

FY 22



resimac

Resimac Group Ltd
FY22 Results Presentation

OVERVIEW

- ✓ Record annual home loan settlements (**\$6.3b**)
- ✓ Home loan portfolio over **\$15b**, up **11%**
- ✓ FY22 normalised NPAT **\$104.4m** (excluding non-cash FV gain on interest rate swaps, normalised NPAT is **\$86.2m**)
- ✓ Resimac Asset Finance June settlements annual run rate **c\$600m**
- ✓ New originations system live in Australia and NZ; RAF go live 1H23
- ✓ New core banking system live in NZ; Australia go live 1H23
- ✓ Fully franked final dividend **4.0c** - full year dividend **8.0c** up 25%

BUILD TOWARDS

- Diversified and digitally enabled home loan and asset finance lender delivering higher returns
- Targeting various customer segments through broad Prime and Specialist offering
- Increased scale in originations via low touch processing and lower cost to acquire
- Providing customers with improved omni channel banking experience

FY22 key highlights (vs FY21)

STATUTORY¹
NPAT

\$102.1m

▼ 5%

NORMALISED²
NPAT

\$104.4m

Flat

NORMALISED² NPAT
(EXCL. FV GAINS ON INTEREST
RATE SWAPS)

\$86.2m

▼ 16%

COST TO INCOME
RATIO (NORMALISED)

33.4%

▲ 130bps

HOME LOAN
AUM

\$15.3b³

▲ 11%

HOME LOAN
SETTLEMENTS

\$6.3b

▲ 30%

ASSET FINANCE
SETTLEMENTS

\$405m

▲ 212%

FY22 DIVIDEND
FULLY FRANKED

8.0c

▲ 25%

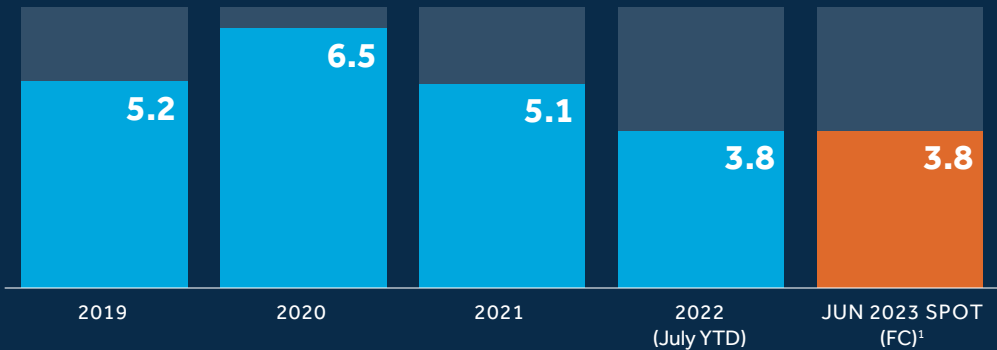
1 FY21 NPAT excludes non-controlling interest of \$249k.

2 Normalised NPAT excludes one-off non-recurring items per reconciliation on slide 24.

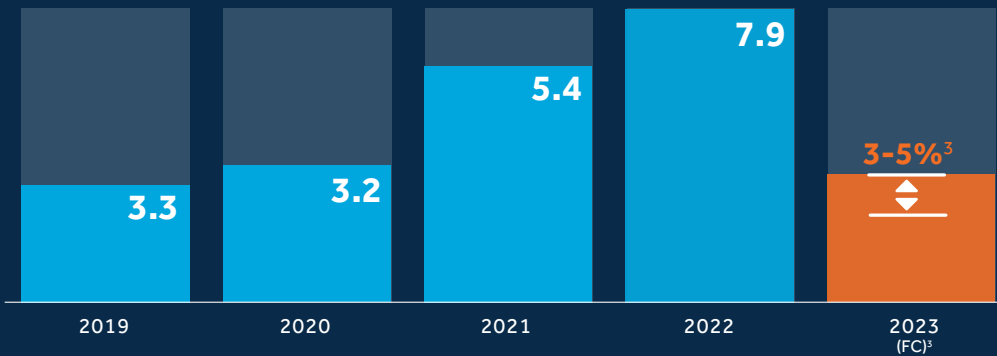
3 Includes \$0.1b purchase of Volt portfolio in June 2022.

Economic outlook

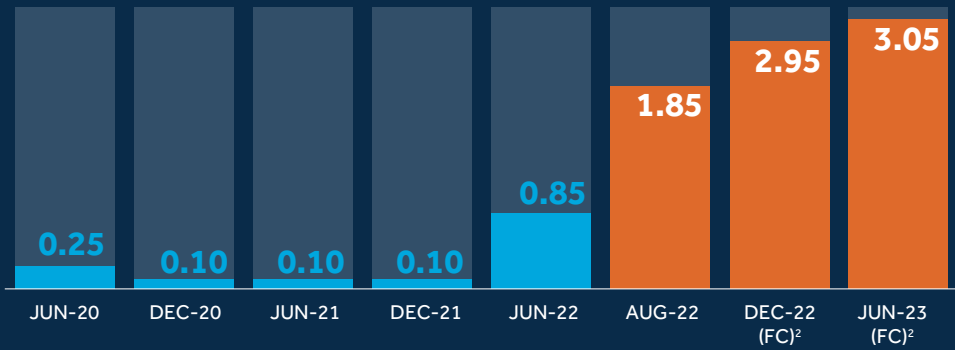
UNEMPLOYMENT RATE % (Calendar year average)



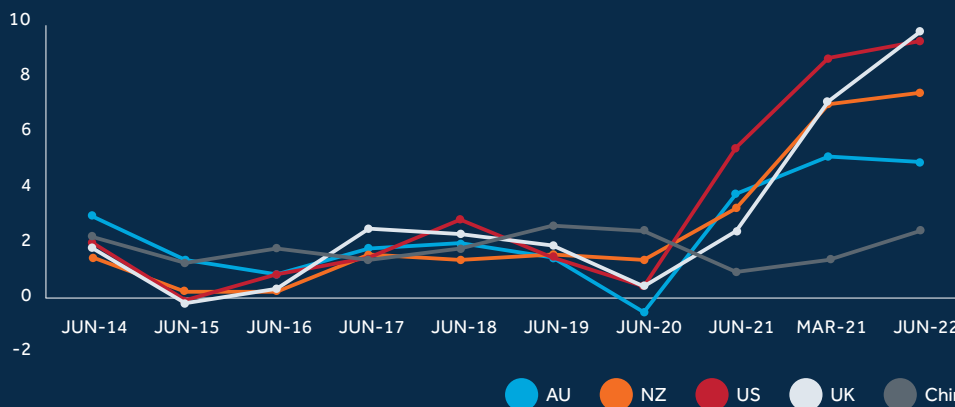
HOUSING CREDIT GROWTH % (Financial year average)



CASH RATE %



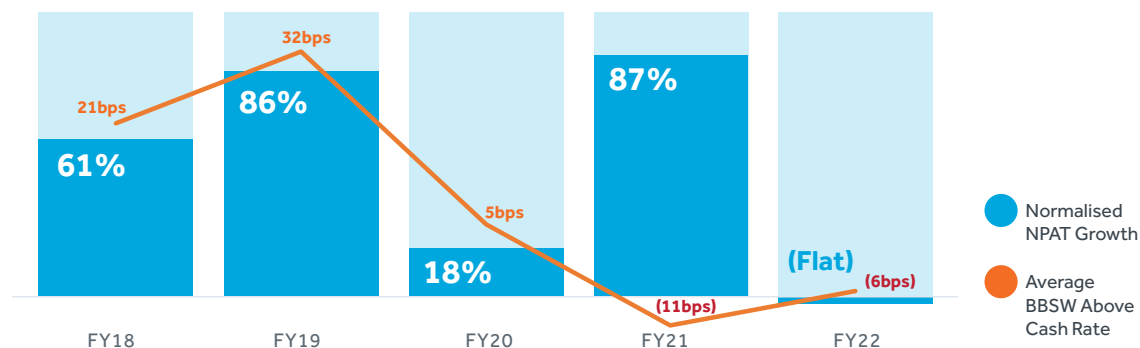
CORE INFLATION (Annual % change)



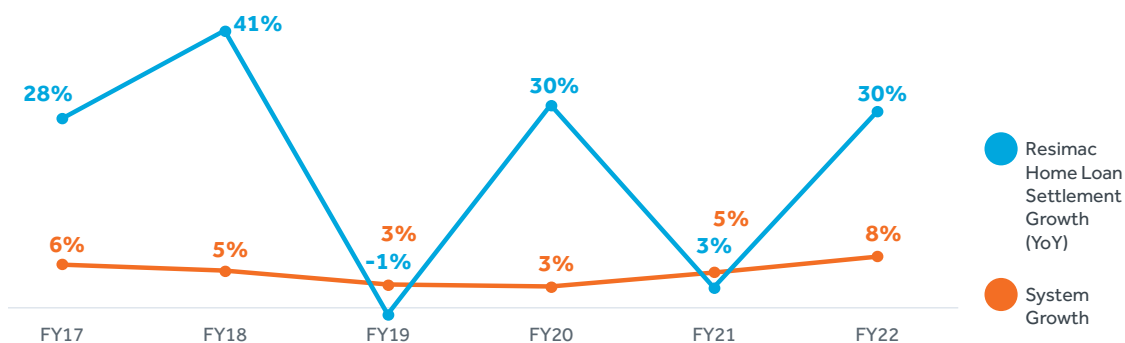
1 Ministerial Statement on the Economy - the Honorary Dr Jim Chalmers MP, 28 July 2022.
 2 Australian Big 4 Banks average RBA cash rate forecast.
 3 CBA Global Economic & Markets Research forecast.

Resimac resilience throughout cycles

NORMALISED NPAT GROWTH DESPITE HIGHER BBSW¹



SETTLEMENT GROWTH ABOVE SYSTEM²

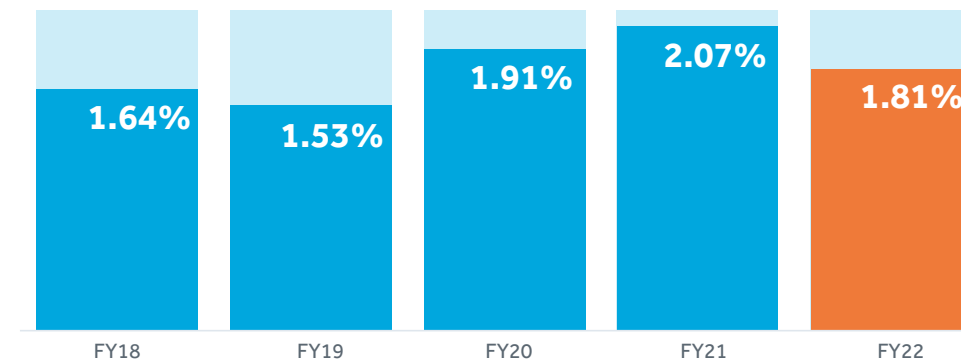


¹ FY20 and FY21 NPAT excludes non-controlling interest.

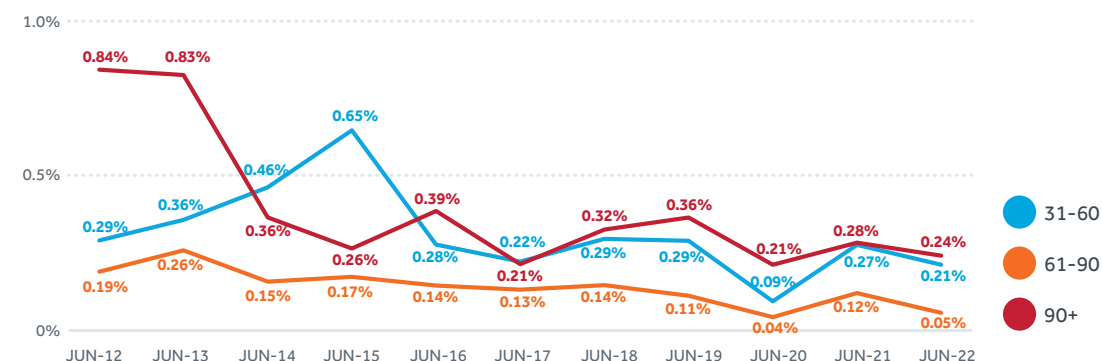
² System growth per RBA Jun 2022 total housing credit financial aggregates.

³ Excludes NZ and Legacy Products.

NET INTEREST MARGIN %



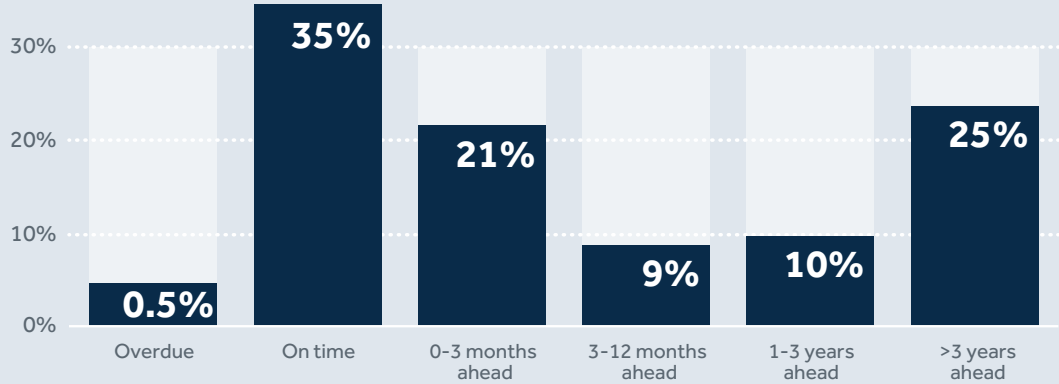
ARREARS³ (all products / % of total AUM)



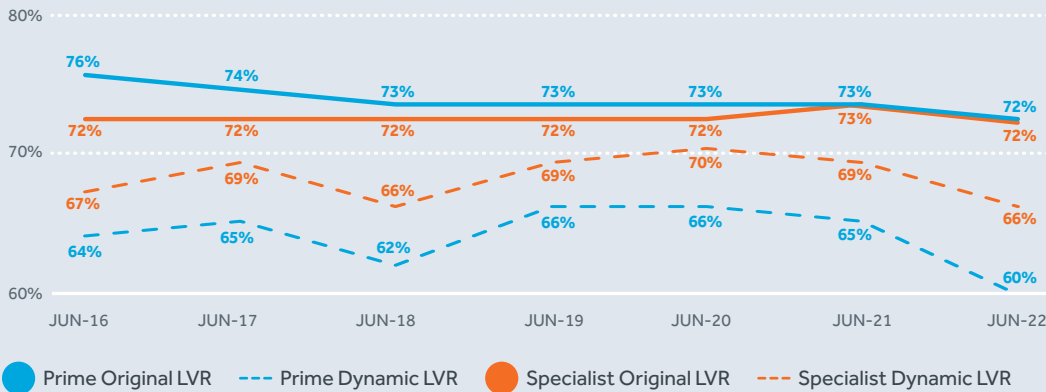
Portfolio resilience

REPAYMENT BUFFERS^{1, 2}

% of loans ahead on repayments (incl. redraw and offset)



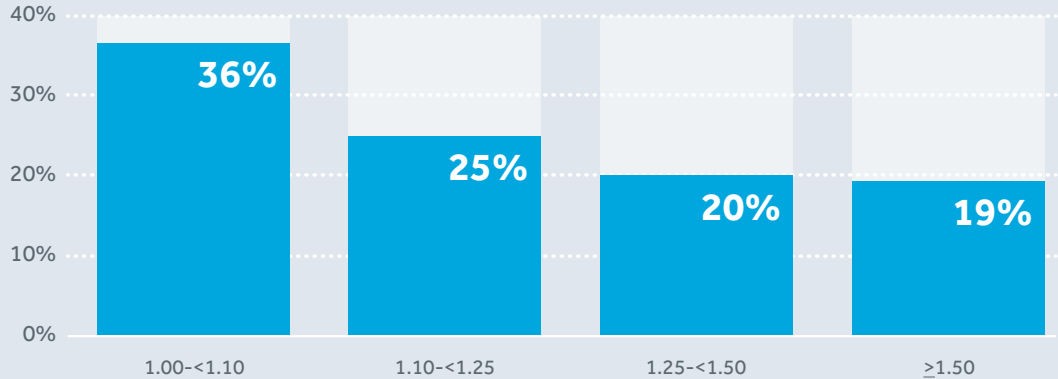
ORIGINAL & DYNAMIC LVRS BY COHORT



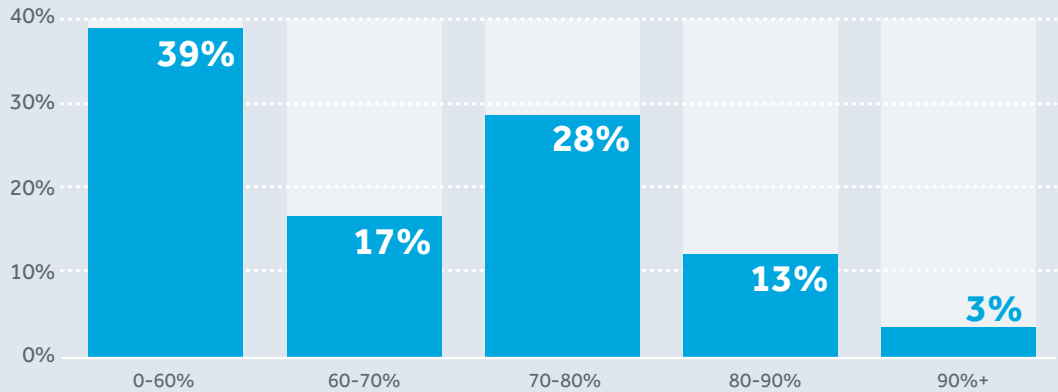
1 Overdue includes loans 31+ days in arrears.
2 Excludes NZ and Legacy Loan Products.

NET SERVICEABILITY RATIO (NSR)²

% of all home loans originated

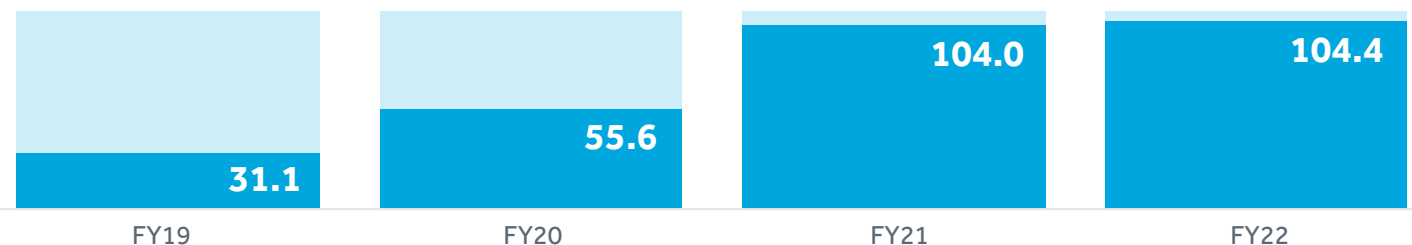


Current LVR of loans originated with NSR between 1.00-1.10

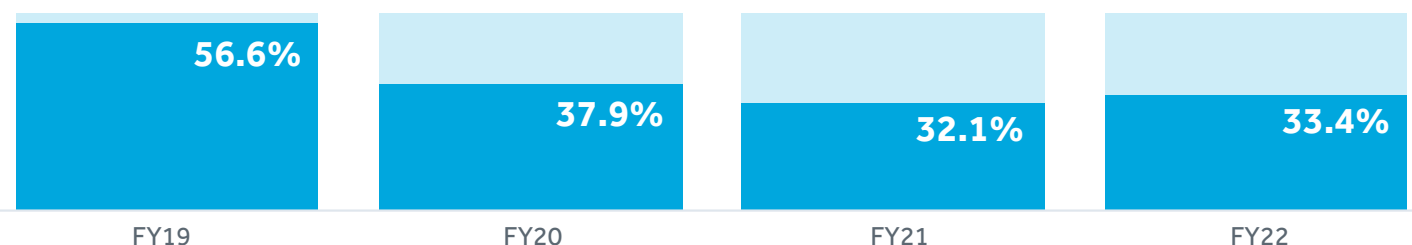


Profitable growth

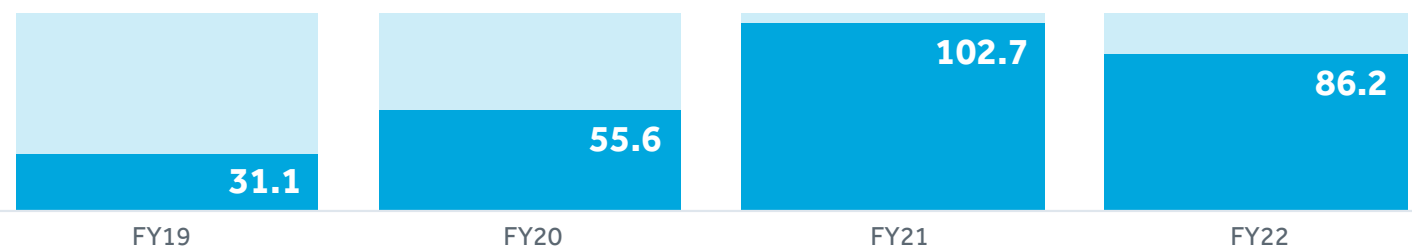
NET PROFIT AFTER TAX (NORMALISED) (\$m)



COST TO INCOME RATIO (NORMALISED)



NET PROFIT AFTER TAX (NORMALISED) (\$m) (excl. FV gains on interest rate swaps)



Collective Provision
macroeconomic overlay
increased
\$9.0m
in 2H22

Performance **highlights.**

SCOTT MCWILLIAM, CEO

JASON AZZOPARDI, CFO

Financial results summary

FY22	1H22	2H22	FY21	CHANGE
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FINANCIAL PERFORMANCE

NPAT (statutory)*	↓ \$102.1m	\$53.5m	\$48.6m	\$107.6m	(5%)
NPAT (normalised)*	↑ \$104.4m	\$53.5m	\$50.9m	\$104.0m	Flat
NPAT (normalised)* (excl. FV gains on interest rate swaps)	↓ \$86.2m	\$49.2m	\$37.0m	\$102.7m	(16%)
Cost to income ratio (normalised)	↑ 33.4%	33.4%	33.5%	32.1%	130bps
Net interest income (NII)	↓ \$238.1m	\$124.3m	\$113.8m	\$242.7m	(2%)
Operating expenses	↑ (\$79.4m)	(\$38.8m)	(\$40.6m)	(\$70.7m)	12%
Loan impairment expense	↑ (\$11.4m)	(\$1.9m)	(\$9.5m)	(\$2.7m)	Lge
Return on equity (normalised NPAT)^	↓ 29.9%	31.3%	27.5%	36.9%	(700bps)
FY22 fully franked dividend	↑ 8.0c	4.0c	4.0c	6.4c	25%

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

^ROE based on normalised NPAT and average FY22 shareholders equity.

Normalised NPAT
\$104.4m

2H22 NPAT Lower

Driven by

\$9.0m increase

to Collective Provision overlay

FY22 Fully Franked Dividend

Increased

25% to 8.0c

per share

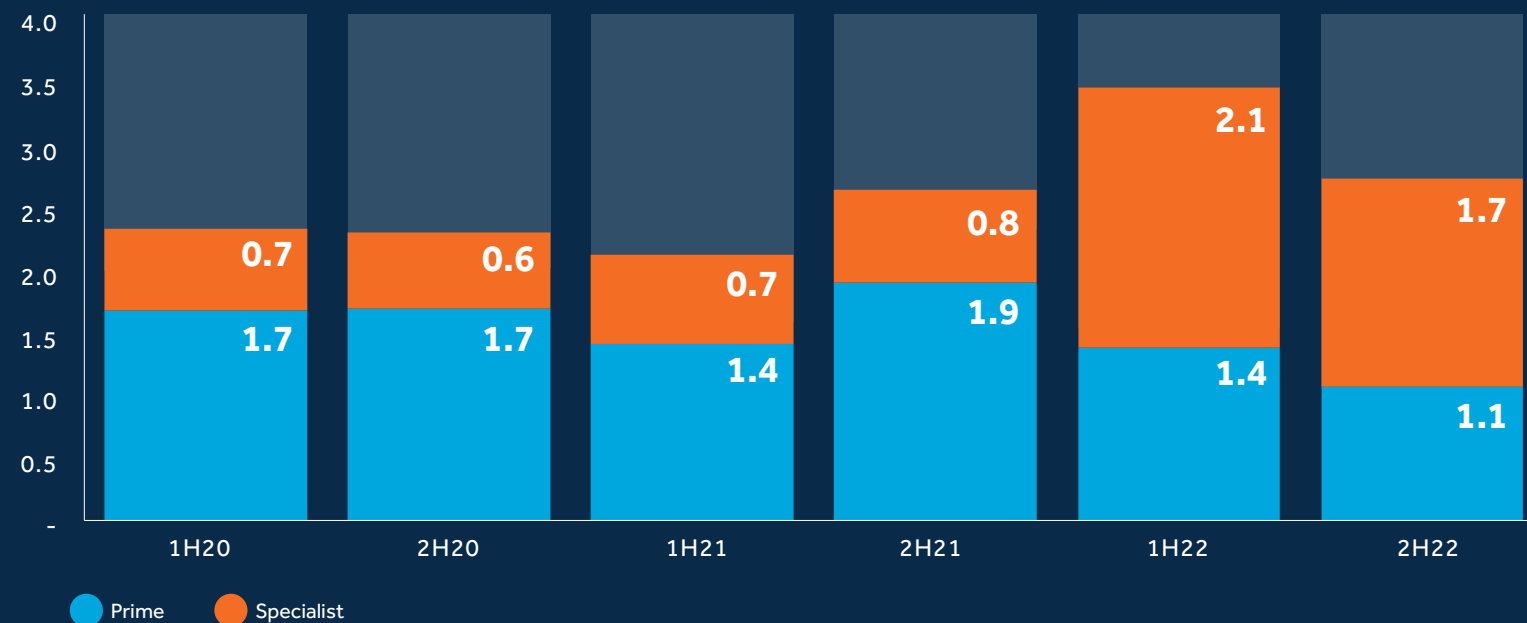
Cost to Income Ratio

33.4%

Settlements

- FY22 settlements of **\$6.3b** increased **30%** driven by success of Specialist offering, partly offset by lower Prime settlements.
- 2H22 settlements decreased **20%** driven by seasonality and short-term impact of new origination system roll out.
- In addition to macroeconomic headwinds, Prime competition remains fierce with low rates and ADI cashback offers for new and retained customers.

HOME LOAN SETTLEMENTS (\$b)



HOME LOAN
SETTLEMENTS

\$6.3b

^ 30%

1H22
SETTLEMENTS

\$3.5b

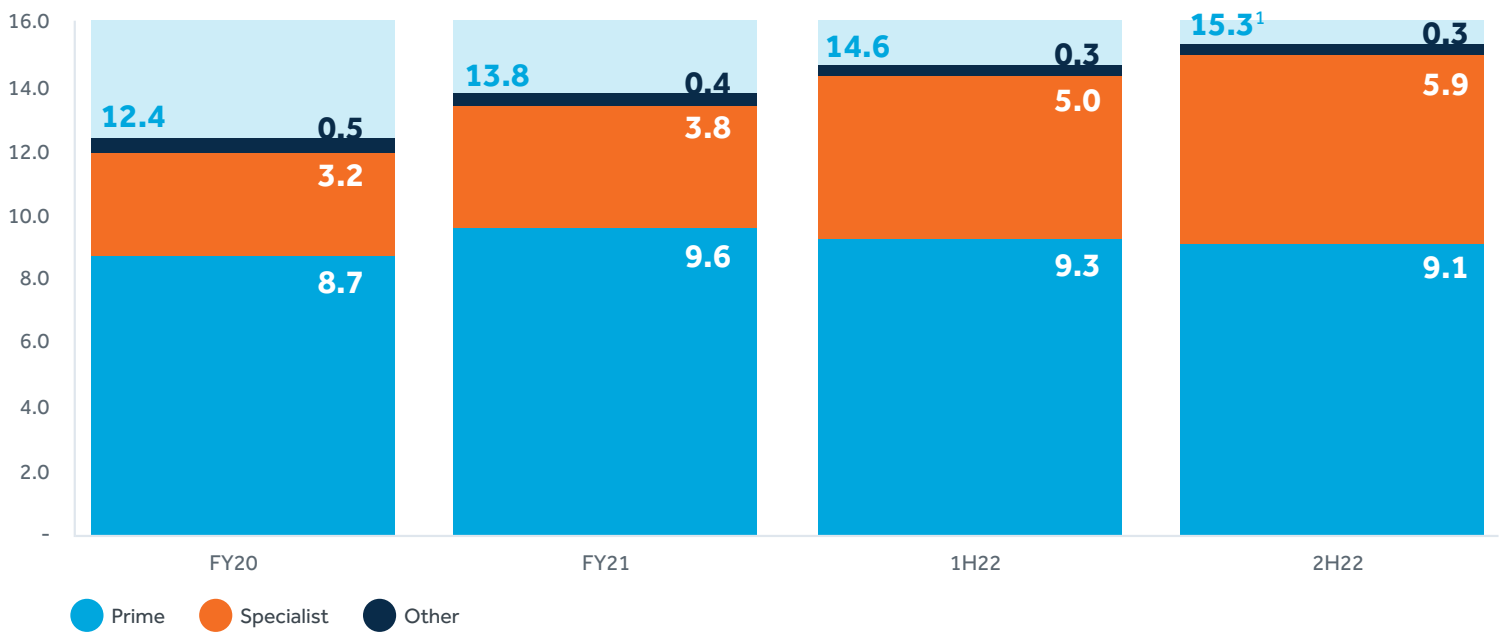
2H22
SETTLEMENTS

\$2.8b

Home loan AUM

- Home loan assets under management increased **11%** to **\$15.3b** driven by Specialist AUM increasing **55%** to **\$5.9b**.
- New Zealand increased **12%** to **\$0.9b** (AU\$0.8b) where Resimac continues to pursue higher yield market share opportunities.
- Direct to consumer channel increased **7%** to **\$2.1b** driven by homeloans.com.au and NZ Direct growth.
- Fierce market competition for Prime business resulted in lower settlements and higher run-off particularly in the first half. Runoff normalised in 2H22.

HOME LOAN AUM (\$b)



1 Includes \$0.1b purchase of Volt portfolio in June 2022.

Home Loan AUM
Increased
11%

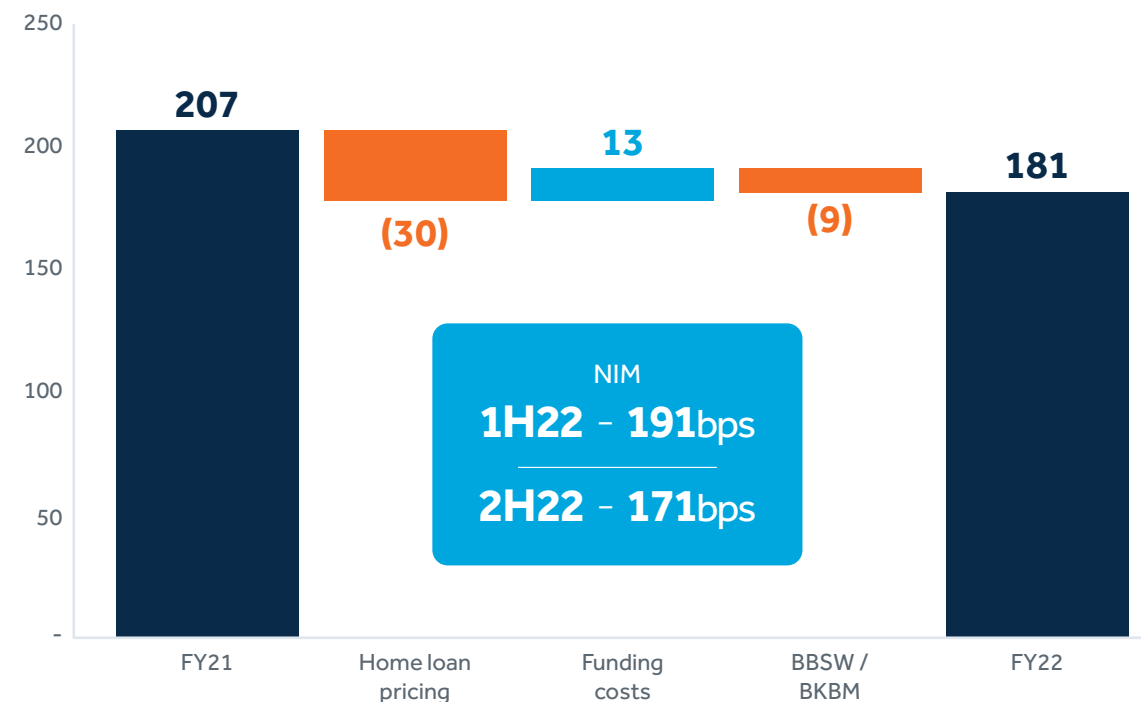
New Zealand AUM
Increased
12%

Specialist AUM
Increased
55%

Home loan margins



HOME LOAN NET INTEREST MARGIN (bps)



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

Balance sheet.

SCOTT MCWILLIAM, CEO
JASON AZZOPARDI, CFO

Balance sheet

- Strong Balance Sheet providing platform for growth and provisioned for economic uncertainty.

FUNDING

- ✓ Onshore and offshore banking partners providing warehouse facilities for home loan and asset finance originations.
- ✓ Global securitisation program including US 144A programme. Investor appetite remains strong with all FY22 issuances over subscribed. Spreads remain in line with historical averages.
- ✓ The Group issued \$5.8b (AUD equivalent) of Australian and New Zealand Prime and Specialist RMBS in FY22.

PROVISIONING

- ✓ Credit quality continues to improve with very low Specific provisions of c\$4.2m (FY21 c\$5.4m). Specific provisions represent 3bps of total AUM.
- ✓ Higher collective provisions providing strong coverage for future potential economic loss.

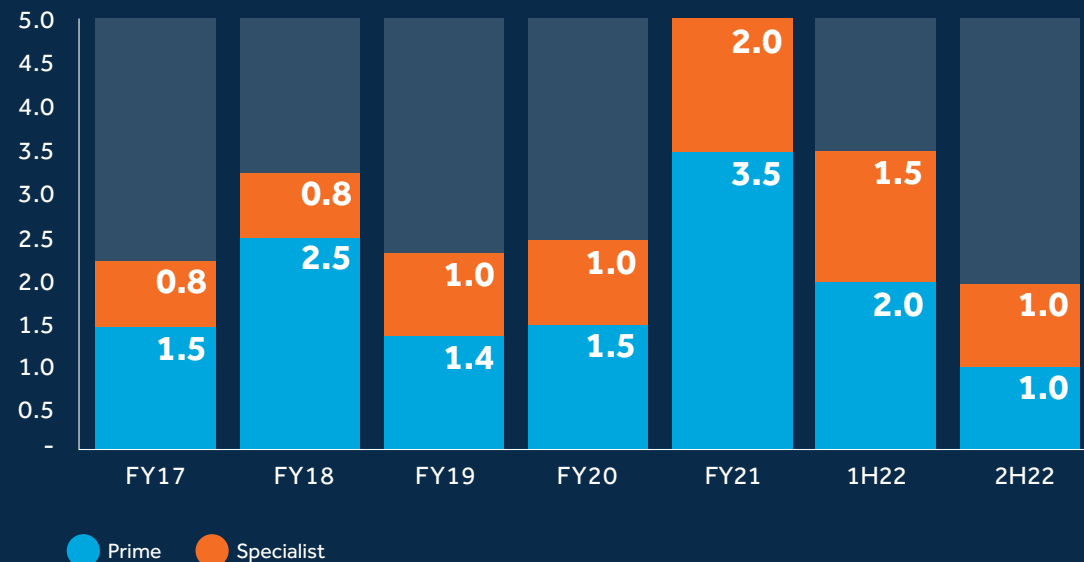
CAPITAL

- ✓ Continue a capital efficient model delivering market leading ROE's.
- ✓ On market share buy back launched during sector downgrade.
- ✓ Returned fully franked dividend to shareholders of 8.0c (up 25% v FY21).
- ✓ Sufficient capital on balance sheet to pursue AUM growth strategy.

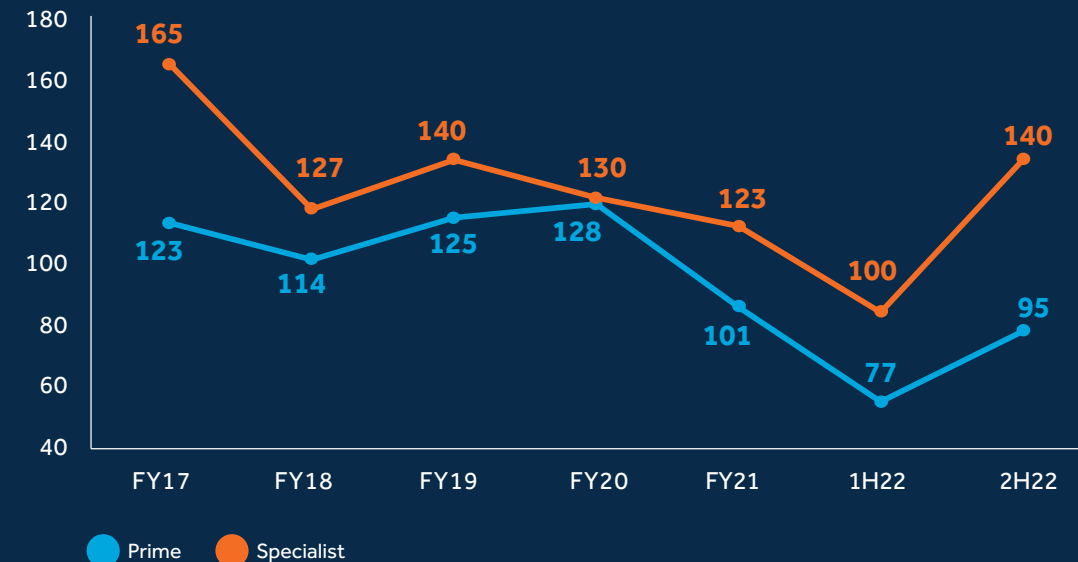
Funding

- The Group issued **\$5.8b** of Australian and NZ Prime and Specialist RMBS in FY22.
- RMBS pricing decreased materially in CY21, driving **13bps** reduction in FY22 funding costs.
- RMBS pricing increased in CY22 to pre-COVID levels. The Group will utilise large warehouse limits and remain strategic on issuance timing.

AUSTRALIA RMBS ISSUANCE TERM PROFILE (\$b)



AUSTRALIA RMBS SENIOR MARGIN (bps)



Home loan portfolio performance

Lower Specific Provisions

\$4.2m

Representing **3bps** coverage of total AUM

Collective Provisions

\$40.6m

Increased **\$8.5m** compared to Jun-21, representing **27bps** coverage of total AUM

Collective Provision macroeconomic overlay increased

\$9.0m

in 2H22

DEC 2020

JUN 2021

DEC 2021

JUN 2022

HOME LOAN SPECIFIC PROVISIONS \$m

Prime	0.6	0.4	0.7	0.9
Specialist	3.6	3.0	3.1	1.5
Legacy	1.9	1.8	1.2	1.8
Other (incl. NZ)	0.0	0.2	0.1	0.0
Total specific provisions	6.1	5.4	5.1	4.2
Provisions / AUM (bps)	5bps	4bps	3bps	3bps

DEC 2020

JUN 2021

DEC 2021

JUN 2022

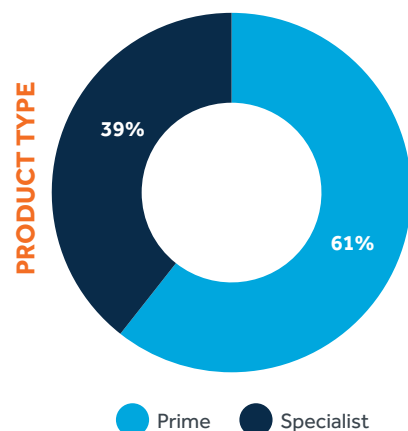
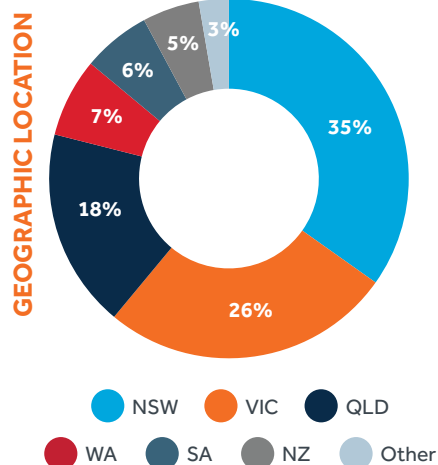
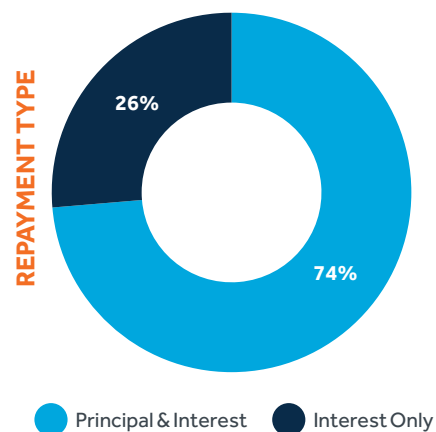
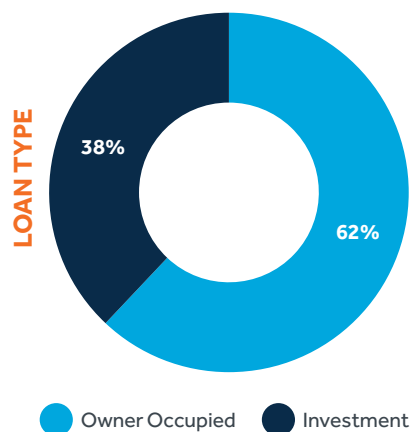
HOME LOAN COLLECTIVE PROVISIONS \$m

Prime	9.7	9.3	8.7	8.3
Specialist	20.8	19.2	21.0	29.1
Legacy	1.0	1.9	2.2	1.9
Other (incl. NZ)	2.0	1.7	1.7	1.3
Total collective provisions	33.5	32.1	33.6	40.6
Provisions / AUM (bps)	27bps	23bps	23bps	27bps
TOTAL PROVISIONS	39.6	37.5	38.7	44.8

Portfolio analysis.

SCOTT MCWILLIAM, CEO
JASON AZZOPARDI, CFO

Home loan portfolio composition



WEIGHTED AVERAGE PORTFOLIO LVR¹

Prime
64.4%

Specialist
67.6%

¹ LVR based on current loan balance and original valuation amount.

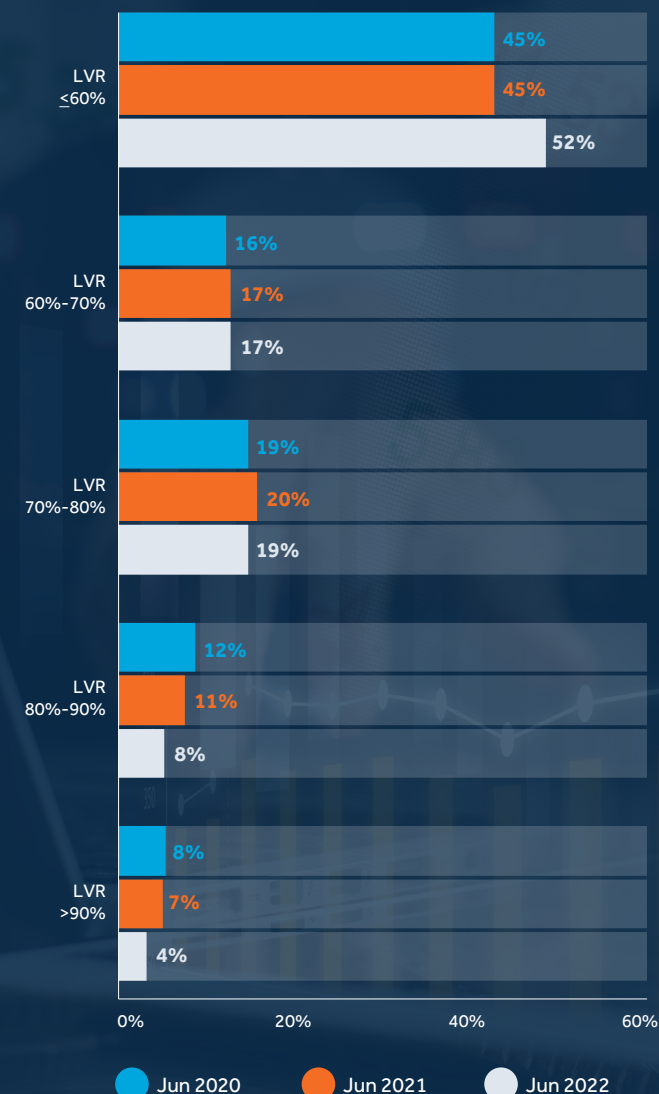
WEIGHTED AVERAGE PORTFOLIO DYNAMIC LVR²

Prime
59.8%

Specialist
65.9%

² Dynamic LVR = LVR based on latest CoreLogic individual property valuations.

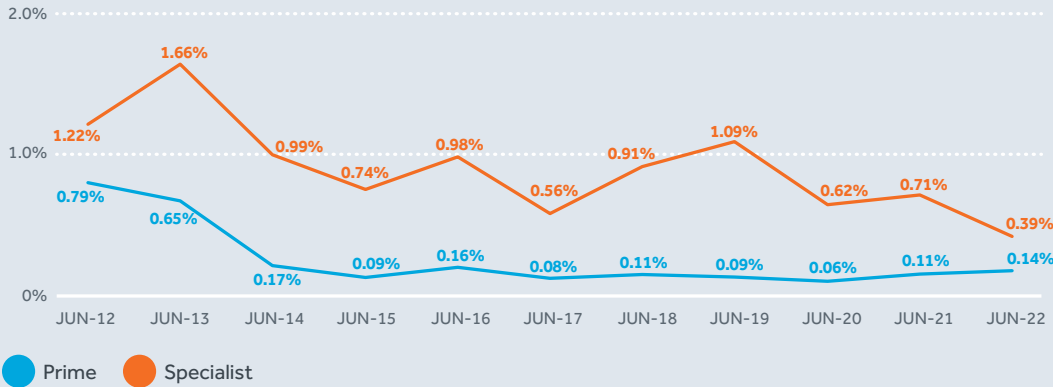
DYNAMIC LVR BANDS³ (% of total portfolio accounts)



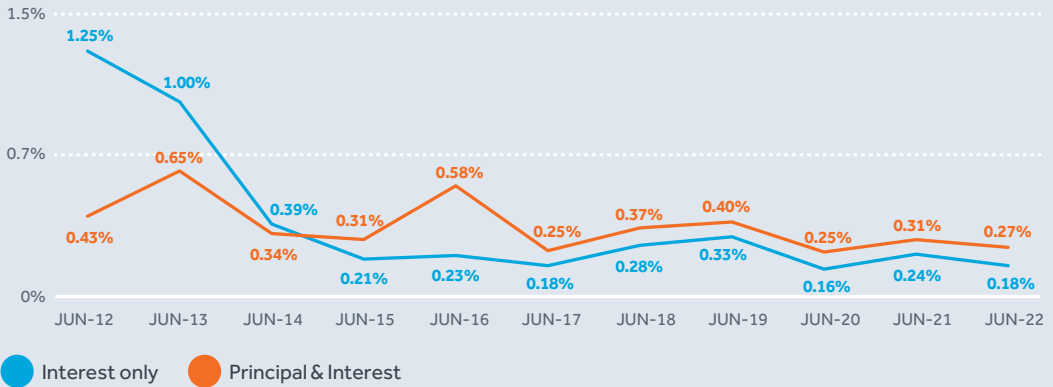
³ Excludes NZ and Legacy Loan Products.

Home loan arrears

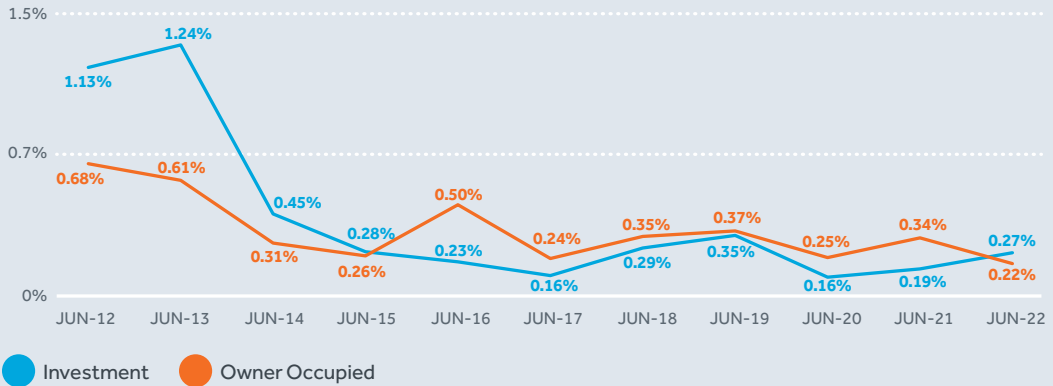
90+ DAYS ARREARS BY PRODUCT



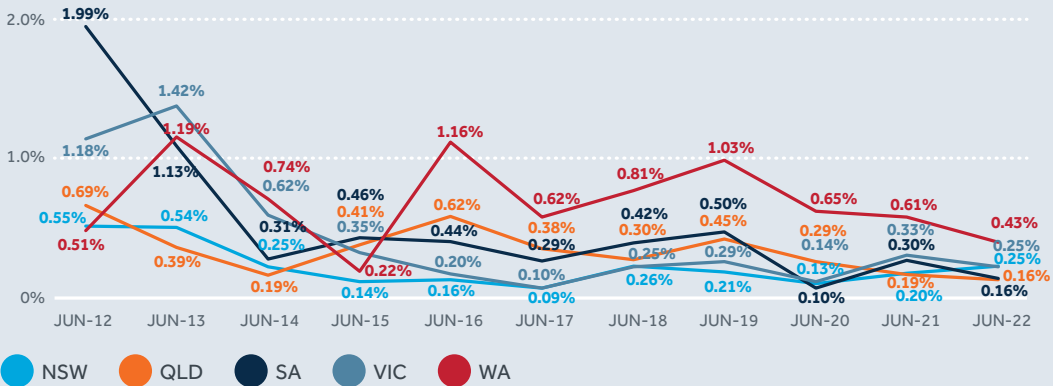
90+ DAYS ARREARS BY REPAYMENT TYPE



90+ DAYS ARREARS BY LOAN TYPE



90+ DAYS ARREARS BY STATE



Note: All charts exclude NZ and Legacy Loan Products.

Strategic priorities.

■ SCOTT MCWILLIAM, CEO

FY23 outlook

- Home loan AUM - Prime AUM growth subdued driven by fierce competition and lower system growth. We expect continued growth in Specialist AUM as we pursue higher margin segments.
- Rolled out new core banking platform delivering further business automation and superior banking functionality to customers.
- Customer / Broker Experience - the next wave of transformation will leverage our new technology platform by focussing on digitalising the customer and broker experience.

- Asset finance AUM - remain on track for targeted \$1b of annual settlements by FY24 supported by a new digital originations platform and funding line to support organic growth.
- 1H23 NIM impacted by lag between backbook reprice and higher BBSW. 2H23 NIM expected to stabilise as backbook repricing and new business NIM offset funding headwinds.



SECURED
BUSINESS LOANS



SME VEHICLE
FINANCE



EQUIPMENT
& LEASING



INSURANCE
PREMIUM FUNDING



CONSUMER
AUTO



The opportunity

CONSUMER ADDRESSABLE MARKET

over

\$50b



COMMERCIAL ADDRESSABLE MARKET

over

\$100b



Financial
results.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (\$m) FOR THE YEAR ENDED 30 JUNE 2022

	FY22	FY21
Interest income	490.7	467.6
Interest expense	(252.6)	(224.9)
Net interest income	238.1	242.7
Fee and commission income	8.2	9.9
Fee and commission expense	(40.5)	(35.2)
Other income	28.6	8.0
Employee benefits expense	(45.3)	(37.5)
Other expenses	(34.2)	(33.1)
Loan impairment expense	(11.5)	(2.7)
Profit before tax	143.4	152.1
Income tax expense	(41.3)	(44.3)
PROFIT AFTER TAX	102.1	107.8

Attributable to:

Owners of the parent	102.1	107.6
Non-controlling interest	-	0.2

Reconciliation of statutory NPAT to normalised NPAT

NPAT attributable to parent (statutory)	102.1	107.6
Historical discharge fee refund	3.9	-
Dividend income from listed equity investment	(0.7)	-
Fair value gain on investment in financial asset (Athena)	-	(5.1)
Tax effect	(0.9)	1.5
NPAT attributable to parent (normalised)	104.4	104.0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (\$m)

AS AT 30 JUNE 2022

	30-JUN-22	30-JUN-21	
ASSETS	Cash and bank balances	932.8	619.8
	Trade and other receivables	5.7	4.6
	Loans and advances to customers	15,669.9	13,914.6
	Other assets	29.6	39.4
	Other financial assets	23.5	15.1
	Derivative financial assets	39.2	2.3
	Right-of-use assets	9.0	10.6
	Intangible assets	27.5	27.6
	TOTAL ASSETS	16,737.2	14,634.0
LIABILITIES	Trade and other payables	30.1	23.4
	Interest-bearing liabilities	16,288.4	14,170.6
	Other financial liabilities	11.8	15.8
	Derivative financial liabilities	0.2	61.0
	Lease liabilities	11.1	12.5
	Other liabilities	7.0	24.4
	Provisions	10.5	5.2
	TOTAL LIABILITIES	16,359.1	14,312.9
	Net Assets	378.1	321.1
EQUITY	Share capital	176.5	181.6
	Reverse acquisition reserve	(61.5)	(61.5)
	Total issued capital	115.0	120.1
	Reserves	(25.5)	(18.1)
	Retained earnings	288.6	219.1
	Equity attributable to owners of the parent	378.1	321.1
	Non-controlling interest	-	-
TOTAL EQUITY	378.1	321.1	

Cash reconciliation (\$m)	30-JUN-22	30-JUN-21
Cash at bank and on hand	19.0	50.6
Cash collections account	912.3	567.7
Restricted cash	1.5	1.5
Cash at bank	932.8	619.8

CONSOLIDATED STATEMENT OF CASH FLOWS (\$m)

FOR THE YEAR ENDED 30 JUNE 2022

		FY22	FY21
OPERATING ACTIVITIES	Interest received	500.5	478.2
	Interest paid	(227.2)	(211.9)
	Receipts from loan fees and other income	38.9	49.8
	Payments to suppliers and employees	(180.7)	(167.7)
	Payments of net loans to borrowers	(1,660.0)	(1,546.0)
	Income tax paid	(57.0)	(49.9)
	Net cash used in operating activities	(1,585.5)	(1,447.5)
INVESTING ACTIVITIES	Payment for property, plant and equipment	(0.5)	(0.2)
	Acquisition of subsidiary (RAF)	-	(8.2)
	Payment for new investments	(20.7)	(1.4)
	Proceeds on disposal of investments	9.9	-
	Payment for acquisition of residential loan book (Volt Bank)	(83.6)	-
	Proceeds on disposal of white label loan tranche	1.8	-
	Balance of proceeds on disposal of Paywise	-	1.7
	Dividend income from listed equity investment	0.8	-
	Net cash used in investment activities	(92.3)	(8.1)
FINANCING ACTIVITIES	Proceeds from borrowings	14,597.0	11,793.1
	Repayment of borrowings	(12,562.0)	(10,201.0)
	Proceeds of loans sold to external party (Athena)	-	138.8
	Proceeds from exercise of options	0.2	0.2
	Payment for acquisition of treasury shares	(4.1)	(1.3)
	Payment for share buy backs	(3.8)	-
	Swap payments	(3.5)	(2.4)
	Payment of dividends	(30.9)	(16.2)
	Payment of lease liabilities	(1.6)	(1.7)
	Net cash from financing activities	1,991.3	1,709.5
	Net increase in cash and cash equivalents	313.5	253.9
	Cash and cash equivalents at the beginning of the financial year	619.8	366.0
	Effects of exchange rate changes on cash balances held in foreign currencies	(0.5)	(0.1)
	Cash and cash equivalents at the end of year	932.8	619.8



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



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



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. The ESG Committee considered the United Nations Sustainable Development Goals and have determined that our initial focus is on Good Health and Well being; Quality Education and Climate Action. In addition the business is ensuring that gender equality and reducing inequalities is embedded into our day to day activities and operations.

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 46,000 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. Resimac launched its green product in addition to establishing social funding during the last reporting period. We are proud to be partnering with Run Rocket Run which is an initiative on mental and physical resilience.

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.*
”

Resimac's ESG

strategy alignment

- Our ESG Strategy supports the sustainable achievement of our Business Strategy.
- We recognise the importance of alignment to our business success now and in the future. Our approach engages our key stakeholders:
 - ✓ Employees
 - ✓ Customers
 - ✓ Investors & Shareholders
 - ✓ Business Partners



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



IMPORTANT NOTICE & DISCLAIMER

The information in this presentation provides an overview of the results for the period ended 30 June 2022. It is general background information about the activities of Resimac Group Ltd and is current as at the date of the presentation, 26 August 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.



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