

# 1H22



**resimac**

Resimac Group Ltd  
**1H22 Results Presentation**

# Our businesses



## LEADING AUSTRALIAN NON-BANK LENDER VIA BROKERS & WHOLESALE PARTNERS

- ✓ Assets Under Management increased **13%** (1.8x system)
- ✓ **\$3.3b** of Australian home loan settlements
- ✓ **\$2b** of Australian Specialist settlements (**+193%** v 1H21)
- ✓ New loan origination system launched in December 2021



## DIRECT TO CUSTOMER

- ✓ New brand launch backed with increasing above the line campaigns to increase brand awareness
- ✓ Experienced sales team in place facilitating higher CY2022 volumes
- ✓ Lower Prime cost of funds provides platform for an aggressive growth strategy



## VIA BROKERS & DIRECT TO CUSTOMER

- ✓ December quarter settlements c\$400m annual run rate
- ✓ New loan origination system go live Q1 FY23
- ✓ Funding platform restructure ongoing continuing to reduce cost of funds



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

- ✓ Specialist settlements increased by a record **117%** v 1H21
- ✓ Direct settlements increased **68%** v 1H21
- ✓ New core banking system went live for customers in January 2022

# Performance highlights.



SCOTT MCWILLIAM, CEO  
JASON AZZOPARDI, CFO

# 1H22 key highlights (vs 1H21)

NET PROFIT  
AFTER TAX (NPAT)

**\$53.5m**

^ 6%



NET INTEREST  
INCOME

**\$124.3m**

^ 2%



COST TO  
INCOME RATIO

**33.4%**

^ 230bps



HOME LOAN ASSETS  
UNDER MANAGEMENT

**\$14.6b**

^ 13%



HOME LOAN  
SETTLEMENTS

**\$3.5b**

^ 63%



INTERIM DIVIDEND  
FULLY FRANKED

**4.0c**

^ 67%





# Financial results summary

		1H22	1H21	CHANGE
<b>FINANCIAL PERFORMANCE</b>				
NPAT (statutory)	↑	\$53.5m	\$50.5m	6%
NPAT (normalised)	↑	\$53.5m	\$50.5m	6%
Cost to income ratio (normalised)	↑	33.4%	31.1%	230bps
Net interest income (NII)	↑	\$124.3m	\$122.1m	2%
Operating expenses	↑	(\$38.8m)	(\$34.5m)	(13%)
Loan impairment expense	↓	(\$1.9m)	(\$3.7m)	49%
Return on equity (normalised NPAT)*	↓	31.3%	38.7%	(740bps)
Interim dividend fully franked	↑	4.0c	2.4c	67%

\*ROE based on normalised NPAT and average 1H22 shareholders equity.

**6%**

Increase in

**Net Profit After Tax**

(Driven by higher Net Interest Income and lower impairments)

**2%**

Increase in

**Net Interest Income**

(Driven by AUM growth, partly offset by lower margins)

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**13%**

Increase in

**Operating Expenses**

(Driven by core banking IT investment)

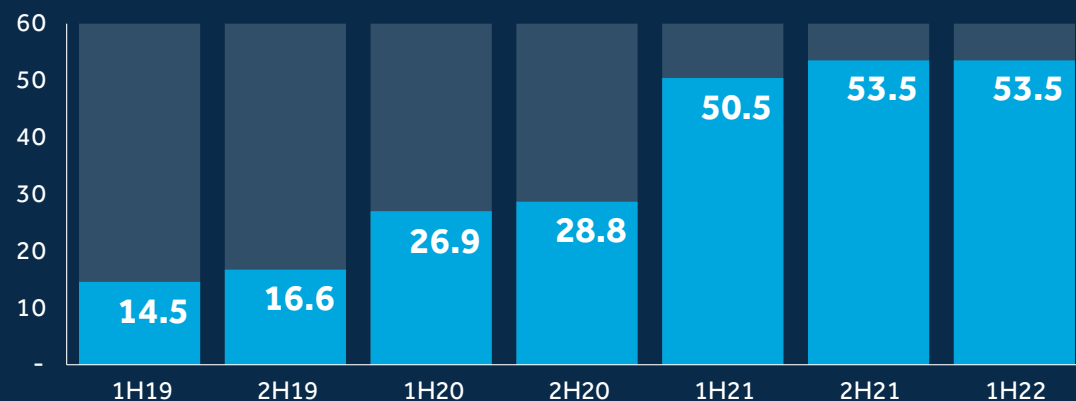
**49%**

Decrease in

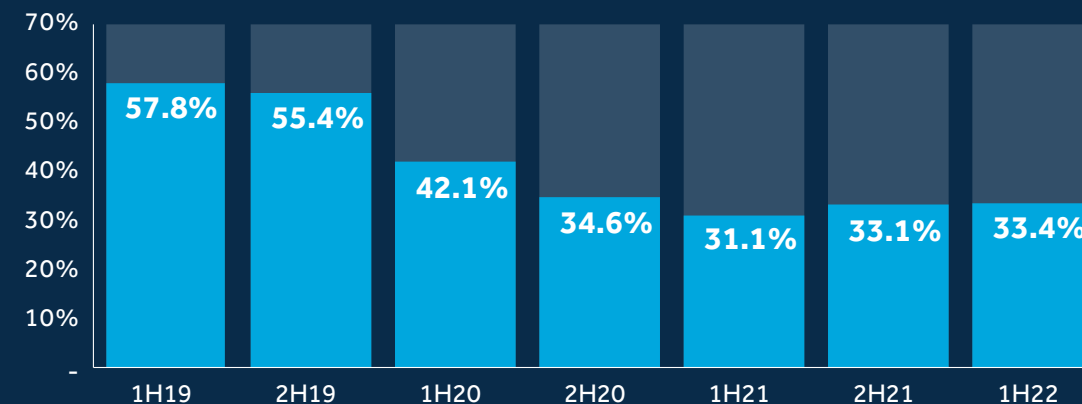
**Loan Impairment Expense**

# Profitable growth

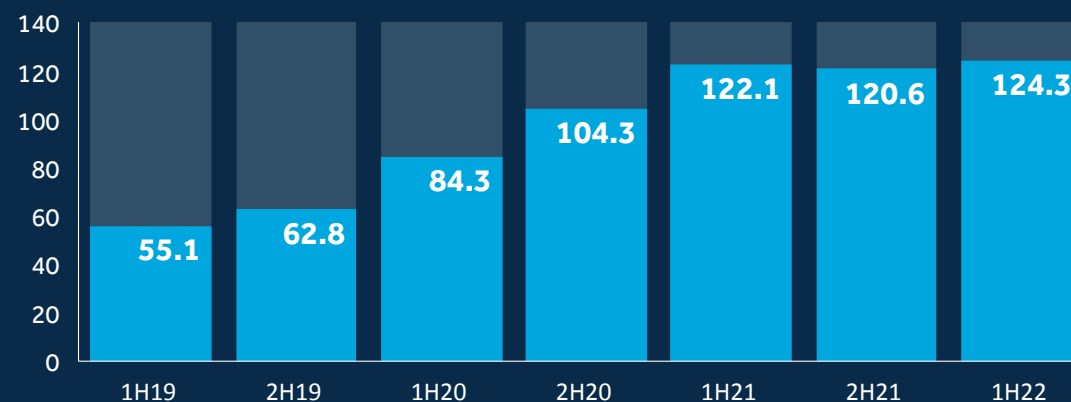
NET PROFIT AFTER TAX (NORMALISED) (\$m)



COST TO INCOME RATIO (NORMALISED)



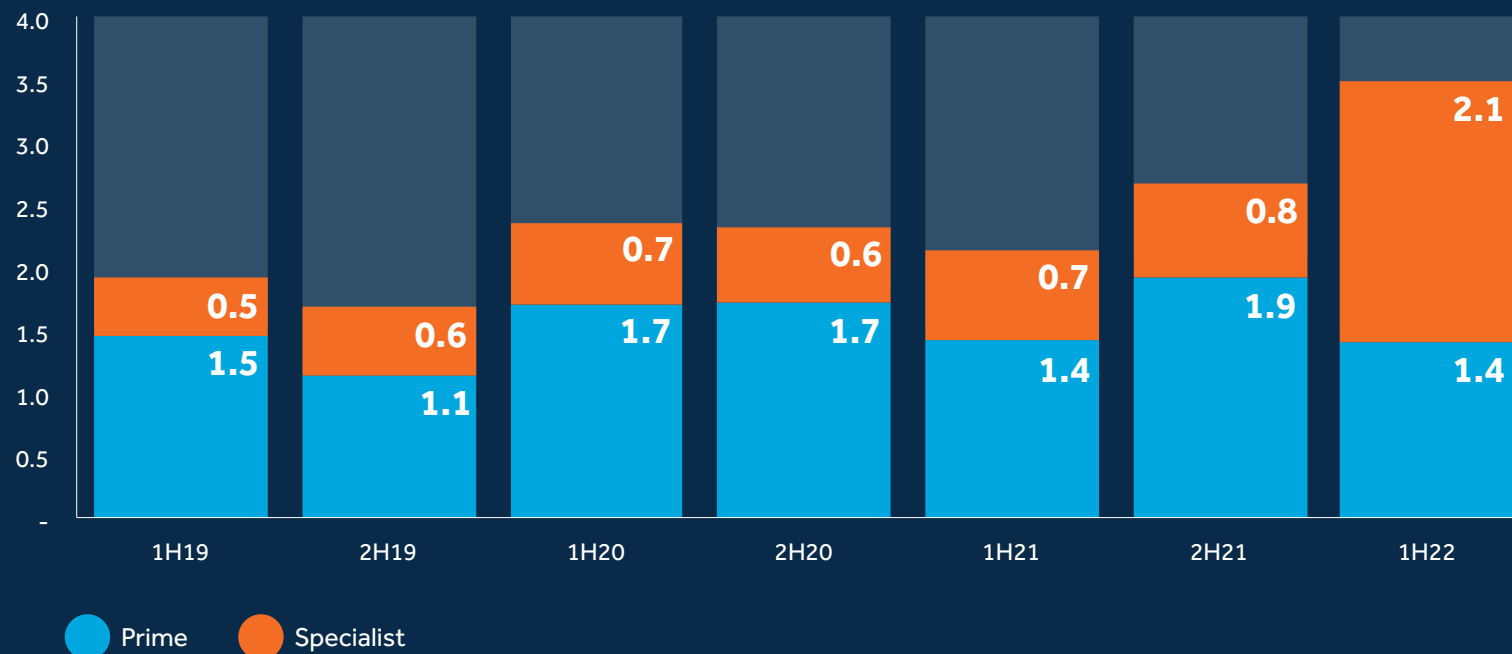
NET INTEREST INCOME (\$m)



# Settlements

- 1H22 settlements increased **63%**, driven by **190%** growth in Specialist, where our flexible Near Prime products resonate strongly with customers and brokers.
- Prime settlements were **2%** lower than 1H21 driven by aggressive price competition and increased consumer preference for fixed rate products.
- Higher fixed rates present opportunities in 2H22 to increase Prime settlement volumes.

## HOME LOAN SETTLEMENTS (\$b)



HOME LOAN  
SETTLEMENTS

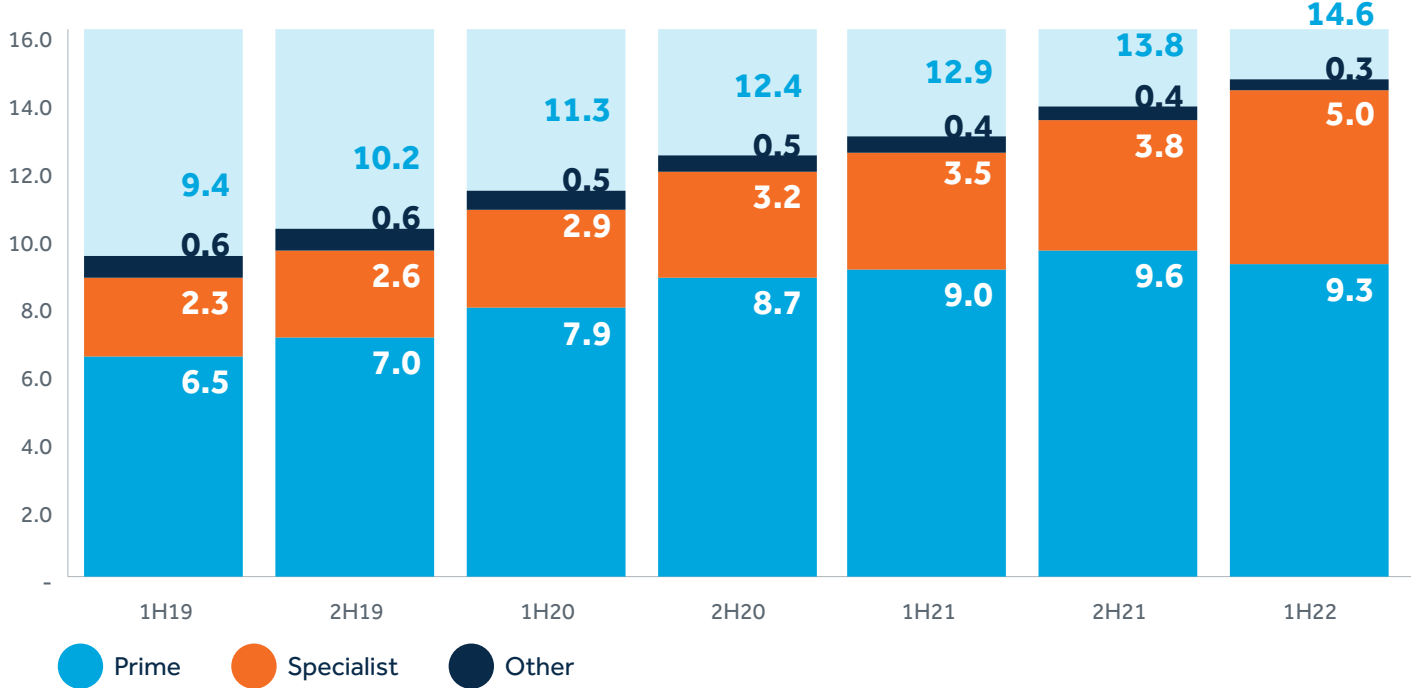
**\$3.5b**

↑ 63%

# Home loan AUM

- Home loan assets under management increased **13%** compared to 31 December 2021 (c1.8x system growth<sup>1</sup>).
- New Zealand increased **20%** to **\$0.8b** as Resimac continues its trajectory as the leading NZ non-bank lender.
- Specialist AUM increased **45%** driven by record 1H22 settlements of \$2.1b.
- Prime AUM decreased **7% annualised** compared to 30 June 2021 driven by elevated run-off, intense price competition and consumer shift to fixed rate products.

HOME LOAN AUM (\$b)



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

## Home Loan AUM

Increased

**13%**

## New Zealand AUM

Increased

**20%**

## Specialist AUM

Increased

**45%**



# Home loan margins

1H22 Net  
Interest Margin  
decreased

**14bps**

BBSW / BKBM  
1H22  
average

**4bps**

1H22 funding costs  
decreased

**9bps**

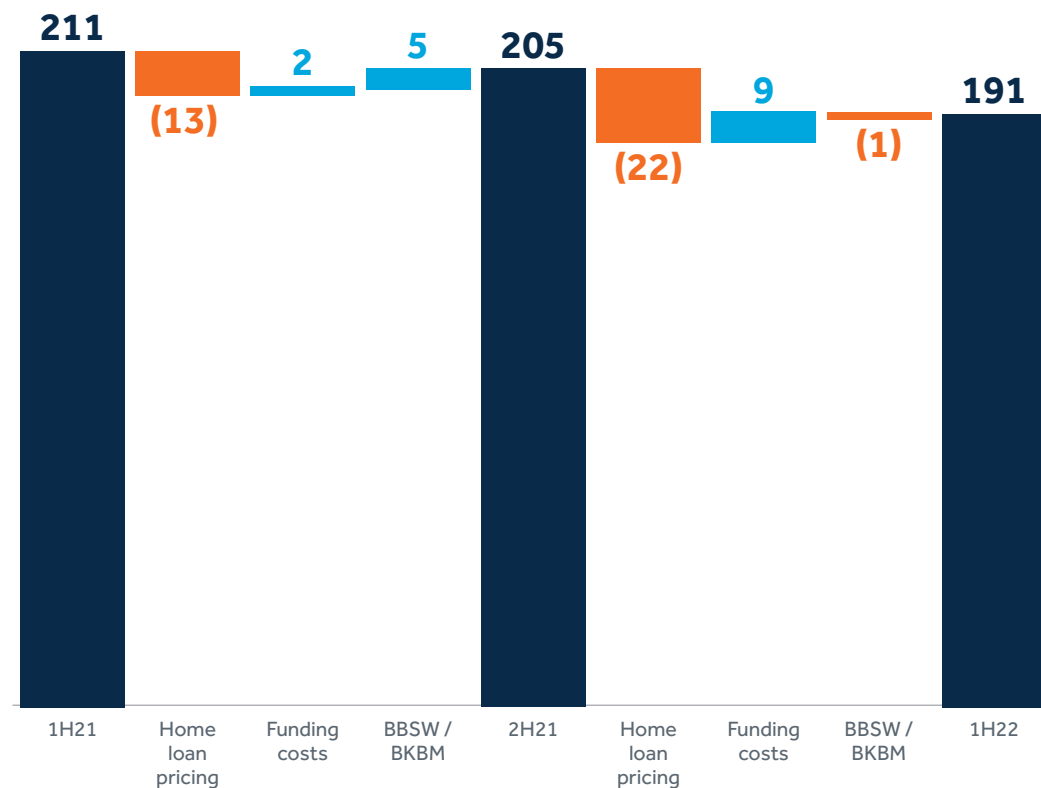
(Driven by benefits of lower  
margin RMBS issuance)

Home loan pricing  
decreased

**22bps**

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

GROUP NET INTEREST MARGIN (bps)

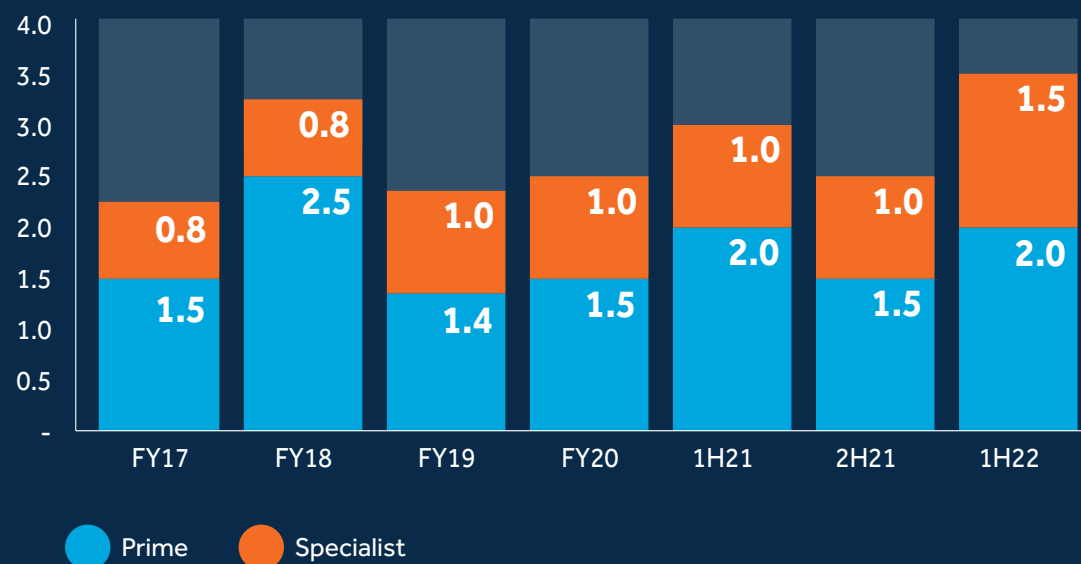


\*Net interest margin reflects total interest income on loans less bond interest expense only.

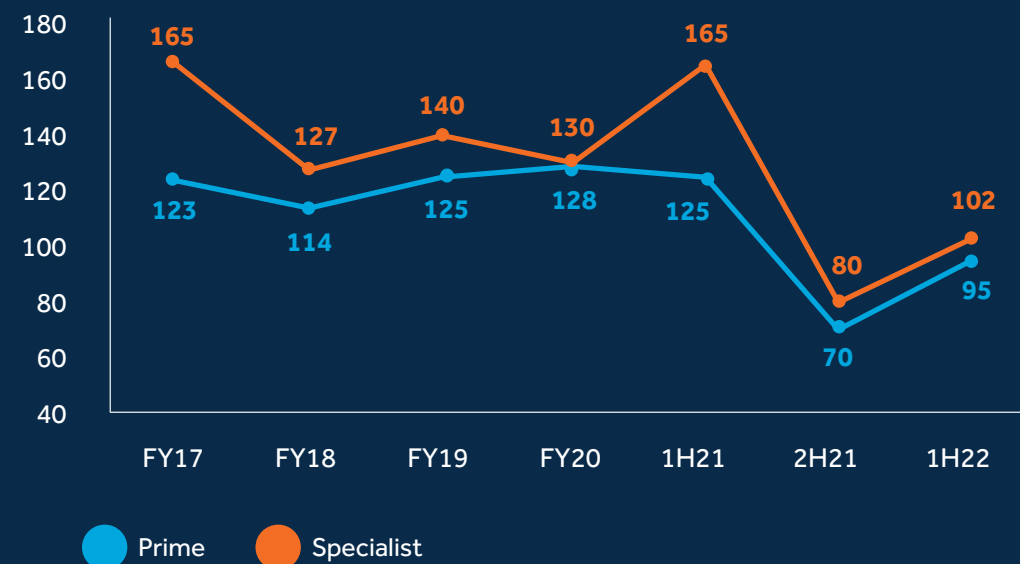
# Funding

- The Group issued **\$3.8b** of Australian and NZ Prime and Specialist RMBS in 1H22.
- RMBS pricing bottomed in 2H21, however new issuance margins remain lower than historical averages.

AUSTRALIA RMBS ISSUANCE TERM PROFILE (\$b)



AUSTRALIA RMBS SENIOR MARGIN (bps)



# Home loan portfolio composition

## WEIGHTED AVERAGE PORTFOLIO LVR

Prime

65.6%

Specialist

68.2%

## WEIGHTED AVERAGE PORTFOLIO DYNAMIC LVR\*

Prime

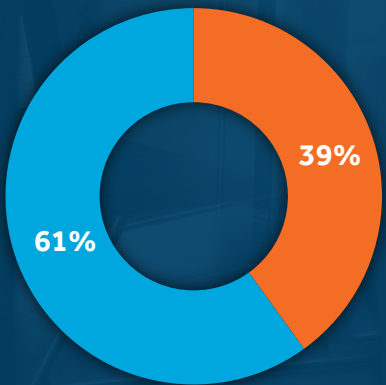
60.0%

Specialist

65.3%

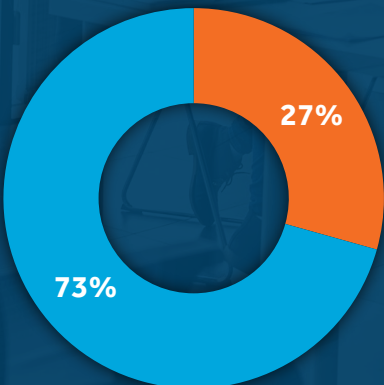
\*Dynamic LVR = LVR based on latest CoreLogic individual property valuations.

### LOAN PURPOSE



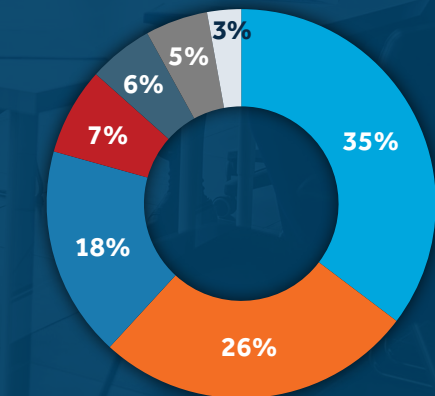
● Owner occupied  
● Investment

### LOAN TYPE



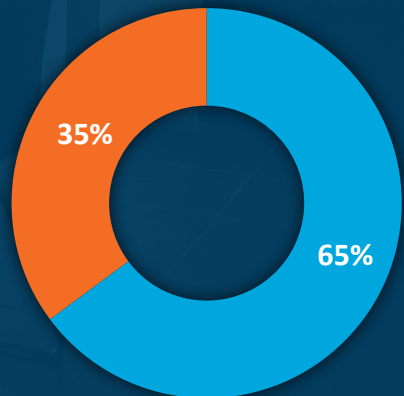
● Principal & interest  
● Interest only

### GEOGRAPHIC LOCATION



● NSW ● VIC ● QLD  
● WA ● SA ● NZ ● Other

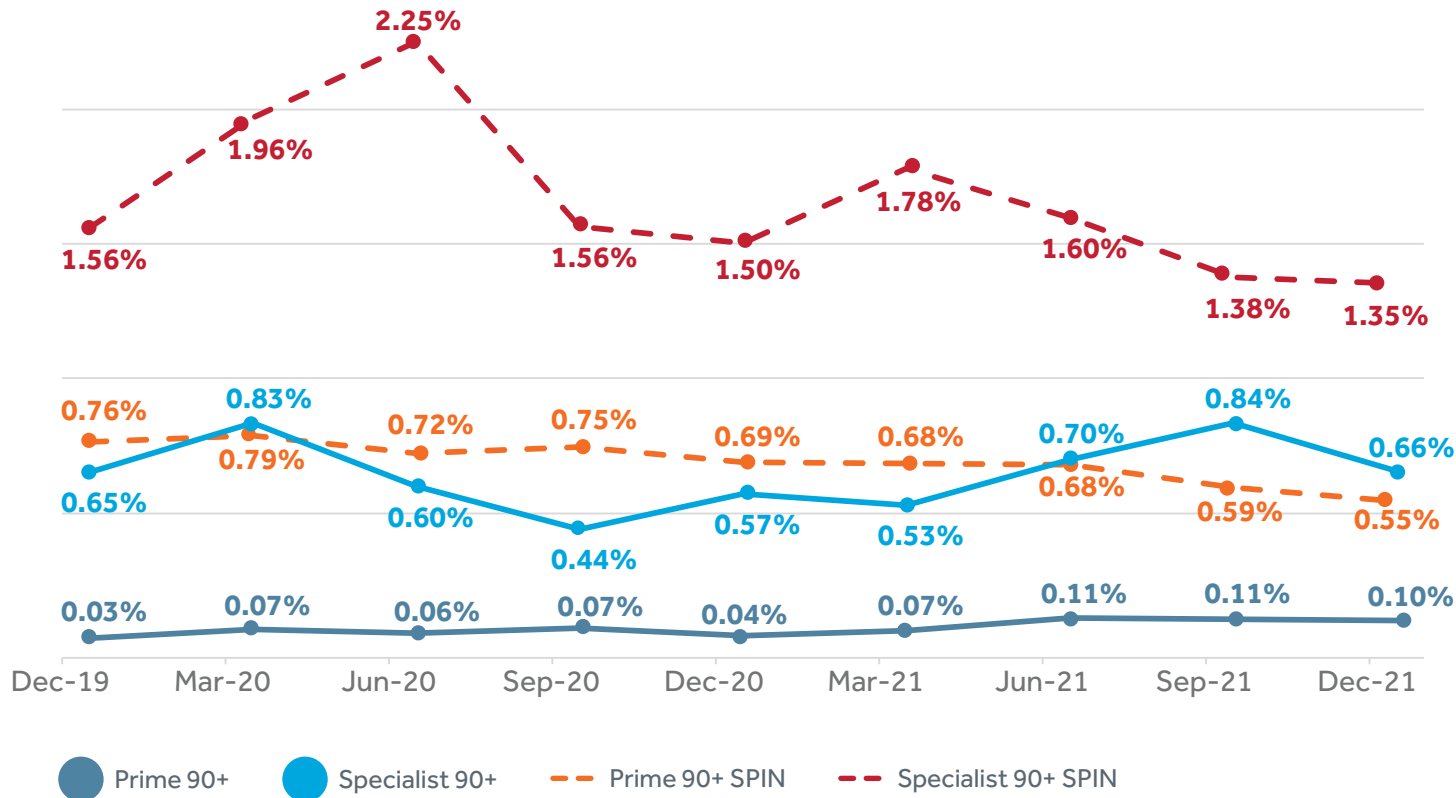
### LOAN TYPE



● Prime  
● Specialist

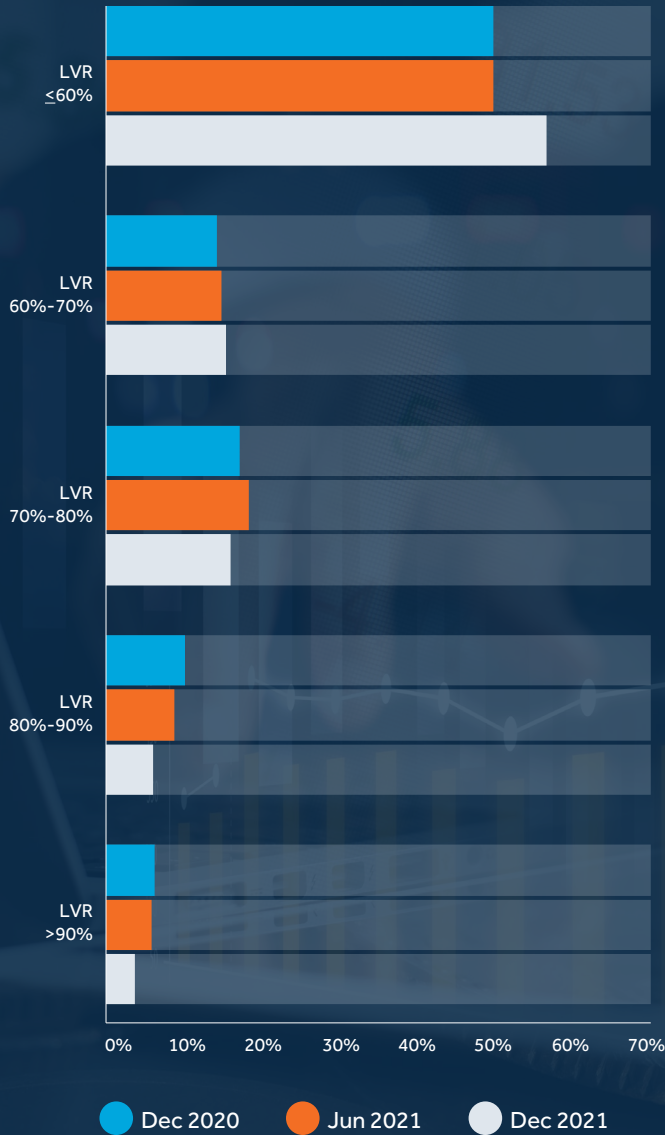
# Home loan portfolio performance

## ARREARS (%)



December SPIN data 1 month in arrears (SPIN = S&P Global Ratings Mortgage Performance Index).

## DYNAMIC LVR BANDS (% of total portfolio accounts)



# Home loan portfolio performance

## Lower Specific Provisions

**\$5.1m**

Representing **3bps** coverage of total AUM

## Collective Provisions

**\$33.6m**

Increased **\$1.5m** compared to Jun-21, representing **23bps** coverage of total AUM

JUN 2020

DEC 2020

JUN 2021

DEC 2021

### HOME LOAN SPECIFIC PROVISIONS \$m

Prime	0.6	0.6	0.4	0.7
Specialist	3.4	3.6	3.0	3.1
Legacy	1.9	1.9	1.8	1.2
Other (incl. NZ)	0.2	0.0	0.2	0.1
<b>Total specific provisions</b>	<b>6.1</b>	<b>6.1</b>	<b>5.4</b>	<b>5.1</b>
<b>Provisions / AUM (bps)</b>	<b>5 bps</b>	<b>5 bps</b>	<b>4 bps</b>	<b>3 bps</b>

JUN 2020

DEC 2020

JUN 2021

DEC 2021

### HOME LOAN COLLECTIVE PROVISIONS \$m

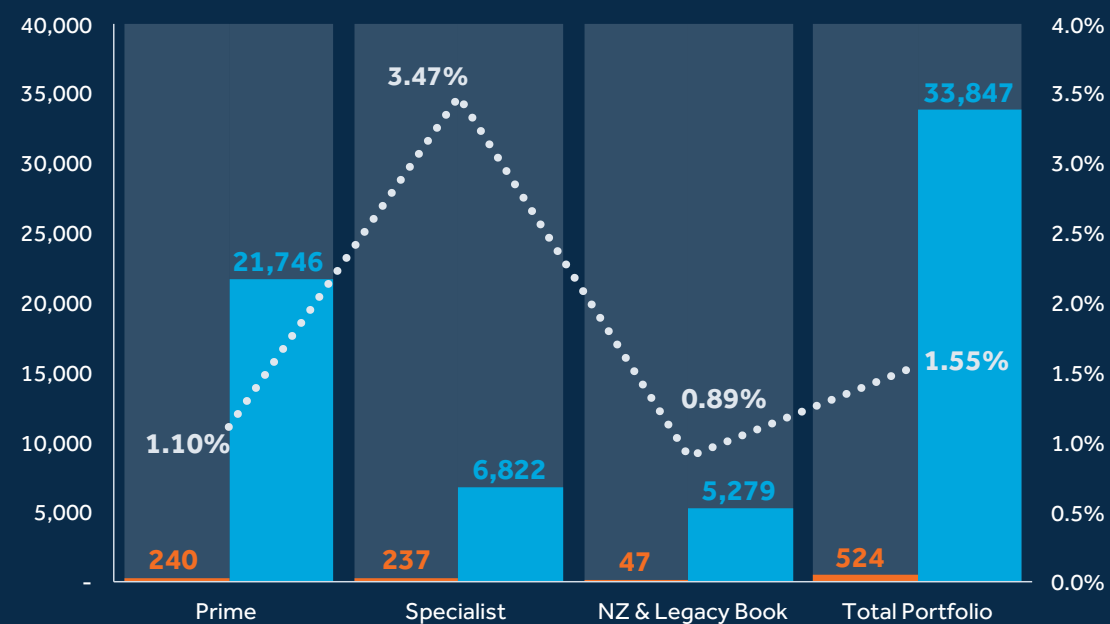
Prime	8.2	9.7	9.3	8.7
Specialist	19.5	20.8	19.2	21.0
Legacy	1.0	1.0	1.9	2.2
Other (incl. NZ)	1.9	2.0	1.7	1.7
<b>Total collective provisions</b>	<b>30.6</b>	<b>33.5</b>	<b>32.1</b>	<b>33.6</b>
<b>Provisions / AUM (bps)</b>	<b>27 bps</b>	<b>27 bps</b>	<b>23 bps</b>	<b>23 bps</b>
<b>TOTAL PROVISIONS</b>	<b>36.7</b>	<b>39.6</b>	<b>37.5</b>	<b>38.7</b>



# Hardship analysis

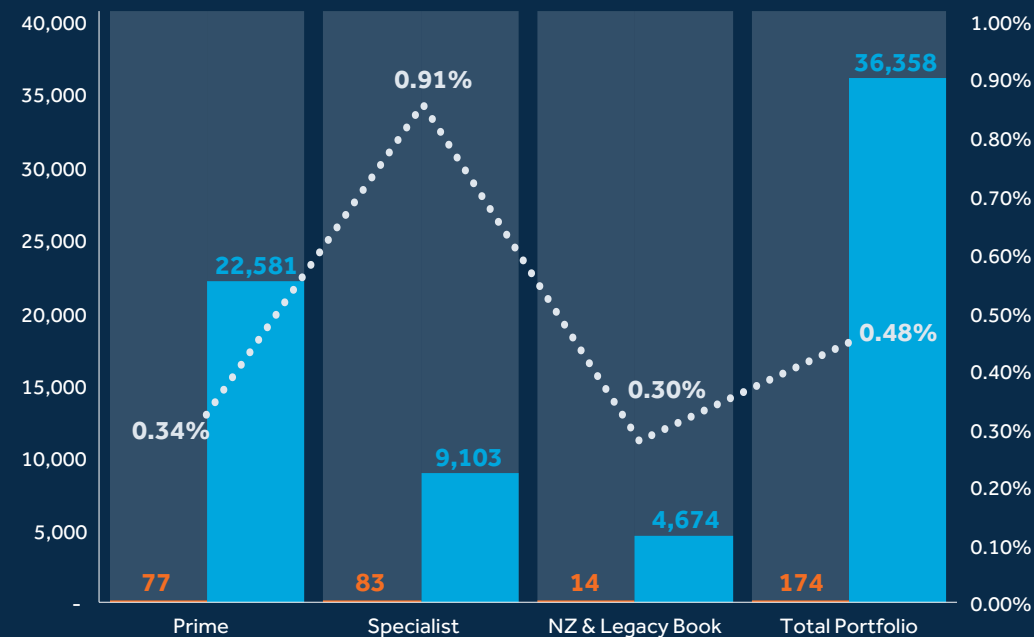
- COVID-19 customer impacts managed well with the number of customers in hardship decreasing materially.

ACTIVE PAYMENT DEFERRALS AT 31 DECEMBER 2020<sup>1</sup>



● Hardship ● Portfolio ..... % of Accounts

ACTIVE PAYMENT DEFERRALS AT 31 DECEMBER 2021<sup>1</sup>



● Hardship ● Portfolio ..... % of Accounts

<sup>1</sup> Number of accounts.

# Strategic priorities.

■ SCOTT MCWILLIAM, CEO

# Strategy update



1H22 Home Loan settlements

**\$3.5b**

on track for **\$8b**  
FY24 target



Resimac Asset  
Finance originations  
platform **Phase 1**  
roll out

**Q1 FY23**



New origination platform  
providing material scale  
benefits for application  
process live

**Dec 2022**



December quarter Asset  
Finance settlements  
annualised run rate

**\$400m**

on track for **\$1b**  
FY24 target



Rolled out new core  
banking platform in NZ  
with AU go live

**mid- 2022**

providing enhanced customer  
banking functionality



**ESG**

Launched inaugural  
Green Loan

# Resimac Asset Finance

Addressable  
market

Opportunity  
**\$120b+**

CONSUMER  
AUTO

COMMERCIAL  
AUTO &  
EQUIPMENT

PROPERTY  
SECURED  
TERM LOANS

INSURANCE  
PREMIUM  
FUNDING

## Distribution Channels

### BROKERS

Leverage existing Resimac  
Aggregator relationships

### DIRECT

Instant digital approval to customer via  
car dealers or rate comparison sites

### WHITE LABEL

Wholesale partners white  
labelling our products

**Financial  
results.**



# CONSOLIDATED STATEMENT OF PROFIT OR LOSS (\$m)

FOR THE PERIOD ENDED 31 DECEMBER 2021

	1H22	1H21
Interest income	241.7	235.6
Interest expense	(117.4)	(113.5)
<b>Net interest income</b>	<b>124.3</b>	<b>122.1</b>
Fee and commission income	5.3	4.9
Fee and commission expense	(19.9)	(17.8)
Other income	6.6	1.7
Employee benefits expense	(22.7)	(19.1)
Other expenses	(16.1)	(15.4)
Loan impairment expense	(1.9)	(3.7)
<b>Profit before tax</b>	<b>75.6</b>	<b>72.7</b>
Income tax expense	(22.1)	(22.0)
<b>PROFIT AFTER TAX</b>	<b>53.5</b>	<b>50.7</b>
<b>Attributable to:</b>		
Owners of the parent	53.5	50.5
Non-controlling interest	-	0.2

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION (\$m)

AS AT 31 DECEMBER 2021

	31-DEC-21	30-JUN-21	
ASSETS	Cash and bank balances	963.8	619.8
	Trade and other receivables	4.8	4.6
	Loans and advances to customers	14,920.3	13,925.7
	Other assets	34.4	39.4
	Other financial assets	28.1	15.1
	Derivative financial assets	7.8	2.3
	Right-of-use assets	9.8	10.6
	Intangible assets	27.6	27.6
	TOTAL ASSETS	15,996.6	14,645.1
LIABILITIES	Trade and other payables	32.8	34.5
	Interest-bearing liabilities	15,543.0	14,170.6
	Other financial liabilities	14.7	15.8
	Derivative financial liabilities	12.2	61.0
	Lease liabilities	11.9	12.5
	Other liabilities	12.9	24.4
	Provisions	6.2	5.2
	TOTAL LIABILITIES	15,633.7	14,324.0
	Net Assets	362.9	321.1
EQUITY	Share capital	183.1	181.6
	Reverse acquisition reserve	(61.5)	(61.5)
	Total issued capital	121.6	120.1
	Reserves	(15.0)	(18.1)
	Retained earnings	256.3	219.1
	Equity attributable to owners of the parent	362.9	321.1
	Non-controlling interest	-	-
	TOTAL EQUITY	362.9	321.1

Cash reconciliation (\$m)	31-DEC-21	30-JUN-21
Cash at bank and on hand	84.4	50.6
Cash collections account	877.9	567.7
Restricted cash	1.5	1.5
<b>Cash at bank</b>	<b>963.8</b>	<b>619.8</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS (\$m)

FOR THE PERIOD ENDED 31 DECEMBER 2021

		1H22	1H21
OPERATING ACTIVITIES	Interest received	246.7	239.8
	Interest paid	(108.1)	(106.3)
	Receipts from loan fees and other income	21.5	23.5
	Payments to suppliers and employees	(97.6)	(83.9)
	Payments of net loans to borrowers	(985.2)	(630.5)
	Income tax paid	(35.1)	(33.7)
	<b>Net cash used in operating activities</b>	<b>(957.8)</b>	<b>(591.1)</b>
INVESTING ACTIVITIES	Payment for property, plant and equipment	(0.2)	(0.1)
	Proceeds on disposal of White Label Portfolio	1.8	-
	Payment for new investments	(7.9)	-
	Balance of proceeds on disposal of Paywise	-	1.7
	<b>Net cash (used in) / from investment activities</b>	<b>(6.3)</b>	<b>1.6</b>
FINANCING ACTIVITIES	Proceeds from borrowings	8,741.7	5,389.5
	Repayment of borrowings	(7,416.1)	(4,758.3)
	Proceeds of loans sold to external party (Athena)	-	138.8
	Proceeds from exercise of options	0.2	-
	Payment for acquisition of treasury shares	(0.3)	-
	Swap payments	(1.5)	(1.2)
	Payment of dividends	(15.5)	(6.9)
	Payment of lease liabilities	(0.8)	(0.9)
	<b>Net cash from financing activities</b>	<b>1,307.7</b>	<b>761.0</b>
	<b>Net increase in cash and cash equivalents</b>	<b>343.6</b>	<b>171.5</b>
	Cash and cash equivalents at the beginning of the period (1 July)	619.8	366.0
	Effects of exchange rate changes on cash balances held in foreign currencies	0.4	0.1
	<b>Cash and cash equivalents at the end of the period</b>	<b>963.8</b>	<b>537.6</b>



# 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 25 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 at Homeloans, followed by Chief Operating Officer and then CEO since 2013.

[scott.mcwilliam@resimac.com.au](mailto:scott.mcwilliam@resimac.com.au)





# Jason Azzopardi

## CHIEF FINANCIAL OFFICER

Jason joined the Resimac Group in July 2018 as Chief Financial Officer.

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](mailto: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 with several licences providing funding for a number of Australian and New Zealand communities, Resimac is focusing on integrating sustainability into all aspects of our business. Resimac acknowledges that its approach to ESG is a key factor for many customers, investors, shareholders employees and suppliers. As a business, we are incorporating ESG into our strategy and way of thinking and aim to optimise stakeholder value creation. An ESG Committee has been established and ESG is a key performance indicator for management. In 2022 we intend to improve the awareness of our goals, provide appropriate disclosures, and 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. 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, equity and inclusion), human rights, workplace health, safety and security, 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 ensures adherence to responsible lending. COVID has contributed to an increase in vulnerable customers, so ensuring our people are equipped to work with our customers.

## GOVERNANCE FACTORS

Resimac's governance structure incorporates compliance and risk framework and a three lines of defence model to ensure we continue to adhere to our compliance obligations, have appropriate controls in place to mitigate risks that may impact our people, customers and shareholders.

“  
*Under our Carbon Conscious initiative, Resimac plants one tree for every loan settled.*  
”

# 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 specialists, 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



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The information in this presentation provides an overview of the results for the period ended 31 December 2021. It is general background information about the activities of Resimac Group Ltd and is current as at the date of the presentation, 25 February 2022. 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.

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**Thank you.**



**resimac**