

ASX RELEASE**24 August 2015****HOMELOANS FULL YEAR 2015 FINANCIAL RESULTS**
NPAT of \$5.6 million & Fully Franked Final Dividend of 2 cents

Homeloans Limited (ASX: HOM) ("Homeloans" or "the Company") announces Full Year Financial Results for the twelve months ending 30 June 2015 ("FY2015" or "the Period").

Highlights for FY2015

- Branded (managed) settlements of \$1 billion, an increase of 23.7% from FY2014;
- Strong H2 FY2015 settlements – positive trend for H1 FY2016;
- NPAT of \$5.6 million;
- Basic EPS of 5.3 cents; and
- Final dividend of 2 cents per share (fully franked).

During FY2015, the Company achieved strong growth in settlements and completed a value accretive acquisition. Investment in distribution staff and expansion through acquisition assisted the Company in continuing to grow settlements during the Period. Branded settlements reached approximately \$1 billion during FY2015, up 23.7% from the previous year.

In line with the Company's strategy to grow and diversify, during FY2015 the Company completed the acquisition of Queensland-based Barnes Mortgage Management Pty Ltd (trading as Barnes Home Loans - "Barnes"). Barnes had funds under management of \$0.5 billion as at 31 December 2014.

Since acquiring Barnes in February 2015, Homeloans has continued to grow the Company's presence on the east coast of Australia, while implementing systems to reduce costs and eliminate process duplication between Barnes and Homeloans.

Importantly, Homeloans continues to offer brokers and customers competitive products and quality of service. This offering ensured Homeloans has been able to maintain its position as a viable alternative to the major banks during FY2015 – a year characterised by historically low interest rates and strong activity in home lending across all major states.

Net fee and commission income was up 3.0% for the year. Underlying operating expenses were up only 2% on the previous year, after allowing for one off costs including acquisition expenses.

Homeloans will again return cash to shareholders through the payment of a 2 cent final dividend (fully franked), bringing total dividends paid for FY2015 to 4 cents (fully franked).

FY2015 Financial Performance Summary

	FY2015 (\$'000)	FY2014 (\$'000)	Change (%)
Net Interest Income	7,849	8,404	(6.6)%
Net fee and commission income	15,336	14,882	3.0%
Operating expenses ¹	(15,959)	(15,229)	(4.8)%
Profit before Income Tax Expense	8,019	8,894	(9.8)%
Net Profit after Tax	5,608	6,205	(9.6)%
Settlements Branded – (managed)	\$998m	\$807m	23.7%
Settlements Non branded – (non-managed)	\$794m	\$752m	5.5%
Settlements Total	\$1,792m	\$1,559m	14.9%
Dividend per Share – final	\$0.02	\$0.02	-
Dividend per Share – Full Year	\$0.04	\$0.05	(20.0)%

¹ Underlying expenses of \$15.5m for FY2015, excluding acquisition and one off costs of \$0.5m

CEO Comment

Homeloans' CEO, Scott McWilliam, said: "We are pleased with settlements growth of 23.7% achieved in the year and once again the Company has delivered a profit and declared a dividend to shareholders.

Importantly, Homeloans remains in a strong position, with the positive trend in submission and settlement activity in H2 FY2015 continuing into FY2016. In addition, recent industry fragmentation has seen lenders moving to differentiate on policy and pricing, which should benefit Homeloans with its diversified funding base.

We acknowledge the support and contribution to the company over many years of Mr Tim Holmes our former Chairman and founding Director, who passed away during the year.

We remain actively focused on assessing and pursuing potential inorganic opportunities that would assist in diversifying and growing the business into the future."

Outlook for 2016

Following a strong H2 FY2015, Homeloans remains well positioned to achieve the Company's strategic objective of growing and diversifying the business in FY2016.

The Company's diverse range of balance sheet and non-balance sheet funder relationships and national footprint provides Homeloans with flexibility at a time when broader industry fragmentation has seen the market commence the transition towards pricing for risk. Homeloans continues to assess further opportunities that are aligned with the Company's strategic direction and complementary with existing operations.

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