Chairman's Address
AGM 26 November 2018

Welcome to the Homeloans Ltd 18th Annual General Meeting, thank you for your attendance today.

I am very pleased to be speaking to you today as Chairman, after what has been an outstanding year for the twelve months to 30 June 2018.

Our focus in FY18 was to capitalise on the momentum generated in previous years, and we have done this very successfully. Our key priorities of expanding our distribution network for loan origination, and achieving sustainable process efficiencies, are on track and delivering significant results. Underpinning this activity is the strengthening of our successful funding program through diversification across investor markets and warehouse providers. And our focus is firmly on the future with the commencement of a program of digitalization.

As we have advised to the market, our financial results have been strong across our business in both Australia and New Zealand.

Some key results of note:

- Net Profit After Tax (NPAT) for the year was $25.3m and we paid a fully-franked final dividend of zero point nine (0.9) cents per share, taking the full-year dividend to one point eight (1.8) cents per share.

- Settlements on our principally funded loans increased by a significant 38.5% during this period, leading to a growth in our principally funded loan book of 30% to 8.6 billion.

- Looking at the whole book, Assets Under Management (AUM) increased by 19% to 12.1 billion.

- In line with our growth in loan portfolio, Net Interest Income increased by 24%.

As well as growing revenue, we successfully achieved a strong reduction in cost to income ratio from 68% to 62%. The major contributors to this result were our efforts around property consolidation, enhanced process efficiencies and the expansion of our operations in the Philippines.

While FY18 has been a very successful year for Homeloans, it has been a tumultuous year for our industry.

We believe we occupy the most interesting and resilient part of the Australasian credit markets as a specialist home lender. It is also our view that we have both opportunities and responsibilities as a non-bank lender in the current environment.

Along with others in the financial services industry, we have been watching traditional banks tighten their credit appetite and processes in response to questions raised in the Royal Commission. Naturally, as a result, non-banks in this environment are becoming an increasingly viable alternative as the playing field levels. Non-bank market share has grown, particularly among loans originated by mortgage brokers.

While we welcome the opportunities that exist within our segment, we pride ourselves on the leadership position we hold in regards to our disciplined credit practises in the areas of significant focus - such as cost of living expenses and maintenance of appropriate loan to value ratios across all our products.
We hold a number of licences in support of our business, both under the Australian Financial Services License and Australian Credit License regimes and like banks, we are subject to Responsible Lending requirements and take these obligations very seriously.

We are committed to working with other members of the non-bank sector and the broader securitisation community, to ensure we remain competitive and keep both regulators and stakeholders appraised of the market benefits offered, and rigour employed, by the non-bank sector.

In this environment we will continue to grow our market share across our areas of priority. In a market of subdued credit growth we are forecasting another year of over 10% book growth of our principally funded assets while maintaining credit quality. The customer will remain at the centre of our activities – concentrating our attention on improving the service we provide, and deepening our relationship with them.

While definitive statistics about the size of the Australian home lending market are hard to obtain, we estimate that Homeloans currently originates about 1% of new business in the Australian market and hope to increase our originations to over 2% of the Australian market over the next 3-5 years.

As we progress through the next 12 months, we want to continue to evolve to best meet our strategic priorities and with that in mind, in addition to the program of digitalization that has commenced, we have asked shareholders to vote on a name change for our company.

Since the merger between Homeloans Limited and RESIMAC Limited in October 2016, the Company has marketed itself using several brands including Homeloans and RESIMAC, as well as our direct distribution brand State Custodians. However, following a review of the Company's overall brand architecture, the Board supports a proposal to consolidate the Homeloans and RESIMAC brands under the one brand - "Resimac".

The Resimac name holds considerable brand value that can be effectively leveraged across corporate and retail audiences. The new Resimac brand will encompass the majority of the Company's existing and future operations in Australia and New Zealand, which is already branded Resimac.

The Company will continue to operate other brands in some markets as appropriate and most importantly, Homeloans.com.au will, over time, become the flagship brand for direct distribution, supporting our significant digital growth plans.

In alignment with this change and strategic direction of the Company, we are also proposing changing the Company name to 'Resimac Group Limited' under Resolution 6. This will facilitate the consolidation of brands and products within the Homeloans group, allowing the Company to further develop its brand strategy. We look forward to your support with these initiatives.

At the conclusion of today's Board meeting, Robert Scott will step down from the Homeloans board after 18 years, including three as Chairman. Rob has been a trusted and valued member of the Board, having been involved with the organisation since its ASX listing in 2001. On behalf of all past and present Board members, I sincerely thank him for his contribution and wish him well. I'd also like to extend my thanks to my remaining fellow Board members for their support and strategic focus over the last 12 months.

In closing, I would like to take this opportunity to acknowledge our joint CEOs, Mary Ploughman and Scott McWilliam, the management team, and the staff in Australia, New Zealand and the Philippines for their commitment over the last 12 months. It has been an outstanding year for the Company, and on behalf of the Board and our shareholders, I would like to thank you all for your contribution.

Thank you again for your attendance today.