

5 February 2019

Response to the Royal Commission's final report

The management of N1 Holdings Limited (ASX: N1H or the "Company") acknowledges the recommendations of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry released on 4 February 2019 ("Final Report").

It is noted that, Commissioner Hayne has recommended the introduction of a statutory duty for mortgage brokers to act in the "best interests" of their clients. Further, noting his view that commissions paid to mortgage brokers represent "conflicted remuneration", Commissioner Hayne has recommended changes to broker remuneration so that borrowers, rather than lenders, become responsible for paying fees to mortgage brokers. Commissioner Hayne has recommended that this change take place gradually with trail commissions being prohibited within the next two to three years and, following this, that other forms of commissions paid by lenders to brokers be banned over the following 18 months.

Subsequent to the release of the Final Report, the government has said that it would take steps to ban trailing commissions on new loans from July 2020 and limit upfront commissions to the amount of the loan drawn down, rather than the total value of the loan. Although this is the government's announced position, there is some uncertainty as to whether these reforms will be implemented in accordance with this timeframe.

The Company's management will continue to review the recommendations in the Final Report and any steps made by government to implement those recommendations. The Company remains committed to the mortgage broking sector and expects to evolve its N1 Loans business to ensure that it remains compliant with any new regulations.

It is important to note that, since listing on ASX, the Company has been undertaking a diversification strategy to ensure that its sources of revenue are numerous. Commercial loan broking and lending revenue makes up approximately 34% of the group's revenue and realty revenue makes up approximately 12% of the group's revenue for the financial year to date (note these percentages are unaudited).

Furthermore, the recent launch of One Lending Fund (a specialist SME lending fund), managed by N1 Venture (AFSL:477879), with initial committed capital of over \$2 million, supplemented by the Company's balance sheet funding of approximately \$3 million is anticipated to generate additional revenue for the Company.

For more information, please contact:

Ren Hor Wong

Chairman & Chief Executive Officer

renwong@n1holdings.com.au

About N1 Holdings Limited (ASX: N1H)

N1 Holdings Limited is a business, financial and property services firm that operates under the brand "N1 Loans", "N1 Realty", "N1 Migration" and "N1 Venture". N1 as an ACL and AFSL holder aims to deliver the complete value chain of a business, individual and real estate financial transactions, and possesses the unique strength of having a strong position in the niche Australian Asian community market. N1's current services span across commercial lending, residential property loans, business finance, equipment finance, property sales and rental management. N1 consistently delivers robust growth across multiple complementary business entities, aiming to establish itself as a market leader in customer satisfaction with its unique and diversified business model.



N1 Holdings Limited ABN 44 609 268 279
Address: Suite 502, 77 King Street, Sydney NSW 2000
Phone: 02 9262 6262 Fax: 02 9299 1286
Email: investor@n1holdings.com.au