

25 November 2016

Homeloans Limited – Annual General Meeting 2016

Chairman's Address – Rob Scott

Good morning ladies and gentleman. Welcome to Homeloans 16th Annual General Meeting.

I would particularly like to welcome new shareholders that joined Homeloans as a result of the merger with RESIMAC Limited in October this year.

In opening the meeting could I introduce to you my Board Colleagues Rob Salmon and Michael Jefferies, Susan Hansen and Warren McLeland as well as our Joint Chief Executive Officers, Scott McWilliam and Mary Ploughman, our Chief Financial Officer, Ian Parkes and our Company Secretaries, Jennifer Murray and Peter Fitzpatrick.

I am pleased to report that 2016 has been another successful year for Homeloans. For the year ended 30 June 2016 we have recorded a statutory net profit after tax of \$5.3m and after adjusting costs primarily incurred with respect to the recent merger and one-off cost the net profit after tax was \$5.8 million. Total settlements for the year to 30 June 2016 were 3.0% up on the previous year to \$1.8 billion. Pleasingly, Homeloans continued to grow the 'branded' loan book, with settlements up 17.7% at \$1.2 billion.

Total funds under administration, including the securitisation portfolio, remained steady at \$8.1 billion as at 30 June 2016. Higher margin loans under management rose 3.6% to \$4.1 billion at 30 June 2016, with the loans under administration portfolio reducing by 3.7%.

As I stated in the annual report, over the past year, the Australian home lending environment remained buoyant, aided by relatively low levels of interest rates and growth in real estate prices in many states. Although some states have seen activity come back in recent months.

The Board was pleased to declare in mid-October a fully franked final dividend of 2.0 cents per share, bringing the total dividend for the year to 4.0 cents per share, fully franked.

In July we announced a merger with RESIMAC which was overwhelming approved by both companies' shareholders in October. We are delighted to report that notwithstanding the disruptions that a merger invariably causes, both businesses have wholly embraced the business as usual mantra and have continued to flourish. As a key driver of profitability loan settlements for both principally funded mortgage and white label mortgage sales remain in line with expectations in the first 5 months of the new financial year.

The foundations upon which the Homeloans business can leverage moving forward include:

- Our own well established and respected funding platform;
- A large seasoned and performing loan portfolio, providing strong cash flow;

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- A servicing platform and capability with a strong servicer ranking; and
- Access to a range of national brokers and mortgage customers.

The strategy of Homeloans to grow organically through greater penetration of existing relationships and by acquisition continues and is enhanced by the merger which provides an ideal platform to achieve this growth objective. This strategy perfectly dovetails with the RESIMAC strategy for growth at an opportune time for non-bank financial institutions.

Risk management and governance is important to the Board and management and the merger has provided us with the opportunity to ensure that the company continues to operate under a comprehensive risk and compliance framework that protects all our stakeholders.

I would now like to address the announcement made earlier today with respect to Warren McLeland who has decided not to take up the role of Managing Director of the Combined Group. Warren has been a key contributor and leader to the RESIMAC group during his 18 year tenure and we would like to personally thank Warren for what he has achieved. Warren will continue with the company as a non-executive director.

Mary Ploughman and Scott McWilliam will be Joint Chief Executive Officers.

In summary, your directors believe our industry represents many opportunities for growth; the integration of the businesses is progressing well and we have confidence in our strategy to deliver ongoing sound results for our stakeholders.

In closing, I would like to take this opportunity to thank my fellow Directors, as well as our dedicated staff, of whom have contributed so much to the business of the past year.

Thank you for your attendance. I will now move to the formal meeting.