

FY21



Resimac Group Ltd
FY21 Investor Presentation

Our business highlights



LEADING AUSTRALIAN NON-BANK LENDER VIA BROKERS & WHOLESALE PARTNERS

- ✓ Australian Mortgage Awards **Non-Bank of the Year 2020**
- ✓ Assets Under Management increased **12%** (2.2x system)
- ✓ **\$1.4b** of AU Specialist settlements (+**14%** v FY20)
- ✓ Lowest margin RMBS issuance since pre-GFC



DIRECT TO CUSTOMER

- ✓ New brand launched in September 2020
- ✓ Strong lead generation strategy implemented with efficient cost per settlement
- ✓ Market-leading front end technology providing customers with a seamless application process
- ✓ Lower Prime cost of funds driving an aggressive growth strategy



VIA BROKERS & DIRECT TO CUSTOMER

- ✓ Completed 100% acquisition of IA Group in February and rebranding completed
- ✓ Launched into Broker channel in April with strong support from broker partners
- ✓ Launched new online Direct to Consumer channel
- ✓ Restructured warehouse facility reducing cost of funds



LEADING NZ NON-BANK LENDER VIA BROKERS & DIRECT TO CUSTOMER

- ✓ Record FY21 settlements **\$405m** (+**81%** v FY20)
- ✓ Resimac NZ Direct settlements increased **71%** v FY20
- ✓ NZ RMBS Prime deal issued at materially lower senior margins
- ✓ New origination system launched in August 2021

Performance highlights.



SCOTT MCWILLIAM, CEO
JASON AZZOPARDI, CFO

FY21 key highlights (vs FY20)

STATUTORY¹
NPAT

\$107.6m

^ 92%

NORMALISED²
NPAT

\$104.0m

^ 87%

NET INTEREST
INCOME

\$242.7m

^ 29%

COST TO INCOME
RATIO (NORMALISED)

32.1%

▼ 580bps

HOME LOAN
AUM

\$13.8b

^ 11%

RETURN ON
EQUITY (ROE)

36.9%

^ 1,140bps

FY21 DIVIDEND
FULLY FRANKED

6.4c

^ 113%

EARNINGS PER
SHARE

26.4c

^ 92%

1 FY21 NPAT excludes non-controlling interest of \$249k (FY20 \$99k)

2 Normalised NPAT excludes one-off non-recurring item per reconciliation on slide 19.

Financial results summary

		FY21	FY20	CHANGE
FINANCIAL PERFORMANCE				
NPAT (statutory)*	↑	\$107.6m	\$55.9m	92%
NPAT (normalised)*	↑	\$104.0m	\$55.6m	87%
Cost to income ratio (normalised)	↓	32.1%	37.9%	580bps
Net interest income (NII)	↑	\$242.7m	\$188.6m	29%
Operating expenses	↑	(\$70.7m)	(\$62.2m)	14%
Loan impairment expense	↓	(\$2.7m)	(\$22.0m)	88%
Return on equity (normalised NPAT)**	↑	36.9%	25.5%	1,140bps
FY21 fully franked dividend	↑	6.4c	3.0c	113%

*FY21 NPAT excludes non-controlling interest of \$249k (FY20 \$99k)

**ROE based on normalised NPAT and average FY21 shareholders equity.

87%
Increase in
Normalised NPAT
(Driven by higher
Asset Under Management
and Net Interest Margin)

580bps
Decrease in
**Cost to
Income Ratio**
(Driven by revenue growth partly
offset by investment in
core banking transformation)

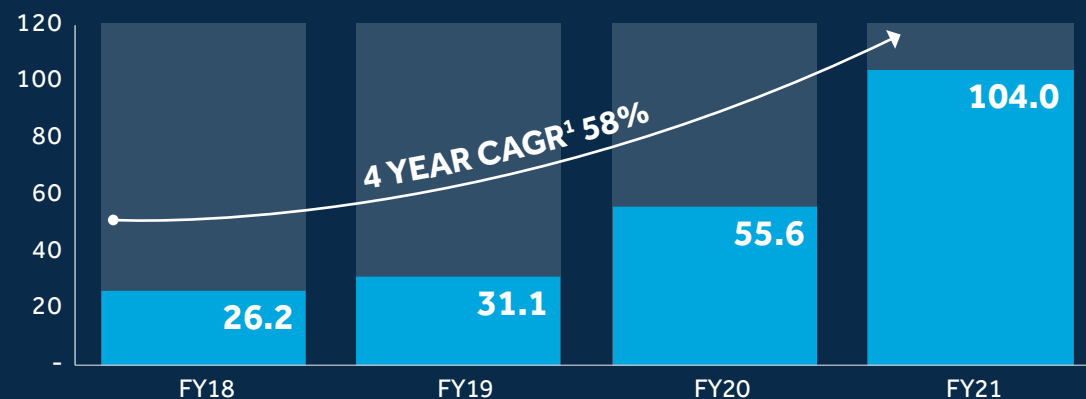
88%
Decrease in
**Loan Impairment
Expense**
(FY20 included a one-off
\$16.4m COVID overlay)

36.9%
**Return on
Equity**

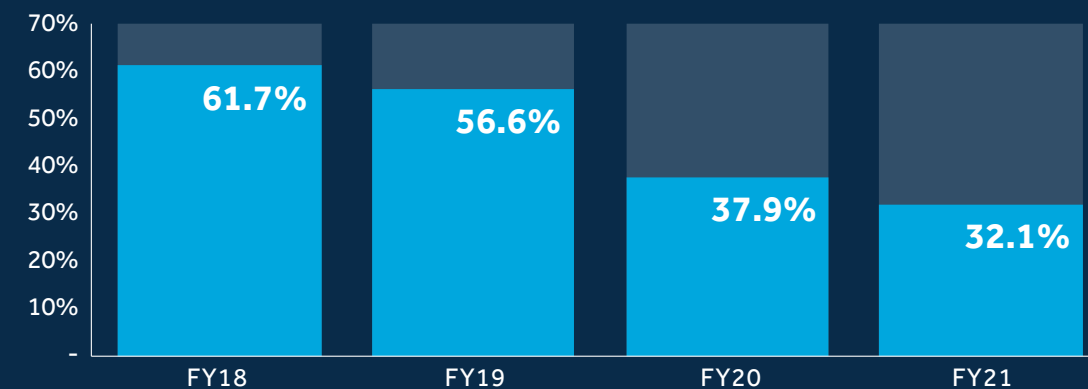
FY21 Fully Franked Dividend
Increased
113% to **6.4c** per share

Profitable growth

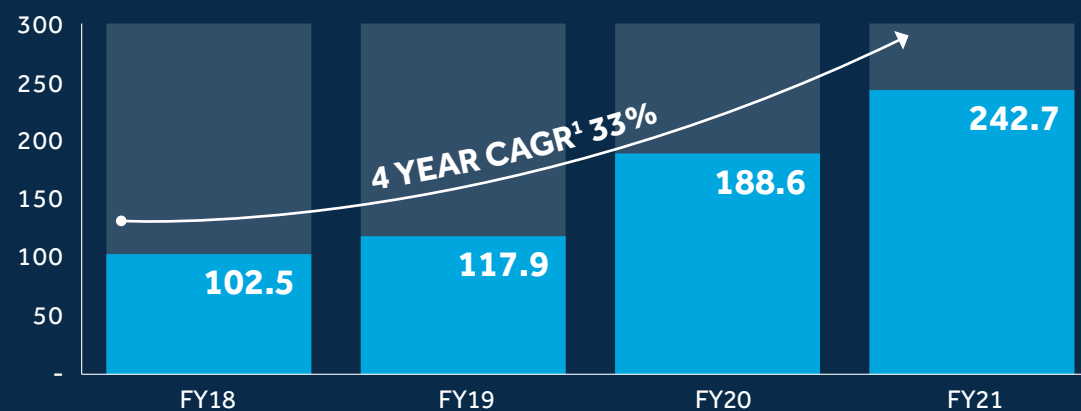
NET PROFIT AFTER TAX (NORMALISED) (\$m)



COST TO INCOME RATIO (NORMALISED)



NET INTEREST INCOME (\$m)

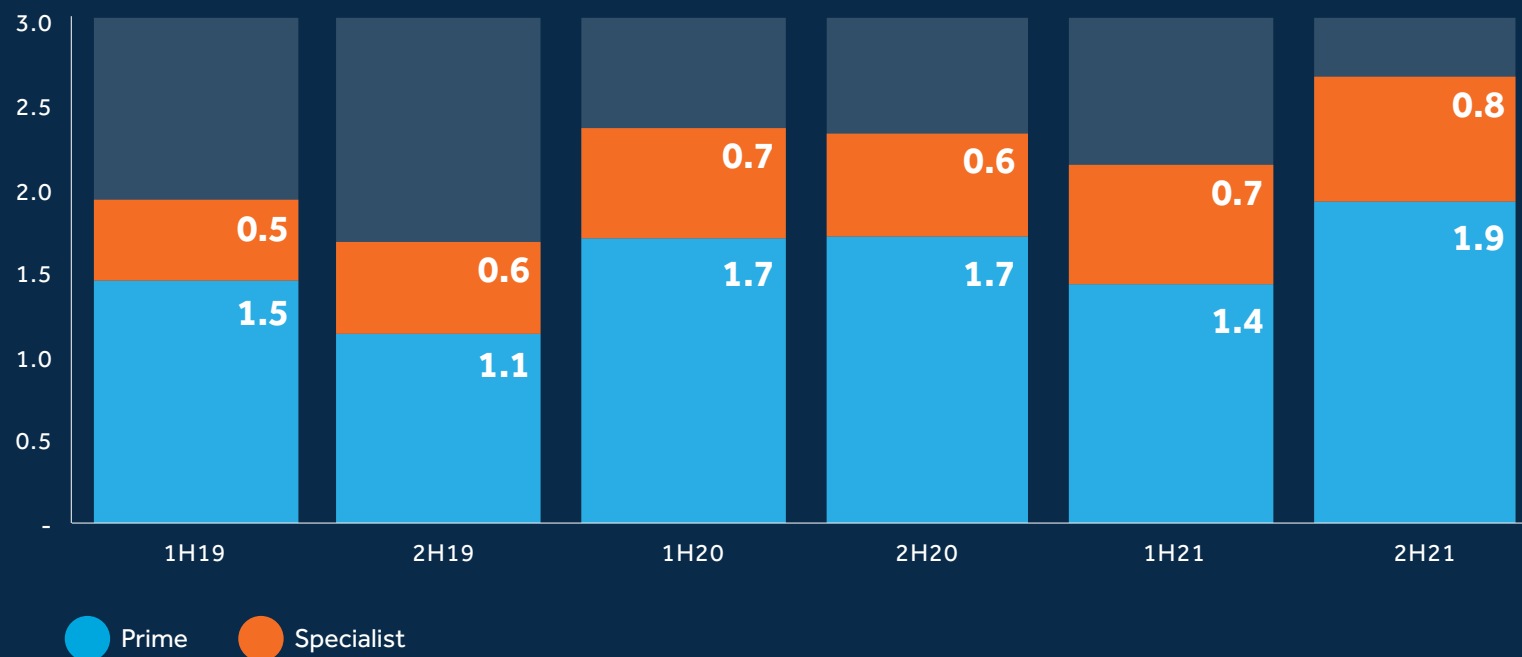


1 Compound annual growth rate.

Settlements

- Breadth of Resimac home loan products in all segments and channels continues to drive settlement growth.
- 2H21 settlements increased **25%** driven by Prime **+35%** and Specialist **+4%**, providing strong momentum into FY22.
- FY21 settlements increased **3%** compared to FY20 driven by NZ **(+81%)** and homeloans.com.au **(+15%)**.

HOME LOAN SETTLEMENTS - PRODUCT (\$b)



HOME LOAN
SETTLEMENTS

\$4.8b

^ 3%

1H21
SETTLEMENTS

\$2.1b

2H21
SETTLEMENTS

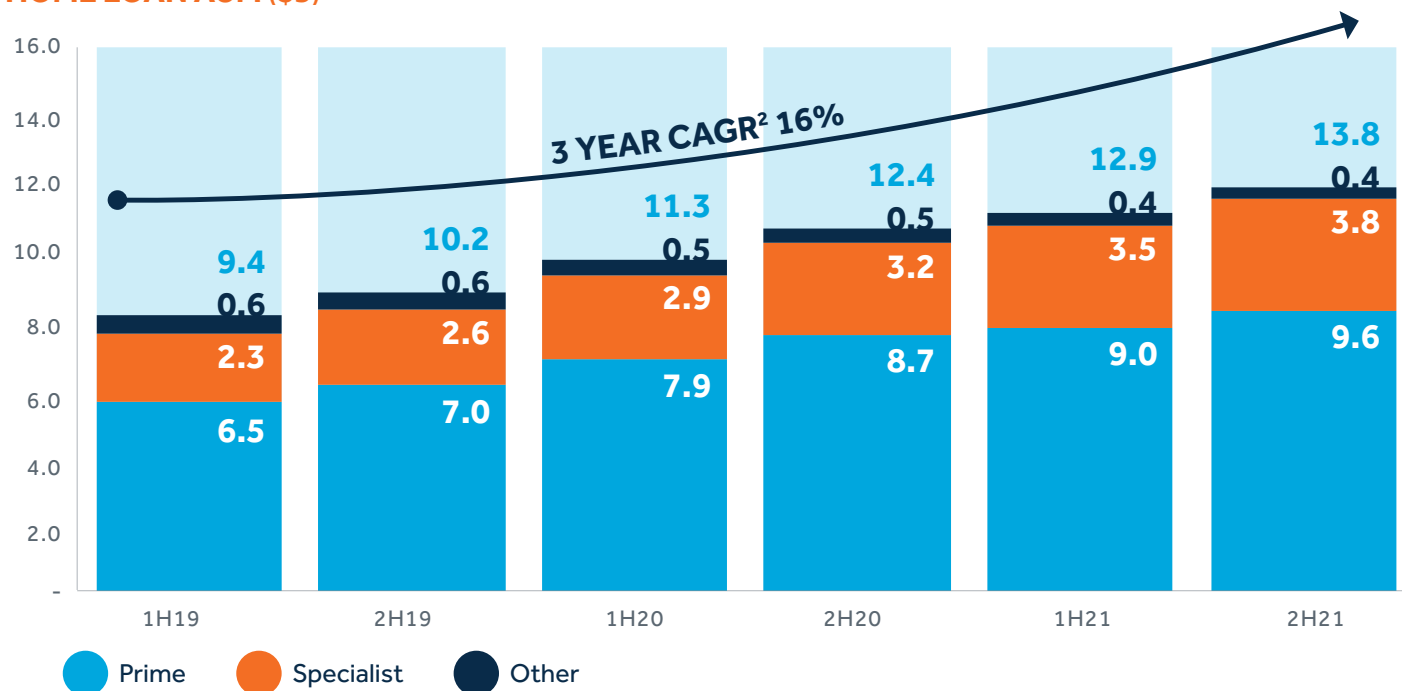
\$2.7b

^ 25%

Assets under management

- Home loan assets under management increased **11%** (2.2x system growth¹). New Zealand increased **35%** to **\$0.7b** as Resimac continues to build a leading New Zealand non-bank.
- Direct to consumer channel increased **10%** to **\$1.9b** driven by homeloans.com.au growth post-September launch.
- Resimac market share remains lower than 1% of the Australian and New Zealand home loan markets. Significant scope for further growth exists.

HOME LOAN AUM (\$b)



¹ System growth per RBA June 2021 total housing credit financial aggregates.

² Compound annual growth rate.

Home Loan AUM

Increased

11%

New Zealand AUM

Increased

35%

Direct Channel AUM

Increased

10%

Home loan margins

Home loan pricing
decreased

46bps

(Driven by higher yield back book run-off and competitive pricing for new business)

FY21 Funding costs
increased

4bps

(Driven by higher warehouse costs during height of COVID)

NIM up
17bps
(vs FY20)

2H21 funding costs
decreased

8bps

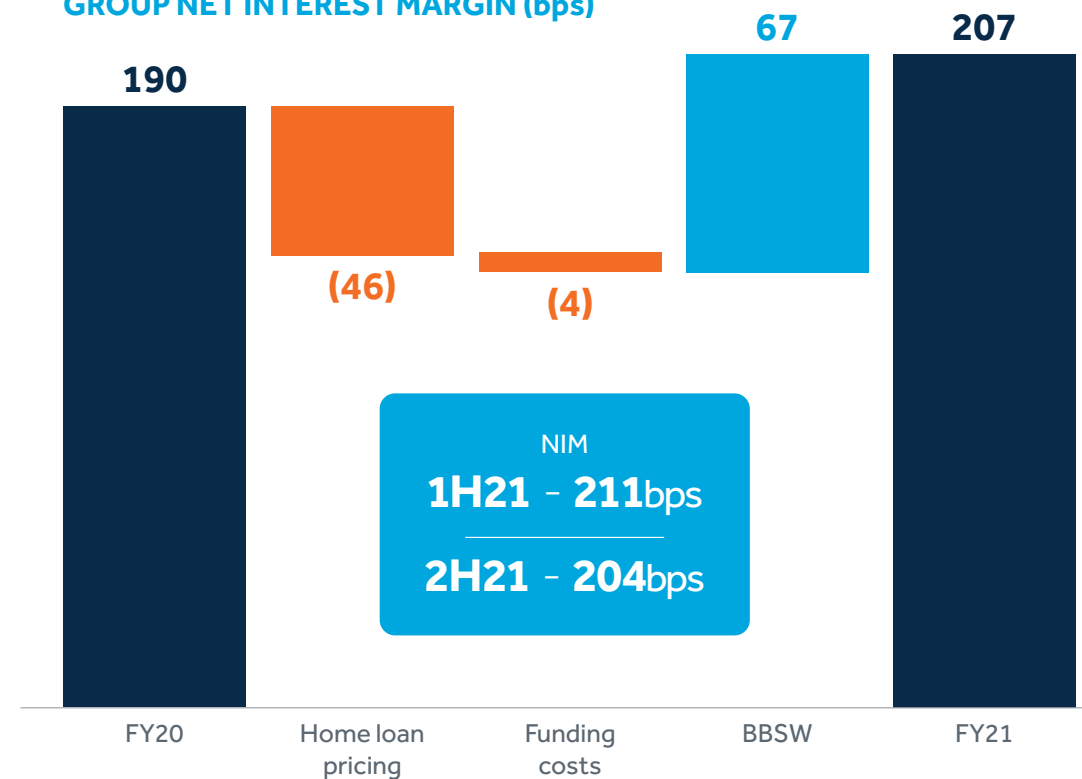
(In comparison to 1H21)

BBSW FY21
average

6bps

(FY20 average **73bps**)

GROUP NET INTEREST MARGIN (bps)



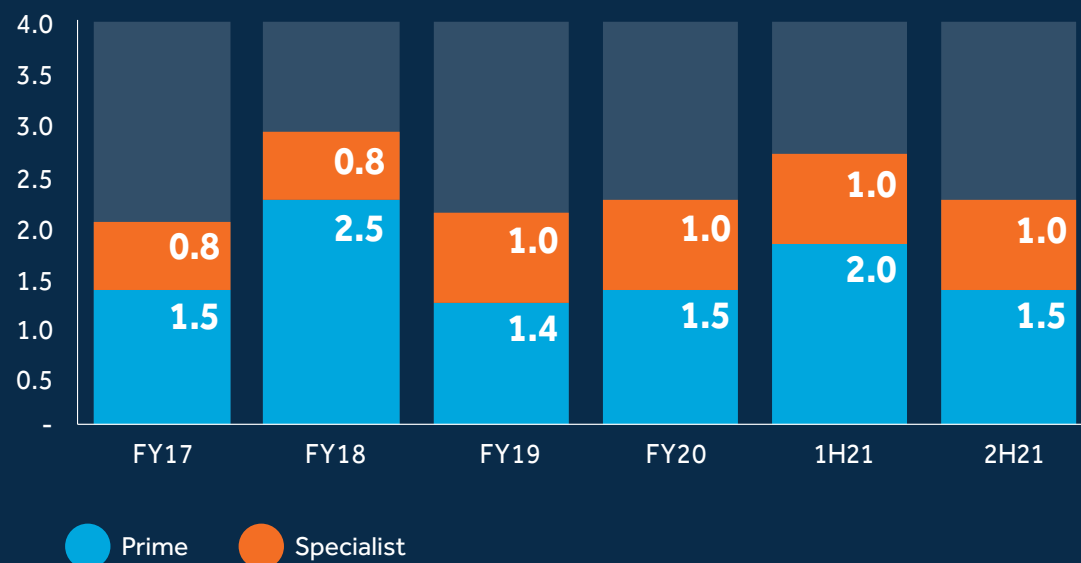
Funding costs will continue to decrease in FY22 and beyond as blended cost of funds benefit from older vintage RMBS rolling off, replaced by new issuance at lower margins.

*Net interest margin reflects total interest income on loans less bond interest expense only.

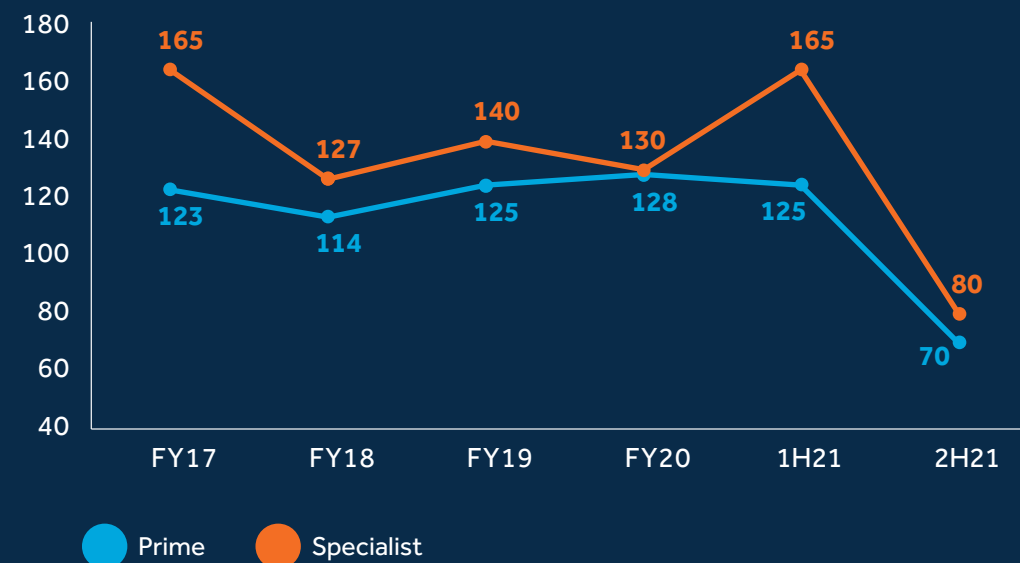
Funding

- The Group issued **\$5.8b** of Australian and NZ Prime and Specialist RMBS in FY21.
- RMBS pricing decreased materially in 2H21. Benefits of lower funding costs will flow into FY22 and beyond as higher cost RMBS term out.

AUSTRALIA RMBS ISSUANCE TERM PROFILE (\$b)



AUSTRALIA RMBS SENIOR MARGIN (bps)



Home loan portfolio composition

WEIGHTED AVERAGE PORTFOLIO LVR

Prime

66.4%

Specialist

69.0%

WEIGHTED AVERAGE PORTFOLIO DYNAMIC LVR*

Prime

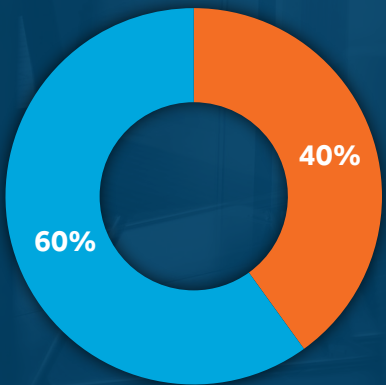
64.9%

Specialist

68.8%

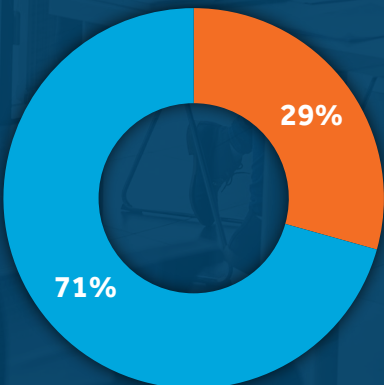
*Dynamic LVR = LVR based on latest CoreLogic individual property valuations.

LOAN PURPOSE



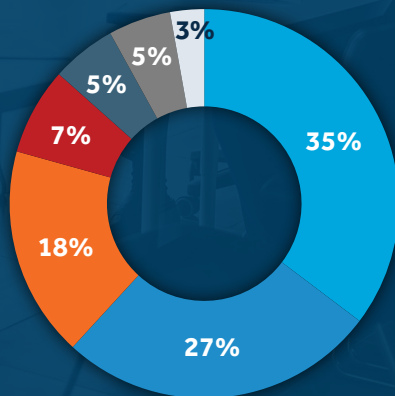
Investment
Owner occupied

LOAN TYPE



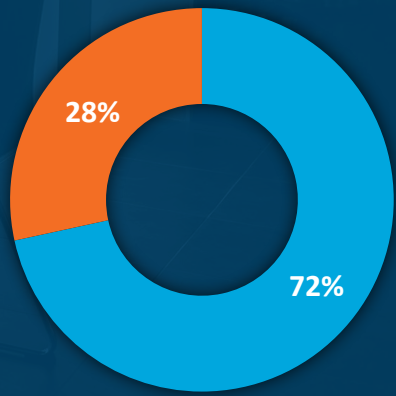
Interest only
Principal & interest

GEOGRAPHIC LOCATION



NSW VIC QLD
WA SA NZ Other

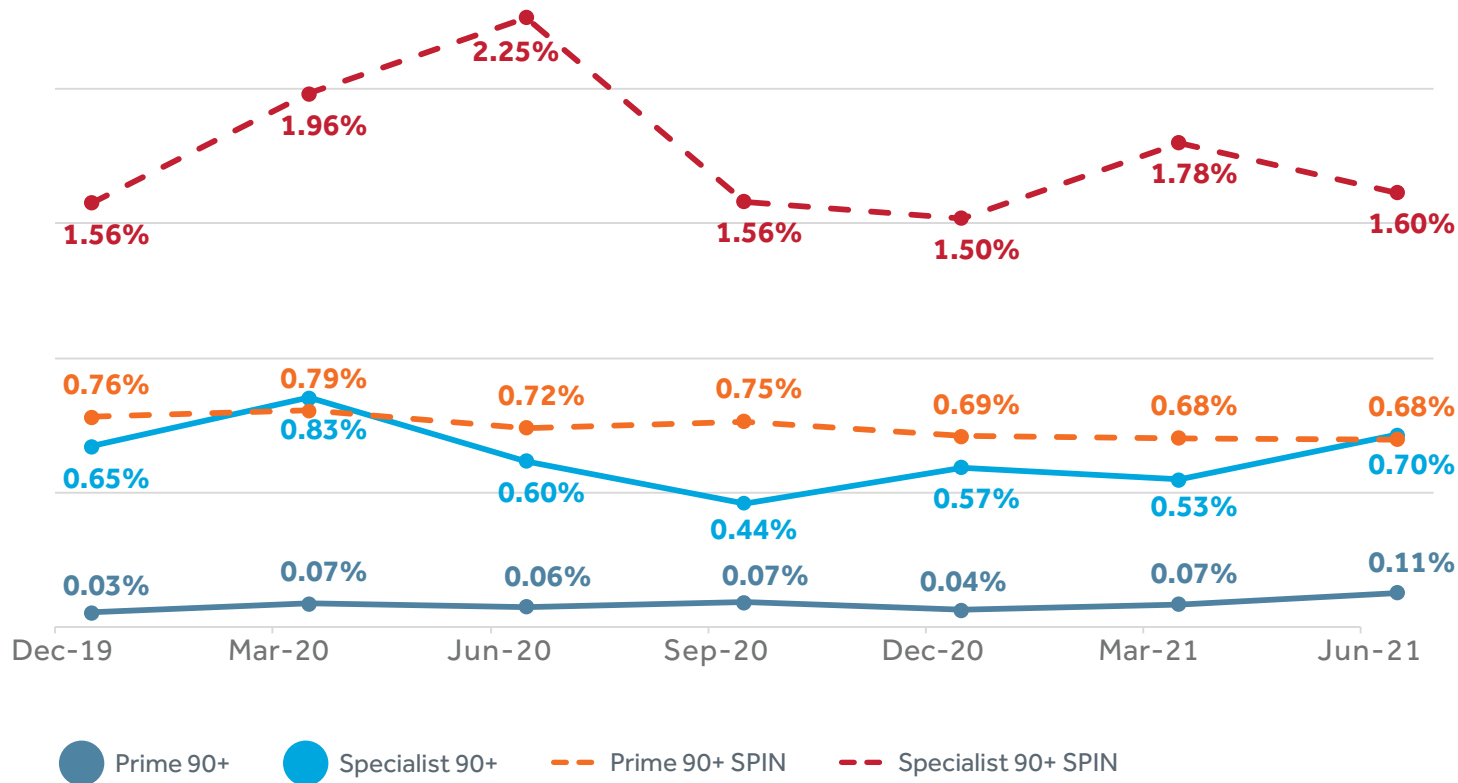
LOAN TYPE



Prime
Specialist

Home loan portfolio performance

ARREARS (%)



Arrears

Remain well below SPIN index and broadly in line with pre-COVID arrears levels

SPIN = S&P Global Ratings Mortgage Performance Index.

Home loan portfolio performance

Lower Specific Provisions

\$5.4m

Representing **4bps** coverage of total AUM

Collective Provisions

\$32.1m

Increased **\$1.5m** compared to Jun-20,
representing **23bps** coverage of total AUM

JUN 2019

JUN 2020

DEC 2020

JUN 2021

HOME LOAN SPECIFIC PROVISIONS \$m

	JUN 2019	JUN 2020	DEC 2020	JUN 2021
Prime	0.35	0.61	0.57	0.39
Specialist	3.26	3.37	3.61	3.02
Legacy	1.50	1.93	1.86	1.80
Other (incl. NZ)	0.47	0.15	0.03	0.22
Total specific provisions	5.58	6.06	6.07	5.43
Provisions / AUM (bps)	6bps	5bps	5bps	4bps

JUN 2020	COVID OVERLAY RELEASE	HARDSHIP LOANS	MGMT MACRO OVERLAY	ORGANIC GROWTH	JUN 2021
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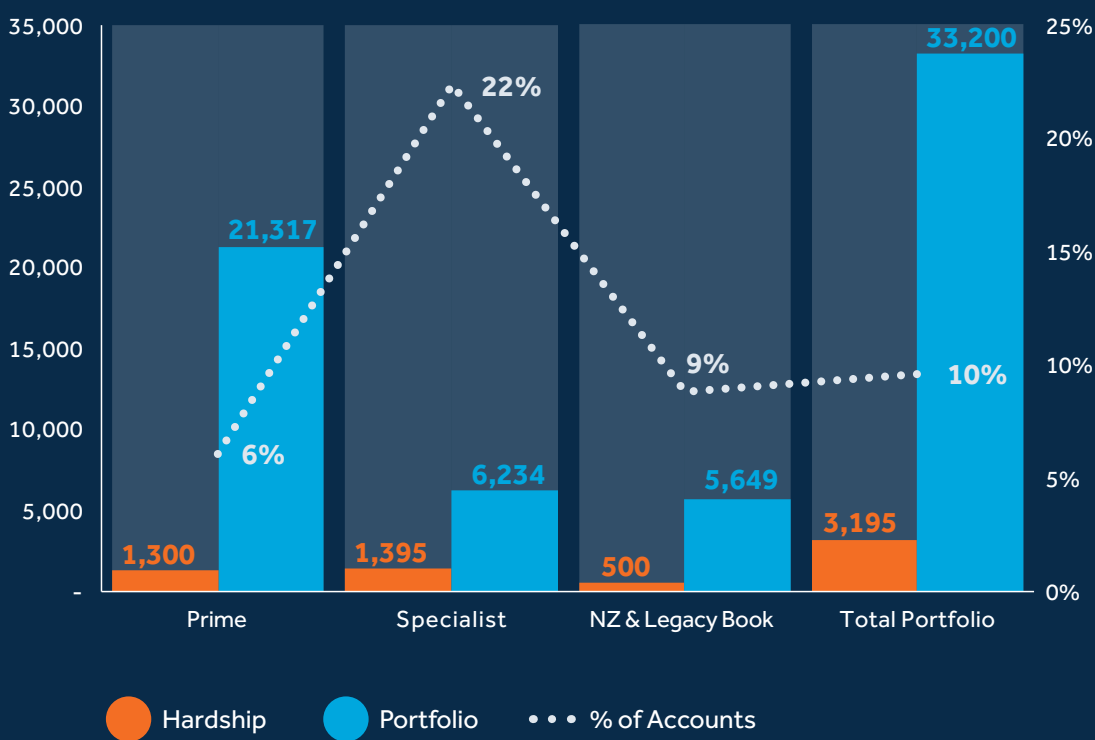
HOME LOAN COLLECTIVE PROVISIONS \$m

	JUN 2020	COVID OVERLAY RELEASE	HARDSHIP LOANS	MGMT MACRO OVERLAY	ORGANIC GROWTH	JUN 2021
Prime	8.2	(4.4)	3.0	1.5	1.0	9.3
Specialist	19.5	(11.7)	5.6	1.5	4.3	19.2
Legacy	1.0	-	0.8	-	0.1	1.9
Other (incl. NZ)	1.9	(0.3)	-	-	0.1	1.7
Total collective provisions	30.6	(16.4)	9.4	3.0	5.5	32.1
Provisions / AUM (bps)	27bps					23bps

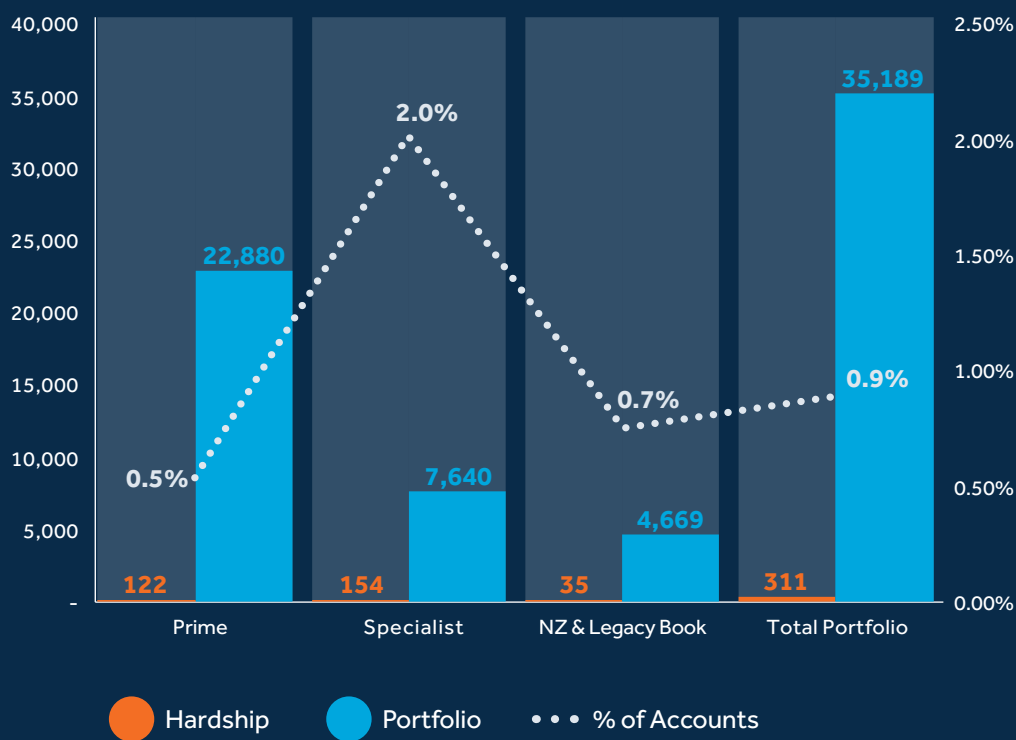
Hardship analysis

- COVID-19 customer impacts managed well with the number of customers in hardship decreasing materially since June 2020.

ACTIVE PAYMENT DEFERRALS AT 30 JUNE 2020¹



ACTIVE PAYMENT DEFERRALS AT 31 JULY 2021¹



¹ Number of accounts.

Strategic priorities.

■ SCOTT MCWILLIAM, CEO

Growth strategy



- ✓ Leading non-bank lender by market share across major aggregator groups in Australia and New Zealand
- ✓ Offering flexible lending solutions that cater to a broader borrower type
- ✓ Brand recognised for superior broker and customer experience, flexibility and consistency
- ✓ Award winning industry participant



- ✓ Highly rated and awarded online lender
- ✓ Low cost origination model, encompassing both acquisition and servicing
- ✓ High conversion and customer retention through superior customer experience and service



- ✓ Leading commercial and consumer asset financier in Australia and New Zealand
- ✓ Comprehensive product suite that complements our mortgage business
- ✓ Brand recognised for superior broker and customer experience, flexibility and consistency
- ✓ Repeat ABS issuer

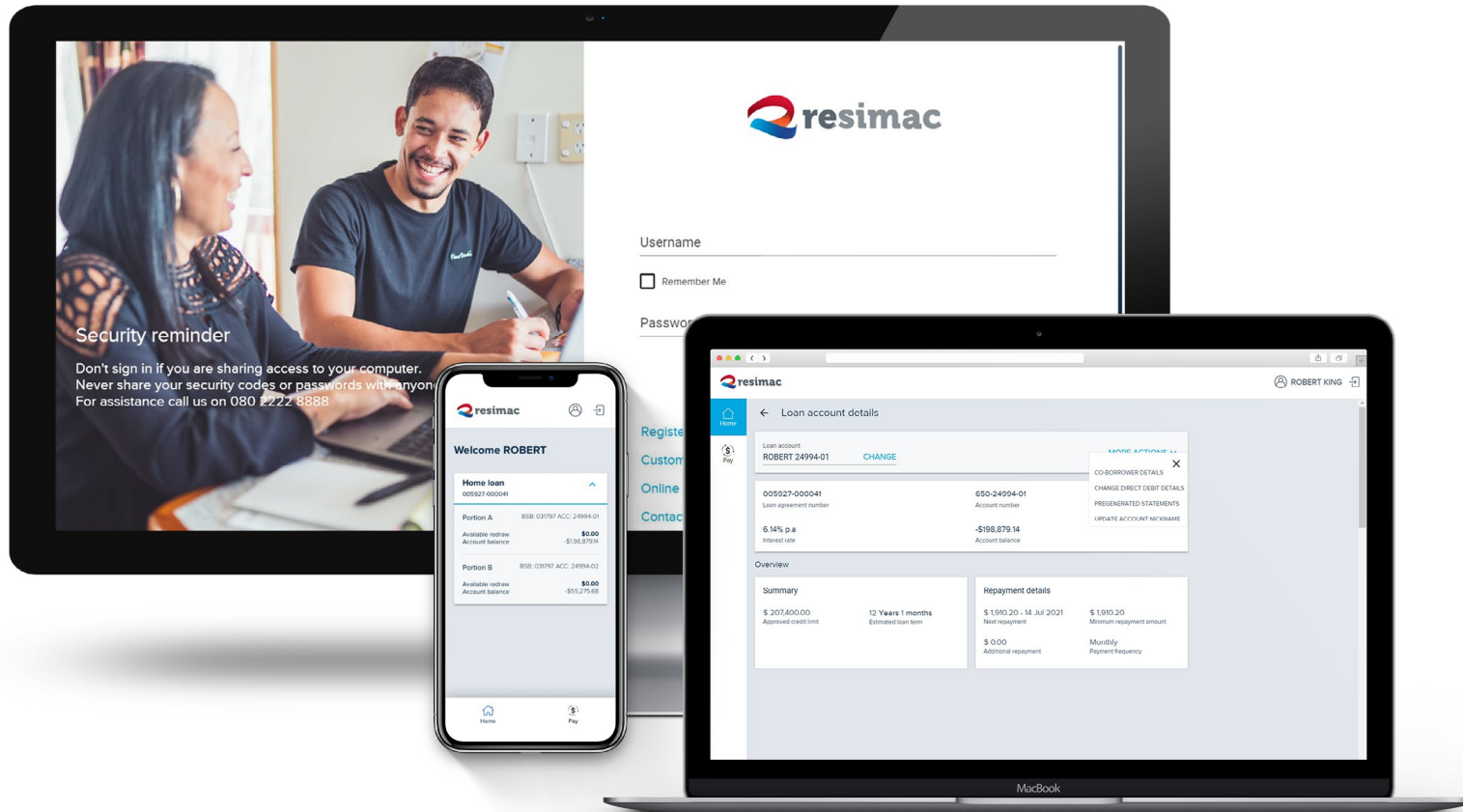
Targeting >\$8b in annual Settlements by FY24

Targeting >\$1b in annual Settlements by FY24

A customer centric organisation that is data-driven, powered by a modern digital platform providing cost-effective, scalable and rapid growth.

Digital strategy

Resimac continues to understand the advantages of upgrading our technology platform and thereby embrace the benefits of investment in technology. We expect our investment in digital transformation will deliver a contemporary digital customer experience and platform for sustainable and scalable growth.



Digital touchpoints
customer journey

Scalability through
integration and automation

AI enabled data insights
driving decision making

Modular and secure
architecture assisting with
an ever evolving footprint

**Financial
results.**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (\$m) FOR THE YEAR ENDED 30 JUNE 2021

	FY21	FY20
Interest income	467.6	459.3
Interest expense	(224.9)	(270.7)
Net interest income	242.7	188.6
Fee and commission income	9.9	11.3
Fee and commission expense	(35.2)	(36.1)
Other income	8.0	0.7
Employee benefits expense	(37.5)	(35.9)
Other expenses	(33.1)	(26.3)
Loan impairment expense	(2.7)	(22.0)
Profit before tax	152.1	80.3
Income tax expense	(44.3)	(24.3)
PROFIT AFTER TAX	107.8	56.0

Attributable to:

Owners of the parent	107.6	55.9
Non-controlling interest	0.2	0.1

Reconciliation of statutory NPAT to normalised NPAT

NPAT attributable to parent (statutory)	107.6	55.9
Fair value gain on investment in financial asset (Athena)	(5.1)	-
Non-recurring income	-	(0.4)
Tax effect	1.5	0.1
NPAT attributable to parent (normalised)	104.0	55.6

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (\$m)

AS AT 30 JUNE 2021

	30-JUN-21	30-JUN-20	
ASSETS	Cash and bank balances	619.8	366.0
	Trade and other receivables	4.6	6.0
	Loans and advances to customers	13,925.7	12,506.0
	Other assets	39.4	47.8
	Other financial assets	15.1	7.1
	Derivative financial assets	2.3	52.6
	Right-of-use assets	10.6	12.3
	Intangible assets	27.6	28.9
	TOTAL ASSETS	14,645.1	13,026.7
LIABILITIES	Trade and other payables	34.5	25.9
	Interest-bearing liabilities	14,170.6	12,685.6
	Other financial liabilities	15.8	20.8
	Derivative financial liabilities	61.0	3.3
	Lease liabilities	12.5	13.6
	Other liabilities	24.4	31.2
	Provisions	5.2	4.6
	TOTAL LIABILITIES	14,324.0	12,785.0
	Net Assets	321.1	241.7
EQUITY	Share capital	181.6	181.9
	Reverse acquisition reserve	(61.5)	(61.5)
	Total issued capital	120.1	120.4
	Reserves	(18.1)	(7.6)
	Retained earnings	219.1	128.7
	Equity attributable to owners of the parent	321.1	241.5
	Non-controlling interest	-	0.2
	TOTAL EQUITY	321.1	241.7

Cash reconciliation (\$m)	30-JUN-21	30-JUN-20
Cash at bank and on hand	50.6	27.8
Cash collections account	567.7	336.7
Restricted cash	1.5	1.5
Cash at bank	619.8	366.0

CONSOLIDATED STATEMENT OF CASH FLOWS (\$m)

FOR THE YEAR ENDED 30 JUNE 2021

		FY21	FY20
OPERATING ACTIVITIES	Interest received	478.2	471.0
	Interest paid	(211.9)	(264.0)
	Receipts from loan fees and other income	49.8	46.7
	Payments to suppliers and employees	(167.7)	(155.0)
	Payments of net loans to borrowers	(1,546.0)	(3,573.6)
	Income tax paid	(49.9)	(9.0)
	Net cash used in operating activities	(1,447.5)	(3,483.9)
INVESTING ACTIVITIES	Payment for property, plant and equipment	(0.2)	(0.3)
	Repayment of loans to related parties	-	(2.4)
	Acquisition of subsidiary (RAF)	(8.2)	(6.0)
	Cash acquired on acquisition of subsidiary (RAF)	-	1.1
	Payment for new investments	(1.4)	(3.0)
	Balance of proceeds on disposal of Paywise	1.7	0.3
	Net cash used in investment activities	(8.1)	(10.3)
FINANCING ACTIVITIES	Proceeds from borrowings	11,793.1	9,560.9
	Repayment of borrowings	(10,201.0)	(7,365.0)
	Proceeds of loans sold to external party (Athena)	138.8	1,453.2
	Proceeds from exercise of options	0.2	0.3
	Payment for acquisition of treasury shares	(1.3)	-
	Swap payments	(2.4)	(2.1)
	Payment of dividends	(16.2)	(9.9)
	Payment of lease liabilities	(1.7)	(1.7)
	Net cash from financing activities	1,709.5	3,635.7
	Net increase in cash and cash equivalents	253.9	141.5
	Cash and cash equivalents at the beginning of the financial year	366.0	224.8
	Effects of exchange rate changes on cash balances held in foreign currencies	(0.1)	(0.3)
	Cash and cash equivalents at the end of year	619.8	366.0



Scott McWilliam

CHIEF EXECUTIVE OFFICER

Scott is responsible for managing the overall operations of the organisation, its people and resources and ensures the implementation of the strategy agreed with the Board.

Scott has over 20 years' experience in the financial services sector. This includes holding senior roles in debt capital markets for Deutsche Bank in both London and Sydney and with Citibank.

Scott has been with the Resimac Group since 2003, initially as Head of Funding and Investments, followed by Chief Operating Officer and then CEO since 2013.

scott.mcwilliam@resimac.com.au



Jason Azzopardi

CHIEF FINANCIAL OFFICER

Jason joined the Resimac Group in July 2018 as Chief Financial Officer. Jason is also the Group Executive leading the Marketing function.

Prior to Resimac, Jason held senior finance roles in private equity in London. Since relocating to Australia in 2011, Jason's extensive retail banking experience includes senior leadership roles at Bankwest and Macquarie.

Jason is a Fellow of CPA Australia, and a Graduate of the Australian Institute of Company Directors.

jason.azzopardi@resimac.com.au

A photograph of a person's hands holding a small green seedling with soil. The person is wearing a plaid shirt. The background is blurred green foliage.

Environmental, social and governance

As an Australian ASX Listed entity providing funding for a large number of Australian and New Zealand communities, Resimac is able to contribute to create a positive social impact. Resimac acknowledges that its approach to environmental, social and governance ('ESG') responsibilities is a key factor for many customers, investors and employees. As a business, we incorporate ESG into our strategy and way of thinking. We will work together to enhance our effectiveness, we will provide appropriate disclosures, and we will report our activities and progress.

ENVIRONMENTAL FACTORS

In conducting our business, we consider environmental factors such as climate change, energy efficiency, water preservation, reduction of carbon footprint, waste treatment practices and natural resource conservation. Under our Carbon Conscious initiative, Resimac plants one tree for every loan settled. Since 2009 we have planted over 40,000 trees, which will offset nearly 5 million kilograms of carbon from the Earth's atmosphere over their lifetime.

SOCIAL FACTORS

The social factors we consider as a business include human capital (remuneration practices, diversity, anti-discrimination and solid embedded values), workplace health and safety, community and stakeholder relations (volunteering, community funding and customer advocacy). The Group continues to provide flexible lending solutions to a broad range of customers, and during the year implemented a staff share plan for employees.

GOVERNANCE FACTORS

Resimac is governed by an extensive range of factors including risk management, transparency, adherence to regulatory obligations, and our internal code of conduct / ethics. We encourage the right of shareholders to engage with management and provide opportunity to vote on important issues.

“
*At Resimac, we aim to
conduct our business
in an environmentally
responsible fashion.*
”

About our business units

Resimac has expanded its operations both in Australia and New Zealand by completing acquisitions and making investments into complementary businesses. These acquisitions and investments provide for a broader and more diversified distribution model which assist in delivering vertical integration; a key driver of our success.



LEADING AUSTRALIAN NON-BANK LENDER VIA BROKERS & WHOLESALE PARTNERS

Providing a full suite of home loan solutions for a range of borrower types, with distribution via the third-party channel. We have partnered with most major mortgage broking aggregator groups and also provide funding to some of Australia's leading mortgage managers. Our products can be accessed by over 85% of the third-party broker network.



DIRECT TO CUSTOMER

homeloans.com.au offers a range of smart, cost effective and transparent home loan solutions directly to the Australian consumer. Offering an industry-leading online application process complemented by a team of lending specialist, our loans are fully featured and include online access, offset accounts, redraw and loan access cards.



VIA BROKERS & DIRECT TO CUSTOMER

The newest addition to the Resimac Group, Resimac Asset Finance offers a range of lending products for consumers and commercial borrowers. Our product suite includes asset finance, secured business loans, personal loans and car loans.



LEADING NZ NON-BANK LENDER VIA BROKERS & DIRECT TO CUSTOMER

Drawing on the experience of our Australian parent, Resimac New Zealand offers borrowers a genuine alternative to the major banks. Offering both Prime and Specialist lending solutions, Resimac New Zealand has a broad range of home loan products available either directly or via Mortgage Advisers.

Our values



IMPORTANT NOTICE & DISCLAIMER

The information in this presentation provides an overview of the results for the period ended 30 June 2021. It is general background information about the activities of Resimac Group Ltd and is current as at the date of the presentation, 31 August 2021. It is provided in summary and does not purport to be complete. You should not rely upon it as advice for investment purposes as it does not take into account your investment objectives, financial position or needs.

These factors should be considered, with or without professional advice, when determining if an investment is appropriate. Forward looking statements in this presentation are based on Resimac's current views and assumptions and involve known and unknown risks and uncertainties, many of which are beyond Resimac's control and could cause actual results, performance or events to differ materially from those expressed or implied. These forward looking statements are not guarantees or representations of future performance and should not be relied upon as such.

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Thank you.



resimac