

## MARKET ANNOUNCEMENT

<b>Date:</b>	26 March 2015
<b>To:</b>	Australian Securities Exchange
<b>Subject:</b>	<b>Investor and Analyst Briefing 2015</b>

Attached are the materials that are being presented to investors and analysts today at Computershare's annual business briefing session.

A copy of these materials will also be posted on the Computershare website ([www.computershare.com.au](http://www.computershare.com.au)).

**For further information contact:**

Mr Darren Murphy

Head of Treasury and Investor Relations

Ph +61-3-9415-5102

[darren.murphy@computershare.com.au](mailto:darren.murphy@computershare.com.au)

**About Computershare Limited (CPU)**

Computershare (ASX: CPU) is a global market leader in transfer agency and share registration, employee equity plans, proxy solicitation and stakeholder communications. We also specialise in corporate trust, mortgage, bankruptcy, class action, utility and tax voucher administration, and a range of other diversified financial and governance services.

Founded in 1978, Computershare is renowned for its expertise in high integrity data management, high volume transaction processing and reconciliations, payments and stakeholder engagement. Many of the world's leading organisations use us to streamline and maximise the value of relationships with their investors, employees, creditors and customers.

Computershare is represented in all major financial markets and has over 15,000 employees worldwide. For more information, visit [www.computershare.com](http://www.computershare.com)

MARKET ANNOUNCEMENT

# Welcome

Investor & Analyst Day 2015

Stuart Irving  
CEO – Computershare Limited  
26 March 2015



# Investor & Analyst Briefing

## Business Overview - Asia

James Wong  
Head of Asia  
26 March 2015

# Regional Overview - Asia

## Investor Services - Hong Kong

### > State of play

- IPO volumes remain steady but retail participation is still subdued
- Improving registry and corporate actions revenues from growing client base on back of prior periods' IPOs
- Shanghai – Hong Kong Connect has little direct impact, though some additional work flowing from increased complexity for issuers
- Transformation project underway with the goal of aligning to our global operations model

### > Challenges and opportunities

- Dematerialisation project moving into development phase
- Multiple product opportunities emerging (e.g. FATCA, corporate trust)

# Regional Overview - Asia

## Plan Managers - Hong Kong & China

### > State of play

- Leading provider in Asia with a client base of household names in Hong Kong and China
- Continue to experience strong growth assisted by a healthy pipeline and registry relationships with trust assets and trading volumes growing in tandem
- Plans business in China for ADR listed issuers also continues stronger growth
- Ongoing investment in resources and technology to facilitate further growth

### > Challenges and opportunities

- Exploring opportunities to penetrate the China domestic market
- Both government and securities regulators keen to encourage A share issuers to launch employee share plans as a tool for reform

# Regional Overview - Asia

## Shareholder Analytics & Proxy - Hong Kong

### > State of play

- Depository model provides opportunity for shareholder analytics/identification given opaque holding structures
- We maintain a local sales front-end, leveraging off our Jersey City Analytics team and the London Proxy Solicitation team
- Achieving good cross-sell success with IPO and other corporate action mandates

### > Challenges and opportunities

- Ongoing investment in people, process and technology to strengthen our capabilities and products

# Regional Overview - Asia

## Investor Services & Mutual Funds - India

### > State of play

- New issue and government privatisation remains subdued despite marked improvement in market sentiment after the Modi election win
- Benefitting from increased market AUM
- Increased regulatory capital requirements for mutual fund managers forcing a consolidation in the industry
- Using our India joint venture, leveraged our registry know-how to provide support for registry transaction processing for Canada, Australia, UK and USA

### > Challenges and opportunities

- Increasing regulatory and compliance environment
- Actively pursuing other non-regulated services to be introduced to the registry client base; so potential for Shareholder Analytics, Proxy Solicitation and Employee Share Plans

# Investor & Analyst Briefing

## Business Overview – Australia & New Zealand

Scott Cameron  
Head of Australia & NZ  
26 March 2015

# Regional Overview – Australia & New Zealand

## Investor Services - Australia

### > State of play

- Continued leading position (70% of ASX 20; 58% of ASX 200)
- Successfully executed on a number of high profile corporate actions including Medibank IPO; Healthscope IPO; David Jones takeover; Hochtief (partial) takeover of Leightons; Wesfarmers capital management initiative; ANZ Capital Notes II; Westfield restructure and the Fox delisting and sale facility
- Continue to re-sign major clients to new and/or extended contracts
- Other than Medibank and Healthscope, retail participation minimal in IPOs, but overall growth in shareholder numbers
- Growth of our market leading ETF business
- Completed rollout of the global service delivery model for share registry

### > Challenges and opportunities

- Competitive landscape but client retention remains strong
- Focus on cost and operational efficiencies and front office initiatives continues

# Regional Overview – Australia & New Zealand

## Investor Services - New Zealand

- › State of play
  - 58% of NZX 50
  - Successfully completed the IPO of Genesis, the last of the trilogy of Government asset sales that also included Mighty River Power and Meridian Energy
- › Challenges and opportunities
  - Next tranche of work associated with the Government IPOs such as the Loyalty Bonus work for Meridian & Genesis and Meridian's final instalment
  - Identification of new revenue streams in a mature market

# Regional Overview – Australia & New Zealand

## Plan Managers

- › State of play
  - Market leader
  - Competitive win of QBE global share plan administration
  - Our own in-house share plan won an award at the Employee Ownership Australia and NZ Association's 2014 award ceremony
  - Trading volumes down
  - Proposed Australian tax changes aimed at encouraging employee share ownership in start ups to have little impact on our business
- › Challenges and opportunities
  - Increased competition with new participants
  - Continued focus on front office initiatives and efficiencies

# Regional Overview – Australia & New Zealand

## Communication Services

### > State of play

- A leading provider of specialised inbound and outbound communication services that integrate print, mail and digital solutions
- Computershare's communication services offering was critical to our execution on the Medibank IPO due to the efficiencies and security of our integrated offering being provided 'under one roof'
- Focus on new industry verticals, such as superannuation and mortgages, where our digital solutions resonate with clients looking to reduce postal costs and digitise or eliminate the paper process

### > Challenges and opportunities

- Market for services continues to be competitive
- Continue to reposition business away from traditional outbound mail services to digital solutions

# Regional Overview – Australia & New Zealand

## Georgeson Proxy Solicitation

- › State of play
  - Market activity remains subdued
  - Involved in a number of high profile campaigns including CK ENV Investments Pty Ltd \$2.37 billion takeover of Envestra Limited; Wotif.com Holdings Limited \$703 million Scheme of Arrangement with Expedia Group; and Fosun International \$441 million takeover of ROC Oil Ltd
- › Challenges and opportunities
  - M&A market activity off to slow start in calendar 2015
  - Secondary raisings, divestments and other corporate actions ex-M&A are providing opportunities
  - Activist activity is low

# Regional Overview – Australia & New Zealand

## Serviceworks

### > State of play

- Ongoing CEO strategic review
- Post the loss of APG (takeover by AGL) in 2014, Serviceworks' focus has been on right sizing its cost base and successfully retaining (Horizon Power) and building the client base (Barwon Water & Stanwell)
- The 'move home' market (ConnectNow) remains competitive; focus has been on increasing services and suppliers on the panel as well as looking at new channels to acquire volumes
- The energy price comparison market in which Switchwise operates continues to gain awareness by consumers

### > Challenges and opportunities

- The 'move home' market as a source of customer acquisition for retail energy providers
- Tier 1 retailers acquisition of Tier 2 providers
- Qualifying the size of the potential market domestically and globally

# Investor & Analyst Briefing

## Business Overview - Canada

Stuart Swartz  
Head of Canada  
26 March 2015

# Regional Overview – Canada

## Investor Services

### > State of play

- Established market leader and continuing to maintain client base
- Clients acquired from Olympia now fully transitioned with synergy expectations met and client retention strong
- While new issuer IPO activity is below historical levels, we are beginning to see an increase in new Exchange Trade Fund issuances
- Recent increase in corporate action revenues due to complex cross border M&A activities

### > Challenges and opportunities

- Pricing pressures remain but our reputation and overall strength of offering has led to strong client retention
- Low interest rates continue to impact margin income with Bank of Canada announcing a 25bps reduction in January, further impacting yield on deposit reinvestments
- Low oil prices expected to drive continued M&A activity through consolidation in the near term

# Regional Overview – Canada

## Corporate Trust

### > State of play

- Strong escrows, trusts, and MBS results offset weaker conditions in other products, such as debt trusteeships and warrants
- Oil & Gas Royalty business revenue still on target for FY15, but some impact expected next year due to lower oil prices
- Project to launch new Private Capital Solutions product progressing well

### > Challenges and opportunities

- Recent decrease in Bank of Canada rate will continue to negatively affect margin income
- Recent announcement by Government of Canada of reduced infrastructure spending will result in reduced Private Public Partnership new business
- Talks of M&A activity within the oil industry may result in new debt issuances and subscription receipts mandates with escrow of funds
- Good potential in new paying agency mandates for structured notes issued by large banks
- Expansion of trusteeships with the new Immigrant Investor Loan Program

# Regional Overview – Canada

## Plan Managers

### > State of play

- EOS, our new award based (Stock Options, Restricted Stock) administration platform, has been well received by the market with a number of high profile wins (Telus, Air Canada, CN Rail)
- Transition and integration of the SG Vestia business, acquired from Societe Generale, continues to progress as expected with synergy and client retention targets being met
- Trading activity has softened marginally as a result of weaker equity prices

### > Challenges and opportunities

- Regulatory changes (FATCA, Cost Basis, Privacy, etc.) have added complexity to our operations, however, our scale and investment in compliance has proven to be a positive differentiator for us versus smaller providers
- We expect strong growth in award based compensation programs; with our new platform we are well positioned to take advantage

# Regional Overview – Canada

## Communication Services

### › State of play

- Continue to grow in depth and breadth of services provided to core banking and insurance clients
- Enhancing Sales and Solutions team to drive more digital business
- We remain a trusted provider for our clients as evidenced by very strong Net Promoter Scores (NPS)
- Continue to drive technology improvements to further enhance cost base and efficiencies

### › Challenges and opportunities

- Notice and Access adoption is slower than anticipated
- Target client verticals continue to undergo rapid technological change

# Investor & Analyst Briefing

## Business Overview – Continental Europe

Steffen Herfurth  
Head of Continental Europe  
26 March 2015

# Regional Overview – Continental Europe

## Investor Services - Germany

### > State of play

- Predominantly AGM business providing services to 27 out of 30 DAX
- Strong client retention with increasing high value add product penetration into a range of blue chip clients
- Encouraging penetration in the midcap space during the transition of Deutsche Bank's registry business to private equity
- Continue to raise the profile on the advantages of a registered share model

### > Challenges and opportunities

- Modest IPO market with bearer shares still the prevailing form of record keeping
- M&A activity picking up in the wake of rallying equity markets which bodes well for meeting and registry activity

# Regional Overview – Continental Europe

## Investor Services - Italy

### > State of play

- Acquisition of Istifid's registry assets in January 2015 has further cemented our significant share of the FTSE MIB Index (Top 40 Italian Issuers)
- IPO market still subdued
- Introduction of new Debt Service Agency product assisting issuers in debt administration

### > Challenges and opportunities

- Continuing to monitor meeting services consolidation opportunities
- We are prepared for market infrastructure changes including supporting Monte Titoli's (Italian centralised depository) initiative to move to Target2 Securities (T2S) model

# Regional Overview – Continental Europe

## Investor Services - Russia

### > State of play

- Leading market position and seen as a strong independent provider to the marketplace
- Significant corporate action activity over recent months associated with market turmoil
- Expanding product offering including internet proxy voting and online participation

### > Challenges and opportunities

- Despite recent turmoil, reforms to increase the appeal and transparency of the Russian securities market continues as a priority; Computershare's presence in major capital markets continues to underpin strong positive perception with Russian clients and local regulators
- Material depreciation of the Russian Ruble

# Regional Overview – Continental Europe

## Investor Services & Employee Plans - The Nordics

### > State of Play

- Computershare won all new IPO mandates in 2014 in the Danish market, including ISS Group (largest Nordic IPO since 2009) and the Forward Pharma raising (ADRs issued and listed on NASDAQ)
- Market leader in Denmark and Sweden for executive share and option plans
- Expanded dealing and FX services following integration of major Danish clients (Carlsberg & Vestas)
- Strong IPO market in Sweden in 2014 with 14 new entries; similar expectations for 2015

### > Challenges and opportunities

- Continued competitive environment in both registry and AGM services with CSDs the only competitor in both Denmark and Sweden
- Increased interest in global solutions (dual listings and global share plans)

# Regional Overview – Continental Europe

## Communication Services - Germany

- › State of play
  - Steady growth due to wins from our registry and AGM offerings and strategic registry – communication services work
  - Client satisfaction remains at very high levels
  - Successfully driving down implementation and operational costs
- › Challenges and opportunities
  - Pricing pressure continues as clients seek cost savings
  - Partnership with Deutsche Post providing local hub services

# Regional Overview – Continental Europe

## European Regulatory and Infrastructure Developments

- › Regulatory and market changes in Europe continue
  - Amendments to Shareholders Rights Directive (SRD)
    - › Will change how investors and issuers communicate and impact some voting arrangements, e.g. vote confirmation
  - CSD Regulation (CSD-R) and Target2 Securities (TS2)
    - › The upcoming roll-out of T2S and the implementation of CSD Regulation is leading to changes in local market rules and to some CSD systems and services
    - › Green Paper on Capital Markets Union recently issued discussing further integration of EU capital markets
    - › Shareholder ID mechanisms are becoming increasingly important and are being discussed in parallel with both T2S and SRD proposals

# Investor & Analyst Briefing

Business Overview – United Kingdom, Channel Islands, Ireland & Africa (UCIA)

Naz Sarkar  
Head of UCIA  
26 March 2015

# Regional Overview - UCIA

## Plan Managers

### > State of play

- The Morgan Stanley Global Share Plan Services integration was completed at the end of 2014 with strong client retention
- An EMEA based plans structure has been established and has already started winning new business in Europe
- Whilst the interest rate environment continues to impact some service lines (e.g. Sharesave in UK) overall underlying business performance remains positive
- The Share Plan Account product, which allows efficient cross border operation of share plans, is proving to be a competitive advantage

### > Challenges and opportunities

- Companies are starting to increase the maximum saving amounts allowed and this is expected to increase the overall value of balances over time
- Increased regulatory oversight, whilst challenging, will lead to competitive advantage
- Continuing to monitor potential market consolidation opportunities

# Regional Overview - UCIA

## Investor Services - Channel Islands

- › State of play
  - Jersey Trusts continuing to be an attractive vehicle for the issue of Depositary Receipts for companies re-domiciling their HQ
  - Steady growth in use of offshore vehicles to support a Depositary Interest enabling foreign companies to settle their shares directly in CREST
  - Client service levels and client satisfaction remain high
- › Challenges and opportunities
  - Guernsey still proving location of choice of incorporation for listed funds, and opportunities exist here for growth of market share
  - The combination of Computershare systems and the ability for Jersey, Guernsey and Isle of Man companies to settle directly in CREST is proving an innovative solution to create new connections between capital markets

# Regional Overview – UCIA

## Investor Services - United Kingdom

### > State of play

- Contracts extended with a number of key FTSE100 customers i.e. HSBC Holdings, Rolls-Royce Holdings and Vodafone
- Subdued IPO market, but we are maintaining our market share
- Several notable corporate transactions i.e. Aviva's £5bn recommended all-share acquisition of Friends Life and RB's demerger of its pharmaceuticals business, Indivior

### > Challenges and opportunities

- The requirement for mandatory full market dematerialisation under EU CSD regulations remains under active debate with the UK government
- Application of EU Shareholder Rights regulations into the UK will impact beneficial holder rights and enable potential new products
- Potential additional cross sale service opportunities post recent corporate actions

# Regional Overview

## Investor Services - Ireland

- › State of play
  - Exchange Traded Fund (ETF) activity in Ireland remains strong
  - Continuing flow of new clients for US Tax and Qualified Intermediary (QI) services
  - IPO activity tailed-off in second half of 2014 but we continue to win a high share of new listings
- › Challenges and opportunities
  - The Irish Stock Exchange has introduced new initiatives to assist companies to float; impact of this will not be evident until end of 2015
  - Regulatory environment has become more challenging in Ireland
  - We continue to monitor market structure changes in the ETF market in Europe

# Regional Overview - UCIA

## Business Services – DPS/Gilts

### > State of play

- Deposit Protection Service (DPS) continues to grow market share and is now the largest scheme in the UK
- DPS Insured has established good foothold in the market and continues to outperform forecasts
- UK Government 'War Stock' issued in early 20<sup>th</sup> century being repaid

### > Challenges and opportunities

- Private rental sector forecast to continue to grow with expectation that the sector could account for 30% of UK's housing stock by 2020
- Still potential for a DPS in Republic of Ireland but no progress has been made with the development of the Government's strategy in this area
- We have successfully delivered and developed the DPS over 10 years and in line with UK Government procurement policy, the contract is under a formal tender process

# Regional Overview - UCIA

## Business Services – Voucher Services (CVS)

### > State of play

- Government appointed National Savings & Investments to be the sole provider of the new Tax-Free Childcare Scheme (TFC)
- Existing childcare scheme will close to new entrants when TFC launches, probably early 2016
- Expectation that the run-off of the old scheme will be at least 3 years as new scheme is not open to all parents

### > Challenges and opportunities

- Rising childcare costs continue to be a hot political potato; childcare is one of the key campaigning points for this year's UK election; TFC not seen as progressive and is perceived as being aimed at the higher paid and self-employed
- Likely to be some consolidation of voucher providers within the market
- The Salary Extras range of employee benefits has been well received and is providing opportunities for new revenue streams from existing childcare voucher customers

# Regional Overview - UCIA

## Business Services – Mortgage Servicing (HML)

### > State of play

- UK mortgage market continues to strengthen, generating opportunities with both new entrants and mortgage asset acquirers
- Computershare's acquisition of HML well received by existing client base and client retention continues to be strong
- Work to deliver synergy benefits is well underway and this, together with recent client wins, should drive growth in FY16

### > Challenges and opportunities

- Asset trade activity will continue to be buoyant as further non-core assets are sold off and securitisation market continues to strengthen
- Significant opportunity exists to work with Specialized Loan Servicing (SLS) to build global relationships with acquirers of mortgage assets
- Opportunity exists to expand HML's footprint with existing and new clients by broadening the proposition to support the full mortgage life cycle
- Competitive landscape continues to intensify

# Regional Overview - UCIA

## Communication Services (CCS)

### > State of play

- CCS continues to add value to the wider UK business through its extended communications proposition
- Acquisition of HML provides the business case to deploy global technology (Capturepoint) in the UK, opening up new market opportunities for inbound loans processing
- CCS integrated communications offering is starting to be recognised in the broader external market

### > Challenges and opportunities

- CCS business in the UK has traditionally focused on servicing internal requirements but now has increasing external commercial opportunities

# Regional Overview - UCIA

## Investor Services – South Africa

### > State of play

- New listings are up; 25 for the full year and 15 in second half of 2014 of which we secured 19 and 12 respectively, maintaining our market share
- Contracts renewed or extended with a number of clients, including Vodacom, Sanlam and Sasol
- South African business has restructured to deliver better efficiency and client focus

### > Challenges and opportunities

- Exploiting cross and up-selling opportunities for our custodial offering
- The need for trading for Black Economic Empowerment (BEE) schemes has resulted in new Stock Exchange Licence applications

# Regional Overview - UCIA

## Georgeson - Corporate Proxy Solicitation

### > State of play

- Shareholder activism picking up in most European markets including UK, France, Germany, Netherlands and Switzerland
- Recurring AGM fees continuing to account for higher proportion of annual revenue
- High levels of client retention and renewals
- Switzerland faces Binding Vote on Shareholder pay, similar to UK in 2015

### > Challenges and opportunities

- Georgeson Proxy Insight launch achieved good sales and has a positive pipeline
- Longer term, the Securities Rights Directive requirement on companies to disclose information on remuneration will create more opportunities for Georgeson to help issuers engage with their shareholders

# Investor & Analyst Briefing

## Business Overview – United States of America

Steven Rothbloom  
Head of USA  
26 March 2015

# Regional Overview – United States of America

## Investor Services

### > State of play

- Leading market position (77% of Dow 30, 62% of S&P 500) and high client satisfaction levels
- R&T integration completed as planned with client retention and synergies meeting expectations
- Shareholder transaction revenue down due to market volatility

### > Challenges and opportunities

- Competition remains but strong client retention
- Developing new product initiatives for shareholders and issuers
- M&A activity and workload up but related margin income impacted by continuing low interest rate environment
- New Louisville, KY, operations center will provide a range of opportunities and benefits

# Regional Overview – United States of America

## Plan Managers

- › State of play
  - Market leader in contributory style plans (ESPP)
  - Very competitive environment in options and restricted stock equity administration, dominated by wealth management players
  - Client satisfaction continues to increase post Shareowner Services integration
  - Decreased participant paid transaction fees due to equity market volatility
- › Challenges and opportunities
  - Continuing to invest in product development and improvements to the participant experience
  - Ongoing effort to explore options to expand channels
  - Rollout of global service offering to US plans business will provide service and cost benefits

# Regional Overview – United States of America

## Specialized Loan Servicing (SLS)

### > State of play

- MSR activities have recently increased; continuing to evaluate and execute opportunities with MSR purchases
- Executing on new origination servicing channels, both government-sponsored enterprises (GSEs) such as Fannie Mae and Freddie Mac and non-GSEs
- Regulatory scrutiny in the industry continues, resulting in some margin compression

### > Challenges and opportunities

- Continuing to explore large bank outsourcing opportunities
- Further investment in technology and servicing assurance infrastructure to remain a high quality service provider and meet increasing regulatory compliance environment
- Executing on opportunities to expand mortgage servicing product offerings
- Evaluating ways in which SLS and HML can work together

# Regional Overview – United States of America

## Georgeson Corporate Proxy (GCP) and Fund Services (CFS)

### > State of play

- Increased shareholder activism, resulting in increased demand for GCP consultative services and solicitation efforts to defeat shareholder proposals
- GCP recently rated highest for client satisfaction and account support amongst solicitors
- Overall market activity increase, resulting in market share growth for CFS, with recent large projects

### > Challenges and opportunities

- Progress, but not significant penetration, into the lucrative proxy fight business
- Expanded utilisation of global service model
- Additional complex-wide mutual fund projects projected for 2016 and 2017

# Regional Overview – United States of America

## Communication Services (CCS)

### > State of play

- Increased volume from commercial sales, including onboarding 2nd largest US commercial outsourcing client
- Brought Long Island print mail operations onto CCS standard systems and processes, including ability to share work volume across all CCS US sites
- Integrated print mail operations from the R&T acquisition, adding substantial volumes to our compliance services print line of business
- US Capturepoint inbound solution deployment underway
- Implemented a new mission-critical document hosting solution (Global Viewpoint/80M+ documents) at SLS
- INVeSHARE solution development and integration continues with significant support extended on all facets of the new business development process

### > Challenges and opportunities

- Continuing to align resources to support major initiative deployment and growth
- Momentum in expanding on new innovative technology including Capturepoint and Global Viewpoint

# Regional Overview – United States of America

## Class Action & Bankruptcy Administration (KCC)

- › State of play
  - Substantial growth in class action business
  - Starting to leverage global service model to extract cost benefit
  - New mass tort administration vertical launched as part of class action offering
  - Number 1 in mega cases for calendar 2014, however overall bankruptcy market still subdued
- › Challenges and opportunities
  - After proving up the offering by servicing smaller transactions, now actively competing in large class action RFPs
  - Bankruptcy market activity still well below historical levels though opportunities emerging in US energy sector; bankruptcy filings anticipated to increase when interest rates begin to rise

# Investor & Analyst Briefing

## Business Overview: Specialized Loan Servicing (SLS)

John Beggins – Head of SLS  
Toby Wells – Head of Finance, SLS  
26 March 2015

# SLS Overview

## > Current Portfolio Snapshot

	AS OF FEB 2015		AS OF FEB 2014	
	UPB*	LOAN COUNT	UPB*	LOAN COUNT
<b>TOTAL</b>	<b>\$36.2B</b>	<b>338,000</b>	<b>\$32.5B</b>	<b>288,000</b>
NON AGENCY	\$33.8B	325,000	\$31.3B	281,000
AGENCY	\$2.4B	13,000	\$1.2B	7,000
* Unpaid Principal Balance				

## > Highlights (over last 12 months)

- Investment in technology and servicing assurance infrastructure to implement and manage new servicing standards (client and regulatory)
- Continued capital partner strategy for legacy Mortgage Servicing Rights (MSR); closed two legacy MSR transactions for approximately \$7B
- Added special servicing flow arrangements with several new bank clients
- Expanded agency servicing capabilities through select MSR and subservicing transactions

# Current US Mortgage Servicing Environment

- › Consumer Financial Protection Bureau (CFPB) servicing rules implemented with ongoing clarifying guidance
- › Federal Housing Finance Agency (FHFA) requirements proposed for non-bank servicers
- › Banks continue to have appetite for transferring non-core legacy and default servicing through both subservicing and MSR channels
- › Government-Sponsored Enterprise (GSE) MSR market continues to be extremely active for both bank and non-bank participants
- › New non-GSE originations and Residential Mortgage-Backed Security (RMBS) issuances are starting to take shape

# US Regulatory Impact

- › Velocity and size of MSR transactions impacted by regulatory environment and non-bank scrutiny
  - Coincides with steady and balanced legacy portfolio growth for SLS
- › FHFA capital and liquidity requirements create more clarity for MSR market
  - Smaller servicers and/or originators could be negatively impacted leading to potential consolidation or more servicing transfers
  - SLS is financially well positioned to continue pursuing MSR strategy, in addition to ongoing fee-for-service business, at acceptable returns
- › CFPB requirements will continue to drive both technology and compliance costs
  - Technology and operational spend to comply with regulatory and client requirements have a negative near-term impact on margins
  - A combination of new technology and process improvement should result in normalized margins in the medium to long-term

# Non-Bank Servicer Challenges

- › Several competitors recently under significant scrutiny by state and federal regulators
- › Key themes:
  - Rapid growth combined with a continually evolving standard of servicing
  - The ability to implement and integrate technology and operational processes to manage the needs of an ever-changing servicing environment
  - Are affiliated businesses providing clients or consumers a desired result at a competitive market rate?
- › SLS differentiators
  - Controlled, balanced growth
  - Organized technology and operations to more rapidly control the implementation of new standards and requirements
  - Provide value-added i.e. quality and competitive ancillary services to clients and consumers
  - More simplified and transparent structure than some competitors i.e. 'affiliated businesses'

# SLS Growth Strategy

- › Continue to take advantage of opportunities to acquire and/or sub-service legacy MSR product, both with and without capital partners (on balance sheet)
- › Selectively acquire performing agency MSRs to establish credibility, experience and track record in this space
  - Better position SLS to take on larger agency sub-servicing opportunities
  - Demonstrate our ability to manage large agency volume
  - Take advantage of both bulk and flow MSR opportunities
  - Rebalance the portfolio with a larger performing servicing focus
- › Establish long-term special servicing flow arrangements with holders of risk i.e. banks, insurers, agencies, etc
- › Identify new channels of origination production that require third-party servicing i.e. middle market, wealth management and non-GSE originators
- › Expand our mortgage servicing footprint with complimentary services through acquisition and organic growth

# Investor & Analyst Briefing

Business Overview: Homeloan Management Limited (HML)

Andrew Jones  
Head of HML  
26 March 2015

# Mortgage Servicing in UK and Ireland

- › HML established the UK mortgage servicing market in 1989
- › Over last 25 years, HML has seen several cycles of the mortgage market; originating £1bn per month in 2006 and managing 40,000 arrears cases by 2009
- › Mortgage servicing in the UK and Ireland
  - Supporting broker and direct to consumer origination
  - Billing and collection of loan payments
  - Management of customer enquiries by phone and post
  - Ensuring property insurance is maintained
  - Engaging with delinquent customers to put repayment plans in place based on customer affordability
  - Managing litigation and repossession process
  - Collecting any shortfall debt that arises as a result of litigation

# UK and Irish Mortgage Market Overview

- › Only 5% of the £1.25 trillion UK mortgage market is outsourced versus over 50% in the US
- › Range of factors are driving growth in outsourcing of mortgage servicing in the UK:
  - Continued growth in asset trade activity; £150B of assets are expected to trade over next 5 years in UK and Ireland
  - Increased number of new lenders entering the market
  - On-going need to drive down arrears levels through effective deployment of analytics
  - Need for retail banks to reduce cost
- › Irish market is less developed than the UK but the same drivers for growth exist

# HML Background

- › UK's largest third-party mortgage administrator (TPMA) with more than 25 years experience
- › Over 1,250 staff primarily operating out of Skipton, Glasgow, Derry and also in Dublin
- › Servicing both GBP denominated assets and Euro denominated assets (Republic of Ireland)
- › More than 60 clients with approx. GBP 37bn in mortgage assets under administration currently representing around 62% of UK third party mortgage administration market
- › Core service is mortgage administration including a variety of services across the mortgage lifecycle
- › Extensive use of loan analytics to drive effective arrears management
- › HML has the highest Fitch rating of all TPMAs in Europe

# SLS and HML

- › SLS and HML both service performing and non performing mortgage assets
- › USA servicing market segments into Agency, Securitizations and Whole Loans. UK and Ireland segment into Retail Banks, Securitizations and Whole Loans
- › Unlike the USA TPMA business, in the UK servicers are not required to advance principal, interest, tax or insurance payments on behalf of borrowers nor does the notion of mortgage servicing rights exist, accordingly the capital requirements for the HML business are less significant
- › Both SLS and HML differentiate themselves by making extensive use of analytics to optimize portfolio performance
- › HML and SLS share some common clients and opportunities exist to develop global relationships especially with Investment Banks and Hedge Funds purchasing mortgage assets
- › Opportunities also exist to share knowledge, people and technology

# Regulatory Environment

- › The way that customers in mortgage arrears are dealt with is a key area of focus for both UK (FCA) and Irish (CBI) regulators
- › Regulatory environment in UK is well established and the position of TPMAs is well understood
- › There continues to be a steady stream of regulatory requirements that drive both project and operational initiatives
- › Whilst both the client and HML are typically regulated the responsibility for the way customers are treated sits with the client
- › HML is developing a Master Servicing offering where HML would take the regulatory responsibility for the way customers are treated. This service is of interest to both securitisations and new entrants
- › HML launched its Master Servicer offering in 2014 and recently acquired its first client for this offering
- › Being Master Servicer offers the opportunity to earn an incremental premium and also to deliver a more standardised operating model

# HML Strategy For Growth

- › Whilst the competitive landscape continues to intensify we remain positive around the market opportunity
- › Following Computershare's acquisition there are a range of opportunities to achieve synergies and improve operational efficiency through deployment of new technology
- › UK mortgage market continues to strengthen, generating opportunities with both new entrants and mortgage asset acquirers
- › We expect to see a number of larger scale opportunities coming to market where Computershare's size and scale will be positive and advantageous
- › Computershare's acquisition was well received by the existing client base and retention continues to be strong
- › Opportunity exists to expand HML's footprint with existing and new clients by cross selling complementary products

# Important Notice

## Forward Looking Statements

- › This presentation may include 'forward-looking statements'. Such statements can generally be identified by the use of words such as 'may', 'will', 'expect', 'intend', 'plan', 'estimate', 'anticipate', 'believe', 'continue', 'objectives', 'outlook', 'guidance' and similar expressions. Indications of plans, strategies, management objectives, sales and financial performance are also forward-looking statements.
- › Such statements are not guarantees of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of Computershare. Actual results, performance or achievements may vary materially from any forward-looking statements. Readers are cautioned not to place undue reliance on forward-looking statements, which are current only as at the date of this presentation's release.