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ASX RELEASE

Strong AUM growth boosts Resimac result

Leading non-bank mortgage lender Resimac Group Limited (ASX: RMC) today announced a normalised net profit of \$14.5 million for the six months ended 31 December 2018, up 13% compared to the previous corresponding half. Statutory net profit was \$18.9 million, up 58% compared to the previous corresponding half.

The Board declared an interim dividend of 1.00 cent per share, fully franked, up 11% compared to 0.90 cents per share for the previous corresponding period. The DRP will be available for this dividend.

1H19 Results Summary	1H19	1H18	Change
Net interest income (\$m)	55.1	51.0	up 8%
Statutory net profit after tax (\$m)	18.9	11.9	up 58%
Normalised net profit after tax ¹ (\$m)	14.5	12.9	up 13%
Earnings per share (cents)	4.73	3.01	up 57%
Return on equity (%)	17.6	17.6	flat
Cost to income ratio (normalised) (%)	57.6	61.8	down 420 bps
Interim dividend per share (cents)	1.0	0.9	Up 11%
¹ Normalised tax effect profit of \$4.1m on derecognition of investment in associate (Finsure), and non-recurring other income of \$0.3m			

Scott McWilliam, Resimac Chief Executive Officer said that the organisation continues to grow its loan portfolio and realise cost efficiencies as a result of an ongoing program of customer-focused process improvements.

“This was a pleasing result, with our principally funded book growing 19% annualised (c5x system). Net interest income increased 8% compared to the previous corresponding period despite a higher bank bill swap rate driving higher cost of funds.”

“Expenses were broadly flat driven by our process improvement program, reducing the cost-to-income ratio by 420 basis points. The recent automation of workflow management will also help to achieve further efficiencies but most importantly, enhance our customer proposition.”

Total settlements were \$2.2 billion for the half, up 3% on the previous corresponding period. Settlements on principally funded loans increased to \$1.93 billion from \$1.8 billion, while settlements on non-principally funded loans were \$0.3 billion, down from \$0.36 billion.

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Assets under management (AUM) of \$12.8 billion at 31 December 2018, grew 13% annualised in 1H19, consisting of principally funded AUM of \$9.4 billion (19% annualised growth), and non-principally funded AUM of \$3.4 billion (4% annualised decrease).

The Group's funding program highlights included an inaugural US 144a non conforming issuance providing a deep investor base for the Specialist asset class. Furthermore, new warehouse lines were established with Asian banks UOB (Singapore) and MUFG (Japan), augmenting the Group's short-term funding capability and establishing strategic relationships for further Asian bond distribution.

Despite recent housing price decreases, unemployment remains low and our arrears performance continues to track well below the S&P prime delinquency index and residential mortgage lender peers.

Outlook

Noting the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services industry findings, Mr McWilliam said that the Group remains vigilant in our lending practices, and they are consistent with the recommendations outlined in the report.

"The December launch of our single corporate brand has been well received by mortgage brokers and consumers, positioning the company for continued strong growth. It also allows us to pursue a diversified distribution strategy, accessing consumers through multiple channels. We will continue to be an active supporter of the broker channel via the MFAA campaign and other avenues, and work with the industry to ensure that consumer choice remains a priority."

In January 2019 Resimac implemented a management restructure which saw joint-CEO, Mary Ploughman, leave the company after 16 years of service. The Board is sincerely thankful to Mary for her strong contribution to the company's growth over this time in Australia and New Zealand, and for her leadership role in the development and growth of the Australian Securitisation market.

Peter Fitzpatrick
Company Secretary
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Chairman
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Resimac Group Limited ("Resimac") is a leading non-bank residential mortgage lender and multi-channel distribution business. It operates under a fully integrated business model comprising origination, servicing and funding prime and non-conforming residential mortgages in Australia and New Zealand. With over 300 people operating across Australia, New Zealand and the Philippines, the Resimac Group has in excess of 50,000 customers with a portfolio of mortgages on balance sheet of greater than \$9bn and assets under management in excess of \$12bn.

The Resimac Group is proud of its securitisation program. The group has access to a diversified funding platform with multiple warehouse lines provided by major banks for short term funding in addition to a global securitisation program to fund its assets longer term. To date, Resimac has issued over \$25bn in bonds across 43 transactions in the global fixed income markets.