

ASX RELEASE**28 August 2017****HOMELOANS FULL YEAR 2017 FINANCIAL RESULTS**
NPAT of \$15.8 million & Fully Franked Final Dividend of 0.75 cents

Homeloans Limited (ASX: HOM) (Homeloans or “the Company”), a leading non-bank lender and diversified mortgage distribution company, today announced its Full Year Financial Results for the 12 months ended 30 June 2017 (FY2017).

Highlights for FY2017

- Normalised NPAT \$18.7 million (before merger transaction and restructure costs)
- NPAT of \$15.8 million (representing 12 months of RESIMAC’s results and 8.5 months of Homeloans results from 13 October 2016 ¹)
- Total settlements of \$3.6 billion for the 12 months to 30 June 2017 up 20.0% on prior year
- Total principally funded loans and advances up 22.2% on prior year to \$6.6 billion
- Total Assets under Management (including principally and non-principally funded loans up 14.6% to \$10.2 billion)
- Fully Franked Final dividend of 0.75 cents per share, the DRP is now active and will be available for this dividend
- Achieved merger synergy savings target of \$6m pa run rate

The FY2017 result continued to reflect the positive momentum of the newly merged business of Homeloans and RESIMAC, with strong growth in loan settlements across all distribution channels. The normalised NPAT of \$18.7 million was supported by the growth in the principally funded loan book (up 20% on the previous year), active interest margin management, positive market conditions and low levels of impairment expense. Homeloans’ assets under management are the key driver of the Company’s results, with the portfolio ending the year at \$10.2 billion (up 14.6% on the prior year of the combined business). In addition, Homeloans’ third party broker book was \$4.0 billion.

The merger integration of the two businesses was materially completed during the period, and the second half results reflect the full integration of Homeloans and RESIMAC. The expected synergies continue to track ahead of expectations. Management focus has now moved to establishing greater scale and efficiency to support the combined group’s growth ambitions.

Homeloans’ Joint CEO, Scott McWilliam, said: “This is a solid result, reflecting the strong merits of the merger, favourable market conditions and the Company’s ability to execute on its growth strategy. Homeloans is in a strong position because of our ability to be flexible and adaptable, and that has helped us cement our position as a lender of choice, particularly in the third party broker market.”

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 full year results described below reflect the 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.

FY2017 Financial Performance Summary

	FY2017 (\$m) ¹	FY2016 (\$m) ²	Increase/(Decrease)
Net Interest Income	82.5	76.1	8.4%
Operating expenses before transaction costs ³	59.5	64.1	(7.2)%
Net Profit after Tax	15.8	15.7	0.6%
Net Profit after Tax (before transaction costs and one off items)	18.7	15.7	19.1%
Return on Equity (%) (normalised)	13.2	12.4	6.5%
Assets under Management (\$bn)	10.2	8.9	14.6%
Total Settlements (\$bn)	3.6	3.0	20.0%
Dividend per share – final (cents/share)	0.75		
Dividend per share – full year (cents per share)	1.50		

¹The results for the year ending 30 June 2017 reflect 12 months of RESIMAC Limited and the results of Homeloans from 13 October 2016 (8.5 months).

² FY2016 comparatives represent the pro forma results for the merged business as disclosed in the scheme booklet for ease of comparison.

³ After allowing for one off merger transaction and restructure costs of \$4.3m.

Funding Update

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

On 28 July 2017, RESIMAC completed a domestic prime issue for \$A750 million. This is RESIMAC's second prime issuance for 2017, with \$1.75 billion of term funding completed in the calendar year to date and \$2.25 billion since the merger, providing further support to the business as it pursues its growth strategy.

Homeloans' Joint CEO, Mary Ploughman, said: "We are pleased with the response and interest we have received for our issuances over the year. Our proven track record in asset performance and our perfect call history on our transactions has allowed us to further expand our funding base into new markets. We are excited about the opportunity for the year ahead as our settlement momentum continues, which enables us to issue regularly into the wholesale funding markets."

Outlook for 2018

Homeloans is focused on continuing to profitably build its loan portfolio whilst looking to achieve process and efficiency savings across the business. Settlement volumes are expected to remain strong into the new financial year. Settlement growth will continue to be supported by the third party broker market, with Homeloans having access to up to 85% of brokers, which will be supplemented by loan growth from our direct channels.

Homeloans is well positioned for growth as a non-bank lender with a well-established funding program and a customer focused distribution capability, particularly in the third party broker market. Assuming current economic conditions prevail for the remainder of the financial year, the FY2018 financial year result is expected to be stronger than the FY2017 result.

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About Homeloans Limited

The combined Homeloans Group was formed in October 2016 when RESIMAC Limited was acquired by Homeloans Limited.

RESIMAC commenced operations in 1985 and is 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.

Homeloans is a non-bank lender and mortgage manager that 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 30 June 2017, the Group had loan assets under management of \$10.2 billion. In addition to this the Group has a third-party funded loan book asset to the value of \$4.0 billion.