Homeloans

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HOMELOANS HALF YEAR 2018 FINANCIAL RESULTS
NPAT of $11.9 million & Fully Franked Interim Dividend of 0.90 cents

Homeloans Limited (ASX: HOM) (Homeloans or "the Group"), a leading non-bank financial institution and diversified mortgage distribution company, today announced its Half Year Financial Results for the 6 months ended 31 December 2017 (HY2018).

Highlights for HY2018

- NPAT of $11.9 million
- Normalised NPAT $12.9 million up 57.3% on the six months to 31 December 2016[1] (previous corresponding period) (pcp)
- Total settlements of $2.2 billion for the 6 months to 31 December 2017, up 37.5% on the pcp
- Total principally funded loans and advances of $7.6 billion increased 31.0% on the pcp and 15.2% on 30 June 2017
- Total Assets under Management (AUM) of $11.1 billion, increased 18.1% on the pcp and 8.8% on 30 June 2017
- Fully Franked Interim dividend of 0.90 cents per share. The DRP will be available for this dividend

The HY2018 results reflect the strong underlying momentum in the merged business of Homeloans and RESIMAC. The normalised NPAT of $12.9 million was supported by 18.1% growth in Assets Under Management and ongoing growth in loan settlements across all distribution channels, while impairment expense remained low. The normalised expense to income ratio decreased from 68.7% to 62.1% for the half year, reflecting the crystallisation of merger savings and a focus on operational efficiency.

The principally funded loan book was $7.6 billion at 31 December 2017. Loan book growth of 31.0% on the pcp is attributable to the positive impact of the merger and supportive market conditions in the non-bank sector. Net interest income for the first half rose 26.6% to $51.0 million on the pcp.

The Group settled $2.2 billion of loans over the six months to 31 December 2017. Strong settlements growth over the period is the result of a larger broker distribution network, successful lead acquisition initiatives across the direct channels and a growing New Zealand operation.

Homeloans' Joint CEO, Scott McWilliam, said: "This result certainly reinforces the success of our post-merger focus – that is, growing the loan book by expanding our distribution networks and enhancing our customer experience and service proposition. Assets continue to grow ahead of market, supported by strong principally

[1] *The results for the half year ending 31 December 2016 reflect 6 months of RESIMAC Limited and the results of Homeloans from 13 October 2016 (2.5 months).*

funded volumes through our broker and direct channels. We stand apart from the majors because of our ability to provide a wide range of products to suit a broad range of borrower needs."

HY2018 Financial Performance Summary

	HY2018 ($m)	HY2017 ($m)[1]	Increase/(Decrease)
Net Interest Income	51.0	40.3	26.6%
Net Profit after Tax	11.9	5.6	112.5%
Normalised Net Profit after Tax[2]	12.9	8.2	57.3%
Expense to income ratio (normalised) (%)[2]	62.1	68.7	(9.6)%
Assets under Management ($bn)	11.1	9.4	18.1%
Total Settlements ($bn)	2.2	1.6	37.5%
Dividend per share – interim (cents/share)	0.90	0.75	20.0%

[1]*The results for the year ending 31 December 2016 reflect 6 months of RESIMAC Limited and the results of Homeloans from 13 October 2016 (2.5 months).*

[2] *After allowing for one off merger transaction and restructure costs of $3.6m in HY2017 and $0.4m eChoice write down in HY2018.*

Funding Update

The RESIMAC global funding platform provided further support to the Group's principally-funded lending activities throughout the first half. The strong banking relationships and warehouse commitments were aided by increased offerings from RESIMAC's capital markets programmes, with three public RMBS deals raising $1.7bn (AUD equivalent) during the half. A noteworthy aspect of the first-half transactions was the NZD250 million offering from the RESIMAC NZ subsidiary reflecting the recent growth in the business and developing capital markets interest in that jurisdiction.

Homeloans' Joint CEO, Mary Ploughman, said: "The business has experienced a strong first half and we are well placed to grow further, taking advantage of our mature and diverse funding program. The underlying quality of our loan portfolios and excellent call history on our transactions continues to support our issuance in the wholesale markets. We are excited by the future prospects on both the origination and funding sides of our business."

Outlook for full year 2018

The outlook for the remainder of the financial year remains positive, with strong book growth in the first half and ongoing solid settlement flows expected to drive the full year result. Homeloans remains focused on reinvesting in the business, pursuing its strategy of cost effectively growing its AUM through third party and direct channels and solidifying its position as a leading non-bank financial institution.

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About Homeloans Limited

The combined Homeloans Group was formed in October 2016 when RESIMAC Limited was acquired by Homeloans Limited.

RESIMAC commenced operations in 1985 and is a leading non-bank financial institution whose primary activities involve originating, servicing and securitising mortgage assets. RESIMAC was the pioneer of the securitisation of residential mortgages through the issuance of Australian RMBS, being the first issuer in 1988. Homeloans also commenced operations in 1985 and is a mortgage manager and lender, which sells residential mortgage loans through external third party mortgage brokers and direct to consumers.

The merger of these two entities has established a leading non-bank financial institution, employing over 250 people and servicing in excess of 50,000 customers across Australia and New Zealand. Leveraging our mature and respected RMBS issuance program, we have a broad range of residential mortgage products and a diverse distribution network, distributing through both third party mortgage brokers and directly to consumers. The Group also owns Paywise, a salary packaging service providing services to employers and employees nationally.

As at 31 December 2017, the Group had loan assets under management of $11.1 billion. In addition to this, the Group had a third-party funded loan book asset to the value of $3.8 billion.