



MORTGAGE CHOICE AGM 2012 CHAIRMAN'S ADDRESS

Chairman's address

In 2012 Mortgage Choice celebrates two decades of providing mortgage broking services to Australians and during this time I'm pleased to say more than 350,000 customers have walked through our doors.

The company's long history wouldn't be possible without the commitment of our franchise network and staff to build a solid business foundation that has once again delivered strong results for shareholders.

Although, achieving impressive results this financial year was no mean feat for our brokers. Market conditions have been challenging for brokers and borrowers alike. Volatility in global financial markets resulted in weak consumer confidence and a subdued housing finance market. The industry also faced out-of-cycle interest rate movements, declining property price growth and a resulting desire by consumers to cease spending and commence deleveraging.

Despite these headwinds, our franchise owners adapted and as a result, they have built better businesses that are well positioned for further growth.

Speaking on behalf of the Board, Mortgage Choice's staff and our loyal franchise network members, I am proud of the company's healthy FY12 financial results and operational milestones.

Some of our financial highlights include:

- The total loan book reached \$45.1bn – this includes loans written by brokers in our franchise network and our aggregation arm, LoanKit – (representing a 6.4% increase on FY11).
- The Mortgage Choice-only loan book reached \$43.6bn (up 5.3% on FY11).
- Consolidated net cash profit after tax was \$15m, a fall of 5.7% on FY11. However, Mortgage Choice's core business net cash profit after tax was \$16.8 million, up 0.6%.
- \$11.2 billion worth of housing loan approvals were written by the Group (up from \$9.9 billion in FY11), while Mortgage Choice's core business loan approvals amounted to \$10.1 billion (up from \$9.5 billion in FY11).
- Our brokers continued to achieve industry high productivity levels per broker and the addition of 20 new greenfield franchises helped us grow our national share of new home loans to 4.6%, the highest level since 2006.
- The Board and I declared a final fully franked dividend of 7c per share, taking total dividends for the year to 13 cents per share, equal to FY11 and representing an industry leading yield of 10.1%.

Our staff and franchise owners have worked hard to achieve these results while also exceeding customer expectations, with satisfaction ratings remaining well above the 90th percentile throughout the year.

Customer satisfaction was also a key driver for our acquired businesses, LoanKit and HelpMeChoose.com.au.

With a strengthened focus on its customers, that is its brokers, LoanKit was rewarded with solid growth in its settlements, loan book and broker recruitment numbers, which rose from 195 in FY11 to 256 in FY12.

At the same time, the new management team at HelpMeChoose.com.au helped the business achieve an improved performance in the second half of the financial year across a range of business metrics.

These healthy results and many others come as a result of the successful DREAM strategy, which was introduced three years ago by our CEO Michael Russell. The strategy has proved invaluable in transforming the way we do business.

Looking ahead to the next three years, to meet the growing financial needs of our customers our vision is to diversify our offering to incorporate financial planning advice that is and relevant and accessible to all Australians.

In closing, I thank you for your continued support of Mortgage Choice and invite you to joins us as we begin the journey of transitioning the brand to a fully fledge financial services provider.

I'll now hand over to Michael Russell to share more on our financial results, introduce our new three-year strategy plan and enlighten you further on the new financial planning franchise business.