

## ASX RELEASE

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### **HOMELOANS HALF YEAR 2015 FINANCIAL RESULTS** **NPAT of \$2.6 million & Fully Franked Interim Dividend of 2 cents**

Homeloans Limited (ASX: HOM) ("Homeloans" or "the Company") announces Half Year Financial Results for the six months ending 31 December 2014 (HY2015).

#### **Highlights for HY2015**

- Net Interest Income of \$3.97 million;
- NPAT of \$2.6 million;
- Branded (managed) settlements of \$497m, an increase of 11.5% from H2 FY2014;
- Basic EPS of 2.5 cents; and
- Interim dividend of 2 cents per share (fully franked).

The HY2015 result reflected strong growth in Homeloans-branded loan settlements, which allows the Company to again return cash to shareholders via a fully franked 2 cent interim dividend. The Homeloans business continues to perform strongly despite an intensely competitive lending market that has maintained pressure on margins and upfront costs.

During HY2015, branded loans under management increased 2.3% to \$3.1 billion at 31 December 2014 whilst the non branded loan portfolio reduced slightly to \$4.3 billion, with the total portfolio remaining steady at \$7.6 billion.

The Company's investment in distribution staff and brand resulted in an increase in operating expenses of 7.1% on H2 FY2014 though overall operating expenses declined 3.8% when compared to the previous corresponding period. Homeloans continues to maintain a strong focus on costs as the Company seeks to improve margins, grow profitability and return dividends to shareholders.

#### **HY2015 Financial Performance Summary**

	HY2015 (\$'000)	2HY2014 (\$'000)	Change (%)
Net Interest Income	3,974	4,015	(1.0)%
Profit before Income Tax Expense	3,788	4,071	(7.0)%
Net Profit after Tax	2,632	2,834	(7.1)%
Settlements Branded –(managed)	\$497m	\$446m	11.4%
Settlements Non branded – (non-managed)	\$382m	\$362m	5.5%
Settlements Total	\$879m	\$808m	8.8%
Dividend per Share – Half Year	\$0.02	\$0.02	-

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## **CEO Comment**

Homeloans' CEO, Scott McWilliam, said: "This is a positive result given intense competition in the market and relatively high levels of refinance activities being undertaken by borrowers seeking to take advantage of historically low interest rates.

"To date in HY2015, we have continued to focus on growing lending volumes and building on the positive momentum from the second half of FY2014. We were especially buoyed by strong settlements in the pre-Christmas period of 2014. However, market pressures continue to impact on margins, which, in turn, has marginally reduced profit levels compared to previous periods.

"With the broader residential lending market remaining stable in HY2015, the reduction in cash rates in February 2015 will likely assist in supporting settlement volumes for the remainder of the financial year. We are particularly pleased to have grown settlements through our third party broker and retail channels by 13% and 6% respectively during the six months to 31 December 2014.

## **Outlook for 2015**

Stronger settlements volume in the December quarter of 2014 would indicate current market conditions will continue into the current first half of 2015, with momentum expected to grow in the eastern states, where Homeloans has recently bolstered the Company's sales capacity.

Homeloans has a clear aim to grow and diversify the business with a focus on further enhancing product and service offerings across the Company's third-party broker partners and direct retail networks.

"We also continue to pursue the expansion of our broker and direct retail distribution footprint. Our recently announced acquisition of Barnes Home Loans (Barnes Mortgage Management Pty Ltd) is an example of how we are successfully implementing this strategy to grow settlement volumes, particularly of our own branded loan products," said Mr McWilliam.

## **Brand Recognition**

Enhancing brand recognition continues to be integral for Homeloans. The sponsorship of the Perth Scorchers again in the 2015 T20 Big Bash has further provided national brand exposure for the [homeloans.com.au](http://homeloans.com.au) website and the Homeloans brand.

Homeloans' CEO, Scott McWilliam, said: "Sponsorship of the Perth Scorchers has continued to build the brand recognition with third party broker partners and we are pleased with the level of national coverage this relationship has again provided. Homeloans is proud to be associated with the Perth Scorchers and congratulate them on their successful 2015 T20 Big Bash achievement."

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