

Investor Presentation

**Results for 6 months to
31 December 2006**

March 07

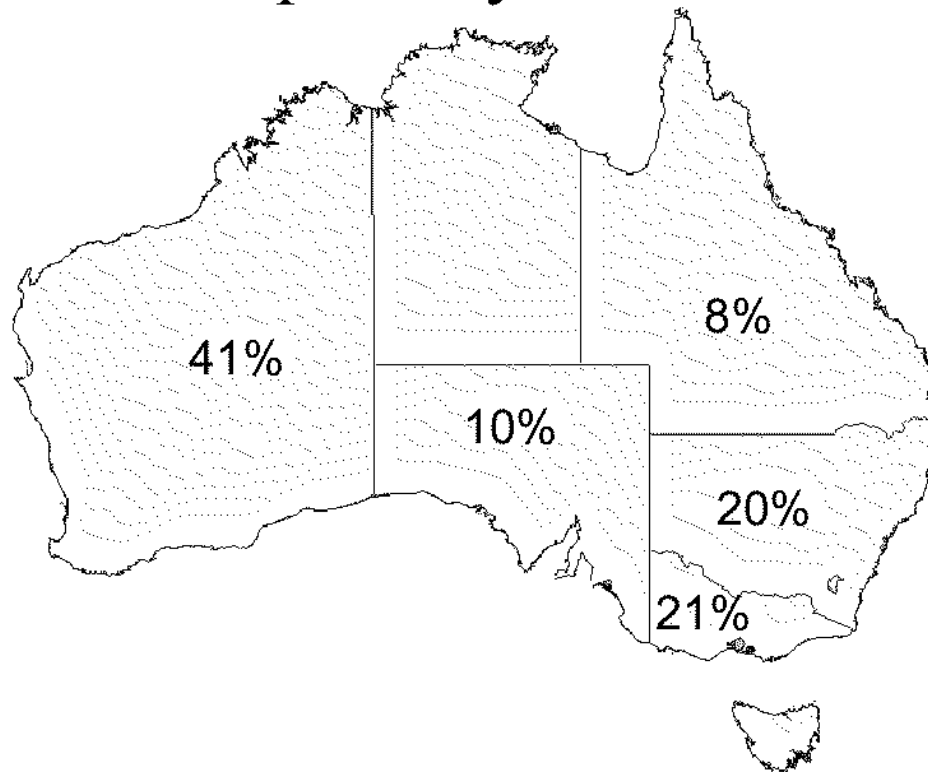
Background

- Homeloans is a prime non-bank lender of residential mortgages
- Key Management Personnel
 - Tim Holmes (Chairman)
 - Brian Jones (Managing Director)
 - Jarrod Smith (Finance Director)
 - Troy Phillips (General Manager Sales)
- Market Capitalisation \$64m
 - 68.7 m ordinary shares @ \$0.93 (as at 23 March 2007)
- Substantial Shareholders (19 March 2007)

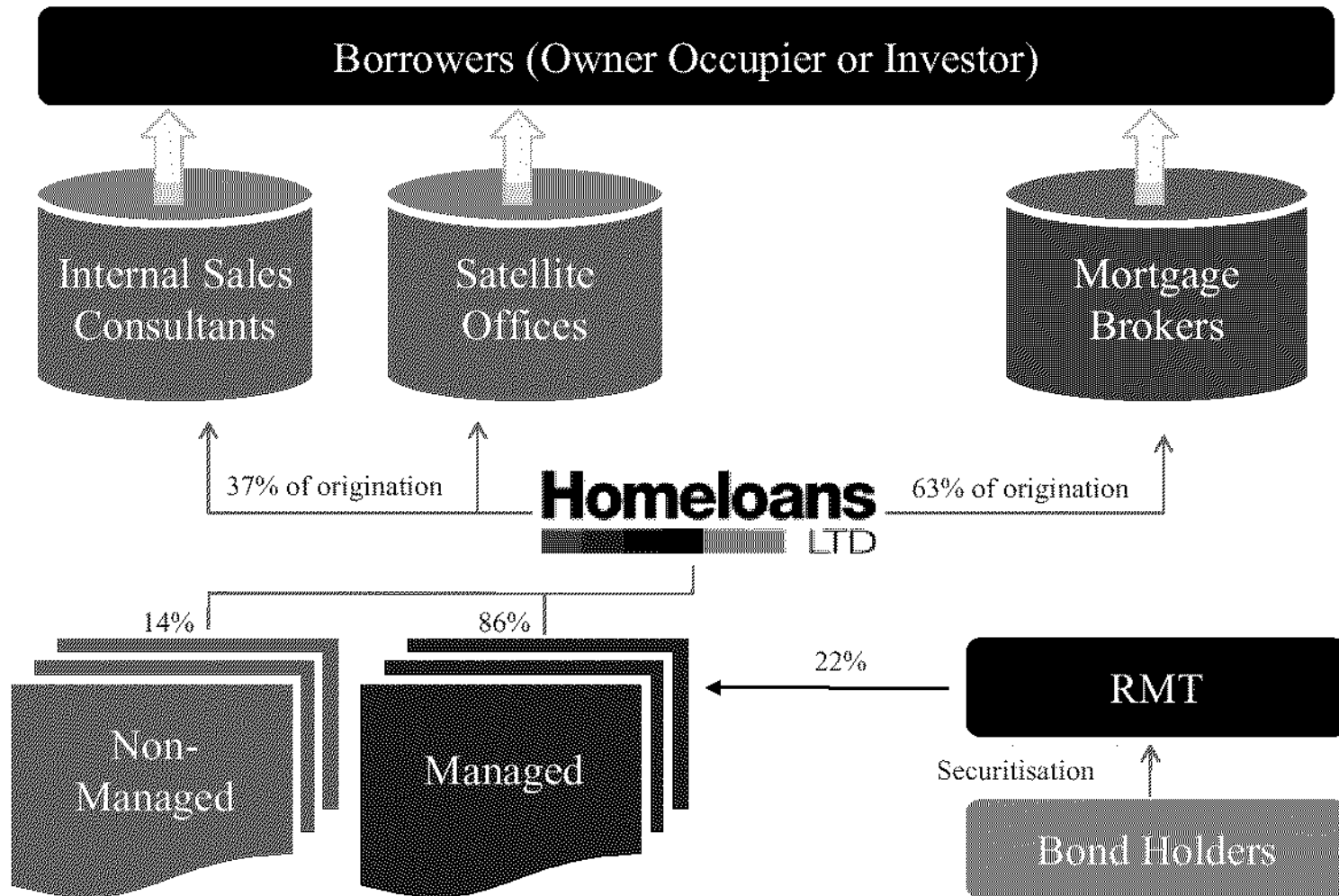
• Tim Holmes	18.09%
• Rob Salmon	17.63%
• Redbrook Nominees	15.69%
• Challenger	12.44%

Background

- Aussie, Wizard (GE), Challenger (Interstar), Rams are the successful large non-Bank lenders
- Turn around over past 2 years



Business Structure



Economic Drivers

Fee Income

- Fees - up front \$300
- discharge \$200

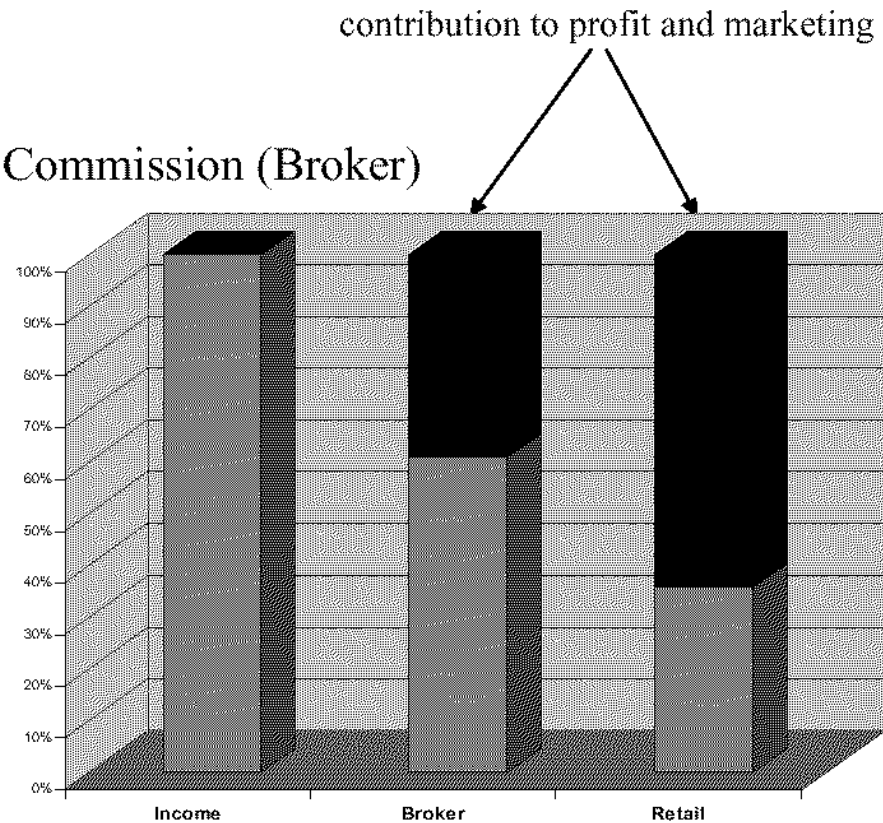
Margin Income

- Net Interest Margin x Life of Loan less Commission (Broker)

Eg. $0.75 \times 4 = 3.0 - 1.7$
 $= 1.3\%$

- Managed Loans (Broker)

Upfront $1.25\% - 0.7\% = 0.55\%$
Ongoing $0.44\% - 0.25\% = 0.19\%$



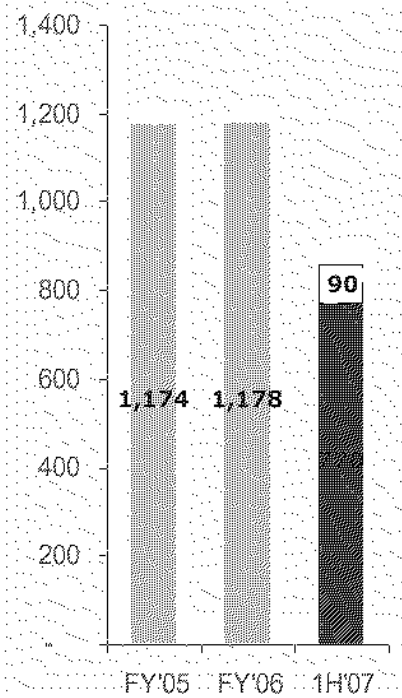
Performance Highlights

		1H FY06 \$'000	1H FY07 \$'000	% Mov't
NPAT	Cont. bus.	372	1,281	344%
NPAT	Actual	1,272	1,281	1%
Operating Costs		8,390	8,360	no change
Basic EPS	Cont. bus.	0.71 c	2.46 c	346%
Basic EPS	Actual	2.53 c	2.46 c	(2.8%)
DPS		2.5 c	2.5 c	no change
Settlements		573,000	770,000	34%
Productivity*		4,292	5,767	34%

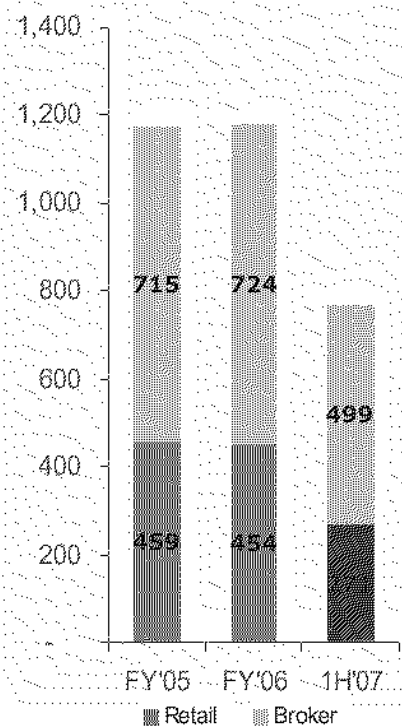
* settlements/staff

Business Performance

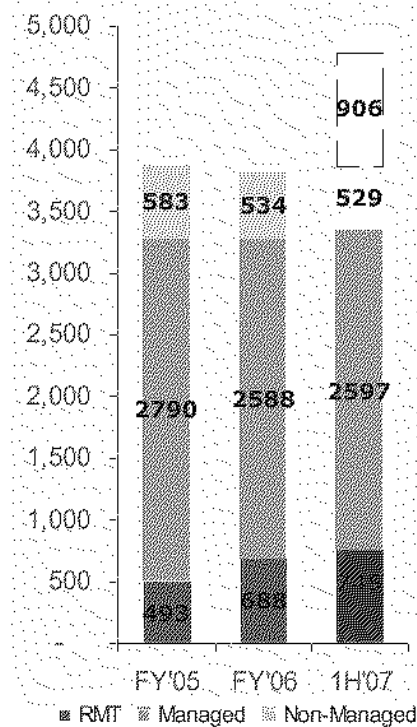
Sales
(\$m)



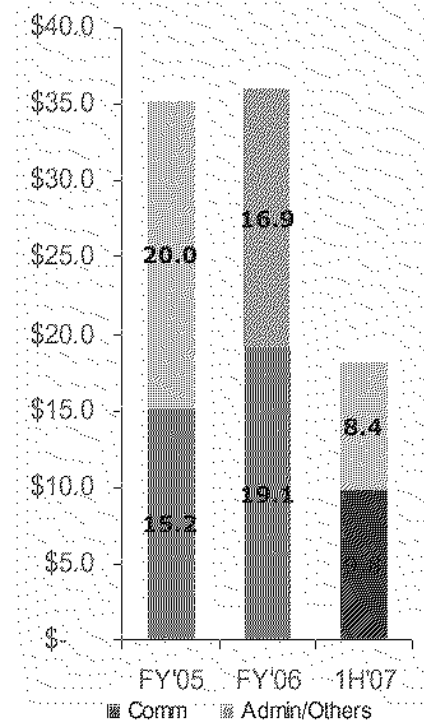
Channels*
(\$m)



Loan Book
(\$m)

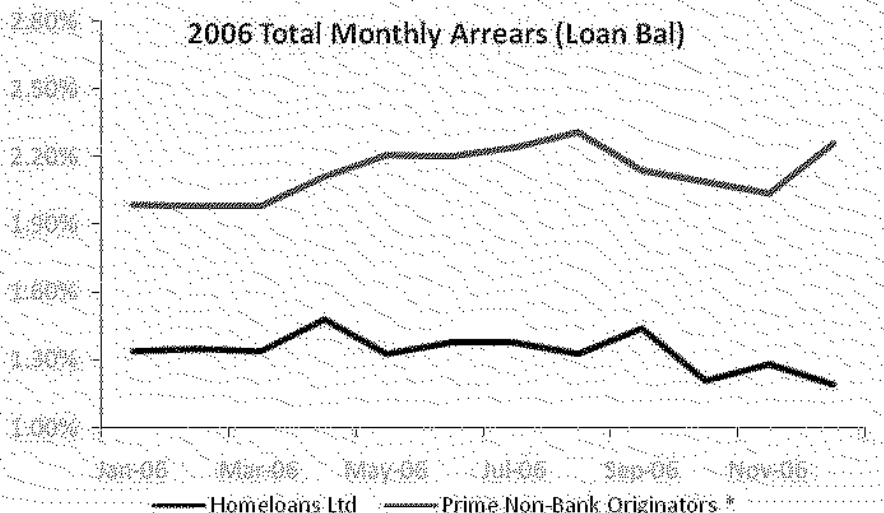
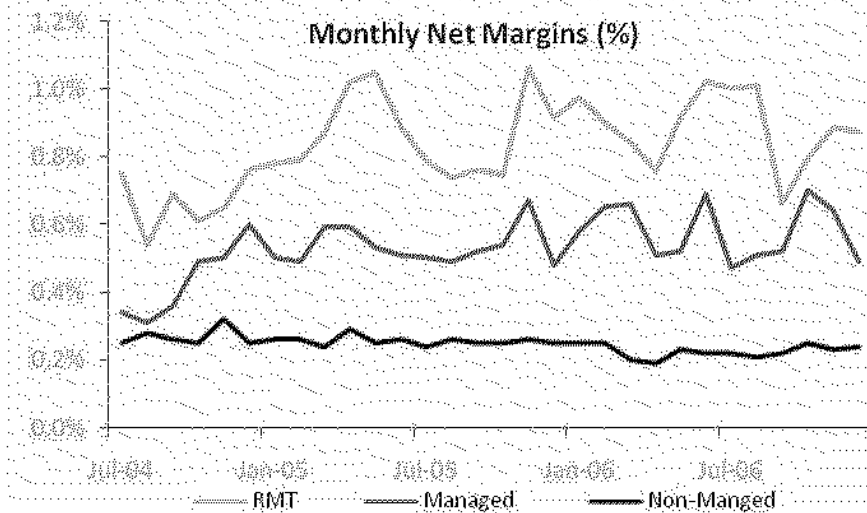
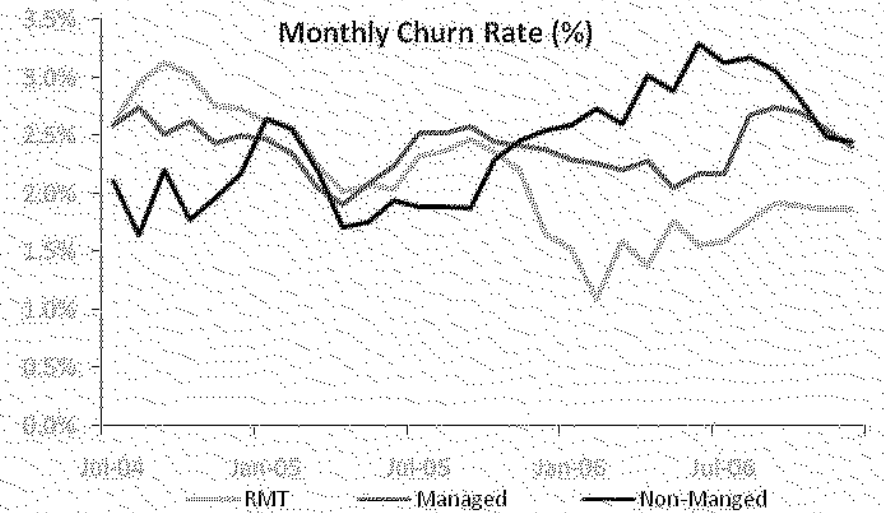
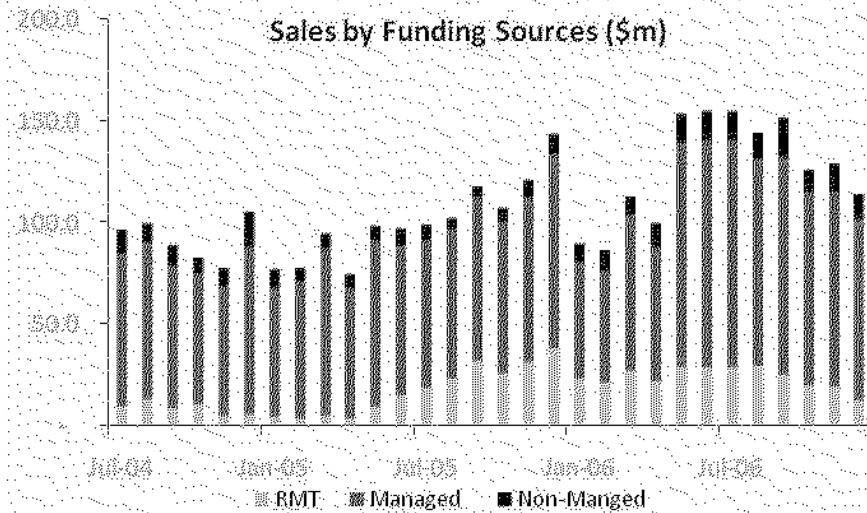


Costs
(\$m)



* Exclude IMC
□ Include IMC

Business Performance (cont.)



Independent Mortgage Corp.

- Victorian based retail mortgage manager and broker
- Strong stand alone business model
- Established retail distribution in Victoria
- 5 x EBITDA (approx. \$16m)
- Settled March 2007

Challenger Financial Services

- 8.3m shares @ \$0.80 (excludes div. to 30 June 2007)
- 31.7m shares @ \$1.20 (excludes div. to 31 December 2007) - subject to shareholder approval
- Surplus funds invested with Challenger @ 9.50% p.a. pre-tax (guaranteed)
- Strategic alliance
 - distribution and delivery focused
 - acquire, grow existing capabilities, invest in productivity

Normalised NPAT for 12 months (\$'000s)

NPAT – 6 months to 31 Dec 2006	1,281
Annualised NPAT for the year ended 30 June 2007	2,562
Add estimated annualised NPAT from IMC	1,281
Add Interest earned on new equity (after tax)	2,971
Estimated NPAT	6,814
Shares (subject to shareholder approval)	100,424
EPS	\$0.07
PE (at \$1.12)	16.5x
Market Cap	112,475

Note: This is not a forecast. It is Homeloans' 31 Dec 06 result annualised, an annualised estimate of the IMC contribution and of the interest earned on the Challenger monies held on deposit. The \$1.12 share price is Challenger's average subscription price (subject to shareholder approval).

Questions & Answers

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31 December 2006

Balance sheet as at 31 Dec 06 (\$'000s)

	Actual		Pro-forma	
	RMT	HOM (Cons)	incl. IMC	inc. IMC & CFS
Cash	27,093	29,073	29,073	75,753
Receivables	650	15,246	21,946	21,946
Loans	735,314	735,314	735,314	735,314
Deferred Expenses	(4,373)	20,118	20,118	20,118
Other financial assets	-	1,562	1,562	1,562
Plant and Equipment	-	1,499	1,499	1,499
Goodwill	-	15,996	28,496	28,496
Total Assets	758,684	818,808	838,008	884,688
Payables	4,785	10,572	12,372	12,372
Interest bearing liabilities	760,096	763,095	778,995	778,995
Deferred income tax liabilities	(2,529)	6,410	7,910	7,910
Other	-	1,339	1,339	1,339
Total Liabilities	762,352	781,416	800,616	800,616
Total Equity	(3,668)	37,392	37,392	82,072
Net asset per share		\$0.62		\$0.84
NTA		\$0.35		\$0.55