

FED:Firstfolio poised to be mortgage lender

MELBOURNE, July 18 AAP - Listed mortgage provider Firstfolio Ltd is set to enter the non-bank mortgage lending market by taking a controlling interest in Calibre Financial Services Pty Ltd.

Firstfolio on Monday said it is holding talks to acquire a controlling stake in Sydney-based Calibre for an undisclosed price.

Calibre started operations in 2005 and in 2007 began using residential mortgage-backed securities (RMBS) to fund mortgages. It now has a loan book of around \$440 million.

After a string of acquisitions, Firstfolio's chief executive Mark Forsyth said the company now has the scale to enter the non-bank lending market and take advantage of a growing appetite among institutions for RMBS issues.

The acquisition would also give Firstfolio more options over funding, product and pricing of mortgages, he said.

"It will be a great supplement to our existing lines."

Firstfolio has \$21 billion in loans under management after acquiring Apple Home Loans, First Chartered Capital, Loan Services Australia, Xplore Capital, eChoice and assets of Leasechoice.

Its 2009/10 net profit jumped 79 per cent to \$4.81 million in the 12 months to June 30, 2010, but the company did not declare a dividend.

Shares in Firstfolio closed at 5.4 cents on Friday and were untraded on Monday.

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