and volume of credit agreements entered into						
	ROK-R50K	R51K-R100K	R101K-R150K	R151K-R350K	R351K-R700K	≥ R700K
Rand value	22 906 791	115 936 593	159 629 260	1 403 044 136	6 097 188 000	18 258 143 448
number	637	1 395	1 207	5 283	11 668	14 817

Table 4 above reflects the value and volume of credit agreements entered into. It can be seen that the larger volume of loans are in the categories R151K-R350K, R351K-R700K and ≥ R700K whilst the lower volume of loans fall within the categories ROK-R50K R51K-R100K and R101K-R150K. This pattern reflects that fewer credit agreements are being entered into with lower value of loan values.

Table 5 Gender, low income, historically disadvantaged persons		
No. of Applications received from HDP(Black, Indian Coloured)	Number	99 561
	Rand value	19 657 957 991
No. of Applications from HDP rejected	Number	50 926
	Rand value	9 684 306 968
No. of credit agreements with HDP	Number	15 637
	Rand value	10 664 212 054
No. of credit agreements with low income persons	Number	149
	Rand value	29 220 667
No. of credit agreements with residents of remote/rural/low density areas	Number	1 604
	Rand value	940 296 837
No. of credit agreements with juristic persons	Number	475
	Rand value	1 269 484 628
No. of credit agreements with women	Number	12 309
	Rand value	9 001 933 050
No. of credit agreements with small business	Number	230
	Rand value	273 146 891
No. of houses repossessed	Number	84
	Rand value	No figures

Table 5 above reflects gender, low income, historically disadvantaged persons. There was a total of 99561 applications received from HDP (Black, Indian Coloured) whilst a total of 50926 being rejected. This implies that 51.1 % of applications received have been rejected during the quarter. A total of 15637 credit agreements have been entered into with HDP which amounts to 15.7%. It is evident that there were only 149 credit agreements with low income persons. There were also a total of 84 houses that were repossessed during the period. It is encouraging to note that there were 1604 credit agreements with residents of remote/rural/low density areas.

Table 6 Income categories-gross monthly income of individual							
	R0- R3500	R3501- R5500	R5501- R7500	R7501- R10K	R10.1K- R15K	>R15000	TOTAL
Rand value	530 000	4 074 538	24 258 319	110 812 046	745 943 264	28 405 739 066	29 291 357 233
number	2	25	121	418	2 239	32 200	35 005

In terms of income categories the figures in table 6 above reflect that the lower end of the income levels have the fewest loans granted compared to income level >R15000. The gap market from R7501,00 to R15000,00 have only 2657 agreements compared to 32200 in the income category >R15000. From the figures it is clear that the gap market is facing huge challenges in accessing credit for housing finance purposes.

5.3. UNSECURED CREDIT TRANSACTIONS

CREDIT AGREEMENTS ENTERED INTO

Table 7 Value and volume according to term					
Medium	Up to 6 months	7-12 months	13-18 months	19-24 months	25-36 months
Rand Value	875 148 379	148 987 102	189 303 466	518 682 885	1 198 197 215
Number of loans	366 136	21 825	8 258	32 624	51 501
Long term	3.1-5 years		5.1-10 years	10.1-20 years	> 20.1 years
Rand Value	4 756 689 870		349 422 678	0	0
Number of loans	94 072		4 884	0	0

Table 7 above reflects credit agreements entered into according to the term/loan period. It is clear that most unsecured credit is granted for the short period of up to 6 months and 3.1 – 5 years.

Table 8 Value and volume according to size bands						
	R0K-R3K	R3.1K-R5K	R5.1K-R8K	R8.1K-R10K	R10.1K-R15K	R15.1K+
Rand value	359 217 211	321 138 504	311 076 713	244 526 666	287 744 430	6 512 007 142
Number of loans	262 464	84869	52 653	26 021	23 350	129 935

Table 9
Gender, low income, historically disadvantaged persons

No. of Applications received from HDP(Black, Indian Coloured)	Number	1 122 421
	Rand value	22 818 850 022
No. of Applications from HDP rejected	Number	674 329
	Rand value	18 828 386 819
credit agreements with HDP	Number	393 836
	Rand value	4 487 428 112
credit agreements with low income persons	Number	93 000
	Rand value	814 087 327
credit agreements with residents of remote/rural/low density areas	Number	17 544
	Rand value	508 464 080
credit agreements with women	Number	237 237
	Rand value	2 662 875 077
Credit agreements with juristic persons	Number	85
	Rand value	10 225 725

Table 10
Income categories-gross monthly income of individual

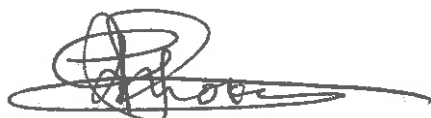
	R0-R3500	R3501-R5500	R5501-R7500	R7501-R10K	R10.1K-R15K	>R15000	TOTAL
Rand value	261 000 226	318 927 797	473 078 167	743 460 915	1 431 841 752	4 806 122 738	8 034 431 595
number	22 017	29 676	49 020	76 189	128 598	273 799	579 299

Table 11 Purpose of credit							
	Housing and related	Furniture	Small business	Education	Debt consolidation	Service	other
Rand value	911 508 277	8 324 885	50 932 481	201 162 776	381 496 706	17 769 074	6 187 522 511
number	30 334	302	1 019	8 664	7 525	528	520 725

Table 11 above reflects the purpose of the credit. Whilst housing and related have 30334 credit agreements there is more use for credit in the "other" category.

6. CONCLUSION

From the information disclosed it is evident that lower income persons are facing challenges in accessing mortgage finance for housing purposes. It appears that more people are using unsecured credit as a means to access funds. The rejected applications from HDP's are also excessively high. Engagements to address the rejection rate needs to be held with financial institutions as a way to fast-track means to the achievement of MTSF targets.



G. PHOKU

DIRECTOR: OFFICE OF DISCLOSURE

DATE 08 - July - 2015