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HOMELOANS HALF YEAR 2017 FINANCIAL RESULTS
NPAT of $5.6 million & Fully Franked Interim Dividend of 0.75 cents

Homeloans Limited (Homeloans; ASX: HOM), a leading non-bank lender and diversified mortgage distribution company, today announced its Half Year Financial Results for the six months ending 31 December 2016 (HY2017).

Highlights for HY2017

- Normalised NPAT $8.2 million (before merger transaction and restructure costs)
- NPAT of $5.6 million (representing 6 months of RESIMAC's results and 2 ½ months of Homeloans result from 13 October 2016 [1])
- Total settlements of $2.1 billion for the 6 months to 31 December 2016 up 9.8%
- Total principally funded loans and advances up 11% to $5.8 billion
- Fully Franked Interim dividend of 0.75 cents per share

The HY2017 result reflected strong growth in loan settlements across all the Homeloans distribution channels. The merged group normalised NPAT of $8.2 million after tax was supported by the growth in the principally funded loan book ($5.8 billion at 31 December 2016). This principally funded loan book when combined with the Homeloans white label managed book represents Homeloans Assets under Management of $9.4 billion (up 10%). In addition, Homeloans third party broker book was $4.1 billion.

The merger integration is progressing to plan. Synergies, as outlined in the RESIMAC scheme booklet and Homeloans notice of extraordinary meeting, are tracking ahead of expectations. A number of operational milestones were achieved during the period, including rationalisation of key premises and finalisation of the merged group organisational structure and key management appointments.

Homeloans' Joint CEO, Scott McWilliam, said: "We are pleased that settlement growth across our proprietary lending, third party lending and direct channels has remained buoyant in the period and throughout the merger. The two organisations have come together, and are well placed to capitalise on the opportunities in the market to further grow our settlements, our Assets under Management and ultimately grow our bottom line."

[1] On 25 October 2016, Homeloans completed the legal acquisition of RESIMAC Limited ("RESIMAC") and its controlled subsidiaries by acquiring 100% of the share capital of RESIMAC in exchange for shares in Homeloans. Although the financial statements are issued under Homeloans (the legal parent company), RESIMAC is deemed to be the parent company for accounting purposes. The half year results described below reflect the newly combined group of RESIMAC and Homeloans. Thirteen October 2016 is the effective date for the accounting acquisition date for the reverse acquisition of RESIMAC Limited by Homeloans Limited.

HY2017 Financial Performance Summary

	1H2017 ($'000) (Merged Group)[1]	1H2016 ($'000)[1]	Increase/(Decrease)
Net Interest Income	40,264	31,943	26.0%
Operating expenses before transaction costs[2]	28,080	22,862	22.8%
Loan impairment expense	880	1,056	(16.7)%
Net Profit after Tax	5,644	7,259	(22.2)%
Net Profit after Tax (before transaction costs)	8,159	7,259	12.4%
Assets under Management ($bn)	9.4	8.5	10.3%
Total Settlements ($bn)	2.1	1.9	9.8%

[1] *In accordance with the accounting treatment of the merger as a reverse acquisition the comparative period profit and loss represents the results of RESIMAC Limited for the 6 months ending 31 December 2015. The results for the six months ending 31 December 2016 reflect 6 months of RESIMAC Limited and the results of Homeloans from 13 October 2016 (2½ months).*

[2] *After allowing for one off merger transaction and restructure costs of $3.6m*

Funding Update

Homeloans is an active issuer in both the domestic and international wholesale funding markets under the RESIMAC brand.

On 8 December 2016, RESIMAC completed a domestic prime issue for $A500 million. This was the second bond issue in the Premier Series Residential Mortgage Backed Securities and the first post the merger.

Homeloans' Joint CEO, Mary Ploughman, said: "We are excited with the growth opportunities now open to Homeloans through enhanced distribution combined with our established product manufacturing capabilities. The company successfully completed a bond issue within a couple of months of the completion of the merger confirming the continuing support of our investor base under the expanded business model. This is a critical component of our well supported global funding platform, as it supports our ability to take full advantage of the expanded distribution capability of the merged group."

Outlook for 2017

Homeloans remains actively focused on integrating the two businesses whilst maintaining settlement and loan book growth. Settlement volumes are expected to be supported in the remainder of the year by the new business flowing from the increased access to the third party broker market to up to 90% on a market share basis plus loan growth from our other channels.

Homeloans remains in a strong position, with the positive trend in submission and settlement activity continuing in the first quarter of the second half of FY2017. We believe funding markets will remain attractively buoyant for our medium term bond financing programme. The full financial year result is expected to be stronger than the first half allowing for the full 6 months impact of the combined businesses and the positive impact of synergies.

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About Homeloans Limited

The combined Homeloans Group was formed in October 2016 when 100% of the share capital of RESIMAC Limited was legally acquired by Homeloans Limited.

RESIMAC commenced operations in 1985 and grew to become 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.

As a non-bank lender and mortgage manager that also commenced operations in 1985, Homeloans sells residential mortgage loans through external third party mortgage brokers as well as its own branded mortgage broker relationships.

As at 31 December 2016, the combined Group had loan assets under management of $9.4 billion, comprising of the RESIMAC principally funded loan book and the Homeloans white label managed loan book. In addition to this the Group has a third-party funded loan book asset to the value of $4.1 billion.