

**ASX RELEASE****17 August 2016****HOMELOANS FULL YEAR 2016 FINANCIAL RESULTS**  
**NPAT of \$5.3m & Settlements of \$1.2bn up 17.7%**

Homeloans Limited (ASX: HOM) ("Homeloans" or "the Company") announces Full Year Financial Results for the twelve months ending 30 June 2016 ("FY2016" or "the Period").

**Highlights for FY2016**

- Branded (managed) loan settlements of \$1.2 billion, an increase of 17.7% from FY2015;
- NPAT of \$5.3 million (\$5.8m after allowing for transactions costs relating to proposed merger with RESIMAC Limited);
- Revenue of \$57.0m, up 1.0%;
- Basic EPS of 4.96 cents; and
- Total Loans Under Management and Administration \$8.1 billion

During FY2016, the Company achieved strong growth in settlements with branded loan settlements of \$1.2 billion, up 17.7% from the previous year.

Homeloans has continued to grow its presence on the east coast of Australia, with buoyant property markets in the eastern states contributing to the strong growth in settlements. By offering brokers and customers competitive products and quality of service Homeloans continued to consolidate its position as a viable alternative to the major banks during FY2016.

This was in a year characterised by competitive responses to changes to investment loan and interest only products, historically low interest rates, and strong refinancing activity across all major states. Homeloans' unique funding position, diversity of products and investment in broker relationships has ensured consistent growth throughout the year.

Net fee and commission income was up 6.8% for the year. Net interest income was down 7.7% due to a reduction in the RMT loan portfolio as well as the impact of increased funding costs. Underlying operating expenses were up only 1% on the previous year, after allowing for one off costs including transaction related expenses.

As announced on 20 July 2016, Homeloans entered into a Scheme Implementation Agreement with RESIMAC Limited, under which Homeloans will merge with RESIMAC subject to approval by both Homeloans and RESIMAC shareholders. The Board of Homeloans expects to declare a final dividend of two cents per share prior to the completion of the merger, but in any event no later than 31 October 2016.

The payment of any dividend is subject to certain conditions as outlined in the Scheme Implementation Agreement issued to the ASX.

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Homeloans Limited ABN 55 095 034 003. Australian Credit Licence Number 247829.

**FY2016 Financial Performance Summary**

	<b>FY2016 (\$'000)</b>	<b>FY2015 (\$'000)</b>	<b>Change (%)</b>
Net Interest Income	7,247	7,849	(7.7)%
Net fee and commission income	16,381	15,336	6.8%
Operating expenses <sup>1</sup>	(16,480)	(15,959)	3.2%
Profit before Income Tax Expense	7,504	8,019	(6.4)%
Net Profit after Tax	5,253	5,608	(6.3)%
Net Profit after Tax (before transaction costs) <sup>1</sup>	5,776	5,868	(1.6)%
Settlements Branded – (managed)	\$1,175m	\$998m	17.7%
Settlements Non branded – (non-managed)	\$670m	\$794m	(15.6)%
Settlements Total	\$1,845m	\$1,792m	3.0%
Loans under Management	\$4.0bn	\$3.8bn	3.6%
Loans under Administration	\$4.1bn	\$4.3bn	(3.7)%
Dividend per Share – Final <sup>2</sup>	\$0.02	\$0.02	-
Dividend per Share – Full Year <sup>2</sup>	\$0.04	\$0.04	-

<sup>1</sup> Underlying expenses of \$15.5m for FY2015, excluding transaction and one off costs of \$0.5m

Underlying expense of \$15.7m for FY2016, excluding transaction and one of costs of \$0.75m

<sup>2</sup> The Board of Homeloans expects to declare a final dividend of two cents per share prior to the completion of the merger with RESIMAC Limited, but in any event no later than 31 October 2016.

**CEO Comment**

Homeloans' CEO, Scott McWilliam, said: "We are pleased with settlements growth of 17.7% achieved in the year and see the positive trends in submission and settlement activity continuing into FY2017. This is due to our success in building our east coast presence as demand softens in some key markets such as WA. In addition, recent cash rate movements and ongoing historical low levels of interest rates will support further positive momentum in settlements in the year ahead.

"In line with our previously stated strategy of actively pursuing both organic and inorganic growth opportunities, the proposed merger with RESIMAC represents an ideal opportunity for shareholders to benefit from an enlarged and more diversified combined business."

**Outlook for 2017**

With an established pattern of delivering settlements growth through the current distribution structure, Homeloans is well placed to further leverage, and build on, its relationships with brokers and retail networks. In a changing regulatory landscape, which has impacted investor and interest only loans, non-bank lenders continue to establish their position as a viable alternative to the major banks. With its diversified funding base, Homeloans is well placed to continue capitalising on these changes.

The proposed merger with RESIMAC, which has established and highly regarded product manufacturing and funding capabilities, will further accelerate the Company's ability to increase settlements and pursue other growth opportunities.

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