ASX RELEASE
23 August 2018

HOMELOANS DELIVERS STRONG FY18 RESULTS
Solid increases in settlements, loan book and NPAT

Homeloans Limited (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 2018.

Financial highlights for the 12 months' to 30 June 2018:

- NPAT on a normalised basis was $26.2 million – up 40.1% on FY2017*
- NPAT on a statutory basis was $25.3 million – up 60.1% on FY2017*
- Total settlements were $4.3 billion – up 19.4% on FY2017
- Net interest income up 24.4% on FY2017 to $102.6 million
- Assets Under Management of $12.1 billion – up 18.6% on 30 June 2017
- Homeloans' principally-funded loan book reached $8.6 billion, an increase of 30.3% on 30 June 2017
- Cost to Income Ratio (Normalised) of 62.2% - improved by 600 bps
- Earnings per share (basic) of 6.37 cents per share (FY17 4.39 cents per share)
- A fully franked final dividend of 0.9 cents per share is declared by the Board

The results encompass the first full reporting year since the complete integration of Homeloans and RESIMAC.

The Company's strong performance is attributed to a number of factors including above-system sales growth, a market-leading funding program, outstanding book quality and improved cost discipline. Homeloans continues to bolster its third-party broker and direct channels, and the results of this approach are evident in the strong settlements growth.

Commenting on the results, Homeloans' Joint CEO Scott McWilliam said: "Our results for the period highlight the underlying momentum of the Company and reinforce our ability to execute on our growth strategy whilst maintaining focus on operational efficiencies."

The Company experienced continued earnings momentum in the second half of FY2018, a reduction in the Cost to Income Ratio and higher Return on Equity**. Normalised 2H18 NPAT increased 3% vs 1H18 despite BBSW headwinds impacting cost of funding.

*FY17 Previous Corresponding Period ('PCP') reflects accounting treatment of the merger as a reverse acquisition. FY17 PCP represents the 12 months' results of RESIMAC and the results of Homeloans from 13 October 2016 (8 ½ months)
**FY17 ROE calculated on year-end shareholders equity at 30 June 2017. FY18 ROE based on average shareholders equity.

Financial Performance Summary

($m)	1H18	2H18	FY2018	FY2017*
Net Interest Income	51.0	51.6	102.6	82.5
Operating expenses (statutory)	31.0	31.4	62.4	63.6
Net Profit after Tax (statutory)	12.0	13.3	25.3	15.8
Net Profit after Tax (normalised)	12.9	13.3	26.2	18.7
Return on Equity (%) (normalised)**	17.6%	16.9%	17.2%	13.2%
Assets under Management ($bn)	11.1	12.1	12.1	10.2
Total Settlements ($bn)	2.2	2.1	4.3	3.6
Dividend per share (cents per share)	0.9	0.9	1.8	1.5

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**FY17 ROE calculated on year-end shareholders equity at 30 June 2017. FY18 ROE based on average shareholders equity.

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

During FY2018 RESIMAC completed $3.5 billion of term funding from five RMBS transactions. Diversification objectives were successfully implemented and included a $1 billion private placement of RMBS with a new offshore investor, and increased participation of Asia-Pacific and US-based investors. An additional short-term funding line was established with an offshore bank.

Mary Ploughman, Joint CEO, highlighted: "The funding platform has grown with the diversification of investors and warehouse providers, giving confidence to the business as we move forward."

Future growth
Heading into FY2019, Ms Ploughman is confident the Company can continue to deliver solid results.

"Homeloans prides itself on being able to respond effectively to changing marketing conditions, which will stand us in good stead in the wake of significant regulatory and housing market activity," she said. "The non-bank market share continues to grow and we are well placed to take full advantage of these market conditions."

The Company will continue to focus on enhancing efficiencies and bolstering its customer-focused distribution capability, with a particular focus on third-party broker and direct channels. It will continue to assess inorganic opportunities, which meet strategic, risk and funding parameters.

For further information:

Scott McWilliam
Joint CEO
Homeloans Limited
(02) 9248 0300

Mary Ploughman
Joint CEO
Homeloans Limited
(02) 9248 0300

Jason Azzopardi
CFO
Homeloans Limited
(02) 9248 0300

Media
Lisa Llewellyn
Llewellyn Communications
0419 401 362

About Homeloans Limited

The combined Homeloans Group was formed in October 2016 when RESIMAC Limited merged with 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. The combined Group sells residential mortgage loans through external third party mortgage brokers and direct to consumers through the State Custodians brand. The Group also operates in New Zealand where it distributes mortgages through the third party broker market.