RESIMAC GROUP LTD

Financial Report

for the year ended 30 June 2024

ABN: 55 095 034 003

ASX CODE: RMC

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FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024 – RESIMAC GROUP LTD AND ITS CONTROLLED ENTITIES

The Directors of Resimac Group Ltd ("Resimac" or "the Company") and its controlled entities ("the Group") submit herewith the financial report for the financial year ended 30 June 2024. In order to comply with the provisions of the *Corporations Act 2001*, the Directors' Report is as follows:

Information about the Directors

Names and particulars of the Directors of the Company during or since the end of the financial year are:

Mr Warren McLeland
Non-Executive Director and Chair since February 2020

Warren is a former stockbroker and investment banker with over 35 years of experience in domestic and international financial services. In addition, Warren acts as an adviser in funds management and business strategy to companies operating in the Asia Pacific region. Warren is the former Executive Chair of Resimac Limited.

Other listed Directorships (last three years)

- Non-executive Director of BNK Bank Limited (since December 2023)
- Former Chair of Thorn Group Limited (removed from ASX Official List in December 2023)

Special responsibilities

- Chair of Resimac Group Ltd (since February 2020)
- Chair of the Risk and Compliance Committee (since February 2017)
- Member of the Remuneration and Nomination Committee (since November 2016)
- Member of the Audit Committee (since August 2017)
- Member of the Regulatory Review Committee (since May 2024)

Ms Susan Hansen
Independent Non-Executive Director from October 2016 to July 2024 and Executive Director since July 2024

Susan is a Chartered Accountant and holds a Bachelor of Commerce degree and an MBA from University of Cape Town. Susan has over 40 years of experience including a Big Four Accounting firm and an investment bank (financial analysis and risk assessment). Susan is a graduate of the Australian Institute of Company Directors. In July 2024 Susan was appointed as Interim CEO of Resimac.

Other listed Directorships (last three years)

- Non-Executive Director of MoneyMe Limited (since December 2023)
- Former non-Executive Director of Utilico Emerging Markets Limited (resigned September 2023)
- Former non-Executive Director of Go2 People Limited (resigned July 2022)

Special responsibilities

- Interim Chief Executive Officer (since July 2024)
- Chair of the Audit Committee (November 2016 to July 2024)
- Chair of Resimac NZ Home Loans Limited (since May 2012)
- Member of the Remuneration and Nomination Committee (since November 2016)
- Member of the Risk and Compliance Committee (since November 2016)
- Member of the Technology, Digital and Innovation Committee (since April 2021)

Mr Wayne Spanner
Independent Non-Executive Director since February 2020

Wayne holds a Bachelor of Commerce and Law degree from The University of Cape Town and a Masters of Science degree from Oxford University. Wayne has over 30 years experience as a lawyer and over 15 years senior executive experience in an international law firm. He was previously the Managing Partner of an international law firm in Australian from 2012 to 2020. Wayne has extensive experience in executive management and corporate governance at the Board level. He is also the independent chair of an Australian law firm and a graduate of the Australian Institute of Company Directors.

Other listed Directorships (last three years)

- Nil

Special responsibilities

- Chair of the Remuneration and Nomination Committee (since February 2020)
- Chair of the Regulatory Review Committee (since May 2024)
- Chair of the Audit Committee (since July 2024) and member of the Audit Committee (July 2020 to July 2024)
- Member of the Risk and Compliance Committee (since July 2020)

Mr Duncan Saville
Non-Executive Director since November 2017

Duncan is a Chartered Accountant and an experienced non-executive Director. He is chairman of ICM Limited, an international fund manager. Duncan is a fellow of the Institute of Chartered Accountants Australia and New Zealand, the Australian Institute of Company Directors and the Financial Services Institute of Australasia.

Other listed Directorships (last three years)

- Non-executive Director of West Hamilton Holdings Limited (since 2012)
- Non-executive Director of Somers Limited incorporated in Bermuda (Since April 2024)

Special responsibilities

- Member of the Technology Digital and Innovation Committee (since April 2021).

Ms Caroline Waldron
Independent Non-Executive Director since November 2020

Caroline is a non-executive Director and cross border advisor with over 30 years' experience in regulated consumer sectors such as technology, retail and health. Caroline brings to Resimac commercial and governance experience in many areas including the deployment of technology and complex transactions. Caroline holds an LLB Hons (London), and has been admitted to the Bars of England and Wales, Malaysia, Australia and New Zealand.

Other listed Directorships (last three years)

- Non-executive Director of Genetic Signatures Limited (since May 2022)
- Former non-executive Chair of AMA Group Limited (resigned June 2024)

Special responsibilities

- Chair of the Technology, Digital and Innovation Committee (since April 2021)
- Member of the Remuneration and Nomination Committee (since January 2021)
- Member of the Risk and Compliance Committee (since February 2022).

Company Secretary

Mr Peter Fitzpatrick
Since November 2016

Peter is a Chartered Accountant who joined Resimac Limited in 1987 and is responsible for the Group's company secretarial function. He is a member of the Governance Institute of Australia and the Financial Services Institute of Australasia.

The abovenamed Directors and officer held office during the financial year and since the end of the financial year.

Directors' shareholdings

The following table sets out each Director's relevant interest in shares and rights of the company or in a related body corporate as at the date of this report:

Directors	**Fully paid ordinary shares**	**Number of rights over ordinary shares**
Warren McLeland	12,130,165	Nil
Susan Hansen	212,738	Nil
Wayne Spanner	15,732	Nil
Duncan Saville	254,586,353	Nil
Caroline Waldron	Nil	Nil

Remuneration of Key Management Personnel

Information about the remuneration of Key Management Personnel (KMP) is set out in the Remuneration Report section of this Directors' Report. The term 'KMP' refers to those persons having authority and responsibility for planning, directing and controlling the activities of the Company and its controlled entities or indirectly, including any Director whether executive or otherwise of the consolidated entity.

Share options or rights granted to Directors and senior management

An aggregate of 1,306,730 shares were granted/exercised:

- 226,730 shares granted under the Employee Share Plan on 10 October 2023; and
- 1,080,000 options exercised by senior management on 31 August 2023, 30 October 2023, 7 June 2024 and 20 June 2024 in relation to the FY20 Long Term Incentive Plan.

Further details included in the Remuneration report.

Directors' meetings

The following table sets out the number of Directors' meetings (including meetings of committees of Directors) held during the financial year and the number of meetings attended by each Director (while they were a Director or committee member).

			Committees									
	Board Meetings		Audit		Risk and Compliance		Remuneration and Nomination		Technology, Digital and Innovation		Regulatory Review	
Director	(A)	(B)	(A)	(B)	(A)	(B)	(A)	(B)	(A)	(B)	(A)	(B)
Warren McLeland	11	11	3	3	5	5	5	5	-	-	2	2
Susan Hansen	11	11	3	3	5	5	5	5	4	4	-	-
Wayne Spanner	11	11	3	3	5	5	5	5	-	-	2	2
Duncan Saville	11	11	-	-	-	-	-	-	4	4	-	-
Caroline Waldron	11	11	-	-	5	5	5	5	4	4	-	-

(A) Number of meetings eligible to attend.

(B) Number of meetings attended.

Results and dividends

The information appearing on pages 7 to 12 forms part of the Directors' Report for the financial year ended 30 June 2024 and is to be read in conjunction with the following information:

	FY24 $'000	FY23 $'000
Profit		
Profit attributable to ordinary equity holders of the parent	**34,590**	66,446
Dividends		
The following dividends have been paid by the Company or declared by the Directors since the commencement of the financial year ended 30 June 2024:		
(a) out of the profits for the year ended 30 June 2023 and retained earnings on the fully-paid ordinary shares:		
• fully-franked final dividend of 4.00 cents (FY22: 4.00 cents) per share paid on 20 September 2023.	**16,027**[1]	16,116[1]
(b) out of the profits for the half-year ended 31 December 2023 and retained earnings on the fully-paid ordinary shares:		
• fully-franked interim dividend of 3.50 cents (HY23: 4.00 cents) per share paid on 19 March 2024.	**14,074**[2]	16,057[2]
(c) out of the profits for the full year ended 30 June 2024 and retained earnings on the fully-paid ordinary shares:		
• fully-franked final dividend of 3.50 cents (FY23: 4.00 cents) per share declared on 28 August 2024.	**14,000**	16,065

1. The final FY23 dividend paid is net of: $72,466 (final FY22: $122,286) dividend paid to treasury shares held by the Group, eliminated on consolidation and dividend paid in relation to non-controlling interest of $34,300 .
2. The interim FY24 dividend paid is net of: $33,062 (interim FY24: $110,864) dividend paid to treasury shares held by the Group, eliminated on consolidation and dividend paid in relation to non-controlling interest of $107,114.

Operating and Financial Review

Operational Overview and Strategy

Resimac Group Ltd ('Resimac Group') is a leading non-bank lender and multi-channel distribution business.

The fully integrated business model comprises originating, servicing and funding prime, non-conforming residential mortgages and asset finance products in Australia and New Zealand.

The Resimac Group has a proven track record of growth and stability which dates to 1985 when operations commenced. Today, the Group is proud to have serviced over 55,000 customers with a portfolio of home loans on balance sheet of $13 billion, an asset finance portfolio of over $1 billion, and total Assets Under Management (AUM) of over $14 billion.

As a pioneer of the Residential Mortgage-Backed Securities ('RMBS') industry, the Group has one of Australia's most respected securitisation programs, having issued in excess of $45 billion in domestic and global markets since 1987. The Resimac Group has access to a diversified funding platform with multiple warehouse lines provided by domestic and offshore banks for short-term funding in addition to a global securitisation program to fund its assets longer term.

The Group's flexible global capital markets programme, enables the Group to provide lending solutions to a wide range of customers including the self-employed and contractors, as well as customers with previous credit impairments through a network of over 12,000 broker partners.

The Group recognises that our people are its greatest asset, and the core values of **Respect, Purposeful, Opportunity and Accountability,** guide our people's efforts, define our culture, shape the way we approach development and change, whilst pursuing ambitious goals.

Principal activities

The Group's principal activity is the provision of residential mortgage and asset finance lending products, distributed through various channels in Australia and New Zealand. In June 2024, the Group announced it would cease originating new business from 1 July 2024 in New Zealand, with the Group fully committed to servicing its existing customers in that jurisdiction.

The core activities of the Group focus on originating and servicing a high-quality loan portfolio which is supported by a global funding program and high calibre team.

The Group continues to focus on strengthening its core capabilities which include:

- *Lending products*: Leveraging the Group's deep understanding of the Australian market to offer products that address consumer and SME customer demands, with attractive risk and return profiles;
- *Distribution:* Distributing loans through partnerships with accredited brokers and wholesale channels, ensuring effective reach and market presence;
- *Treasury and funding expertise*: Maintaining strong, long-term relationships with onshore and offshore banking and funding partners provides the Group a diversified funding model. The Group has extensive experience in issuing securities in global and domestic term securitisation markets, bolstering the Group's financial position; and
- *Risk management*: Operating a comprehensive enterprise risk management and governance framework, following the three lines of defence model. This enables the Group to proactively identify, assess, and mitigate risks, safeguarding the interests of all stakeholders.

Principal risks

The Group's key risks include but are not limited to:

- *Credit risk:* The Group is in the business of taking credit risk through the offering of lending products to its customers in the form of home loans and asset financing. The Group manages this risk by undertaking thorough credit underwriting processes whilst originating loans that are backed by high quality collateral including residential property, automotive vehicles and equipment;
- *Funding risk:* The Group relies on a mix of warehouse facilities, securitisation trusts, and corporate debt to fund mortgage originations;
- *Capital and liquidity requirements:* To meet the Australian Financial Services Licence requirements, the Group must maintain sufficient liquidity levels. There's a potential risk of needing to provide additional 'first loss' equity capital to support senior ranking note holders, impacting profitability, growth, and potentially requiring raising additional capital;
- *Cybersecurity risk:* The Group leverages the NIST Cybersecurity Framework to effectively manage cybersecurity risk. The framework's five core functions support in identifying critical assets, protecting them with appropriate safeguards, detecting potential threats, responding effectively to incidents, and recovering swiftly to minimise business impact;

DIRECTORS' REPORT
RESIMAC GROUP LTD AND ITS CONTROLLED ENTITIES

- *Regulatory and licence compliance:* Operating in highly regulated markets, changes in laws or regulations could significantly impact the Group's business. Possessing multiple Australian Credit Licences, any alterations to licensing regimes, license revocations, or failure to obtain necessary licenses could have a material adverse effect on the Group's business, operational, and financial performance;

- *Macroeconomic factors:* An economic downturn leading to materially higher unemployment could lead to customer difficulty in maintaining loan serviceability, posing credit risk;

- *Interest rates*: RBA cash rate increases have materially increased loan servicing for customers. Increased loan repayments combined with the higher cost of living from inflationary pressures, have impacted our customers as evidenced with arrears increasing during the year;

- *Climate and extreme weather events:* Australia has a track record of extreme events including bushfires and floods, which could impact the underlying security of our loans and advances where customers are impacted by these events.

Business strategy

The Group is focused on pursuing several growth strategies that focus on the appropriate deployment of capital to improved revenue, profitability and provide value accretion to shareholders.

1. Organic lending growth

The Group remains well-positioned to grow AUM volume driven by:

- Customers favourably viewing the Group as an alternative to the major lenders;

- Opportunity to grow volume in the Specialist and Prime segments of the residential mortgages market;

- Opportunity to grow volume in the asset finance segment under the Resimac Asset Finance brand and materially scale this segment over the next 3 years;

- Continued deployment of the digital customer banking environment; and

- Continued investment in modernising core banking platforms to optimise loan servicing capabilities and operational efficiency.

2. Growth through acquisition

The Group continues to evaluate merger & acquisition (M&A) opportunities that will provide sustainable value growth for shareholders, particularly in the home loans and asset finance segments.

During the period and up to the date of this report, the Group executed the following M&A transactions:

- On 20 June 2023, the Group entered into a sale and purchase deed with Thorn Australia Pty Limited and Thornmoney Pty Limited (collectively "Thorn") in relation to the acquisition of Thorn's asset finance portfolio with AUM of $134 million. This transaction was completed on 1 September 2023. Thorn and Resimac are related entities with common Shareholders and Directors; and

- On 25 January 2024, the Group entered into a sale and purchase agreement to acquire the remaining 49% shares in 23 Degrees Capital Partners Pty Ltd (operating as Sonder). On 1 July 2024, the transaction was completed with the Group's interest in Sonder increasing from 51% to 100%. Sonder is a commercial asset finance wholesaler.

3. Debt funding

The Group maintains access to a diversified funding platform supported by established funding relationships and the Board approved funding strategy.

The following funding channels are used to support the Group's lending activities and pursuit of its growth strategy:

- *Corporate debt facility & NIM bond*: Utilised for investment in business growth;

- *Securitisation trusts*: Loans that are initially funded via a warehouse facility, are pooled and refinanced by being sold to new funding Special Purpose Vehicles (SPV) that issue limited-recourse independently rated Bonds, such as RMBS and Asset-Backed Securities (ABS) to institutional investors in multiple jurisdictions; and

- *Warehouse facilities*: Third-party funders provide limited-recourse financing to SPVs established by the Group. At 30 June 2024, the Group had two domestic and eight foreign offshore bank warehouse providers.

DIRECTORS' REPORT

Review of operations

The Group successfully realised its strategic growth objectives for 2024, restoring home loans AUM to levels comparable to those as of 30 June 2023.

The challenging market environment in FY22/FY23 comprised of twelve consecutive cash rate increases coupled with intense competition for home loans market share. This had a cascading effect on FY24 profitability, leading to NIM compression and a $1.8 billion reduction in average home loans AUM. In FY24, the Group responded through pricing initiatives to recoup home loans AUM and provided investment for growth in the asset finance portfolio. A review of capital and operational expense management is underway, setting the stage for sustainable profitability growth in the future. The Group maintains sufficient capital and funding for meaningful AUM growth across both the home loans and asset finance portfolios.

Whilst prevailing economic conditions are mostly benign, the Group is planning for a deteriorating environment. The combination of heightened interest rates and ongoing inflation exerts additional pressure on living costs, which has led to an increase in both arrears and requests for financial hardship assistance in the wider Australian context.

To support customers dealing with financial challenges, the Group is committed to an enhanced program, aligning with the recommendations arising from the Hardship Review conducted by the Australian Securities and Investments Commission (ASIC). This was a review by ASIC of the end-to-end policies, processes and practices of 10 large lenders (which included the Group) in responding to home loan customers experiencing financial hardship.

Asset Finance

The Group has reported its asset finance operation as a separate operational segment for the first time. As of 30 June 2024, the Group's asset finance AUM surpassed $1.1 billion, an increase of $487 million (75%) compared to the previous year. Management recognises that the risk and reward profile of the asset finance portfolio diverges noticeably from the home loans segment. The underlying collateral for asset finance depreciates over time and, unlike real estate, is relocatable which raises risks of loss or theft. These specific characteristics pose unique challenges for the Group in areas like collections, recoveries, and the aggregate loss experience when contrasted with the home loans segment. The total loss experience tied to the asset finance portfolio is substantially greater than that of the home loans portfolio managed by the Group.

Management acknowledges that the asset finance portfolio is comprised of several products which have varying risk profiles associated with them. These include:

- Secured business lending – Short term loans (12-15 months) which are larger in deal size. Loans are secured by residential property resulting in a lower risk profile, loss and credit performance align more closely with mortgage lending due to the collateral

- Commercial lending – Consists of Auto & Equipment Finance loans which are smaller in deal size and have longer terms with predominantly fixed rate contracts. These loans carry a higher degree of risk.

Given the relative short history, management have also considered anticipated industry loss experience as well as the Group's observed data when adjusting collective provisioning for the asset finance portfolio. At the end of June 2024, this realignment meant that the Group increased its collective provision for losses to 86 basis points (compared to 42 basis points as of 30 June 2023), resulting in a $6.8 million increased provision in the Group's FY24 net profit after tax (NPAT).

Home Loans

Throughout the opening quarter of 2024, major lenders competed fiercely with cash back offers and attractive rates, supported by the Reserve Bank of Australia's (RBA) Term Funding Facility (TFF), which expired for ADIs in September 2023 and June 2024 in respective tranches. As the TFF ended, lender competition eased and the competition among leading lenders started to wane, paving the way for the Group to regather momentum in the home loans market. Since November 2023, AUM has increased for eight consecutive months. As of 30 June 2024, home loans AUM exceeded $12.9 billion, down $242 million (2%) from the previous year.

In line with continuous business oversight and a strategic review, the Board decided to halt new loan originations in New Zealand from 1 July 2024, whilst maintaining full support for existing customers. The Directors and Management determined that business activities within New Zealand did not generate the expected return on capital, and future growth opportunities were limited given the subdued economic outlook in that market.

In respect of credit loss provisioning, the Group remains well covered, with high levels of collective provision coverage for home loans segment. Management reviewed key assumptions during the provisioning process, resulting in the decision to reduce model risk overlay from 20% to 10%, which released $3.4 million from the collective provision balance, and to adjust the Loss Given Default assumption to factor in the Group's observed data, which decreased the provisioning coverage by 5bps. Given the model's demonstrated effectiveness in recent years, the level of model risk has reduced. Following this adjustment, Management remains confident that the Group has adequately provided for future credit losses, considering current arrears levels and potential economic downturns.

DIRECTORS' REPORT

Although the Group's arrears and hardship levels have increased compared to prior period, they remain stable relative to other market participants. The increase in arrears levels in asset finance are consistent with anticipated market conditions and the seasoning of the portfolio.

Financial Performance

The Group generated a statutory NPAT of $34,791,000 for the year ended 30 June 2024. To reflect the Group's normalised earnings the NPAT has been adjusted to remove non-recurring costs and one-off gains/losses. Management believe the disclosure of the normalised NPAT provides additional insight into the underlying performance for the year, by excluding one off, non-recurring or non-core items.

In FY24, the Group revised its accounting treatment of ongoing trail commission payable to mortgage brokers. The Group has recognised a liability in the balance sheet equal to the present value of expected future trail commission payments, and a corresponding increase in capitalised brokerage costs/transactions costs within Loans and Advances. This change in policy has no material net impact to NPAT.

The following table reconciles the unaudited normalised earnings to the statutory NPAT for the year in accordance with International Financial Reporting Standards (IFRS).

Unaudited non-IFRS information	**FY24 $'000**
Statutory NPAT	**34,791**
Dividend income from listed equity investment	**(377)**
Operating segment restructuring cost	**458**
Tax effect of normalised items	**(15)**
Normalised NPAT	**34,857**

FY24 normalised NPAT excluding fair value gains/losses on derivatives (net of tax) is $43,078,000.

Net interest income of $159,590,000 decreased 28% on prior year driven by the decrease in the Group's average assets under management compounded by margin compression.

Operating expenses of $81,101,000 decreased 3% on prior year driven by lower marketing spend.

Loan impairment expense increased 418% to $11,602,000 primarily due to the growing asset finance portfolio and an alignment of the collective provision to anticipated industry loss experience, partly offset by release of the home loans model risk overlay.

Group's total loan settlements were $5.1 billion, up 21% on prior year. Settlements were impacted by 8 months of consecutive growth in AUM under management since November 2023.

The Group's assets under management at 30 June 2024 comprise:

- On balance sheet home loans and advances to customers of $12.9 billion, down 2% compared to 30 June 2023;
- On balance sheet asset finance loans of $1.1 billion, up 75% compared to 30 June 2023 due to business growth and acquisition of the Thorn portfolio;
- Off balance sheet portfolio of $0.6 billion, down 22% compared to 30 June 2023 in line with the Group's strategy to cease originating white label loans;
- Combined these make up the total assets under management of $14.6 billion.

Funding programmes

During the year ended 30 June 2024, AUD $3.8 billion (equivalent) of new RMBS and AUD $350 million of new ABS were issued to facilitate AUM growth, optimise term duration and funding costs.

The Group maintains sufficient cash and working capital reserves, including cash deposits, a committed revolving corporate facility and liquid investments, in order to meet its expense and proprietary funding obligations.

Indemnification of officers and auditors

During the financial year, the Company paid a premium to a related party in respect of a contract insuring the Directors of the Company, the Company Secretary and all executive officers of the Company against a liability incurred as such a Director, Secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company against a liability incurred.

DIRECTORS' REPORT
RESIMAC GROUP LTD AND ITS CONTROLLED ENTITIES

Subsequent events

Acquisition of shares in 23 Degrees Capital Partners Pty Ltd

On 1 July 2024 Resimac completed the acquisition of the remaining 49% shares in 23 Degrees Capital Partners Pty Ltd (operating as Sonder), which increased Resimac's interest in 23 Degrees Capital Partners Pty Ltd from 51% to 100%.

Resignation of Chief Executive Officer

On 9 July 2024, Mr. Scott McWilliam resigned from his role as the Chief Executive Officer of Resimac. Mr. Scott McWilliam has taken a period of leave before his employment contract ends on 1 September 2024. Non-Executive Director, Ms Susan Hansen, has been appointed as interim CEO until a permanent CEO is appointed.

Final dividend declared

The Board of Resimac Group Ltd has declared a fully franked final dividend of $0.035 per share. The record date will be 6 September 2024. The payment date will be 20 September 2024. The dividend has not been provided for in this financial report.

Non-audit services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 28 to the financial report.

The Directors are satisfied that the provision of non-audit services during the year, by the auditor is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001.*

The Directors are of the opinion that the services as disclosed in Note 28 to the financial report do not compromise the external auditor's independence, based on advice received from the Audit Committee, for the following reasons:

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditors; and
- None of the services undermine the general principles as set out in APES *Code of Ethics for Professional Accountants* issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Auditor's independence declaration

The auditor's independence declaration is included on page 123 of this financial report.

Rounding off amounts

Unless otherwise indicated, the Company has rounded off amounts in this Directors' Report and the accompanying financial statements to the nearest thousand dollars in accordance with *ASIC Corporations Instrument 2016/191.*

Significant changes in the state of affairs

In the opinion of the Directors, there have been no significant changes in the state of affairs of the Group during the year, except as otherwise noted in this report.

REMUNERATION REPORT 2024 (AUDITED)

Contents

REMUNERATION REPORT 2024 (AUDITED)

1. Summary

This Remuneration Report provides shareholders with an overview of Resimac Group's (the Group) remuneration strategy and framework that applies to the Group's Key Management Personnel (KMP) for the year ended 30 June 2024.

Resimac's vision is to be a customer focused company, making home ownership, financial freedom and business success more accessible to everyone by leveraging technology and data driven insights. This vision is facilitated by promoting a culture of transparency that is diverse, inclusive and impactful and by a remuneration framework that provides positive outcomes for our customers, shareholders and employees.

2. Remuneration Objectives, Strategy and Principles

At Resimac, we recognise our people are our greatest asset. The Group's commitment is to reward its people with a level of remuneration and benefits that is commensurate with their individual responsibilities and position within the business, recognising that an engaged workforce is a requisite for the achievement of Resimac's strategic objectives.

We seek to create a link between our people's remuneration, performance, organisational performance and organisational values.

The Board's remuneration strategy is aligned to the following objectives:

- To attract, motivate and retain high calibre employees;
- To provide fair and equitable remuneration to all employees in line with the Group's Diversity, Equity & Inclusion Policy;
- To promote and reward behaviours within the business that are in the interest of all stakeholders which includes customers and shareholders;
- To align effective risk management and demonstration of appropriate behaviours, values and ethics;
- To reinforce a culture of continuous employee growth and knowledge; and
- To ensure the Group's Governance framework operates within industry best practice.

The following principles provide the basis of the remuneration framework at Resimac:

- Resimac remunerates its employees in a manner that is market competitive whilst being acceptable to its shareholders;
- Total remuneration for KMP is achieved by a balance of fixed and variable components;
- Key Performance measures for Resimac management are linked to both financial and non-financial measures, and designed to be in the best interest of all stakeholders including customers and shareholders;
- Fixed and variable remuneration for KMP are periodically benchmarked to ensure remuneration is in line with the external market; and
- Pay parity is paramount. Fair and equitable remuneration is applied to all employees regardless of gender, sexual identity, age, religion, ethnicity or disability.

REMUNERATION REPORT 2024 (AUDITED)

3. Key Management Personnel

The KMP are the people who have the authority and responsibility for planning, directing, implementing and controlling the activities of the Resimac business. The KMP are:

Name	Position	Term as KMP
Current		
Scott McWilliam	Chief Executive Officer (CEO)	Full Term
Andrew Marsden	Chief Treasury Officer (CTO)	Full Term
Majid Muhammad	Chief Information Officer (CIO)	Full Term
Pete Lirantzis	Chief Strategy & Innovation Officer (CSIO)	Appointed w.e.f. 12 February 2024
James Spurway	Chief Financial Officer (CFO)	Appointed w.e.f. 1 May 2024
Jason Azzopardi	Chief Financial Officer (CFO)	Resigned w.e.f. 12 January 2024

The Directors classified as KMP and required to be disclosed as part of this report are:

Name	Position	Term as KMP
Current		
Warren McLeland	Chairman, Non-Executive Director	Full Term
Susan Hansen	Independent Non-Executive Director	Full Term
Duncan Saville	Non-Executive Director	Full Term
Wayne Spanner	Independent Non-Executive Director	Full Term
Caroline Waldron	Independent Non-Executive Director	Full Term

On 9 July 2024, Mr. Scott McWilliam resigned from his role as the Chief Executive Officer of Resimac. Mr. Scott McWilliam has taken a period of leave before his employment contract ends on 1 September 2024. Non-Executive Director, Ms Susan Hansen, has been appointed as interim CEO until a permanent CEO is appointed.

REMUNERATION REPORT 2024 (AUDITED)

4. KMP Remuneration Approach (excluding Non-Executive Directors)

The Board views the remuneration outcomes as being aligned to stakeholder interest, business performance and individual performance against KPIs and strategic goals. The Board's Remuneration & Nomination Committee assist with reviewing and recommending remuneration arrangements for KMP that is both consistent and competitive within the market. The total remuneration of the KMP comprise a fixed component and an at-risk variable component.

Remuneration is based on:

- role in which the person is performing (i.e. accountability, responsibility, qualifications, skills and experience required);
- market benchmarking;
- performance against set Key Performance Indicators (KPIs);
- achievement of performance hurdles which includes tenure;
- regulatory compliance; and
- company performance.

4.1 KMP Fixed Remuneration (excluding Non-Executive Directors)

The fixed component of the KMP remuneration includes base salary plus any other fixed elements such as superannuation, salary sacrifice and benefits and is known as Total Fixed Remuneration (TFR). Annually the TFR for the role in which the KMPs are performing is considered by the Remuneration and Nomination Committee which then makes final recommendations to the Board.

4.2 KMP Variable Remuneration Framework (excluding Non-Executive Directors)

Variable remuneration is a means to provide at-risk remuneration to reward executives for their performance against set criteria. The objectives and criteria are designed to align with near term, mid term and long term strategy, ensuring value creation for shareholders.

5. Short-Term and Long-Term Incentive plans

5.1 Short-Term Incentive Plan (STI Plan)

Chief Executive Officer STI Plan and KPI metrics

CEO, Scott McWilliam is eligible for a STI up to a cap of 100% of his TFR. CEO's performance is assessed against predetermined KPIs by the Remuneration and Nomination Committee at the end of each performance period. Any STI awarded is paid in cash; 66.7% at the end of the performance period with the remaining 33.3% in cash deferred for 12 months subject to a look back being undertaken by the Remuneration and Nominations Committee.

CEO KPI components for FY24 are:

- Financial Performance: Cost Management, Interest Margin Management, Asset Finance settlement growth, Asset Under Management, Arrears rates;
- Technology & Digital Strategy: Infrastructure and application technologies;
- Market Opportunities;
- Regulatory obligations; and
- Leadership, People & Culture

KMP STI Plan and KPI metrics

The performance of KMPs is measured against predetermined KPIs assessed by the CEO at the end of each performance period and the Remuneration and Nomination Committee are responsible for reviewing and approving any awarded STI which will be paid 100% in cash at the end of the performance period (i.e. 1 July to 30 June). KPIs and relevant measurements will be set at the commencement of the performance period.

KMPs participate in the annual STI plan whereby they have an opportunity to earn a percentage of their TFR. The performance of KMPs is measured against predetermined KPIs set by the CEO at the commencement of the performance period. The Remuneration & Nominations Committee measures KMP performance against the set KPI objectives and approves any STI awarded at the end of each performance period. The amount of an STI award will depend on whether and to what extent those objectives are achieved. The STI assessment is undertaken in July of each year and any award is payable in September of the same year.

KPIs include:

- Corporate strategy initiatives;
- Financial metrics including NPAT growth, cost to income ratio and demonstrated innovative cost initiatives;
- Innovation and technology initiatives and enhancements to allow for simplification, scale and digitalisation;
- Operational efficiency and effectiveness;
- People, strategic leadership and culture;
- Environmental, Social and Governance (ESG); and
- Governance through Resimac's Risk and Compliance frameworks which focuses on adherence to obligations, reduction of customer complaints, incidents and breaches.

REMUNERATION REPORT 2024 (AUDITED)

5. Short-Term and Long-Term Incentive plans (continuation)

5.2 Long-Term Incentive Plan (LTI Plan)

FY20 LTI Plan: KMPs and Executives

In 2019 the Board established a LTI Plan for the CEO, KMPs and eligible executives pursuant to the Resimac Group Ltd Employee Share Option & Rights Plan Rules. The CEO, KMPs and eligible executives were offered options over ordinary shares, and a combined total cash component of up to $2,400,000. 3,900,000 options were granted on 15 August 2019 (900,000 allocated to the CEO and 375,000 for each eligible executive).

All options vested on 31 August 2022 after the Group achieved the following conditions:

- Net Profit After Tax (NPAT) growth hurdles;
- Digital transformation;
- Compliance hurdles; and
- Participant remaining employed with the Group until the vesting date.

The vested options are required to be exercised no later than 30 June 2025.

Cash component of $1,710,000 was paid in FY23. 1,080,000 and 785,000 options were exercised in FY24 and FY23, respectively.

The Remuneration and Nomination Committee are in the process of designing a new LTI Plan for the KMPs and Executives. This new LTI Plan will come into effect in FY25.

5. Short-Term and Long-Term Incentive plans (continuation)

The table below provides the details of options issued under the Long-Term Incentive Plan:

Granted to	Number of options	Tranche	Grant date	Fair value at grant date ($)	Exercise price of option ($)	Vesting date	Expiry date	Options forfeited/ exercised prior to 1 July 2023	Number of options held at 1 July 2023	Options exercised during the year	Number of options held at 30 June 2024	Number of options vested at 30 June 2024	Number of options unvested at 30 June 2024
CEO	300,000	Tranche 1	15 August 2019	0.20	0.65	31 August 2022	30 June 2025	-	300,000	-	300,000	300,000	-
CEO	300,000	Tranche 2	15 August 2019	0.20	0.65	31 August 2022	30 June 2025	-	300,000	-	300,000	300,000	-
CEO	300,000	Tranche 3	15 August 2019	0.20	0.65	31 August 2022	30 June 2025	-	300,000	-	300,000	300,000	-
Other KMPs	1,000,000	Tranche 1	15 August 2019	0.20	0.65	31 August 2022	30 June 2025	(125,000)	590,000	(340,000)[1]	250,000	250,000	-
Other KMPs	1,000,000	Tranche 2	15 August 2019	0.20	0.65	31 August 2022	30 June 2025	(125,000)	625,000	(375,000)[1]	250,000	250,000	-
Other KMPs	1,000,000	Tranche 3	15 August 2019	0.20	0.65	31 August 2022	30 June 2025	(125,000)	625,000	(365,000)[1]	260,000	260,000	-
	3,900,000							**(375,000)**	**2,740,000**	**1,080,000)**	**1,660,000**	**1,660,000**	**-**

1. $243,750 was paid by Jason Azzopardi for the exercise of 375,000 options on 31 August 2023, $243,750 was paid by an executive for the exercise of 375,000 options on 30 October 2023 and $214,500 was paid by Danielle Corcoran (resigned w.e.f. 6 April 2023) for the exercise of 330,000 options on 7 June 2024 and 20 June 2024.

REMUNERATION REPORT 2024 (AUDITED)

6. Overview of Company Performance

The table below summarises details of Resimac's performance for key financial measures over the past four financial years. Note the Group undertook a buyback programme and cancelled 1,622,340 shares in FY24 (FY23: 5,290,163 shares).

Financial year ended 30 June	FY24	FY23	FY22	FY21	FY20
Statutory NPAT ($'000) [1]	**34,590**	66,446	102,147	107,557	55,908
Total dividends per share (cents) [2]	**7.50**	8.00	8.00	4.20	2.70
Dividend payout ratio (%) [2]	**87.0**	48.4	32.0	15.9	19.6
Basic earnings per share (cents)	**8.65**	16.52	25.05	26.37	13.75
Return on equity (ROE) (%) [3]	**8.3**	16.4	29.9	36.9	25.5
Return on assets (%) [4]	**2.3**	4.4	6.1	7.3	4.3
Share price at 30 June ($)	**0.86**	0.92	1.15	2.46	1.01

1. NPAT excludes non-controlling interest (FY24: 201k, FY23: 13k)
2. Dividends per share and dividend payout ratio are calculated on dividends paid during the financial year
3. ROE based on normalised NPAT and average shareholders' equity per consolidated statement of financial position
4. ROA based on statutory NPAT and total assets. As a result of the requirement under AASB 10 – *Consolidated Financial Statements*, the parent company exercises control over the Special Purpose Vehicles (SPVs) and securitisation trusts, therefore significant assets have been added to the consolidated statement of financial position without any appreciable increase in net profit.

7. Statutory Remuneration

The table set out below provides a summary of the actual remuneration awarded to KMP in respect of the full year ended 30 June 2024.

	Short-term benefits			Post-employment benefits	Long-term benefits		Share-based payments[4]	Total		
	Salary	**STI awarded**	**Non-monetary benefits**	**Super-annuation[1]**	**Leave[2]**	**Termination benefits[3]**	**Option rights**		**Percentage performance related[5]**	**Percentage rights related**
	($)	**($)**	**($)**	**($)**	**($)**	**($)**	**($)**	**($)**	**(%)**	**(%)**
CURRENT KMP										
Scott McWilliam										
FY24	**647,500**	**220,000**	**-**	**27,500**	**19,183**	**-**	**-**	**914,183**	**24.1**	**0.0**
FY23	622,500	357,500	-	27,500	10,375	-	168,750	1,186,625	30.1	14.2
Andrew Marsden										
FY24	**354,288**	**60,000**	**10,000**	**27,500**	**9,749**	**-**	**-**	**461,537**	**13.0**	**0.0**
FY23	364,592	110,000	10,000	27,500	10,082	-	67,500	589,674	18.7	11.4
James Spurway[6]										
FY24	**66,250**	**-**	**-**	**4,583**	**1,104**	**-**	**-**	**71,937**	**0.0**	**0.0**
FY23	-	-	-	-	-	-	-	-	0.0	0.0
Majid Muhammad										
FY24	**412,500**	**60,000**	**-**	**27,500**	**8,784**	**-**	**-**	**508,784**	**11.8**	**0.0**
FY23	386,500	140,000	-	27,500	7,765	-	67,500	629,265	22.2	10.7

7. Statutory Remuneration (continuation)

	Short-term benefits			Post-employment benefits	Long-term benefits		Share-based payments[4]	Total		
	Salary ($)	STI awarded ($)	Non-monetary benefits ($)	Super-annuation[1] ($)	Leave[2] ($)	Termination benefits[3] ($)	Option rights ($)	($)	Percentage performance related[5] (%)	Percentage rights related (%)
Pete Lirantzis[7]										
FY24	**193,589**	**-**	**-**	**14,420**	**3,227**	**-**	**-**	**211,236**	**0.0**	**0.0**
FY23	-	-	-	-	-	-	-	-	0.0	0.0
Jason Azzopardi[8]										
FY24	**278,590**	**-**	**-**	**17,667**	**-**	**40,247**	**-**	**336,504**	**0.0**	**0.0**
FY23	385,013	130,000	-	27,500	7,894	-	67,500	617,907	21.0	10.9
Danielle Corcoran[9]										
FY24	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.0**	**0.0**
FY23	352,902	-	-	24,392	-	20,767	67,500	465,561	0.0	14.5
TOTAL										
FY24	**1,952,717**	**340,000**	**10,000**	**119,170**	**42,047**	**40,247**	**-**	**2,504,181**		
FY23	2,111,507	737,500	10,000	134,392	36,116	20,767	438,750	3,489,032		

1. Superannuation concessional contributions cap was subject to $27,500
2. Long-term benefits relate to long service leave accrued during the year.
3. Termination benefits reflect annual leave entitlements paid on termination.
4. Share based payment expense related to cash component of the FY20 LTI Plan paid to KMP during FY23
5. The percentage performance related column is the STI divided by the total remuneration, reflecting the actual percentage of remuneration at risk for the year.
6. James Spurway was appointed with effect from 1 May 2024.
7. Pete Lirantzis was appointed with effect from 12 February 2024.
8. Jason Azzopardi resigned with effect from 12 January 2024.
9. Danielle Corcoran resigned with effect from 6 April 2023.

8. Non-Executive Director Remuneration

8.1 Overview of Non-Executive Directors' Remuneration Arrangements

8.1.1. Policy objectives

- **To be market competitive**: aim to set Directors' fees competitive with Non-Executive Directors in comparable businesses with respect to product mix, market capitalisation, geographical market and employee size;

- **To ensure complementary skills**: aim to ensure that the mix of Directors at any one time is diverse and adequate to carry out the objectives of the business; and

- **To safeguard independence**: to exclude any performance related element in order to preserve the independence of the Non-Executive Directors.

8.1.2 Aggregate fees approved by shareholders

At the Annual General Meeting (AGM) of shareholders held on 16 November 2021, the shareholders approved an increase to the maximum aggregate fee pool per annum for non-executives to $800,000.

8.1.3 Regular reviews of Directors' fees

The Board reviews the level of Directors' fees annually to ensure the fees are in line with market and are suitable for the level of skill and expertise required to carry out the duties of Directors in a listed environment in conjunction with holding an Australian Financial Services Licence and several Australian Credit Licences.

The agreed fee structure is that a fee is paid to reflect the Chairman's responsibilities. Each Director receives a base fee and if a Director chairs a Board committee, an additional fee is applied. Superannuation is payable in addition to the base fee where a Director is paid via the Resimac employee payroll system.

The Remuneration & Nominations Committee met in June 2024 to review the Directors fees and resolved to not increase fees in FY25.

The FY24 fee levels inclusive of superannuation where applicable were as follows:

Name	Position	Maximum Fee ($)
Warren McLeland	Chair and Risk and Compliance Chair	166,376 p.a
Susan Hansen[1]	Independent Non-Executive Director, Audit Chair and Resimac New Zealand Chair	163,837 p.a
Wayne Spanner[2]	Independent Non-Executive Director, Remuneration and Nomination Chair and Regulatory Review Committee Chair	113,035 p.a
Duncan Saville[1]	Non-Executive Director	74,900 p.a
Caroline Waldron	Independent Non-Executive Director and Technology, Digital and Innovation Chair	133,602 p.a

1. Exclusive of superannuation.

8. Non-Executive Director Remuneration (continuation)

8.1.4 Board skills and behaviours

A key objective for Resimac is to ensure that we have a diverse Board of Directors. The Board undertakes an assessment of the skills that each Director holds biennially which is summarised in a skills matrix. The skills matrix was last completed by the board in March 2023.

Although it is not expected that all Directors will have the same skills and behaviours, the purpose of the matrix is to ensure there is a balance within the Board to ensure we have diversity of thought. The skills matrix and behaviours include:

- Strategy, planning, monitoring and policy development
- ASX experience
- Governance
- Regulatory and stakeholder relations
- Risk and compliance management
- Relevant technical and industry knowledge
- Sustainability
- Finance and audit
- Capital management
- People, culture & remuneration
- Health, safety & environment
- Marketing and business development
- Technology, digital and innovation

The assessment of skills and behaviours ties into Board succession and selection of Directors.

8.1.5 Board Evaluation Reporting

The Board is committed to transparency in determining Board membership and in assessing the performance of Directors. The Board undertook performance reviews in 2018 and 2020. At the conclusion of the last full evaluation in 2020 the Board determined to undertake more frequent assessments which resulted in an assessment of their effectiveness at the conclusion of each Board meeting. By rotation a Director is responsible for collation of feedback and any change recommendations. The purpose of this is to assess the performance of the Board as a whole with respect to time keeping, relevance, preparation and outcomes. The next Board performance review will take place in the first half of FY25.

The performance of Directors is assessed against a range of criteria including contribution at meetings, understanding the major risks affecting the Group, contributing to the development of the strategy, committing the time required to fulfill the role and perform their responsibilities effectively, listening and respecting the ideas of fellow Directors and management and consistently taking the perspective of creating shareholder value.

The Board with the assistance of the Remuneration and Nominations Committee conducts a review of the performance of each Director seeking re-election at the Annual General Meeting.

8. Non-Executive Director Remuneration (continuation)

8.1.6 Non-Executive Director Remuneration

The fees paid or payable to the Non-Executive Directors in relation to FY24 are set out below:

	Short-term benefits	Post -employment benefits	
Current	Fees	Superannuation[1]	Total
	$	$	$
Warren McLeland			
FY24	**149,888**	**16,488**	**166,376**
FY23	127,876	13,427	141,303
Susan Hansen[2]			
FY24	**151,682**	**12,155**	**163,837**
FY23	132,099	9,529	141,628
Wayne Spanner			
FY24	**101,833**	**11,202**	**113,035**
FY23	85,000	8,925	93,925
Duncan Saville			
FY24	**74,900**	**-**	**74,900**
FY23	74,900	-	74,900
Caroline Waldron[2]			
FY24	**122,629**	**10,973**	**133,602**
FY23	107,972	8,925	116,897
Total remuneration			
FY24	**600,932**	**50,818**	**651,750**
FY23	527,847	40,806	568,653

1. Australian superannuation is paid where applicable. New Zealand Kiwisaver is not paid.
2. A portion of remuneration is paid in NZD.

9. Other Remuneration Information

9.1 Remuneration governance

9.1.1 Remuneration Governance and Responsibility

The Resimac Board of Directors has responsibility for setting and overseeing the Company's remuneration policies, practices and structure. The Board considers recommendations made by the Remuneration and Nomination Committee.

The remuneration framework and matters considered by the Remuneration and Nomination Committee and the Board include:

- Review of Board size and composition (mix of skills, qualifications, experience, independence, diversity and other competencies);
- Identification and recommendation of candidates to the Board for nomination as members of the Board or its Committees;
- Development and implementation process for induction and orientation of new Directors;
- Review and approval of Company objectives and appropriate KPIs relevant to the KMP annual short-term incentive arrangement, and evaluate KMP performance in light of those KPIs;
- Review and approval of the remuneration of KMP, Directors and senior management (including total fixed remuneration, short-term incentives and long-term incentives);
- Approval of executive recruitment practices;
- Succession planning and talent management; and
- Diversity, equity and inclusion in the workplace.

9.1.2 Remuneration and Nomination Committee

The Board has established a Remuneration and Nomination Committee. This Committee has a formal charter and is available on the Company's website www.resimac.com.au.

The Remuneration and Nomination Committee members are:

- Wayne Spanner – Chair; and
- Susan Hansen
- Warren McLeland
- Caroline Waldron

The Remuneration and Nomination Committee reviews and makes recommendations to the Board on remuneration governance, policies, practices and structure which will apply to the KMP, senior management and the non-executive Directors. The Committee also makes recommendations to the Board on the Company's overall remuneration framework. The Remuneration and Nomination Committee receives regular reports from Human Resources and ensures it is abreast of all regulatory change. The Committee meets at least 4 times per year.

9.1.3 Services from remuneration consultants

The Company did not engage remuneration consultants for any services in FY24.

9. Other Remuneration Information (continuation)

9.1.4 KMP share ownership

The table below sets out the number of shares held directly, indirectly or beneficially by the current and former KMP (including their related parties):

Name	Held at 1 July 2023	**Net change**	**Held at 30 June 2024**
Non-Executive Directors			
Warren McLeland	12,130,165	**-**	**12,130,165**
Susan Hansen	212,738	**-**	**212,738**
Wayne Spanner	15,732	**-**	**15,732**
Duncan Saville	254,586,353	**-**	**254,586,353**
Caroline Waldron	-	**-**	**-**
	266,944,988	**-**	**266,944,988**
Senior executives			
Scott McWilliam	1,496,831	**(345,363)**	**1,151,468**
Andrew Marsden	-	**-**	**-**
James Spurway[1]	-	**-**	**-**
Majid Muhammad	375,000	**(50,000)**	**325,000**
Pete Lirantzis	9,316	**-**	**9,316**
Jason Azzopardi[2]	50,000	**(50,000)**	**-**
	1,931,147	**(445,363)**	**1,485,784**
Total	268,876,135	**(445,363)**	**268,430,772**

1. James Spurway appointed with effect from 1 May 2024.
2. Jason Azzopardi resigned with effect from 12 January 2024.

9.1.5 Share trading restrictions

Resimac Securities Trading Policy reflects the *Corporations Act 2001* prohibition on KMP and their closely related parties entering into any arrangement that would have the effect of limiting the KMP's exposure to risk relating to an element of their remuneration that remains subject to restrictions on disposal.

Resimac Directors, management team, and members of their immediate family and controlled entities are also required to obtain written consent and clearance for security trading during trading windows from the Chairman. All other employees must adhere to the Securities Trading Policy and are restricted from trading within the blackout periods.

The policy is available on the Corporate Governance section of the Company's website at www.resimac.com.au. Breaches of the policy are subject to disciplinary action, which may include termination of employment.

9. Other Remuneration Information (continuation)

9.1.6 Further information on remuneration

9.1.6.1 Service agreements

Each KMP has entered into an employment contract with the Company (Resimac Limited). These contracts have unlimited duration however may be terminated with relevant notice as set out below unless in the case of serious misconduct in which the KMP may be terminated immediately.

All KMPs are entitled to receive payment in lieu of notice of any accrued statutory entitlement (i.e. annual and long service leave) on cessation of their employment.

Name	Notice period/termination payment
Scott McWilliam	Six months' notice (or payment in lieu) May be terminated immediately for serious misconduct
Andrew Marsden	Three months' notice (or payment in lieu) May be terminated immediately for serious misconduct
James Spurway[1]	Three months' notice (or payment in lieu) May be terminated immediately for serious misconduct
Majid Muhammad	Three months' notice (or payment in lieu) May be terminated immediately for serious misconduct
Pete Lirantzis[2]	Three months' notice (or payment in lieu) May be terminated immediately for serious misconduct
Jason Azzopardi[3]	Three months' notice (or payment in lieu) May be terminated immediately for serious misconduct

1. James Spurway appointed with effect from 1 May 2024.
2. Pete Lirantzis was appointed with effect from 12 February 2024.
3. Jason Azzopardi resigned with effect from 12 January 2024.

9.1.7 Related party transactions

Loans to KMP and their related parties are secured residential mortgage loans provided in the ordinary course of the Group's mortgage lending business. All loans have normal commercial terms. No amounts have been written down or recorded as specific provisions as the balances are considered fully collectable.

Details regarding loans outstanding to KMP and their related parties during the reporting period, are outlined below.

Name	Balance 1 July 2023 $	**Balance 30 June 2024 $**	**Interest payable for the year[4] $**	**Highest Balance during the year $**
Non-Executive Directors				
Duncan Saville	15,672,300[5]	**18,618,655**	**1,147,660**	**19,514,643**
Senior executives				
Scott McWilliam	2,000,000	**2,000,000**	**100,967**	**2,009,446**
Andrew Marsden	-	**113,032**	**7,011**	**128,428**
Jason Azzopardi	-	**55,271**	**1,753**	**57,196**
	17,672,300	**20,786,958**	**1,257,391**	**21,709,713**

4. Interest is charged on an arm's-length basis.
5. Opening balance has been adjusted for comparability.

9. Other Remuneration Information (continuation)

9.1.7.1 Other transactions and balances with KMP

From time to time, Directors of the Company or its controlled entities, or their Director-related entities may obtain loans or ad hoc services from the Group, on the same terms and conditions as those entered into by other group employees or customers.

In FY23, a Director-related entity obtained a short term loan on market terms from the Group. This loan was fully repaid ($8,000,000) during FY24 and nil balance was outstanding at 30 June 2024.

This Directors' report, including the remuneration report, is signed in accordance with a resolution of the Directors made pursuant to s.298 (2) of the *Corporations Act 2001*.

On behalf of the Directors of Resimac Group Ltd

Warren McLeland
Chairman

Sydney
28 August 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2024

	Note	**FY24 $'000**	FY23 $'000
Interest income	1	**995,320**	902,131
Interest expense	2	**(835,730)**	(679,624)
Net interest income		**159,590**	222,507
Fee and commission income	1	**6,598**	2,670
Fee and commission expense	2	**(16,053)**	(34,055)
Fair value gains on derivatives	1	**426**	-
Fair value losses on derivatives	2	**(12,081)**	(12,255)
Fair value write-down on unlisted equity investment	2	**-**	(3,600)
Other income	1	**4,334**	6,215
Employee benefits expense	2	**(51,881)**	(51,226)
Other expenses	2	**(29,220)**	(32,631)
Loan impairment expense	2	**(11,602)**	(2,240)
Profit before tax		**50,111**	95,385
Income tax expense	3	**(15,320)**	(28,926)
PROFIT AFTER TAX		**34,791**	66,459
Attributable to:			
Owners of the parent		**34,590**	66,446
Non-controlling interest		**201**	13
		34,791	66,459

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2024

	Note	**FY24 $'000**	FY23 $'000
PROFIT AFTER TAX		**34,791**	66,459
Other comprehensive (expense)/income, net of income tax			
Items that will not be reclassified subsequently to profit or loss:			
Fair value movement on equity investment in listed companies through OCI, net of tax		**(2,382)**	(1,614)
Items that may be reclassified subsequently to profit or loss:			
Changes in fair value of cash flow hedges		**(728)**	11,618
Tax effect		**205**	(3,477)
Currency translation differences		**(219)**	789
Other comprehensive (expense)/income, net of tax		**(3,124)**	7,316
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**31,667**	73,775
Attributable to:			
Owners of the parent		**31,466**	73,762
Non-controlling interest		**201**	13
		31,667	73,775

		FY24 cents per share	FY23 cents per share
Earnings per share			
Basic	21	**8.65**	16.52
Diluted	21	**8.64**	16.48

Notes to the consolidated financial statements are included on pages 37 to 119.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024

	Note	**FY24 $'000**	FY23 $'000
ASSETS			
Cash and cash equivalents	4	**870,999**	1,085,417
Trade and other receivables	5	**5,061**	3,472
Current tax receivable	3	**6,309**	8,115
Loans and advances	6	**14,097,505**	13,735,635
Contract assets	1	**9,569**	13,877
Other financial assets	7	**18,655**	28,587
Derivative financial assets	23	**47,597**	25,196
Right-of-use assets	8	**5,554**	7,323
Plant and equipment	9	**735**	1,320
Other assets	10	**870**	4,683
Deferred tax assets	3	**3,472**	34
Goodwill and intangible assets	11	**28,379**	28,379
		15,094,705	14,942,038
LIABILITIES			
Trade and other payables	12	**27,192**	27,146
Interest-bearing liabilities	13	**14,415,581**	14,471,070
Lease liabilities	14	**7,368**	9,369
Other financial liabilities	15	**85,864**	6,850
Derivative financial liabilities	23	**135,639**	426
Other liabilities	16	**596**	4,455
Provisions	17	**6,104**	7,339
		14,678,344	14,526,655
NET ASSETS		**416,361**	415,383
EQUITY			
Share capital	20	**173,916**	173,531
Reverse acquisition reserve	20	**(61,541)**	(61,541)
Total issued capital	20	**112,375**	111,990
Reserves	20.3	**(23,686)**	(19,589)
Retained earnings	20.3	**327,361**	322,872
Equity attributable to owners of the parent		**416,050**	415,273
Non-controlling interest		**311**	110
		416,361	415,383

Notes to the consolidated financial statements are included on pages 37 to 119.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2024

	Share capital	Reverse acquisition reserve[1]	Total issued capital	Reserves[2]	Retained earnings	Attributable to owners of the parent	Non-controlling interest	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance as at 1 July 2023	**173,531**	**(61,541)**	**111,990**	**(19,589)**	**322,872**	**415,273**	**110**	**415,383**
Profit for the year	-	-	-	-	34,590	34,590	201	34,791
Other comprehensive (expense)/income, net of income tax	-	-	-	(3,124)	-	(3,124)	-	(3,124)
Total comprehensive income for the year	**-**	**-**	**-**	**(3,124)**	**34,590**	**31,466**	**201**	**31,667**
Transactions with owners in their capacity as owners								
Share buyback	(1,475)	-	(1,475)	-	-	(1,475)	-	(1,475)
Equity dividends	-	-	-	-	(30,101)	(30,101)	-	(30,101)
Treasury shares	1,860	-	1,860	-	-	1,860	-	1,860
Share-based payments	-	-	-	(973)	-	(973)	-	(973)
Balance at 30 June 2024	**173,916**	**(61,541)**	**112,375**	**(23,686)**	**327,361**	**416,050**	**311**	**416,361**

1. As a result of reverse acquisition accounting on the Resimac/Homeloans merger, an equity account was created as a component of equity. This account called 'Reverse acquisition reserve' is similar in nature to share capital. The Reverse acquisition reserve is not available for distribution.
2. Comprises cash flow hedge reserve, foreign currency translation reserve, fair value reserve, share-based payment reserve and other reserve. Refer to Note 20 for more detail.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2024

	Share capital	Reverse acquisition reserve[1]	Total issued capital	Reserves[2]	Retained earnings	Attributable to owners of the parent	Non-controlling interest	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance as at 1 July 2022	**176,476**	**(61,541)**	**114,935**	**(25,466)**	**288,599**	**378,068**	**-**	**378,068**
Profit for the year	-	-	-	-	66,446	66,446	13	66,459
Other comprehensive income, net of income tax	-	-	-	7,316	-	7,316	-	7,316
Total comprehensive income for the year	**-**	**-**	**-**	**7,316**	**66,446**	**73,762**	**13**	**73,775**
Transactions with owners in their capacity as owners								
Acquisition of non-controlling interest	-	-	-	-	-	-	97	97
Share buyback	(5,192)	-	(5,192)	-	-	(5,192)	-	(5,192)
Equity dividends	-	-	-	-	(32,173)	(32,173)	-	(32,173)
Treasury shares	2,247	-	2,247	-	-	2,247	-	2,247
Share-based payments	-	-	-	(1,439)	-	(1,439)	-	(1,439)
Balance at 30 June 2023	**173,531**	**(61,541)**	**111,990**	**(19,589)**	**322,872**	**415,273**	**110**	**415,383**

1. As a result of reverse acquisition accounting on the Resimac/Homeloans merger, an equity account was created as a component of equity. This account called 'Reverse acquisition reserve' is similar in nature to share capital. The Reverse acquisition reserve is not available for distribution.
2. Comprises cash flow hedge reserve, foreign currency translation reserve, fair value reserve, share-based payment reserve and other reserve. Refer to Note 20 for more detail.

Notes to the consolidated financial statements are included on pages 37 to 119.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2024

	Note	FY24 $'000	FY23 $'000
Cash flows from operating activities			
Interest received		**1,036,123**	900,834
Interest paid		**(834,680)**	(658,365)
Receipts from loan fees and other income		**28,715**	28,918
Payments to suppliers and employees		**(168,888)**	(160,918)
(Payments)/receipts of net loans to/from borrowers		**(152,967)**	1,948,495
Income tax paid		**(15,764)**	(41,596)
Net cash (used in) / from operating activities	4	**(107,461)**	2,017,368
Cash flows from investing activities			
Payment for plant and equipment		**(68)**	(176)
Payment for acquisition of loan portfolio/subsidiary		**(14,799)**	(900)
Cash acquired on acquisition of loan portfolio/subsidiary		**6,773**	220
Payments for new investments		**(1,471)**	(5,000)
Proceeds on disposal of investments		**-**	260
Return of capital from listed equity investment		**-**	1,581
Dividend income from listed equity investments		**277**	3,780
Net cash used in investing activities		**(9,288)**	(235)
Cash flows from financing activities			
Proceeds from borrowings		**11,245,868**	7,839,034
Repayment of borrowings		**(11,334,096)**	(9,670,882)
Proceeds from exercise of options		**702**	675
Payment of lease liabilities		**(1,852)**	(1,753)
Swap receipts		**15,156**	13,588
Payment of dividends		**(30,101)**	(32,173)
Repayment/(draw down) of loan to related party		**8,000**	(8,000)
Payment for share buybacks		**(1,475)**	(5,192)
Net cash used in financing activities		**(97,798)**	(1,864,703)
Net (decrease)/increase in cash and cash equivalents		**(214,547)**	152,430
Cash and cash equivalents at the beginning of the financial year (1 July)		**1,085,417**	932,781
Effects of exchange rate changes on cash balances held in foreign currencies		**129**	206
Cash and cash equivalents at end of year	4	**870,999**	1,085,417

Notes to the consolidated financial statements are included on pages 37 to 119.

About this report

Resimac Group Ltd ("Resimac" or "the Company") is a for-profit company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange. The nature of the operations and principal activities of Resimac and entities that it controls (referred to as "the Group") are described in the segment information.

The consolidated general purpose financial report of the Group for the year ended 30 June 2024 was authorised for issue in accordance with a resolution of the Directors on 28 August 2024. The Directors have the power to amend and reissue the financial report.

The financial report is a general purpose financial report which:

- has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards (AAS) and other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB);

- has been prepared on a historical cost basis, and with certain financial instruments measured at fair value. The carrying values of recognised assets and liabilities that are the hedged items in fair value hedge relationships, which are otherwise carried at amortised cost, are adjusted to record changes in the fair values attributable to the risks that are being hedged;

- is presented in Australian dollars with all values rounded to the nearest thousand dollars ($'000) unless otherwise stated, in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191; and

- adopts all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the Group and effective for reporting periods beginning on 1 July 2023. Refer to Note 32 for further details.

Key judgements and estimates

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements. Actual results may differ from these estimates.

Judgements and estimates which are material to the financial report are found in the following notes:

Note	Relates to
11	Goodwill impairment
15	Net present value of expected future trail commission payable for on balance sheet loans
22&23	Impairment of financial assets

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group. A list of controlled entities (subsidiaries) at year end is contained in Note 24.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Subsidiaries are consolidated from the date on which control is obtained to the date on which control is disposed.

The Group controls an investee if and only if the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its return.

In preparing the consolidated financial statements, all inter-company balances and transactions, income and expenses and profits and losses resulting from intra-Group transactions have been eliminated.

The acquisition of subsidiaries is accounted for using the acquisition method.

Refer to Note 24 for detail on the consolidation of special purpose vehicles.

Foreign currency

As at the reporting date, assets and liabilities of overseas subsidiaries are translated into Australian dollars at the rate of exchange at the balance sheet date and the income statements are translated at the average exchange rate for the year. The exchange differences arising on the retranslation are taken directly to a separate component of equity.

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Exchange differences arising from the application of these procedures are taken to the income statement, with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity, which are taken directly to equity until the disposal of the net investment, and then recognised in the income statement. Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Other accounting policies

Material and other accounting policies that summarise the recognition and measurement basis relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

Basis of consolidation (continuation)

The notes to the financial statements

The notes include information required to understand the financial statements and is material and relevant to the operations, financial position and performance of the Group. Information is considered material and relevant if, for example:

- the amount in question is significant because of its size or nature;
- it is important for understanding the results of the Group;
- it helps to explain the impact of significant changes in the Group's business – for example, acquisitions and impairment write-downs; or
- it relates to an aspect of the Group's operations that is important to its future performance.

The notes are organised into the following sections:

Key numbers: provides a breakdown of individual line items in the financial statements that the Directors consider most relevant and summarises the accounting policies, judgements and estimates relevant to understanding these line items;

Capital: provides information about the capital management practices of the Group and shareholder returns for the year;

Risk: details the Group's exposure to various financial risks, explains how these affect the Group's financial position and performance, and what the Group does to manage these risks;

Group structure: explains the Group structure and how changes have affected the financial position and performance of the Group;

Unrecognised items: provides information regarding items not recognised in the financial statements but could potentially have an impact on the Group's financial position and performance; and

Other: provides information on items which require disclosure to comply with AAS and other regulatory pronouncements, however, are not considered critical in understanding the financial performance or position of the Group.

Changes in accounting policy

During the year ended 30 June 2024, the Resimac Group revised its accounting treatment of ongoing trail commission payable to mortgage brokers. The Group has recognised a liability within 'Other financial liabilities' equal to the present value of expected future trail commission payments, and a corresponding increase in capitalised brokerage costs/transactions costs within 'Loans and Advances'. This change in presentation has also resulted in the impact of payments to mortgage brokers being included in the effective interest rate applied in 'Interest Income'. Such payments were previously disclosed in Fee and Commission expense in the Statement of Profit and Loss.

Comparatives have not been revised for this change in accounting presentation as the impact is not material to the financial statements.

The following table summaries the impact the accounting presentation change would have had on each comparative line item, had the change been adopted on a retrospective basis.

	FY23		
	As reported **$'000**	**Adjustment** **$'000**	**Including trailing commission** **$'000**
Statement of profit or loss and other comprehensive income			
Interest income	902,131	(26,375)	875,756
Interest expense	(679,624)	5,058	(674,566)
Net interest income	**222,507**	**(21,317)**	**201,190**
Fee and commission expense	(34,055)	21,317	(12,738)
Profit before tax	**95,385**	**-**	**95,385**
Income tax expense	(28,926)	-	(28,926)
Profit after tax	**66,459**	**-**	**66,459**
Total comprehensive income for the year	**73,775**	**-**	**73,775**
Statement of financial position			
Loans and advances	13,735,635	80,933	13,816,568
Total assets	**14,942,038**	**80,933**	**15,022,971**
Other financial liabilities	6,850	80,933	87,783
Total liabilities	**14,526,655**	**80,933**	**14,607,588**
Net assets	**415,383**	**-**	**415,383**

Segment Information

The Group has identified three reportable segments based on the nature of the products and services provided, the type of customers for those products and services, the geographies where the business operates and the existence of discrete and separate reporting and management teams. The internal reports of the reportable segments are regularly reviewed by the Board and executive management team (the Chief Operating Decision makers) in order to allocate resources to the segment and to assess its performance.

The Group's reportable segments under AASB 8 *Operating Segments* are therefore as follows:

Home Loan Lending business

Represents the mortgage distribution and lending businesses currently captured under the Resimac and homeloans.com.au brands.

The segment contains the Australian mortgage based income and expense. It incorporates the new business settled through the Australian distribution channels, the margin net of funding costs of the on balance sheet home loan portfolios, and the upfront and trail commission relating to both Resimac's mortgage portfolio and from funders on the non-principally funded loans (white label loan portfolio).

New Zealand Lending business

Whilst the nature of the customers and products are similar to the Australian Home Loan Lending segment, given the different jurisdiction and market conditions, management believe it is appropriate to distinguish the result of New Zealand (NZ) from Australia.

Separating the Australian and NZ trading business is supported by the NZ segment monthly management reporting to the Chief Operating Decision Maker, separate regulatory requirements/oversight, and staff solely accountable for the NZ business including a Head of NZ.

On 20 June 2024, the Group announced to the market that Resimac would cease to accept new home loan applications in New Zealand from 1 July 2024. Resimac is committed to fully service its existing New Zealand customers, and any customers in the pipeline, and transition to a servicing business model in the financial period ending 30 June 2025. Management anticipate that the New Zealand Lending business segment will reduce overtime with the underlying portfolio going into runoff. Going forward, the importance of this segment to the Group will reduce.

Asset Finance Lending business

The Group's fully owned subsidiary Resimac Asset Finance (RAF) specialises in Australian based lending solutions that span across auto finance, equipment finance, secured business loans and insurance premium loans.

In the prior financial years the Asset Finance Lending business was reported within the Home Loan Lending business segment. The financial reporting period ended 30 June 2024 is the first financial period the Asset Finance Lending business has been identified as a separate reporting segment. The prior year comparatives have been restated to reflect the Asset Finance Lending business as a separate reporting segment for comparison purposes.

Separating the Home Loan and Asset Finance Lending businesses is supported by RAF segment monthly management reporting to the Chief Operating Decision Maker and the recent business growth in this segment.

Corporate costs relating to this segment (i.e. employment costs) are incurred by the Group. For the purposes of segment reporting these corporate costs are allocated to this segment.

The following is an analysis of the Group's revenue and results by reportable operating segments:

	HOME LOAN LENDING		**NEW ZEALAND LENDING**		**ASSET FINANCE LENDING**		**CONSOLIDATED**	
	FY24	FY23	**FY24**	FY23	**FY24**	FY23	**FY24**	FY23
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Revenue from external customers	**857,056**	817,669	**53,158**	50,766	**96,464**	42,581	**1,006,678**	911,016
Total segment revenue	**857,056**	817,669	**53,158**	50,766	**96,464**	42,581	**1,006,678**	911,016
Segment results before fair value (losses)/gains on derivatives, interest, tax, depreciation, amortisation, finance costs and impairment	***795,087***	*727,874*	***47,753***	*44,530*	***84,196***	*34,235*	***927,036***	*806,639*
Fair value gain/(losses) on derivatives	**(9,786)**	(8,824)	**(3,168)**	(3,431)	**873**	-	**(12,081)**	(12,255)
Interest expense	**(727,627)**	(608,287)	**(45,625)**	(42,421)	**(62,478)**	(28,916)	**(835,730)**	(679,624)
Depreciation and amortisation	**(2,196)**	(2,333)	**(83)**	(86)	**(1)**	(4)	**(2,280)**	(2,423)
Loan impairment	**3,519**	(220)	**(467)**	(85)	**(14,654)**	(1,935)	**(11,602)**	(2,240)
Financing costs	**(10,777)**	(12,261)	**(828)**	(759)	**(3,627)**	(1,692)	**(15,232)**	(14,712)
Segment results before income tax	**48,220**	95,949	**(2,418)**	(2,252)	**4,309**	1,688	**50,111**	95,385
Income tax expense[1]							**(15,320)**	(28,926)
PROFIT AFTER TAX							**34,791**	66,459

1. Income tax expense is disclosed on a consolidated basis, not by reportable operating segment.

The following is an analysis of the Group's assets and liabilities by reportable operating segment:

	HOME LOAN LENDING		**NEW ZEALAND LENDING**		**ASSET FINANCE LENDING**		**CONSOLIDATED**	
	FY24	FY23	**FY24**	FY23	**FY24**	FY23	**FY24**	FY23
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Segment assets excl. tax	**13,302,511**	13,431,345	**634,641**	839,655	**1,147,772**	662,889	**15,084,924**	14,933,889
	13,302,511	13,431,345	**634,641**	839,655	**1,147,772**	662,889	**15,084,924**	14,933,889
Segment liabilities excl. tax	**(12,950,325)**	(13,071,935)	**(584,503)**	(790,426)	**(1,143,516)**	(664,294)	**(14,678,344)**	(14,526,655)
Net assets/(liabilities) excl. tax	**352,186**	359,410	**50,138**	49,229	**4,256**	(1,405)	**406,580**	407,234
Tax assets[2]							**9,781**	8,149
Tax liabilities[2]							**-**	-
NET ASSETS							**416,361**	415,383

2. Tax assets and liabilities are disclosed on a consolidated basis, not by reportable operating segment.

1. Revenue

1.1 Revenue streams

The Group generates revenue primarily from interest income and dividend income.

	FY24 $'000	FY23 $'000
Interest income		
Loans and advances	**966,022**	881,006
Bank deposits	**28,602**	19,994
Discount unwind on NPV of trail commission on white label loans	**696**	1,131
	995,320	902,131
Fee and commission income (Revenue from contracts with customers)	**6,598**	2,670
Fair value gains on derivatives		
Fair value gains on overnight index swaps	**426**	-
	426	-
Other income		
Dividend income	**377**	5,401
Other	**3,957**	814
	4,334	6,215
Total revenue	**1,006,678**	911,016

Recognition & Measurement

Interest income - loans and advances

Loans and advances are initially recognised at fair value. Subsequent to initial recognition, the loans are measured at amortised cost using the effective interest method over the estimated actual (but not contractual) life of the mortgage, taking into account all income and expenditure directly attributable to the loan.

Interest income on loans and advances is recognised as it accrues using the effective interest rate method. The rate at which revenue is recognised is referred to as the effective interest rate and is equivalent to the rate that effectively discounts estimated future cash flows throughout the estimated life.

Acquisition costs representing upfront broker commissions related to originating loans and advances, as well as the expected value of ongoing trailing commission costs are capitalised on the statement of financial position of the Group. These costs are amortised to the statement of profit or loss across the expected life of the loan in interest income as part of the effective interest rate.

Loans and advances in arrears or hardship at 30 June 2024 continue to accrue interest income. Consideration for potential future credit losses on loans in arrears or hardship is reflected in Note 23.

Interest income - bank deposits

This comprises interest income on cash held with Australian Authorised Deposit-taking Institutions (ADIs) predominantly in securitisation trusts. Interest income is recognised as it accrues, using the effective interest method.

1. **Revenue** (continuation)

Fee and commission income

Revenue is based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer. Fee and commission income include fees other than those that are an integral part of loans and advances measured using effective interest rate method, and which are accounted for in accordance with AASB 15 *Revenue from contracts with customers*

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, and the related revenue recognition policies.

CLASSIFICATION & MEASUREMENT OF REVENUE			
Timing	**Type of service**	**Nature, timing of satisfaction of performance obligations**	**Revenue recognition policy under AASB 15**
At a point in time	Loan management revenue	Trail commission income on white label loans, based on the individual monthly loan balance outstanding each month. Trail ceases once the loan is discharged. The contracts with the originators include performance obligations which must be satisfied in order to be paid trail commission.	Revenue is recognised at the point in time the loan is being settled and performance obligations are satisfied according to the contracts with the lenders. The present value of the trailing commission receivable is recognised as a contract asset and measured using the expected value method with variable consideration at a point in time.
At a point in time	Lending fee income	Loan fees paid by the borrower such as application, discharge, dishonour fee, etc. The performance obligation for these fees is met at a point in time (settlement, discharge etc) when the fee is charged to the borrower.	Revenue is recognised when the transaction is completed, and the performance obligations are met.

Fair value gains on derivatives

The Group's funding structures contractually require the Group to enter into interest rate swaps on the origination of fixed rate loans to customers, to ensure the Group's special purpose vehicles maintain sufficient cash flows by eliminating interest rate risk exposure.

At 30 June 2024, the fair value of future cash flows of each swap that was not designated and qualified as a cash flow hedge was determined in line with AASB 9 *Financial Instruments,* and the resulting gain or loss is recognised in the statement of profit or loss.

Other income

Dividend income is recognised when the right to receive the payment is established.

Other income includes various items including but not limited to payments received under operating leases as income on a straight-line basis over the lease (office sub-lease) and recovery of previously written off loans.

1.2 Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical market, major service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments (See "Segment Information" on page 41).

1. **Revenue** (continuation)

	HOME LOAN LENDING		NEW ZEALAND LENDING		ASSET FINANCE LENDING		CONSOLIDATED	
	FY24	FY23	**FY24**	FY23	**FY24**	FY23	**FY24**	FY23
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Fee and commission income								
Mortgage origination	**(31)**	41	**-**	-	**143**	104	**112**	145
Loan management	**29**	(4,531)	**-**	-	**-**	-	**29**	(4,531)
Lending fee income	**2,595**	3,663	**481**	1,565	**3,381**	1,828	**6,457**	7,056
	2,593	(827)	**481**	1,565	**3,524**	1,932	**6,598**	2,670
Timing of revenue recognition								
Service transferred at a point in time	**2,593**	(827)	**481**	1,565	**3,524**	1,932	**6,598**	2,670
Revenue from contracts with customers	**2,593**	(827)	**481**	1,565	**3,524**	1,932	**6,598**	2,670
Interest income	**852,057**	813,210	**52,665**	48,995	**90,598**	39,926	**995,320**	902,131
Fair value gains on derivatives	**426**	-	**-**	-	**-**	-	**426**	-
Other income	**1,980**	5,286	**12**	206	**2,342**	723	**4,334**	6,215
External revenue as reported in segment information	**857,056**	817,669	**53,158**	50,766	**96,464**	42,581	**1,006,678**	911,016

1. **Revenue** (continuation)

1.3 Assets related to contract with customers

The Group has recognised the following assets related to contracts with customers.

	FY24 $'000	FY23 $'000
Contract assets – present value of future trail commission receivable		
Current	**3,548**	4,724
Non-current	**6,021**	9,153
	9,569	13,877

Recognition and measurement

Contract assets - present value of future trail commission receivable

The contract assets relates to the Group's rights to receive trail commissions from lenders on white label settled loans, over the life of the loan based on the monthly loan balance outstanding. The contract assets are transferred to receivables when the rights become unconditional. White label loans ceased origination in FY19, and the portfolio remains in runoff.

Measurement

The future trail commission receivable is measured at expected value. The carrying amounts of the trail commission receivable are adjusted to reflect actual and revised estimated cash flows by computing the present value of estimated future cash flows at the effective interest rates. The resulting adjustment is recognised as income or expense in the statement of comprehensive income (disclosed as loan management under fee and commission income in Note 1.2).

A remeasurement of the underlying cash flows relating to the trail commission receivable occurs at each reporting date.

2. Expenses

	FY24 $'000	FY23 $'000
Interest		
Bond and warehouse facilities	**822,601**	662,613
Amortisation – facility issuance costs	**10,077**	10,583
Discount unwind on NPV of trail commission liability	**(2,369)**	558
Corporate facility	**5,115**	5,459
Interest on lease liabilities	**306**	411
	835,730	679,624
Fee and commission		
Loan management	**921**	19,872
Borrowing commitment costs	**4,851**	5,801
RMBS costs	**10,381**	8,911
Discharge fee refund provision release[1]	**(100)**	(529)
	16,053	34,055
Employee benefits		
Remuneration, superannuation and on-costs	**51,683**	50,394
Share-based payments	**198**	832
	51,881	51,226
Fair value losses on derivatives		
Fair value losses on interest rate swaps	**12,081**	11,829
Fair value losses on overnight index swaps	**-**	426
	12,081	12,255
Fair value write-down on unlisted equity investment	**-**	3,600
Other		
Audit and other professional fees	**3,267**	2,640
Depreciation and amortisation	**654**	780
Depreciation of right-of-use assets	**1,626**	1,643
Insurance	**2,512**	2,562
Marketing	**2,028**	5,036
Rent and occupancy costs	**1,099**	1,154
Technology expenses[2]	**12,323**	12,762
Unrecoverable GST	**2,846**	2,469
Other	**2,865**	3,585
	29,220	32,631
Loan impairment expense (see Note 6)	**11,602**	2,240
	956,567	815,631

1. See Note 17 for details of the discharge fee refund provision (release)/charge.
2. Includes core banking IT project costs (FY24: $2.0 million; FY23: $2.0 million).

2. Expenses (continuation)

Recognition and measurement

2.1 Interest

Bond and warehouse facilities and corporate facility

Recognised in the profit or loss as its accrues using the effective interest rate method.

Bond and warehouse facilities interest expense include coupon payments on notes issued, and interest paid on non-securitised funding facilities.

Amortisation – facility issuance costs

Transaction costs incurred by the Group incremental to the issue of debt securities by the securitisation trusts, are capitalised on the statement of financial position of the parent entity as facility issuance costs. These costs are amortised to the statement of profit or loss over the average expected life of the debt securities using the effective interest rate method.

2.2 Fee and commission

Loan management

Includes trail commission payable expense on white label loans based on individual loan balances outstanding and the loan continuing to perform.

The FY23 comparative also includes the trail commission and service provider fee payments to brokers for originating on balance sheet loans. In FY24, these are included in the effective interest rate applied in 'Interest Income'.

Borrowing commitment costs

Commitment fees directly related to the Group's global funding program.

RMBS costs

Other financing costs include trustee and servicer fees, liquidity fees, rating agency fees, and other fees related to the ongoing operation of the bond and warehouse facilities.

2.3 Employee benefits

Employee benefits expense includes fixed and variable remuneration, superannuation, and associated on-costs.

The policy relating to share-based payments is set out in Note 31.

2.4 Fair value losses on derivatives

The policy relating to fair value losses on derivatives is set out in Note 1.1.

2.5 Other

This mainly comprises bank and regulatory fees, and general administration expenses. These items are expensed when incurred.

2.6 Loan impairment

Loan impairment expenses relates to the movement in the:

- specific and collective provisions; and
- direct loan write-offs recognised during the year.

See Note 6 for detail on impairment of loans and advances.

3. Income tax

3.1 Income tax recognised in profit or loss

	FY24 $'000	FY23 $'000
Current tax		
In respect of the current year	**17,097**	34,228
In respect of prior years	**225**	71
Translation loss on foreign currency assets and liabilities	**-**	3
	17,322	34,302
Deferred tax		
In respect of the current year	**(1,906)**	(5,380)
In respect of prior years	**(96)**	4
	(2,002)	(5,376)
Total income tax expense recognised in the current year	**15,320**	28,926
The income tax expense for the year can be reconciled to the accounting profit as follows:		
Profit before tax	**50,111**	95,385
Income tax expense calculated at 30% (FY23: 30%)	**15,033**	28,616
Effect of expenses that are not deductible in determining taxable profit	**233**	110
Effect of different tax rates of subsidiaries operating in other jurisdictions	**111**	122
Employee share scheme	**(44)**	63
Other items	**(142)**	(60)
	15,191	28,851
Adjustments recognised in the current year in relation to the deferred tax of prior years	**(96)**	4
Adjustments recognised in the current year in relation to the current tax of prior years	**225**	71
Income tax expense recognised in profit or loss	**15,320**	28,926

The tax rate used for FY24 and FY23 reconciliations is the corporate tax rate of 30% payable by corporate entities in Australia, and 28% in New Zealand.

Recognition and measurement

Income tax expense represents the sum of the tax currently payable and deferred tax.

3.2 Current tax balances

	FY24 $'000	FY23 $'000
Current tax receivable	**6,309**	8,115
	6,309	8,115

3. Income tax (continuation)

3.3 Deferred tax balances

The following is the analysis of deferred tax assets (DTA) and deferred tax liabilities (DTL) presented in the consolidated statement of financial position:

	FY24 **$'000**	FY23 $'000
Deferred tax assets	**3,472**	34
Deferred tax assets/(liabilities)	**3,472**	34

FY24	**Opening balance[1]** **$'000**	**Current year recognised in profit or loss** **$'000**	**Previously unrecognised in profit or loss** **$'000**	**Recognised directly in equity / recoup loss against tax liability** **$'000**	**Closing balance** **$'000**
Deferred tax assets/(liabilities)					
Provision for expected credit loss	12,749	**1,467**	**-**	**(2)**	**14,214**
Plant, equipment and software	1,376	**194**	**-**	**-**	**1,570**
Employee entitlements	1,546	**35**	**(1)**	**-**	**1,580**
Provision for lease make good	59	**-**	**(1)**	**-**	**58**
Provision for discharge fee refund	1,182	**(465)**	**-**	**-**	**717**
Trail commission payable	29,457	**707**	**-**	**-**	**30,164**
Lease liability	627	**(148)**	**-**	**-**	**479**
Capitalised upfront commission	(15,031)	**(1,450)**	**3**	**2**	**(16,476)**
Capitalised trail commission	(24,280)	**33**	**-**	**-**	**(24,247)**
Deferred bond issue cost	(3,208)	**(42)**	**(3)**	**2**	**(3,251)**
Derivatives	(1,441)	**2,546**	**(3)**	**205**	**1,307**
Trail commission receivable	(7,229)	**-**	**(1)**	**-**	**(7,230)**
Others	4,227	**(971)**	**102**	**1,229**	**4,587**
	34	**1,906**	**96**	**1,436**	**3,472**

1. Opening balance has been updated to adjust for the change in accounting treatment of ongoing trail commission (see page 40).

3. Income tax (continuation)

FY23	Opening balance $'000	Current year recognised in profit or loss $'000	Previously unrecognised in profit or loss $'000	Recognised directly in equity / recoup loss against tax liability $'000	Closing balance $'000
Deferred tax assets/(liabilities)					
Provision for expected credit loss	12,488	253	-	8	12,749
Plant, equipment and software	3,236	(1,860)	-	-	1,376
Employee entitlements	1,649	(100)	(4)	1	1,546
Provision for lease make good	59	-	-	-	59
Provision for discharge fee refund	1,182	-	-	-	1,182
Trail commission payable	3,613	1,564	-	-	5,177
Lease liability	592	35	-	-	627
Capitalised incentive commission	(16,319)	1,302	-	(14)	(15,031)
Deferred bond issue cost	(4,580)	1,374	-	(2)	(3,208)
Derivatives	(614)	2,648	-	(3,475)	(1,441)
Trail commission receivable	(7,229)	-	-	-	(7,229)
Others	3,807	164	-	256	4,227
	(2,116)	5,380	(4)	(3,226)	34

Recognition and measurement

Income tax expense represents the sum of the tax currently payable and deferred tax.

a. Current tax

Tax payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss and other comprehensive income due to a mix of timing and non-assessable items. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3. Income tax (continuation)

b. Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit.

Deferred tax liabilities (DTLs) are generally recognised for all taxable temporary differences.

Deferred tax assets (DTAs) are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such DTAs and DTLs are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.

In addition, DTLs are not recognised if the temporary difference arises from the initial recognition of goodwill.

DTLs are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

DTAs arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of DTAs is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

DTLs and DTAs are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of DTLs and DTAs reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

c. Current and deferred tax for the year

Current and deferred tax are recognised in the statement of comprehensive income, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

d. Tax consolidation and tax effect accounting by members of the tax consolidated group

Resimac Group Ltd and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. The head entity Resimac Group Ltd, and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. The current and deferred tax amounts are measured in a systematic manner that is consistent with the broad principles in AASB 112 *Income Taxes*.

In addition to its own current and deferred tax amounts, the head entity also recognised current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the Resimac tax consolidated group. Unused tax losses at 30 June 2024 is $0.7 million (FY23: $0.9 million).

e. Nature of the tax funding agreement

Members of the Group have entered into a tax funding agreement. The tax funding agreement requires payments to/from the head entity to be recognised via an inter-entity receivable (payable) which is at call.

The allocation of taxes under the tax funding agreement is recognised as an increase or decrease in the subsidiaries' intercompany accounts with the tax consolidated group head company, Resimac Group Ltd. The amounts receivable or payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practical after the end of each financial year.

4. Cash and cash equivalents

	Note	**FY24 $'000**	FY23 $'000
Cash at bank and on hand		**53,904**	22,732
Cash collections accounts (restricted cash) [1]		**817,095**	1,062,685
	22	**870,999**	1,085,417
Reconciliation of profit after tax to the net cash flows from operating activities			
Profit after tax		**34,790**	66,459
Adjustments for			
Depreciation and amortisation	2	**654**	780
Depreciation charge of right-of-use assets	2	**1,626**	1,643
Amortisation of bond issue costs	2	**10,077**	10,583
Fair value write-down on financial assets		**-**	3,600
Fair value movement on swaps		**(3,501)**	(1,333)
Loan impairment expense	2	**11,602**	2,240
Net loss on disposal of non-current assets		**-**	48
Movement in present value of future trail commission income		**4,308**	10,200
Movement in present value of future trail commission expense		**(1,808)**	(4,900)
Share-based payments expense	2	**198**	832
Dividend income from listed equity investments		**(277)**	(3,780)
(Increase)/decrease in assets			
Trade and other receivables		**(1,182)**	2,191
Loans and advances		**(151,476)**	1,935,471
Other assets		**(44)**	3
Allowance for expected credit losses		**(7,437)**	(3,437)
Current tax receivable		**(799)**	(11,499)
Deferred tax assets		**254**	(2,791)
Increase/(decrease) in liabilities			
Trade and other payables		**(1,536)**	(2,946)
Interest-bearing liabilities		**(1,675)**	17,665
Provisions		**(1,235)**	(3,661)
Net cash (used in) / from operating activities		**(107,461)**	2,017,368

1. Cash collections account includes monies in the Special Purpose Vehicles and securitisation trusts on behalf of members in those trusts and various clearing accounts. These funds are not available for operational use.

4. Cash and cash equivalents (continuation)

Reconciliation of liabilities arising from financing activities

	Issued capital	Share-based payment reserve	Interest-bearing liabilities	Lease liabilities	Total
	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2023	173,531	(945)	14,471,071	9,369	14,653,026
Operating cashflows	**-**	**-**	**(1,675)**	**-**	**(1,675)**
Financing cashflows	**(1,475)**	**702**	**(88,226)**	**(1,852)**	**(90,851)**
Non-cash movements	**1,860**	**(1,675)**	**34,412**	**(149)**	**34,448**
Balance at 30 June 2024	**173,916**	**(1,918)**	**14,415,582**	**7,368**	**14,594,948**
Balance at 1 July 2022	176,476	494	16,288,455	11,097	16,476,522
Operating cashflows	-	-	17,665	-	17,665
Financing cashflows	(5,192)	675	(1,831,849)	(1,753)	(1,838,119)
Non-cash movements	2,247	(2,114)	(3,200)	25	(3,042)
Balance at 30 June 2023	173,531	(945)	14,471,071	9,369	14,653,026

Recognition and measurement

Cash comprises cash deposits and cash equivalents that are short-term, liquid investments readily convertible to known amounts of cash, not subject to significant risk of changes in value, and have a maturity of three months or less.

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

5. Trade and other receivables

	FY24 $'000	FY23 $'000
Current		
Fee and commission receivable	**339**	425
Prepayments	**3,286**	2,377
GST receivable	**1,056**	447
Sundry receivables	**380**	223
	5,061	3,472

Recognition and measurement

All receivables are derived in the ordinary course of business. No maturity dates are specified as they are normally settled within twelve months. There are no long term outstanding receivables as at the reporting date and no material impairment recognised.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less an allowance for expected credit losses. The credit risk of trade receivables is considered immaterial as they are due from Australian financial institutions with high credit ratings.

Fee and commission receivable

Comprises trail commission receivables on settlement terms of 30 days. This is initially recognised at the fair value of the consideration receivable.

Prepayments

Prepayments are recognised when the costs are incurred and amortised over the period in which the economic benefits from these assets are received.

Sundry receivables

Sundry receivables are receivables arising from various immaterial transactions in the ordinary course of business. The Group has assessed these receivables as fully recoverable at balance date.

6. Loans and advances

	Note	**FY24 $'000**	FY23 $'000
Gross loans and advances			
Loans and advances		**14,022,237**	13,750,051
Capitalised upfront commissions		**55,003**	50,238
Capitalised trail commissions		**80,822**	-
Deferred mortgage fees		**(3,363)**	(5,740)
Unallocated customer repayments		**(7,185)**	(13,070)
		14,147,514	13,781,479
Less: allowance for expected credit losses		**(50,009)**	(45,844)
	22	**14,097,505**	13,735,635
Current		**4,244,254**	4,341,166
Non-current		**9,903,260**	9,440,313
		14,147,514	13,781,479

	FY24 $'000			FY23 $'000		
	Home Loan and NZ Lending	**Asset Finance Lending**	**Total Group**	**Home Loan and NZ Lending**	**Asset Finance Lending**	**Total Group**
Allowances for expected credit losses						
Collective allowance	**36,676**	**9,434**	**46,110**	40,628	2,666	43,294
Specific allowance	**1,688**	**2,211**	**3,899**	1,838	712	2,550
	38,364	**11,645**	**50,009**	42,466	3,378	45,844
Movement in allowances for ECL						
Balance at 1 July	**42,466**	**3,378**	**45,844**	44,758	2,283	47,041
Provided/(written back) for during the year						
- Specific	**943**	**7,836**	**8,779**	285	1,375	1,660
- Collective	**(3,995)**	**6,818**	**2,823**	20	560	580
	(3,052)	**14,654**	**11,602**	305	1,935	2,240
Write-offs	**(1,050)**	**(6,387)**	**(7,437)**	(2,597)	(840)	(3,437)
Balance at 30 June	**38,364**	**11,645**	**50,009**	42,466	3,378	45,844

6. Loans and advances (continuation)

Recognition and measurement

All loans and advances are initially recognised at fair value plus directly attributable transaction costs, and subsequently measured at amortised cost using the effective interest rate method.

The effective interest rate is the rate that discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the loans and advances.

During the current financial year, the Group revised its treatment of ongoing trail commissions payable to mortgage brokers. The Group recognised a liability within other financial liabilities equal to the present value of expected future trail commissions payable and a corresponding increase in capitalised trail commissions in loans and advances. See changes in accounting policy note on page 40.

Gains and losses are recognised in the statement of comprehensive income when the loans and advances are derecognised or impaired.

Unallocated customer repayments

Relates to loan repayments received from borrowers that reside in clearing accounts not yet allocated to a loan at balance date.

Impairment and provisioning

AASB 9 requires an Expected Credit Loss model (ECL) at each reporting date to reflect changes in credit risk since initial recognition of the loans and advances. Impairment policy of loans and advances are included in Note 22.

Security properties repossessed

As at 30 June 2024, the Group had exercised their right to foreclose on 6 residential properties (FY23: 13) being the security for loans and advances. The Group intends to sell these properties with the proceeds to go towards clearing the outstanding balance of the underlying loans. Mortgages in possession are held as part of loans and advances, until sold.

7. Other financial assets

	Note	**FY24 $'000**	FY23 $'000
Equity in ASX Listed Companies	22	**15,145**	17,077
Equity in Unlisted Companies	22	**3,510**	3,510
Loan to related entity	22	**-**	8,000
		18,655	28,587
Current		**-**	8,000
Non-current		**18,655**	20,587
		18,655	28,587

Equity in ASX Listed Companies

Equity investments in ASX listed companies are investments the Group intends to hold for long term strategic purposes. As permitted by AASB 9, the Group designated these investments at the date of initial application as measured at fair value through other comprehensive income. The accumulated fair value reserve related to these investments will not be reclassified to profit or loss. Dividends will be recognised in profit or loss as other income when the Group's right to receive payment is established.

Equity in Unlisted Companies

Investments that are not traded in an active market, however classified as fair value through profit or loss (FVTPL) are disclosed at fair value at the end of each reporting period. The fair value assessment conducted on the unlisted shares, included assessing other market conditions on the current and future operating models. The fair value assessments include comparisons against forecasted operating performance at time of investment. The valuation methodology for these investments is disclosed in Note 22.

Loan to related entity

The short term interest bearing loan provided to a related party was fully repaid during FY24. Interest was charged on arm's length terms. Interest income of $0.9 million for the year ended 30 June 2024 (FY23: $0.8 million) was fully received and is presented within interest income on loans and advances in Note 1.

8. Right-of-use assets

	FY24 $'000	FY23 $'000
Lease - buildings		
Balance at 1 July	**7,323**	8,959
Modifications	**(156)**	-
Depreciation	**(1,626)**	(1,643)
Foreign exchange	**13**	7
Balance at 30 June	**5,554**	7,323
Lease - buildings		
Right-of-use assets at cost	**14,100**	14,244
Less: accumulated depreciation	**(8,546)**	(6,921)
Total right-of-use assets	**5,554**	7,323

Right-of-use assets

The Group leases offices with lease terms between 3 to 8 years. Right-of-use assets are initially measured at cost and comprise the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. Depreciation of right-of-use asset is recognised in the consolidated statement of profit or loss.

9. Plant and equipment

Carrying amounts of	Computer equipment $'000	Office furniture $'000	Operating lease equipment $'000	Leasehold improvement $'000	Total $'000
Balance at 1 July 2023	**561**	**60**	**258**	**441**	**1,320**
Additions	**68**	**-**	**-**	**-**	**68**
Depreciation expense	**(248)**	**(16)**	**(131)**	**(259)**	**(654)**
Foreign exchange	**1**	**-**	**-**	**-**	**1**
Balance at 30 June 2024	**382**	**44**	**127**	**182**	**735**
Balance at 1 July 2022	715	77	435	701	1,928
Additions	173	2	13	-	188
Disposals	(24)	(2)	-	-	(26)
Depreciation expense	(285)	(17)	(190)	(260)	(752)
Foreign exchange	(18)	-	-	-	(18)
Balance at 30 June 2023	561	60	258	441	1,320

Recognition and measurement

Plant and equipment stated at cost less accumulated depreciation and impairment losses.

Depreciation and amortisation

Depreciation is recognised to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The following useful lives are used in the calculation of depreciation:

	Years
Computer equipment	**3-4**
Office furniture	**10**
Operating lease equipment	**3-7**
Leasehold improvement	**For life of the lease**

Derecognition

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment

At each reporting date, the Group reviews the carrying amounts of plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any).

10. Other assets

	FY24 $'000	FY23 $'000
Reinsurance claim receivable	**596**	4,455
Other	**274**	228
	870	4,683
Current	**274**	228
Non-current	**596**	4,455
	870	4,683

Reinsurance claim receivable

Prime Insurance Group Limited was purchased as part of the RHG Mortgage Corporation Limited (RHG) acquisition in 2014. Its sole purpose is to provide mortgage insurance and reinsurance facilities for the RHG mortgage assets and process any shortfall claims received. RHG loans ceased origination in FY14, and the portfolio is in run-off.

The reinsurance claim receivable is available to utilise against the reinsurance claim reserve amount in Note 16.

11. Goodwill and intangible assets

Goodwill	FY24 $'000	FY23 $'000
Balance at 1 July	**28,379**	27,430
Additional amount recognised from business combination	**-**	949
Balance at 30 June	**28,379**	28,379

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (less accumulated impairment losses, if any).

Impairment testing

At 30 June 2024, the Group has performed goodwill impairment testing, which included consideration of the impact of the macroeconomic environment. Goodwill of $21.7 million has been allocated for impairment assessment purposes to the Home Loan Lending Business (HLLB) cash-generating unit (CGU). This CGU is expected to benefit from the synergies of the business combination to which that goodwill relates and is the lowest level at which goodwill is allocated. RAF goodwill of $6.7 million, including the goodwill recognised from RAF's investment in 23 Degrees Capital Partners Pty Ltd, is considered a separate CGU and has been separately assessed for impairment testing.

A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Recoverable amount of the asset

The recoverable amount is equal to the greater of:

- fair value less costs to sell; and
- value in use ('VIU').

The management have used the VIU methodology to estimate the recoverable amount as there is no readily available market information for specific business sales of an equivalent sized business to the HLLB and RAF CGUs to estimate the fair value less cost to sell.

The VIU calculation requires management to estimate future cash flows expected to arrive from the CGU and a suitable discount rate to calculate present value.

11. Goodwill and intangible assets (continuation)

Indicators of impairment

The minimum indicators of impairment have been considered by management. These include both internal and external sources of information such as:

- significant changes (historical and future) in the market, economic, legal or technological environment which would have an adverse impact on the Group;
- decline in market capitalisation below the carrying value of net assets;
- interest rate changes which impact the discount rate used in modelling;
- evidence of a worsening financial position;
- plans to discontinue operations; and
- macro economic conditions.

As at 30 June 2024, Management observed the market capitalisation of the Group being lower than the carrying amount of the Group's net assets. Whilst this is considered an indicator of impairment, the impairment assessment performed by management indicates the recoverable amounts of all CGU's remains higher than the carrying amounts resulting in no impairment in FY24.

There were no other indicators of impairment as at 30 June 2024.

Inputs to impairment calculations

Cash flow projections

For VIU calculations, cash flow projections are based on strategic objectives and business forecasts prepared by management and approved by the Board. Cash flow projections are four years in length and a terminal growth rate beyond this has been applied.

Impairment assessment

In assessing VIU, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU.

Furthermore, each unit or group of units to which the goodwill is allocated shall:

- represent the lowest level at which the goodwill is monitored for internal management purposes; and
- not exceed the operating segments.

The allocation of goodwill to these CGU's is considered appropriate.

11. Goodwill and intangible assets (continuation)

Key judgements and assumptions

The key assumptions used for assessing the recoverable amount of the CGUs are as below:

	FY24		FY23	
	HLLB	**RAF**	**HLLB**	**RAF**
Profit growth range for 4-year period (pa)	**-3% to +24 %**	**+5 to +513%**	+2.5%	+10 to +25%
Discount rate (post-tax)	**11.5%**	**11.5%**	11.5%	11.5%
Terminal growth rate	**+2.0%**	**+2.0%**	+2.0%	+2.0%

The post-tax discount rate of 11.5% has been determined by estimating the cost of equity that applies to the HLLB and RAF CGUs.

Management conducted the following when testing the impairment of goodwill:

- revised budgets, forecasts and other assumptions from previous impairment testing to reflect the economic conditions at the balance date, especially to address increased risk and uncertainty;
- considered the impact of macroeconomic conditions and considered outcomes where future cash flows are reduced or operating costs increase (including interest rate risk and loan book growth).

In assessing the VIU for goodwill impairment assessment, the potential impact of macroeconomic conditions including rising interest rates and inflation on cash flows and profit growth have been considered under different scenarios:

1) Base case: Current management view of macroeconomic environment:

- Loan volume and margins: Growth trajectory in line with current market conditions for HLLB and increasing growth for RAF in initial years in line with expected business growth in this segment
- Costs: Growth based on CPI assumptions and investments required to support organic growth of the business

2) Stress scenario: Assumes severe macroeconomic downturn resulting in a sustained period of reduced profitability growth over a 4 year period. The stress scenario indicated sufficient headroom remains for goodwill impairment purposes.

The volatility in financial markets and the current macro economic environment introduces challenges to impairment testing. A second layer of stress testing was added with discount rates ranging from 11%-15% which were applied to the base case and stress scenarios. The full sensitivity range is outlined as follows:

	HLLB Headroom ($ millions)				
Discount Rate	**11.0%**	**11.5%**	**12.0%**	**14%**	**15.0%**
Base Case	151	122	96	15	(16)
Stress Scenario	67	44	22	(44)	(70)

	RAF Headroom ($ millions)				
Discount Rate	**11.0%**	**11.5%**	**12.0%**	**14%**	**15.0%**
Base Case	381	358	337	273	248
Stress Scenario	127	120	113	92	84

The calculated recoverable amount of the CGUs will start falling below the recorded carrying value only at or after a discount rate of 14%.

Impairment charge

Management is of the opinion that potential impacts that could be introduced from a change in the economic environment have been adequately considered for goodwill impairment testing purposes at 30 June 2024. Based upon the impairment testing performed, there is no impairment charge for FY24 (FY23: Nil).

12. Trade and other payables

	Note	**FY24 $'000**	FY23 $'000
Current			
Revenue collected in advance		**6,694**	2,234
Commissions payable		**5,799**	644
Accruals		**9,793**	14,594
Other creditors		**4,906**	9,674
	22	**27,192**	27,146

Recognition and measurement

Trade creditors and other payables are generally settled within 30 day terms and are unsecured. Trade creditors and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year, are unpaid, and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

Revenue collected in advance

Relates to interest income on loans and advances collected in advance.

Commissions payable

Relates to upfront and trail commission payable to aggregators and brokers.

Accruals and other creditors

Accruals and other creditors are accrued fees and expenses and unsecured payables relating to expenses arising in the ordinary course of business.

13. Interest-bearing liabilities

	Note	**FY24 $'000**	FY23 $'000
Debt securities on issue		**14,082,694**	14,125,154
Corporate debt facilities		**39,000**	50,000
Issuance facilities		**293,887**	295,916
	22	**14,415,581**	14,471,070
Current		**4,324,674**	4,558,387
Non-current		**10,090,907**	9,912,683
		14,415,581	14,471,070

Recognition and measurement

All borrowings are initially recognised at fair value of the consideration received less directly attributable transaction costs, and subsequently measured at amortised cost using the effective interest method.

Amortised cost is calculated by taking into account any fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts on acquisition, over the period to maturity.

Gains or losses are recognised in the statement of profit or loss when the liabilities are derecognised.

For further detail on the amortised cost basis of accounting see Note 1 and 2. Details of the Group's interest-bearing liabilities are set out in Note 22.

13.1 Debt securities on issue

Warehouse facilities

The warehouse facilities in Special Purpose Vehicles (SPVs) provide the initial duration financing of loans and advances to customers. The security for advances under these facilities is a combination of fixed and floating charges over all assets of the warehouse SPVs, including the mortgage security. If the warehouse facility is not renewed or should there be a default under the existing terms and conditions, the warehouse facility funder will not have a right of recourse against the remainder of the Group.

The total capacity for the 16 warehouse facilities at 30 June 2024 was AUD 8.5 billion (equivalent) (FY23: 14 warehouse facilities; AUD 8.3 billion (equivalent)), of which AUD 1.8 billion (equivalent) was undrawn at 30 June 2024.

During the financial year there were no material breaches to the warehouse agreements. All warehouse facilities were renewed, on or before their maturity date.

Bonds (RMBS and ABS)

Bonds issued by the securitisation trusts provide duration funding for loans and advances originated by the Group. The bond notes generally have a legal final maturity of 31 years from issue, and a call option of up to 5 years post issuance.

The bondholder's security is a combination of fixed and floating charges over all assets of the securitisation trust. Credit losses arising from the bonds will not result in the bondholders having a right of recourse against the Group (as Originator, Manager or Servicer).

During the year ended 30 June 2024, AUD 4.1 billion (equivalent) of new bonds were issued (FY23: AUD 2.5 billion (equivalent)). These bond issuances paid down warehouse facilities creating capacity to fund new loans. During the financial year, there were no breaches to the terms of the bonds.

13. Interest-bearing liabilities (continuation)

13.2 Corporate debt facility

At 30 June 2024, the Group had $39 million (FY23: $50 million) in corporate debt securities (Secured Capital Note) maturing in November 2024. The $39 million liability is disclosed under corporate debt facilities.

As at 30 June 2024, the Company had a $30 million corporate facility maturing in November 2025. The Group had an undrawn balance of $30 million at 30 June 2024 (FY23: $30 million). In accordance with the terms of the Group's corporate debt facilities, the Group is required to comply with certain covenants. During the entire year and as at 30 June 2024, the Group was compliant with these covenants.

The corporate debt facilities are secured by a first-ranking charge over the beneficial rights to the trust's residual income of the Group. See Note 23.7 for further detail.

13.3 Issuance facilities

The Group maintains a series of subsidiary SPV's for the purpose of raising financing for its RMBS-related credit risk retention ("CRR") obligations. CRR is a mandatory requirement for the Group's RMBS issuance activities in the U.S., European, Japanese and U.K. jurisdictions where, in general, the Group is required to hold an economic interest of at least 5% in value of an RMBS issuance. The subsidiary SPV's hold a 5% vertical strip of bonds of an individual RMBS issuance and raises secured financing from banks and credit investors.

14. Lease liabilities

Lease liabilities included in the Statement of Financial Position	**FY24 $'000**	FY23 $'000
Balance at 1 July	**9,369**	11,097
Addition/modification	**(156)**	12
Interest incurred	**306**	411
Payment of lease liabilities	**(2,158)**	(2,164)
Foreign exchange	**7**	13
Balance at 30 June	**7,368**	9,369
Current	**1,751**	1,703
Non-current	**5,617**	7,666
	7,368	9,369
Amounts recognised in Statement of Comprehensive Income		
Depreciation charge of right-of-use assets	**1,626**	1,643
Interest expense on lease liabilities	**306**	411
Amounts recognised in Statement of Cash Flows		
Interest paid	**(306)**	(411)
Payment of lease liabilities	**(1,852)**	(1,753)

14.1 Leases

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If the rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments to penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

14. Lease liabilities (continuation)

The Group remeasures the lease liability and makes a corresponding adjustment to the related right-of-use asset whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the year presented.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in “Other expenses” in profit or loss (see note 2).

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

15. Other financial liabilities

	Note	**FY24 $'000**	FY23 $'000
Present value of future trail commission payable:			
- White label loans		**5,042**	6,850
- On balance sheet loans		**80,822**	-
	22	**85,864**	6,850
Current		**22,342**	2,267
Non-current		**63,522**	4,583
		85,864	6,850

Recognition and measurement

The Group makes trail commission and service provider fee payments to brokers and mortgage originators for originating on balance sheet and white label loans based on individual loan balances outstanding and the loan continuing to perform.

White label loans

Fair value of future trail commission payable was recognised on the origination of white label loans. This represents the NPV of the expected future trail commission payable under the origination and management agreement, less ongoing servicing costs not covered by transaction fees.

On balance sheet loans

On initial recognition of a mortgage loan at origination the Group recognises a trail commission financial liability which is recognised based on net present value of expected future trailing commission payable to brokers.

The Group's estimate of net present value requires judgement as to the assumptions including expected run off rate and discount rate. Subsequent to initial recognition the trail commission liability is measured at amortised cost.

A corresponding trail commission asset is capitalised to the loan as a transaction cost.

Key judgements and assumptions

Trailing commissions are paid to brokers over the life of loans based on the loan book balance outstanding, if the respective loans are in good order and not in default. The discounted cash flow valuation of trail commission liabilities is classified as level 3 in the fair value measurement hierarchy.

The key assumptions underlying the valuation or trail commission payable to brokers as at 30 June 2024 is summarised below:

	FY24	FY23	
Average loan life (range)/Annualised run-off - Prime/Near Prime - Non-conforming - NZ	**17%-22%** **26%-32%** **26%-32%**	17%-22% 26%-32% 26%-32%	Run-off is a combination of discharges, prepayments and scheduled loan repayments.
Discount rate	**9.3%**	9.1%	This is the rate that reflects the current market assessment of the time value of money and the risks that are specific to the estimated future cash flows.

15. Other financial liabilities (continuation)

Exposure to run off rate risk – Sensitivity analysis

Management does not expect the run-off rate to change in excess of 10% positive or 10% negative of the rates revealed through an analysis of the Group's historical loan data. The change estimate is calculated based on historical movements of the prepayment rate. The effect from changes in prepayment rates, with all other variables held consistent, is as follows:

	FY24 $000
Impact on trail commission liability – Increase/(Decrease)	
+ 10bps	**(6,139)**
- 10bps	**7,027**

16. Other liabilities

	FY24 $'000	FY23 $'000
Non-current		
Reinsurance claim reserve	**596**	4,455
	596	4,455

The reinsurance claim reserve offsets with the reinsurance claim receivable amount in Note 10. Reinsurance claim reserve is measured at the value that is expected to be paid for incurred claims.

17. Provisions

	FY24 $'000	FY23 $'000
Employee benefits	**5,053**	4,647
Office make good	**447**	447
Discharge fee refund	**146**	1,695
Other	**458**	550
	6,104	7,339
Current	**5,542**	6,415
Non-current	**562**	924
	6,104	7,339

	Employee benefits $'000	**Make good $'000**	**Discharge Fee refund $'000**	**Other $'000**	**Total $'000**
Balance at 1 July 2023	4,647	447	1,695	550	7,339
Provision recognised/(released)	**2,371**	**-**	**-**	**329**	**2,700**
Provision utilised	**(1,966)**	**-**	**(1,549)**	**(420)**	**(3,935)**
Balance at 30 June 2024	**5,052**	**447**	**146**	**459**	**6,104**

17. Provisions (continuation)

Recognition and measurement

Provisions are recognised when:

- the Group has a present obligation (legal or constructive) as a result of a past event;
- it is probable that the Group will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

17.1 Employee benefits

A liability is recognised for benefits accruing to employees where the liability can be measured reliably and payment is probable, in respect of:

- wages and salaries;
- annual leave;
- long service leave; and
- on-costs relating to the above.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to settle within 12 months are measured at the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to the reporting date.

The liability for long service leave is recognised in the provision for employee benefits. It is measured as the present value of expected future payments for the services provided by employees up to the reporting date.

Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

17.2 Office make good

Where a condition of the Group’s lease premises is to return the property in its original condition at the end of a lease term. The Group recognises a provision for the expected cost of the refurbishment at the end of the lease.

17.3 Discharge fee refund

The Group conducted a governance review of loan agreements during FY22, where the Group identified it had potentially overcharged a segment of customers discharge fees from 2006 to 2017. A liability was recognised for the likely economic outflow to refund these discharge fees, accrued interest and associated cost involved in processing the refunds to the affected customers. Refunds to customers have occurred throughout FY23 and FY24.

17.4 Other

This represents the restructuring provision recognised in association with the decision taken to cease origination of new loans in New Zealand.

18. Capital management

The Group's capital management objectives

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group operates a warehouse for securitisation funding model for its lending business and as such makes decisions on the amount of capital invested in the notes or warehouses based on alternate sources of funding and the expected return on amounts invested and with regard to the company's cost of capital.

The capital structure of the Group consists of net debt (borrowings net of cash balances) and equity of the Group (comprising issued capital, reserves and retained earnings).

The Group is not subject to any externally imposed capital requirements.

The Board is responsible for monitoring and approving the capital management framework within which management operates. The purpose of the framework is to prudently manage capital whilst optimising the debt and equity structure.

Equity	Note	**FY24 $'000**	FY23 $'000
Issued capital	20	**112,375**	111,990
Reserves	20	**(23,686)**	(19,589)
Retained earnings	20	**327,361**	322,872
		416,050	415,273

19. Dividends

	FY24 **$'000**	FY23 $'000
Declared and paid during the period (fully-franked at 30 percent)		
Final dividend for FY23: $0.04 (FY22: $0.04)	**16,027**[1]	16,116[1]
Interim dividend for FY24: $0.035 (Interim FY23: $0.04)	**14,074**[2]	16,057[2]
	30,101	32,173
Proposed and unrecognised as a liability (fully-franked at 30 percent)		
Final dividend for FY24: $0.035 (FY23: $0.04)	**14,000**	16,277
	14,000	16,277
Franking credit balance		
Franking credits available for future years at 30% adjusted for the payment of income tax and dividends receivable or payable	**123,304**	95,073
Impact on the franking account of dividends proposed before the financial report was issued but not recognised as a distribution to equity holders during the period.	**(6,000)**	(6,976)

1. The final FY23 dividend paid is net of: $72,466 (final FY22: $122,286) dividend paid to treasury shares held by the Group, eliminated on consolidation and dividend paid in relation to non-controlling interest of $34,300.
2. The interim FY24 dividend paid is net of: $33,062 (interim FY23: $110,864) dividend paid to treasury shares held by the Group, eliminated on consolidation and dividend paid in relation to non-controlling interest of $107,114.

20. Issued capital and reserves

	FY24 $'000	FY23 $'000
Issued capital	**174,331**	175,806
Treasury shares	**(415)**	(2,275)
Share capital	**173,916**	173,531
Reverse acquisition reserve[1]	**(61,541)**	(61,541)
	112,375	111,990

1. As a result of reverse acquisition accounting in the Resimac/Homeloans merger, an account was created as a component of equity. This account called 'Reverse acquisition reserve' is similar in nature to share capital. The Reverse acquisition reserve is not available for distribution.

Issued capital as at 30 June 2024 was $174,330,944 (400,000,000 ordinary shares).

Movements in issued capital during the year relate to the acquisition of 1,622,340 shares for $1,474,744 (average price of $0.91 per share) under the Group's on market share buyback scheme. These shares were cancelled prior to 30 June 2024.

20.1 Issued capital

	No. of shares – Thousands	$'000
Balance at 1 July 2022	406,912	180,998
Share buyback cancelled shares (average price: $0.98 per share)	(5,290)	(5,192)
Balance at 30 June 2023	401,622	175,806
Share buyback cancelled shares (average price: $0.91 per share)	**(1,622)**	**(1,475)**
Balance at 30 June 2024	**400,000**	**174,331**

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends.

20. Issued capital and reserves (continuation)

20.2 Treasury shares

Treasury shares held in Resimac Group Ltd by Resimac EST Pty Ltd as Trustee for the Resimac Group Limited Employee Share Trust, are for the benefit of eligible employees of the Resimac Group Employee Share Option and Rights Plan. Shares issued to employees are recognised on a first-in-first-out basis.

	No. of shares – Thousands	$'000
Balance at 1 July 2022	2,925	4,522
Allocation of shares under LTI#2	(785)	(1,485)
Allocation of shares under Employee Share Plan	(200)	(305)
Allocation of shares under LTI#1 Tranche 3	(300)	(457)
Balance at 30 June 2023	1,640	2,275
Allocation of shares under LTI#2	**(1,080)**	**(1,535)**
Allocation of shares under Employee Share Plan	**(227)**	**(325)**
Balance at 30 June 2024	**333**	**415**

20. Issued capital and reserves (continuation)

20.3 Reserves (net of income tax) and retained earnings

		Reserves					
	Retained earnings $'000	Cash flow hedge reserve $'000	Foreign currency translation reserve $'000	Fair value reserve $'000	Share-based payment reserve $'000	Other reserve $'000	Non-controlling interest $'000
Balance at 1 July 2023	**322,872**	**(4,490)**	**(502)**	**(5,670)**	**(945)**	**(7,982)**	**110**
Profit after tax	**34,590**	**-**	**-**	**-**	**-**	**-**	**201**
Changes in fair value of cash flow hedges, net of tax	**-**	**(523)**	**-**	**-**	**-**	**-**	**-**
Currency translation differences	**-**	**-**	**(219)**	**-**	**-**	**-**	**-**
Fair value movement on investment through OCI, net of tax	**-**	**-**	**-**	**(2,382)**	**-**	**-**	**-**
Equity dividends	**(30,101)**	**-**	**-**	**-**	**-**	**-**	**-**
Share-based payments	**-**	**-**	**-**	**-**	**(973)**	**-**	**-**
Balance at 30 June 2024	**327,361**	**(5,013)**	**(721)**	**(8,052)**	**(1,918)**	**(7,982)**	**311**
Balance as at 1 July 2022	288,599	(12,631)	(1,291)	(4,056)	494	(7,982)	-
Acquisition of non-controlling interest	-	-	-	-	-	-	97
Profit after tax	66,446	-	-	-	-	-	13
Changes in fair value of cash flow hedges, net of tax	-	8,141	-	-	-	-	-
Currency translation differences	-	-	789	-	-	-	-
Fair value movement on investment through OCI, net of tax	-	-	-	(1,614)	-	-	-
Equity dividends	(32,173)	-	-	-	-	-	-
Share-based payments	-	-	-	-	(1,439)	-	-
Balance at 30 June 2023	322,872	(4,490)	(502)	(5,670)	(945)	(7,982)	110

The cash flow in fair value of cash flow hedges (net of tax) includes:

	FY24 $'000	FY23 $'000
Gross change in fair value	**168,607**	69,421
Reclassification from cash flow hedge reserve to profit or loss	**(169,335)**	(57,803)
Tax impact	**205**	(3,477)
Balance at 30 June	**(523)**	8,141

20. Issued capital and reserves (continuation)

20.4 Nature and purpose of reserves

Cash flow hedge reserve

The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments will be reclassified to profit or loss only when the hedged transaction affects the profit or loss, or included as a basis adjustment to the non-financial hedged item, consistent with the Group's accounting policy.

Foreign currency translation reserve

Exchange differences relating to the translation of the results and net assets of the Group's New Zealand operations from its functional currency to the Group's presentation currency are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve.

Share-based payment reserve

The share-based payments reserve is used to recognise the value of equity-settled share-based payments provided to employees, including KMP, as part of their remuneration. Refer to Note 31 for further details of these plans.

Other reserve

Other reserves represent the recognition made directly in equity for the difference between the amount by which the Non-Controlling Interest (NCI) was adjusted, and the fair value of consideration paid on Resimac's acquisition of the remaining 40% shares of RAF on 1 February 2021.

21. Earnings per share

	FY24	FY23
Profit attributable to ordinary equity holders of the parent ($'000)	**34,590**	66,446
WANOS [1] used in the calculation of basic EPS (shares, thousands)	**399,664**	402,215
Dilutive effect of share options	**563**	1,054
WANOS [1] used in the calculation of diluted EPS (shares, thousands)	**400,227**	403,269
Earnings per share		
Basic (cents per share)	**8.65**	16.52
Diluted (cents per share)	**8.64**	16.48

1. Weighted average number of shares

Calculation of earnings per share

21.1 Basic earnings per share

Basic earnings per share is calculated as net profit attributable to the ordinary equity holders of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the WANOS adjusted for any bonus element.

21.2 Diluted earnings per share

Diluted earnings per share is calculated by:

- dividing the net profit attributable to ordinary equity holders of the parent; by the
- WANOS outstanding during the year; plus
- the WANOS that would be issued on the conversion of all the dilutive potential ordinary options or rights into ordinary shares.

22. Financial assets and financial liabilities

The Group holds the following financial instruments:

Financial assets	**Basis of measurement**	Note	**FY24 $'000**	FY23 $'000
Cash and cash equivalents	Amortised cost	4	**870,999**	1,085,417
Trade and other receivables (excluding prepayments)	Amortised cost	5	**1,775**	1,095
Loans and advances	Amortised cost	6	**14,097,505**	13,735,635
Equity in ASX Listed Companies	FVOCI	7	**15,145**	17,077
Equity in Unlisted Companies	FVTPL	7	**3,510**	3,510
Loans to related party	Amortised cost	7	**-**	8,000
Derivative financial assets – Cross currency swaps	FVCHR	23	**41,545**	4,474
Derivative financial assets – Interest rate swaps	FVCHR	23	**2,153**	4,760
Derivative financial assets – Interest rate swaps	FVTPL	23	**3,899**	15,962
			15,036,531	14,875,930
Financial liabilities				
Trade and other payables	Amortised cost	12	**27,192**	27,146
Interest-bearing liabilities	Amortised cost	13	**14,415,581**	14,471,070
Lease liabilities	Amortised cost	14	**7,368**	9,369
Present value of trail commission payable	Amortised cost	15	**85,864**	6,850
Derivative financial liabilities – Cross currency swaps	FVCHR	23	**135,029**	-
Derivative financial liabilities – Interest rate swaps	FVCHR	23	**610**	-
Derivative financial Liabilities – Overnight index swaps	FVTPL	23	**-**	426
			14,671,644	14,514,861

22.1 Fair values measurements and valuation processes

22.1.1 Fair value hierarchy

The different levels have been defined as follows:

- **Level 1**: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- **Level 2**: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- **Level 3**: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

22. Financial assets and liabilities (continuation)

The following assets and liabilities are measured at fair value by the Group for financial reporting purposes:

	Fair value hierarchy	Valuation technique(s) and key inputs (s)	FY24 $'000	FY23 $'000
Financial assets				
Equity in ASX Listed Companies	Level 1	Most recent traded price and other available market information	**15,145**	17,077
Equity in Unlisted Companies	Level 3	Acquisition value and financial performance since acquisition adjusted for changes in market and macroeconomic factors	**3,510**	3,510
Interest rate swaps	Level 2	Discounted cash flow Forward interest rates, contract interest rates	**6,052**	20,722
Cross currency swaps	Level 2	Discounted cash flow Forward interest rates, contract interest rates	**41,545**	4,474
Financial liabilities				
Interest rate swaps	Level 2	Discounted cash flow Forward interest rates, contract interest rates	**610**	-
Cross currency swaps	Level 2	Discounted cash flow Forward interest rates, contract interest rates	**135,029**	-
Overnight index swaps	Level 2	Discounted cash flow Forward interest rates, contract interest rates	**-**	426

In the year to 30 June 2024 there has been no change in the fair value hierarchy or the valuation techniques applied to any of the balances above.

For further information on the use of derivatives refer to Note 23 Financial risk management.

22.1.2 Fair value of financial assets and liabilities that are not measured at fair value (but fair value disclosures are required)

With the exception of the future trail commission receivable and payable and fixed interest rate loans that are initially recognised at fair value and subsequently carried at amortised cost, management consider that the carrying amounts of financial assets and liabilities recognised in the consolidated financial statements approximate their fair values.

22. Financial assets and liabilities (continuation)

22.2 Financial assets and liabilities

22.2.1 Recognition and initial measurement

All financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or finance liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

22.2.2 Classification and subsequent measurement

22.2.2.1 Financial assets

On initial recognition, a financial asset is classified as measured at:

- amortised cost
- fair value through other comprehensive income (FVOCI) – debt instrument
- fair value through other comprehensive income (FVOCI) – equity instrument
- fair value through cash flow hedge reserve (FVCHR) – cash flow hedges
- fair value through profit or loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment’s fair value in OCI. This election is made on an investment-by-investment basis.

See Note 23.3 for recognition and measurement of derivatives designated as cash flow hedges.

All financial assets not classified as measured at amortised cost or FVOCI or FVCHR as described above are measured as FVTPL. This includes the Group’s overnight index swaps and majority of interest rate swaps derivative financial assets and investment securities. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI or at FVCHR as at FVTPL if doing so eliminates or subsequently reduces an accounting mismatch that would otherwise arise.

22. Financial assets and liabilities (continuation)

22.2.2.2 Financial assets – Business model assessment

The Group determines the business model at the level that reflects how groups of financial assets are managed. In determining the business model, all relevant evidence that is available at date of assessment is used including:

- how the performance of the financial assets held within that business model are evaluated and reported to the Group's KMP;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and
- how managers of the business are compensated (for example, whether compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

22.2.2.3 Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purpose of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amounts of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

22.2.2.4 Financial Assets – Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by expected impairment loss. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income is calculated using the effective interest method. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss. In disposal or derecognition of investment the cumulative gain or loss is not reclassified to profit or loss, instead it is transferred to retained earnings.
Derivatives at FVCHR	See Note 23.3 for derivatives designated as cash flow hedges.

22. Financial assets and liabilities (continuation)

22.2.2.5 Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as either financial liabilities at FVPTL or other financial liabilities.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL where the liability is either held for trading or designated at fair value through profit or loss.

A financial liability is held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item.

Other financial liabilities

Other financial liabilities (including borrowings, trade and other payables and trail commission liability) are subsequently measured at amortised cost using the effective interest rate method.

The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, to the net carrying amount on initial recognition.

22. Financial assets and liabilities (continuation)

22.2.3 Derecognition

22.2.3.1 Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantively all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

22.2.3.2 Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

22.2.4 Modification of financial instruments

A financial instrument is modified when its original contractual cash flows are renegotiated or modified. A financial asset that is renegotiated is derecognised if the rights to receive cash flows from the existing agreement have expired, either through replacement by a new agreement or the existing terms are modified to that effect. A financial liability that is renegotiated is derecognised if the existing agreement is cancelled and a new agreement is made on substantially different terms or if that existing terms are modified such that the renegotiated financial instrument is a substantially different financial instrument. Where the modification results in derecognition of the original financial instrument, the new financial instrument is recorded initially at its fair value and the resulting difference is recognised in profit or loss in accordance with the nature of the financial instrument as described in the derecognition of financial assets and liabilities policy.

For financial instruments measured at amortised cost, and for debt financial assets measured at FVOCI, when modification does not result in derecognition, a gain or loss is recognised in profit or loss in accordance with the nature of the financial instrument as described in the derecognition of financial assets and liabilities policy. The gain or loss is measured as the adjustment of the gross carrying amount to reflect the renegotiated or modified contractual cash flows, discounted at the instrument's original effective interest rate.

22. Financial assets and liabilities (continuation)

22.2.5 Impairment of financial assets

The Group recognises loss allowances for expected credit loss (ECL) on:

- Trade and other receivables
- Loans and advances measured at amortised cost
- Contract assets
- Lease receivables

The Group applies the following approach for measuring credit provisions:

- Specific Provisions (Stage 3);
- ECL modelled Collective Provision in line with AASB 9 requirements; and
- Post model overlays including macroeconomic, model and management overlays.

ECL's are monitored regularly in conjunction with monthly hardship and arrears metrics provided to the Group's Asset and Liabilities Committee (ALCO). The Group takes a tailored loan by loan approach to managing credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). The Group's ECL model is segmented by portfolio and products as appropriate, and all parameters are considered for each segment of the book individually to ensure the credit risk is accurately captured. This has been a point of emphasis for the Group as the portfolio mix shifts towards asset finance. The key inputs used in measuring ECL include:

(a) probability of default: the PD is the likelihood of default, applied to each individual underlying exposure.

(b) loss given default: the LGD is an estimate of the severity of loss following a default event, taking into consideration the mitigating effect of mortgage insurance if applicable, collateral and time value of money. Mortgage insurance is reflected indirectly in the LGD, as mortgage insured loans are not expected to incur loss following default.

The Group regularly reviews all model parameters and the Group had historically utilised an external LGD benchmark based on downturn conditions for the home loans portfolio due to the small observed loss sizes. Management has since undertaken an analysis of actual loss history and benchmarked the Group's observed LGDs against both major and non-bank peers for residential mortgages and adjusted LGD assumptions accordingly. This is supported by the Group's observed LGD values converging more closely towards industry standards of larger data sets and exhibiting less volatility. The reduction in the LGD resulted in a decrease of 5bps to the overall coverage of the home loans portfolio. Management feel the LGD values and overall portfolio remains adequately provisioned for any unexpected economic downturn. It should be emphasised that modelled LGD values have been held above Resimac's observed LGD.

(c) exposure at default: the EAD represents the estimated exposure in the event of a default.

(d) Significant increase in credit risk: An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. A significant increase in credit risk is identified before the exposure has defaulted and at the latest when exposure becomes 31 days past due. When determining whether the credit risk of a financial asset has increased significantly since the initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and readily available, including both quantitative and qualitative information and analysis, based on the Group's historical experience (e.g. a client experiencing hardship).

(e) Post model overlays: Management apply various overlays to ensure the Group has sufficient Balance Sheet coverage for known and potential credit risk factors that are not modelled in the above assumptions including:

Model risk overlay – applied by management to the base ECL model for potential errors in development and implementation of any of the quantitative elements underpinning the model. Model risk overlay is applied at 10% of modelled ECL (base ECL and macroeconomic model overlay) for the home loans portfolio (FY23: 20% of base). Management have reduced the model risk overly in line with the continued strong performance of the model and underlying home loans portfolio. This had an impact of $3.4 million on total ECL. For the asset finance portfolio, model risk overlay is applied at 20% of the modelled ECL, reflecting the infancy and relatively smaller data set available for modelling compared to the home loans.

22. Financial assets and liabilities (continuation)

Macroeconomic overlay – overlaid to the base ECL model to provide for potential macroeconomic factors not considered in the ECL model output (e.g. rising unemployment, house price decline, low wage growth). As part of the forward-looking assessment, the Group has considered factors including macro-economic forecast and outlook, housing price index, GDP growth, unemployment rates and interest rates. The asset finance portfolio is held at similar overlay levels to the home loans portfolio at c30% base modelled ECL.

Management overlay – applied by management where higher Balance Sheet provision coverage is deemed appropriate. For FY24, an additional management overlay of $1.5m has been assigned for the asset finance portfolio in excess of the modelled collective provisions, reflecting the uncertainty that still exists in the economy, particularly for small business clients this portfolio serves, and the relatively immature seasoning of majority of the portfolio.

The collective provision coverage of the Group has been increased by modelling three hypothetical macroeconomic scenarios. Credit risk factors of PD and LGD used in the ECL calculation are point-in-time estimates based on current conditions and adjusted to include the impact of multiple probability-weighted future forecast economic scenarios. Forward looking PD and LGD factors are modelled based on macroeconomic, in addition to the base ECL model which uses the preceding 48 months of arrears and loss history for home loans portfolio and 36 months for asset finance portfolio. The macroeconomic scenarios are based on the following key levers:

- Property prices – underlying securities are stressed by percentages based on their ranking on the Corelogic Hedonic Index property value bands. These stress tests allow the Group to assess underlying credit risk on a loan by loan basis in each of the downside scenarios.

- Probability of default – stress each borrower with a multiple of their actual PD. The PD stress multiple increases as the underlying security stress increases, factoring in the likely macroeconomic impacts that would be experienced in a declining property market scenario (e.g. higher unemployment, lower GDP).

The table below summarises the macroeconomic assumptions used for each of the scenarios. Each scenario is applied a weighting to aggregate a macroeconomic overlay for inclusion in the Group's total collective provision.

	Scenario		
	Upside	**Base**	**Downside**
Macro Economic Data			
Growth	5.00%	2.30%	-1.50%
Unemployment	4.50%	5.40%	6.40%
Inflation	2.50%	3.50%	4.50%
Macro PD Multiplier			
Growth	0.25	0.33	2.00
Unemployment	0.25	0.33	2.00
Inflation	0.25	0.33	2.00
Macro Adj - PDs	**0.75**	**1.00**	**6.00**
Probability of Default			
Prime	1.04%	1.39%	8.34%
Near Prime	1.86%	2.48%	14.91%
Specialist	5.22%	6.95%	41.73%
Weighted Avg Stressed PD	**1.72%**	**2.29%**	**13.77%**
House Price Impact			
Lower	5.00%	2.50%	-15.00%
Mid	7.50%	5.00%	-20.00%
Upper	10.00%	7.50%	-25.00%
Scenario Probability Weighting	**25.00%**	**50.0%**	**-25.00%**

The Group segments the base ECL model to ensure reflecting the different risk profiles and experiences of the various portfolios (i.e. home loans vs. asset finance) and product lines within each portfolio as appropriate (i.e. Prime vs. Specialist loans).

22. Financial assets and liabilities (continuation)

The Group aligns its approach to credit risk in line with the segmentation of AASB 9. As such, the ECL for financial assets measured at amortised cost is determined with reference to the following stages:

Stage 1: 12 month ECL

At initial recognition, for financial assets without a significant increase in credit risk (SICR), or for financial assets where an increase in credit risk is considered to be low, ECL is determined based on PD over the next 12 months and the LGD, adjusted for forward looking estimates (FLE).

Stage 2: Lifetime ECL not credit impaired

Where there has been a SICR, the ECL is determined with reference to the financial asset's lifetime PD, the lifetime losses associated with that PD and LGD, adjusted for FLE. The Group assesses whether there has been a SICR since initial recognition based on qualitative, quantitative, and reasonable and supportable FLE that includes management judgement. Use of more alternative criteria could result in significant changes to the timing and amount of ECL to be recognised. Lifetime ECL is generally determined based on the average maturity of the financial asset. For the home loans portfolio the Group also classifies certain loans that have a resolved hardship status as stage 2 for an observation period after the cessation of the hardship arrangement. For the asset finance portfolio, any loans currently in hardship have been captured and held at an elevated credit risk while the hardship arrangement is ongoing.

Stage 3: Lifetime ECL credit impaired

Financial assets are classified as stage 3 where they are determined to be credit impaired, which generally matches the Group's definition of default which includes exposures that are at least 90 days past due, and where the obligor is unlikely to pay without recourse against available collateral.

The ECL for credit impaired financial assets is generally measured as the difference between the discounted contractual and discounted expected cash flows from the individual exposure. For credit impaired exposure that are modelled collectively, ECL is measured as the product of the lifetime PD, LGD, and EAD, adjusted for FLE. Interest income is determined with reference to the financial asset's amortised cost carrying value, being the financial asset's net carrying value after the ECL provision.

Stage 3: Impaired assets (specific)

Outside of the ECL, where assets are more than 90 days past due and a shortfall between the loan balance and the underlying security has been identified, a specific provision is raised for the shortfall.

The Group measures loss allowances at an amount equal to the lifetime ECL for stage 2 or stage 3 assets if the credit risk on that financial instrument has increased significantly since recognition (stage 2), or are credit impaired (stage 3), or if the financial instrument is a purchased or originated credit-impaired financial asset (stage 3). If the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Group measures the loss allowance for that financial instrument at an amount equal to a 12 month ECL for stage 1 assets.

Credit-impaired financial assets

The movement between stage 2 and 3 will be based on whether financial assets are credit-impaired at the reporting date. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the borrower; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- becoming apparent that the borrower will enter bankruptcy or financial re-organisation; or
- past experience of collecting payments; or
- an increase in the number of delayed payments in the portfolio past the average credit period; or
- observable changes in national or local economic conditions that correlate with default on receivables.

See Note 23.6 for further details on credit-impaired financial assets.

22. Financial assets and liabilities (continuation)

Definition of default

The Group considers that default has occurred at 90 days past due. Loans also specially provisioned for any other material information that come to light (e.g. bankruptcy).

23. Financial risk management

23.1 Financial risk management objectives

The Group's Corporate Treasury function:

- implements and executes the treasury and funding strategy;
- co-ordinates access to domestic and international financial markets; and
- monitors and manages the financial risks relating to the operations of the Group through internal monitoring tools which analyse exposures by degree and magnitude of risks.

These risks include:

- market risk (including currency risk and interest rate risk);
- economic risk;
- interest rate risk;
- credit risk; and
- liquidity risk.

23.2 Derivative financial instruments

The Group seeks to minimise the effects of currency risks on bonds issued in foreign currencies and interest rate risks on floating rate borrowings by using derivative financial instruments to hedge risk exposures.

The use of financial derivatives is governed by the Group's Interest Rate Risk Management Policy approved by the Board of Directors, which provide written principles on:

- foreign exchange risk;
- interest rate risk;
- credit risk;
- the use of financial derivatives and non-derivative financial instruments; and
- the investment of excess liquidity.

Compliance with policies and exposure limits is reviewed by the Board on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative or proprietary purposes.

23. Financial risk management (continuation)

The table below summarises the Group's exposure to financial risks and how these risks are managed.

Risk	Exposure arising from	Measurement	Management
Market risk – currency	Recognised financial assets and liabilities not denominated in Australian dollars Foreign currency denominated profit or losses	Cash flow forecasting Sensitivity analysis	Cross currency interest rate swaps Cash flow management and matching
Market risk – interest rate	Mismatch in interest rates between assets and liabilities	Sensitivity analysis	Interest rate swaps and overnight index swaps
Market risk – equity investment valuation	Investments in equity securities	Sensitivity analysis	Equity investments not held for trading
Credit risk	Loan portfolio and bond exposures, counterparty risk	Credit risk analysis Rating agency criteria and analyses	Diversification, adaptive capital structures, strong collections/portfolio management, quality of collateral, rating agency provisions in transactions documents
Liquidity risk	Borrowings, derivative financial liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities, securitisation, capital relief transactions, structuring terms of obligations, diversification of funders

Recognition and measurement

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at each reporting period.

The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

23.3 Hedge accounting

The Group designates certain hedging instruments, which includes derivatives in respect of foreign currency and interest rate risks, as cash flow hedges.

At the inception of the hedge relationship the Group documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions.

Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge value is largely reflective of the hedged item.

23. Financial risk management (continuation)

23.3.1 Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss, in the same line as the recognised hedged item.

The majority of the Group's interest rate swaps are not designated as hedging instruments for accounting purposes, the changes in the fair value are recognised immediately in profit or loss for these interest rate swaps.

Hedge accounting is discontinued when:

- the Group revokes the hedging relationship;
- the hedging instrument expires or is sold, terminated, or exercised; or
- the Group no longer qualifies for hedge accounting.

Any cumulative gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

The following table details the amounts relating to items designated as cash flow hedges:

30 June 2024 (Disclosed in AUD)	**USD CCS $'000**	**JPY CCS $'000**	**GBP CCS $'000**	**IRS $'000**
Notional amount	**365,632**	**533,998**	**245,805**	**899,732**
Average fixed contract rate (FX rate per AUD)	**0.74**	**82.21**	**0.51**	**-**
Average fixed interest rate	**-**	**-**	**-**	**4.19%**
Carrying amount of the hedging instrument				
• Assets	**41,545**	**-**	**-**	**2,153**
• Liabilities	**-**	**(127,839)**	**(7,190)**	**(610)**
Total carrying amount of the hedging instrument	**41,545**	**(127,839)**	**(7,190)**	**1,543**
Change in value of hedging instrument	**(61,224)**	**(29,544)**	**(7,190)**	**(3,216)**
Change in value of hedged item	**60,882**	**34,499**	**5,065**	**3,216**
Change in value of hedging instrument recognised in cash flow hedge reserve	**(342)**	**4,955**	**(2,125)**	**(3,216)**
Hedge ineffectiveness recognised in profit or loss	**-**	**-**	**-**	**-**
Amount reclassified from hedge reserve to profit or loss due to:				
- FX spot movement	**42,383**	**(122,218)**	**(5,065)**	**-**
- Hedging gain/loss recognised on settlement	**(38,130)**	**(29,592)**	**(12,474)**	**(4,238)**

23. Financial risk management (continuation)

30 June 2023 (Disclosed in AUD)	**USD CCS $'000**	**JPY CCS $'000**	**IRS $'000**
Notional amount	1,052,035	450,000	536,432
Average fixed contract rate (FX rate per AUD)	0.72	77.22	-
Average fixed interest rate	-	-	3.95%
Carrying amount of the hedging instrument			
• Assets	102,769	-	4,760
• Liabilities	-	(98,295)	-
Total carrying amount of the hedging instrument	102,769	(98,295)	4,760
Change in value of hedging instrument	3,400	(10,326)	4,760
Change in value of hedged item	6,187	7,596	(4,760)
Change in value of hedging instrument recognised in cash flow hedge reserve	9,587	(2,730)	4,760
Hedge ineffectiveness recognised in profit or loss	-	-	-
Amount reclassified from hedge reserve to profit or loss due to:			
- FX spot movement	103,264	(87,719)	-
- Hedging gain/loss recognised on settlement	(55,688)	(17,362)	(299)

23.3.2 Derivative financial assets and liabilities

The carrying values are as follows:

	FY24 $000	FY23 $000
Derivative financial assets		
Cross currency swaps	**41,545**	4,474
Interest rate swaps	**6,052**	20,722
	47,597	25,196
Derivative financial liabilities		
Cross currency swaps	**135,029**	
Interest rate swaps	**610**	
Overnight index swaps	**-**	426
	135,639	426

The Group seeks to minimise the effects of foreign currency and some interest rate exposures by using derivative instruments to hedge these positions. Derivatives are initially recognised at fair value at the date derivative contracts are entered into, and subsequently measured at their fair value at each reporting period.

During the period, currency movements drove changes in valuation of the Groups' cross currency swaps hedged to the Group's US RMBS bonds. These movements in the derivative balances are matched with the USD, GBP and JPY bond liabilities, with the profit/(loss) on swaps recognised in Other Comprehensive Income.

23. Financial risk management (continuation)

23.4 Market risk

Market risk is the risk of an adverse impact on the Group's earnings resulting from changes in market factors, such as interest rates, equity prices and foreign exchange rates.

23.4.1 Interest rate risk

Interest rate risk is the risk that the Group will experience deterioration in its financial position as interest rates change over time.

Interest rate exposure is driven by interest rate mismatches between assets and liabilities (i.e. borrowing at floating interest rates and lending with fixed interest rates). Interest rate risk is managed by entering into interest rate and overnight index swaps subject to the Group's hedging and derivatives policies.

23.4.2 Interest rate risk – Sensitivity analysis

The majority of the Group's liabilities are issued through warehouse facilities and securitisation trusts. Under such arrangements, the repayment profile of the bonds is matched to the repayments collected from the loan assets.

The Group has calculated the impact of a potential increase or decrease in borrowing costs in limited recourse entities for the year in the event of a +/- 10bps change in interest rates as shown in the table below:

	FY24 $000	FY23 $000
10bps +/-		
Loans and advances	**14,015**	13,737
Debt securities on issue and issuance facilities	**14,322**	14,375

In relation to the Group's interest rate swaps, if interest rates had been 10bps higher/lower and all other variables were held constant, the Groups:

- profit for the year ended 30 June 2024 would decrease/increase by $0.2 million (FY23: $0.4 million)
- cash flow hedge reserves would decrease/increase by $1.8 million (FY23: $1.0 million).

23.4.3 Interest rate swap contracts

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the cash flow exposures on the issued variable rate debt. The fair value of interest rate swaps at the end of the reporting period is determined by discounting the future cash flows using the interest rate curves at the end of the reporting period and the credit risk inherent in the contract and is disclosed below.

	FY24 $000	FY23 $000
Fair value:		
Derivative financial assets	**6,052**	20,722
Derivative financial liabilities	**(610)**	-

23. Financial risk management (continuation)

The following table details the notional principal amounts outstanding at the end of the reporting period:

	FY24	FY23
	$000	$000
Notional principal value		
Less than 1 year	**105,815**	113,962
1 to 2 years	**98,199**	229,379
2 to 5 years	**1,013,435**	813,565
	1,217,449	1,156,906

The interest rate swaps settle and reset on a monthly basis. The floating rate on the interest rate swaps is the Bank Bill Swap Rate (BBSW) local interbank rate. The Group will settle the difference between the fixed and floating interest rate on a net basis.

23.4.4 Overnight index swap contracts

Under overnight index swap contracts, the Group agrees to exchange the difference between the overnight cash rate plus a margin and 1 month BBSW on agreed notional principal amounts. Such contracts enable the Group to mitigate the exposure of basis differentials in an increasing rates environment, of its loan and funding book. The fair value of overnight index swaps at the end of the reporting period is determined by discounting the future cash flows using the overnight index curves at the end of the reporting period and the credit risk inherent in the contract and is disclosed below.

	FY24	FY23
	$000	$000
Fair value:		
Derivative financial liabilities	**-**	426

The following table details the notional principal amounts outstanding at the end of the reporting period:

	FY24	FY23
	$000	$000
Notional principal value		
Less than 1 year	**-**	4,000,000
	-	4,000,000

23. Financial risk management (continuation)

23.4.5 Corporate interest – Sensitivity analysis

The remainder of the Group's loan portfolio and liabilities are held in corporate entities. The impact of a potential +/- 10bps change in interest rates on interest revenue and borrowing costs on balances held by the Group for the year is set out in the table below:

10bps +/-	FY24 $000	FY23 $000
Impact on corporate interest revenue		
Interest rate + 10bps	**871**	1,085
Interest rate - 10bps	**(871)**	(1,085)
Impact on corporate funding costs		
Interest rate + 10bps	**(39)**	(50)
Interest rate - 10bps	**39**	50

23.4.6 Equity price risk

Equity investments in listed and unlisted shares are held for strategic rather than trading purposes. The Group does not actively trade these investments.

23.4.7 Equity investment valuation risk – sensitivity analysis

If equity prices on listed shares had been 10% higher / lower:

- Other comprehensive income would increase/decrease by $1,515,000 as a result of the changes in fair value of investments in listed shares (FY23: $1,708,000).

If fair value assessments on unlisted shares had been 10% higher / lower:

- Net profit for the year ended 30 June 2024 would increase/decrease by $351,000 as a result of the changes in fair value of the investments in unlisted shares (FY23: $351,000);

23. Financial risk management (continuation)

23.5 Foreign currency risk

23.5.1 Accounting translation

As at reporting date the Group held cash assets and loans denominated in New Zealand dollars (NZD).

Fluctuations in the NZD are not expected to have a material impact on the consolidated statement of profit or loss or the consolidated statement of comprehensive income and equity of the Group.

23.5.2 Market risk – foreign exchange on monetary items

The Group obtains funding denominated in foreign currencies, consequently, exposure to exchange rate fluctuations arise. These currencies include USD, GBP and JPY. The Group manages foreign currency risk through the use of currency derivatives.

The carrying amounts of the Group's foreign currency denominated assets and liabilities outstanding at the end of the reporting period are set out in Note 23.3.1. The following table details the notional principal amounts outstanding at the end of the reporting period:

	FY24 $000	FY23 $000
Notional principal value		
2 to 5 years	**1,145,435**	1,502,035
	1,145,435	1,502,035

23.5.3 Foreign currency risk – Sensitivity analysis

In relation to the Group's foreign currency swaps, if foreign exchange rates had been 10bps higher/lower and all other variables were held constant the Groups cash flow hedge reserves would decrease/increase by $0.7 million.

23.6 Credit risk management

Credit risk is the risk that a counterparty will fail to complete its contractual obligations when they fall due. The consequential loss is the amount of the financial obligation not paid back, or the loss incurred in replicating a trading contract with a new counterparty.

The Group's primary credit risk exposures relate to its lending activities in its principally funded mortgage portfolio and asset finance portfolio. The Group's primary lending activities are concentrated in the Australian and New Zealand market. The underlying credit risk in the Group's lending activities is commensurate with a geographically-diverse residential mortgage portfolio and asset finance portfolio.

The Board of Directors is responsible for determining the Group's overall appetite for credit risk and monitoring the quality and performance of the mortgage portfolio. The credit risk management operational framework and policy is governed and managed by the Credit Committee.

The Group does not have any direct counterparty credit exposure arising from its financing and securitisation activities. Counterparty risk is governed, and mitigated where required, by ratings agency criteria within the securitisation trusts including exposures to banks, lender's mortgage insurance providers and derivative counterparties.

23. Financial risk management (continuation)

23.6.1 Credit risk in lending

The Group has established lending policies and procedures to manage the credit risk inherent in lending. The extent of credit risk in the Group's lending activities is managed within its origination and funding programmes. The Group maintains separate credit policies for each programme and regularly reviews and amends policies in line with economic, operating and funding conditions.

The Group's approach to credit management utilises a credit risk framework to ensure that the following principles are adhered to:

- independence from brokers;
- recognition of the different risks in the various Group businesses;
- credit exposures are systematically controlled and monitored;
- credit exposures are regularly reviewed in accordance with up-to-date credit procedures; and
- credit exposures include such exposures arising from derivative transactions.

The asset finance portfolio has seen considerable growth in FY24. The credit risk profile of the asset finance portfolio diverges noticeably from the home loans segment. The underlying collateral for asset finance depreciates over time and, unlike real estate, is relocatable which raises risks of loss or theft. During FY24, the following additional risk management activities were introduced by the Group to address the increased risk:

- set up of a dedicated collection and recoveries function for each product line; and
- introduction of an enhanced hardship program.

Each of the Group's business units are responsible for managing credit risks that arise in their own areas with oversight from a Group Credit Committee. The Group Credit Committee monitors the policies of all divisions to ensure that the risk of the Group is monitored appropriately and within risk appetite.

The Group Credit Committee will continually monitor the credit policy taking into account internal and external factors, to ensure credit policy aligns with the risk appetite of the Group.

23.6.2 Exposure to credit risk

Loans and advances consist of a large number of customers, spread across diverse demographic and geographical areas. Ongoing credit evaluation is performed on the financial condition of loans and advances, accounts receivable and other financial assets.

There is no significant concentration of risk to any single counterparty.

The credit risk on derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

23. Financial risk management (continuation)

23.6.3 Maximum exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's exposure to credit risk at the reporting date was:

	Note	FY24 $'000	FY23 $'000
Cash and cash equivalents	4	**870,999**	1,085,417
Trade and other receivables (excluding prepayments)	5	**1,775**	1,095
Contract assets	1	**9,569**	13,877
Other financial assets	7	**18,655**	28,587
Derivative financial assets	23	**47,597**	25,196
		948,595	1,154,172
Loans and advances at amortised cost (subject to credit risk)	6	**14,015,052**	13,736,981
		14,963,647	14,891,153

As at 30 June 2024, 100% of the Group's cash and cash equivalents are held with banks or financial institutions with a credit rating of AA- or better (FY23: 100%).

23.6.3.1 Loan borrowers

The Group manages credit risk by obtaining security over the loan asset and mortgage insurance for loans, where required.

In monitoring the credit risk, loans are segregated according to their credit characteristics using credit risk classification systems. This includes the use of the Loan to Value Ratio (LVR) to assess its exposure to credit risk from loans originated through the securitisation programme.

23.6.4 Financial guarantees

The Group is exposed to credit risk in relation to financial guarantees given to banks. The Group's maximum exposure in this respect is the maximum amount the Group could have to pay if the guarantees are called on. Refer to Note 26.2 for the guarantees in respect of the leases.

23. Financial risk management (continuation)

23.6.5 Credit risk management

The following table summarises the loans and advances and the expected credit loss by stage and risk category:

Maximum exposure to credit risk	Stage 1 - Collective $'000	Stage 2 - Collective $'000	Stage 3 - Collective $'000	Stage 3 - Specific $'000	Total $'000
Balance as at 30 June 2024					
Loans and advances					
- Mortgage lending	**12,167,811**	**633,662**	**106,590**	**5,049**	**12,913,112**
- Asset finance lending	**1,091,178**	**11,032**	**1,111**	**5,559**	**1,108,880**
- Commercial lending	**245**	**-**	**-**	**-**	**245**
Total	**13,259,234**	**644,694**	**107,701**	**10,608**	**14,022,237**
Balance as at 30 June 2023					
Loans and advances					
- Mortgage lending	12,614,816	365,141	126,574	6,084	13,112,615
- Asset finance lending	629,738	6,106	99	1,228	637,171
- Commercial lending	265	-	-	-	265
Total	13,244,819	371,247	126,673	7,312	13,750,051
Expected credit loss					
Balance as at 30 June 2024					
Loans and advances					
- Mortgage lending	**9,269**	**20,264**	**7,143**	**1,688**	**38,364**
- Asset finance lending	**5,499**	**3,263**	**672**	**2,211**	**11,645**
- Commercial lending	**-**	**-**	**-**	**-**	**-**
Total	**14,768**	**23,527**	**7,815**	**3,899**	**50,009**
Balance as at 30 June 2023					
Loans and advances					
- Mortgage lending	15,448	13,244	11,937	1,837	42,466
- Asset finance lending	1,846	763	57	712	3,378
- Commercial lending	-	-	-	-	-
Total	17,294	14,007	11,994	2,549	45,844

The majority of the Group's exposure to loans and advances is limited, as they are legally owned by securitisation trusts with limited recourse to the Group. Losses on mortgage loans in these entities are therefore limited to the Group's investment in notes in these trusts and the residual income rights of trusts. The trust structures are designed such that losses are covered by the income generated from the assets within the trust before the investment notes are impaired.

Collateral held

The value of the collateral held as security for loans in stage 2 and stage 3 collective at 30 June 2024 is $1,374.5 million (30 June 2023: $726.4 million).

The value of the collateral held as security for loans in stage 3 specific loans at 30 June 2024 is $4.9 million (30 June 2023: $5.1 million).

Loans are secured by the Group by having the property titles registered as a financial interest that provide the Group first priority over any proceeds becoming available from the sale of the property. For Prime insured loans, LMI policies exist to cover 100% of the principal amount at default plus interest. At 30 June 2024, 98% (FY23: 97%) of the Australian mortgage lending portfolio is either mortgage insured or originated at an LVR of below 80%.

23. Financial risk management (continuation)

23.6.6 Credit risk concentrations

An analysis of the Group's credit risk concentrations on loans and advances is provided in the following table. The amounts in the table represent gross carrying amounts:

	FY24		FY23	
Loans and advances at amortised cost	**$'000**	**%[1]**	$'000	%[1]
Concentration by region				
• New South Wales	**5,155,638**	**37%**	4,985,022	36%
• Victoria	**3,626,654**	**25%**	3,567,529	26%
• Queensland	**2,629,575**	**19%**	2,470,642	18%
• Western Australia	**953,890**	**7%**	922,251	7%
• South Australia	**980,239**	**7%**	894,862	7%
• Tasmania	**101,786**	**1%**	92,180	1%
• Northern Territory	**58,574**	**0%**	59,912	0%
• New Zealand	**515,881**	**4%**	757,653	5%
Total	**14,022,237**	**100%**	13,750,051	100%

	FY24		FY23	
Expected credit loss	**$'000**	**%[1]**	$'000	%[1]
Concentration by region				
• New South Wales	**19,817**	**40%**	16,374	36%
• Victoria	**14,294**	**28%**	13,141	29%
• Queensland	**7,643**	**15%**	7,797	17%
• Western Australia	**3,165**	**6%**	4,059	9%
• South Australia	**2,697**	**5%**	2,085	5%
• Tasmania	**292**	**1%**	232	0%
• Northern Territory	**336**	**1%**	827	1%
• New Zealand	**1,765**	**4%**	1,329	3%
Total	**50,009**	**100%**	45,844	100%

1. Rounded to nearest 100bps.

23. Financial risk management (continuation)

23.6.7 Analysis of loans and advances by past due status

Under the Group's monitoring procedures, a significant increase in credit risk is identified at the latest when exposure becomes 30 days past due. The table below provides an analysis of the gross carrying amount of loans and advances by past due status that are over 30 days past due.

Loans and advances at amortised cost[1]	**FY24 $'000**	FY23 $'000
• 0 days and less than 30 days	**13,506,625**	13,428,879
• 30 days and less than 60 days	**123,010**	125,826
• 60 days and less than 90 days	**277,242**	63,915
• 90 days and less than 180 days	**58,220**	77,987
• 180 days and less than 270 days	**26,407**	35,959
• 270 days and less than 365 days	**13,587**	9,873
• 365 days and over	**17,146**	7,612
Total	**14,022,237**	13,750,051

[1] Includes loans that are collectively and specifically provided for

Expected credit loss	**FY24 $'000**	FY23 $'000
• 0 days and less than 30 days	**24,293**	25,896
• 30 days and less than 60 days	**4,148**	3,526
• 60 days and less than 90 days	**10,813**	3,046
• 90 days and less than 180 days	**6,975**	7,742
• 180 days and less than 270 days	**1,867**	3,237
• 270 days and less than 365 days	**878**	1,148
• 365 days and over	**1,035**	1,249
Total	**50,009**	45,844

23. Financial risk management (continuation)

23.6.8 Movement in credit exposures

	Stage 1 - Collective $'000	Stage 2 - Collective $'000	Stage 3 - Collective $'000	Stage 3 - Specific $'000	Total $'000
Provision for impairment losses					
Balance as at 30 June 2023	17,294	14,007	11,993	2,550	45,844
Net transfer between stages	(7,563)	(905)	8,554	(86)	-
Stage 1 - Collective	-	2,587	5,016	(2)	7,601
Stage 2 - Collective	(2,204)	-	3,537	6	1,339
Stage 3 - Collective	(4,946)	(3,531)	-	(90)	(8,567)
Stage 3 - Impaired	(413)	39	1	-	(373)
Net re-measurement on transfers between stages	(5,348)	7,019	(13,742)	360	(11,711)
Impact of transfers between stages and re-measurement	4,383	20,121	6,805	2,824	34,133
Net financial assets originated	6,511	3,853	856	2,552	13,772
Write-offs	(2,469)	(1,092)	(99)	(3,777)	(7,437)
Discharges/Other	6,343	645	253	2,300	9,541
Balance as at 30 June 2024	14,768	23,527	7,815	3,899	50,009
Credit Exposure					
Balance as at 1 July 2023	13,244,819	371,247	126,673	7,312	13,750,051
Net transfers between stages and financial assets originated	16,884	274,539	(18,873)	7,073	279,623
Write-offs	(2,469)	(1,092)	(99)	(3,777)	(7,437)
Balance as at 30 June 2024	13,259,234	644,694	107,701	10,608	14,022,237

23. Financial risk management (continuation)

	Stage 1 - Collective $'000	Stage 2 - Collective $'000	Stage 3 - Collective $'000	Stage 3 - Specific $'000	Total $'000
Provision for impairment losses					
Balance as at 30 June 2022	24,992	12,801	4,899	4,349	47,041
Net transfer between stages	7,252	(5,137)	(978)	(1,137)	-
Stage 1 - Collective	-	(5,125)	(717)	(1,410)	(7,252)
Stage 2 - Collective	5,125	-	(116)	128	5,137
Stage 3 - Collective	717	116	-	145	978
Stage 3 - Impaired	1,410	(128)	(145)	-	1,137
Net re-measurement on transfers between stages	(20,204)	6,800	7,745	1,949	(3,710)
Impact of transfers between stages and re-measurement	12,040	14,464	11,666	5,161	43,331
Net financial assets originated	8,061	1,362	1,418	203	11,044
Write-offs	-	-	-	(3,437)	(3,437)
Discharges/Other	(2,807)	(1,819)	(1,091)	623	(5,094)
Balance as at 30 June 2023	17,294	14,007	11,993	2,550	45,844
Credit exposure					
Balance as at 1 July 2022	15,319,015	319,505	39,676	6,304	15,684,500
Net transfers between stages and financial assets originated	(2,074,196)	51,742	86,997	4,445	(1,931,012)
Write-offs	-	-	-	(3,437)	(3,437)
Balance as at 30 June 2023	13,244,819	371,247	126,673	7,312	13,750,051

23. Financial risk management (continuation)

23.7 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements.

The Group’s funding platform currently comprises a mix of:

- warehouse facilities;
- securitisation trusts;
- secured corporate debt facilities; and
- cash.

The majority of the Group’s liabilities represent bonds issued by SPVs through warehouse facilities and securitisation trusts. Under such arrangements, bondholder recourse is limited to the assets of the relevant SPVs to which the liability relates and the repayment profile of the bonds is matched to the repayments collected from the loan assets. Given the limited recourse nature of these borrowings, $14.1 billion at 30 June 2024 (FY23: $14.1 billion), they have not all been included in the table below.

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Note 23.7.2 below sets out details of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

23. Financial risk management (continuation)

23.7.1 Liquidity risk tables

The following table shows the Group's remaining expected maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the expected cashflows from underlying assets and hence will not necessarily reconcile with the amounts disclosed in the statement of financial position.

The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Group may be required to pay.

Financial liabilities	<6 months or on demand $'000	6-12 months $'000	1-3 years $'000	3-5 years $'000	>5 years $'000	Total cash flows $'000	Carrying amount $'000
FY24							
Non-derivatives							
Trade and other payables	**27,192**	**-**	**-**	**-**	**-**	**27,192**	**27,192**
Interest-bearing liabilities							
• Issuance facilities	**2,899**	**25,000**	**159,534**	**106,454**	**-**	**293,887**	**293,887**
• Corporate debt	**39,000**	**-**	**-**	**-**	**-**	**39,000**	**39,000**
Present value of future trail commissions payable	**13,193**	**9,977**	**30,446**	**20,245**	**43,707**	**117,568**	**85,864**
Lease liabilities	**1,048**	**1,112**	**4,498**	**1,526**	**-**	**8,184**	**7,368**
	83,332	**36,089**	**194,478**	**128,225**	**43,707**	**485,831**	**453,311**
Derivatives	**135,639**	**-**	**-**	**-**	**-**	**135,639**	**135,639**
	218,971	**36,089**	**194,478**	**128,225**	**43,707**	**621,470**	**588,950**
FY23							
Non-derivatives							
Trade and other payables	27,146	-	-	-	-	27,146	27,146
Interest-bearing liabilities							
• Issuance facilities	21,110	-	143,289	131,517	-	295,916	295,916
• Corporate debt	50,000	-	-	-	-	50,000	50,000
Present value of future trail commissions payable	1,227	1,032	2,677	1,373	1,377	7,686	6,850
Lease liabilities	1,087	1,089	4,482	3,886	-	10,544	9,369
	100,570	2,121	150,448	136,776	1,377	391,292	389,281
Derivatives	426	-	-	-	-	426	426
	100,996	2,121	150,448	136,776	1,377	391,718	389,707

23.7.2 Financing facilities

	FY24 $'000	FY23 $'000
Secured corporate debt facility which may be extended by mutual agreement		
• Amount used	**-**	-
• Amount unused	**30,000**	30,000
	30,000	30,000

24. Subsidiaries

Details of the Group's subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest held and voting power held by the Group	
			FY24 %	FY23 %
Controlled companies				
Access Network Management Pty Ltd	Mortgage manager	Australia	**100**	100
Auspak Financial Services Pty Ltd	Mortgage broker	Australia	**100**	100
Clarence Street Finance Pty Ltd	Holder of commission agreements	Australia	**100**	100
Clarence Street Funding No.1 Pty Ltd	Special purpose vehicle	Australia	**99.9**	99.9
Clarence Street Funding No.2 Pty Ltd	Participation unit holder	Australia	**100**	100
Clarence Street Funding No.3 Pty Ltd	Special purpose vehicle	Australia	**100**	100
Clarence Street Funding No.4 Pty Ltd	Special purpose vehicle	Australia	**100**	100
Clarence Street Funding No.6 Pty Ltd	Special purpose vehicle	Australia	**100**	100
Clarence Street Funding No.7 Pty Ltd	Special purpose vehicle	Australia	**100**	100
Clarence Street Funding No.8 Pty Ltd	Special purpose vehicle	Australia	**100**	100
Clarence Street Funding No.9 Pty Ltd	Special purpose vehicle	Australia	**100**	100
Clarence Street Funding No.10 Pty Ltd	Special purpose vehicle	Australia	**100**	100
Clarence Street Funding No.11 Pty Ltd	Special purpose vehicle	Australia	**100**	100
Clarence Street Funding No.12 Pty Ltd[1]	Special purpose vehicle	Australia	**100**	-
Clarence Street Funding No.13 Pty Ltd[2]	Special purpose vehicle	Australia	**100**	-
FAI First Mortgage Pty Ltd	Trust manager and servicer	Australia	**100**	100
Homeloans.com.au Pty Ltd	Mortgage lender	Australia	**100**	100
Housing Financial Services Pty Ltd	Mortgage originator	Australia	**100**	100
Independent Mortgage Corporation Pty Ltd	Mortgage broker	Australia	**100**	100
Resimac Asset Finance Pty Ltd	Asset finance originator and manager	Australia	**100**	100
RAF Structured Finance Pty Ltd	Consumer and commercial lending	Australia	**100**	100
SF Mortgage Pty Ltd	Lender of record	Australia	**100**	100
Parnell Road Funding No.1 Limited	Special purpose vehicle	New Zealand	**100**	100
Parnell Road Funding No.2 Limited	Special purpose vehicle	New Zealand	**100**	100
Prime Insurance Group Limited	LMI captive insurer	Bermuda	**100**	100
RESIMAC Capital Markets Pty Ltd	Trust manager	Australia	**100**	100
RESIMAC Financial Services Limited	NZ Holding company	New Zealand	**100**	100
RESIMAC Financial Securities Limited	NZ Trust manager and servicer	New Zealand	**100**	100
RESIMAC Home Loans Limited	NZ Lender of record and trustee	New Zealand	**100**	100
RESIMAC Limited	Non-bank lender	Australia	**100**	100
RESIMAC NZ Home Loans Limited	NZ Holding company	New Zealand	**100**	100
RESIMAC Premier Warehouse No.1 Pty Ltd[3]	Unit Holder	Australia	**-**	-
RMC Fiduciary Services Pty Ltd[3]	Mortgage trustee	Australia	**-**	-
RHG Mortgage Corporation Pty Ltd[3]	Lender of record	Australia	**-**	-
RHG Mortgage Securities Pty Ltd[3]	Mortgage trustee	Australia	**-**	-

1. Incorporated on 18 March 2024.
2. Incorporated on 28 March 2024.
3. Ownership interest is 0% however the Group have Board control.

24. Subsidiaries (continuation)

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest held and voting power held by the Group FY24 %	FY23 %
Controlled companies				
RHG Home Loan Pty Ltd	Mortgage Originator	Australia	**100**	100
The Servicing Company Pty Ltd	Trust servicer	Australia	**100**	100
RESIMAC EST PTY LTD	Initial Trustee	Australia	**100**	100
23 Degrees Capital Partners Pty Ltd	Asset finance wholesaler	Australia	**51**	51
0508 Home Loans Limited	Dormant	New Zealand	**100**	100
0800 Home Loans Limited	Dormant	New Zealand	**100**	100
Clarence Street Funding No.5 Pty Ltd	Dormant	Australia	**99.9**	99.9
Fiduciary Services Pty Ltd	Dormant	Australia	**100**	100
National Mutual Pty Ltd	Dormant	Australia	**100**	100
RESIMAC Financial Securitisation Limited	Dormant	New Zealand	**100**	100
RESIMAC Financial Services Pty Ltd	Dormant	Australia	**100**	100
RESIMAC Leasing Pty Ltd	Dormant	Australia	**100**	100
Homeloans Pty Ltd	Dormant	Australia	**100**	100
Controlled Trusts				
Avoca Master Trust	Issuer of RMBS	Australia	**100**	100
NZF Mortgages Warehouse A Trust	Warehouse mortgages	New Zealand	**100**	100
RESIMAC Bastille Master Trust[5]	Issuer of RMBS	Australia	**100**	100
RESIMAC Triomphe Master Trust[5]	Issuer of RMBS	Australia	**100**	100
RESIMAC Versailles Master Trust	Issuer of RMBS	New Zealand	**100**	100
RESIMAC Victoire Trust	Warehouse mortgages	New Zealand	**100**	100
RESIMAC Premier Series 2021-2	Issuer of RMBS	New Zealand	**100**	100
RMT Warehouse Trust No.2[5, 6]	Warehouse mortgages	Australia	**-**	100
RMT Securitisation Trust No.7[5, 7]	Issuer of RMBS	Australia	**-**	100
RMC Enhanced Income Fund	Managed Investment Trust	Australia	**100**	100
RAF Trust	Consumer and commercial lending	Australia	**100**	100
International Acceptance Trust[8]	Consumer and commercial lending	Australia	**-**	100
Thorn ABS Warehouse Series No.1[9]	Issuer of ABS	Australia	**100**	-
Resimac Group Limited Employee Share Trust[10]	Employee share trust	Australia	**-**	-

5. This does not represent holding in capital units, percentage ownership represents control of these Trusts.
6. Deregistered on 1 July 2023.
7. Deregistered on 31 December 2023.
8. Deregistered on 18 March 2024.
9. Acquired on 1 September 2023.
10. Ownership interest is 0% however a 100% owned subsidiary (RESIMAC EST PTY LTD) acts as trustee.

24. Subsidiaries (continuation)

Special purpose entities – securitised trusts and funding warehouses

The Group has established special purpose entities to support the specific funding needs of the Group's securitisation programme with the aim to:

- conduct securitisation activities funded by short term warehouse facilities provided by reputable lenders; and
- hold securitised assets and issue bonds.

The special purpose entities meet the criteria of being controlled entities under AASB 10 – *Consolidated Financial Statements* and therefore are included in these consolidated financial statements.

25. Asset acquisition

On 20 June 2023, Resimac entered into a sale and purchase deed with Thorn Australia Pty Limited and Thornmoney Pty Limited (collectively "Thorn") in relation to the purchase of Thorn's asset finance portfolio. The transaction was completed on 1 September 2023 and is part of the asset finance segment. Thorn and Resimac are related entities with common Shareholders and Directors.

This portfolio acquisition transaction has been accounted as an asset acquisition in line with the requirements of AASB 9 *Financial Instrument*.

The fair value assets and liabilities recognised as a result of the portfolio acquisition are as follows:

	Fair value $'000
Assets	
Cash and cash equivalents	**6,773**
Loans and advances	**133,980**
Other assets	**408**
Total assets	**141,161**
Liabilities	
Interest bearing liabilities	**(124,780)**
Other liabilities	**(1,582)**
Total liabilities	**(126,362)**
Fair value of identified net assets	**14,799**
Gain/loss on acquisition	**-**
Purchase consideration	**14,799**

26. Commitments and contingencies

26.1 Commitments

On 25 January 2024 Resimac entered in a sale and purchase agreement to acquire the remaining 49% shares in 23 Degrees Capital Partners Pty Ltd (operating as Sonder) on 1 July 2024. This increased Resimac's interest in 23 Degrees Capital Partners Pty Ltd from 51% to 100%.

The Directors were not aware of any other commitments (including capital commitments) as at the end of the financial year or arising since balance date.

26.2 Contingencies

Lease guarantees

The Group has provided guarantees in respect of the leases over its premises of $3,456,682 (FY23: $992,600).

The Directors were not aware of any other contingent liabilities as at the end of the financial year or arising since balance date.

27. Subsequent events

27.1 Acquisition of shares in 23 Degrees Capital Partners Pty Ltd

See Note 26.1 for sale and purchase agreement entered into with 23 Degrees Capital Partners Pty Ltd.

27.2 Resignation of Chief Executive Officer

On 9 July 2024, Mr. Scott McWilliam resigned from his role as the Chief Executive Officer of Resimac. Mr. Scott McWilliam has taken a period of leave before his employment contract ends on 1 September 2024. Non-Executive Director, Ms Susan Hansen, has been appointed as interim CEO until a permanent CEO is appointed.

27.3 Final dividend declared

The Board of Resimac Group Ltd declared a fully-franked final dividend of $0.035 per share. The record date will be 6 September 2024. The payment date will be 20 September 2024. The dividend has not been provided for in this financial report.

Other than the above events, there have been no circumstances arising since 30 June 2024 that have significantly affected or may significantly affect:

(a) The operations,

(b) The results of those operations, or

(c) The state of affairs of the Group in future financial years.

28. Auditor's remuneration

	FY24 $	FY23 $
Deloitte Touche Tohmatsu		
Audit or review of financial reports		
- Group	**429,608**	366,033
- Subsidiaries	**729,417**	708,267
	1,159,025	1,074,300
Statutory assurance services required by legislation to be provided by the auditor	**100,273**	95,498
Other assurance and agreed-upon procedures under other legislation or contractual arrangements	**87,150**	153,347
Other services - Tax consulting services		
- Tax consulting services	**4,935**	-
- Technology consulting services	**194,480**	-
	199,415	-
Total remuneration of Deloitte Touche Tohmatsu	**1,545,863**	1,323,145
Non Deloitte Touche Tohmatsu audit firms		
Other services		
- Tax compliance services	**186,760**	118,616
- Tax consulting services	**52,889**	-
- Other advisory services	**67,708**	-
Total remuneration of Non Deloitte Touche Tohmatsu audit firms	**307,357**	118,616

28.1 Non-audit services

The auditor of the Group is Deloitte Touche Tohmatsu (Deloitte). It is the Group's policy to employ Deloitte on assignments additional to its statutory audit duties, in compliance with the Group's independence policies, where Deloitte's expertise and experience with the Group are important.

The total non-audit services fees of $286,565 represents 18.5% of the total fees paid or payable to Deloitte and network firms for the year ended 30 June 2024 (FY23: $153,347 or 11.6%).

29. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

During the year, the Group entered into the following transaction with a related party that is not a member of the Group:

	Income received		**Expenses paid**	
	FY24 $'000	FY23 $'000	**FY24 $'000**	FY23 $'000
Director's related entity	**947**[1]	760	**1,800**[2]	2,000
	947	760	**1,800**	2,000

1. Interest received on related party loan to Somers Limited.
2. Professional Indemnity and Directors & Officers Liability insurance premiums paid to General Provincial Insurance Ltd. This insurance policy was entered into at commercial arms length terms.

Sales to related parties occur at arm's length on commercial terms in the ordinary course of business in accordance with the terms and conditions outlined in the relevant commercial agreements with each party.

The following balances were outstanding at the end of the reporting period:

	Amounts owed by related parties		**Amounts owed to related parties**	
	FY24 $'000	FY23 $'000	**FY24 $'000**	FY23 $'000
Director's related entity [3]	**-**	8,000	**-**	-
Other related parties of Resimac Group Ltd [4]	**20,787**	18,016	**-**	-
	20,787	26,016	**-**	-

3. Short-term interest bearing loan provided to Somers Limited. Interest is charged on arm's length terms.
4. Includes residential mortgages to KMP or related parties lent in ordinary course of business at arm's lengths.

Amounts owed by related parties are secured and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the current or prior years for bad or doubtful debts in respect of the amount owed by related parties.

29. Related party transactions (continuation)

Compensation of KMP

The remuneration disclosures of Directors and other members of KMP during the year are provided in sections 1 to 9 of the remuneration report on pages 13 to 30 of this financial report designated as audited and forming part of the Directors' report.

The remuneration disclosures are for Resimac KMP only as presented in the Remuneration report.

KMP compensation	**FY24** **$**	FY23 $
Short-term benefits	**2,302,717**	2,859,007
Post-employment benefits	**119,170**	134,392
Long-term benefits	**42,047**	36,116
Termination benefits	**40,247**	20,767
Share-based payments	**-**	438,750
	2,504,181	3,489,032

The remuneration of Directors and KMP is determined by the Remuneration and Nomination Committee having regard to the performance of individuals and market trends.

30. Parent disclosures

The parent company of the Group, as at and throughout the financial year ended 30 June 2024, was Resimac Group Ltd.

Presented below is supplementary information about the parent entity.

	FY24 $'000	FY23 $'000
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Current	**17,011**	18,333
Non-current	**371,029**	416,330
	388,040	434,663
LIABILITIES		
Current	**5,191**	14,510
Non-current	**26,539**	31,169
	31,730	45,679
NET ASSETS	**356,310**	388,984
EQUITY		
Issued capital	**185,646**	185,646
Reserves	**3,124**	2,214
Retained earnings	**167,540**	201,124
	356,310	388,984
Attributable to members of the parent:		
(Loss)/Profit after tax	**(3,515)**	(4,834)
Total comprehensive income for the period	**(3,515)**	(4,834)

30.1 Guarantees, contingent liabilities and contingent assets

At 30 June 2024, there are no financial guarantees, contingent assets or contingent liabilities with respect to the parent company. (FY23: Nil).

30.2 Accounting policies

The accounting policies of the parent entity, which have been applied in determining the financial information shown above, are the same as those applied in the consolidated financial statements.

31. Share-based payments

31.1 Employee share option plan of the Company

The Company has a share option scheme (pursuant to the Resimac Group Ltd Employee Share Option and Rights Plan) for senior employees of the Company. In accordance with the terms of the Plan, as approved by shareholders at the 2017 Annual General Meeting, senior employees may be granted options to purchase ordinary shares.

Each employee share option converts into one ordinary share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

Long-Term Incentive (LTI#2) Share Options – CEO and General Managers (GMs)

Under the Group's LTI share options and rights plan, the CEO and GMs received options over ordinary shares and a potential cash component of $2.4 million. Options were granted on 15 August 2019 and the vesting date for all of these granted options was 31 August 2022, subject to the Group achieving Net Profit After Tax (NPAT) growth hurdles, digital transformation hurdles, compliance hurdles and remaining employed with the Group until the vesting date.

The LTI#2 is administered by The Trustee for the Resimac Group Limited Employee Share Trust. The trust is consolidated in accordance with Group's consolidation policy. The trustee subscribes for the shares issued by the Group and allocates to the employees on exercise of options. Shares held by the trust and not yet allocated to employees at the end of the reporting period are shown as treasury shares in the financial statements.

The fair value of share options under LTI#2 was recognised as an employee benefits expense with a corresponding increase in equity. The total expense was recognised over the vesting period, which was the period over which all of the specified vesting conditions were to be satisfied. At the end of each period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated statement of profit or loss with a corresponding adjustment to equity.

The fair value of the amounts payable to the CEO and GMs in respect of cash component is recognised as an expense with a corresponding increase in liabilities, over the vesting period. The liabilities are remeasured to fair value at each reporting date and are presented as employee benefit obligations in the consolidated statement of financial position.

A cash component LTI of $1.7 million was paid to the CEO and senior management in September 2022. Furthermore 785,000 share options were exercised in FY23 and 1,080,000 share options were exercised in FY24.

At 30 June 2024 1,660,000 vested options remain outstanding to be exercised on or before the expiry date of 30 June 2025.

Employee Share Plan (ESP)

The Group commenced the Resimac Group Employee Share Scheme (ESS) in March 2021 whereby eligible employees are offered up to $1,000 worth of fully paid Resimac ordinary shares for no cash consideration.

Shares allocated under the ESS cannot be sold until the earlier of three years after allocation or the time when the participant is no longer employed by the Group.

The ESS offer for FY24 was made on 10 October 2023. A total of 205 (FY23: 195) staff participated in this offer. The participants were each allocated 1,106 (FY23: 1,025) fully allocated shares based on the offer amount of $1,000 and the 5 day volume weighted average price (VWAP) of $0.9036 (FY23: $0.9754), resulting in a total of 226,730 (FY23: 199,875) shares being allocated. The shares were allocated to staff for no cash consideration. For the financial year ended 30 June 2024, share-based payment expense relating to the ESS totalled $198,416 (FY23: $191,880).

31. Share-based payments (continuation)

The table below provides the details of options issued:

Acquired by	Number of options	Tranche	Grant date	Fair value at grant date ($)	Exercise price of option ($)	Vesting date	Expiry date	Options forfeited	Options exercised	Number of options held at 30 June 2024	Number of options vested at 30 June 2024	Number of options unvested at 30 June 2024
McWilliam, Scott	300,000	Tranche 1	15 August 2019	0.20	0.65	31 August 2022	30 June 2025	-	-	300,000	300,000	-
McWilliam, Scott	300,000	Tranche 2	15 August 2019	0.20	0.65	31 August 2022	30 June 2025	-	-	300,000	300,000	-
McWilliam, Scott	300,000	Tranche 3	15 August 2019	0.20	0.65	31 August 2022	30 June 2025	-	-	300,000	300,000	-
GMs	1,000,000	Tranche 1	15 August 2019	0.20	0.65	31 August 2022	30 June 2025	(125,000)	(625,000)	250,000	250,000	-
GMs	1,000,000	Tranche 2	15 August 2019	0.20	0.65	31 August 2022	30 June 2025	(125,000)	(625,000)	250,000	250,000	-
GMs	1,000,000	Tranche 3	15 August 2019	0.20	0.65	31 August 2022	30 June 2025	(125,000)	(615,000)	260,000	260,000	-
Employee Share Plan	87,478	NA	12 April 2021	2.14	NA	12 April 2021	12 April 2021	-	(87,478)	-	-	-
Employee Share Plan	99,560	NA	22 October 2021	1.84	NA	22 October 2021	22 October 2021	-	(99,560)	-	-	-
Employee Share Plan	199,875	NA	10 October 2022	0.96	NA	10 October 2022	10 October 2022	-	(199,875)	-	-	-
Employee Share Plan	226,730	NA	10 October 2023	0.92	NA	10 October 2023	10 October 2023	-	(226,730)	-	-	-
	5,513,643							**(375,000)**	**(2,478,643)**	**1,660,000**	**1,660,000**	**-**

31. Share-based payments (continuation)

31.2 Fair value of options

The primary valuation approach adopted for the valuation of granted options is the Black-Scholes method, which entails the determination of the value of the options using comparable market equivalent information. In determining the fair value of each of the share options, a number of statistical and probability based calculations have been considered.

The following table lists the inputs to the model used:

Grant date	Tranche	Grant date share price ($)	Exercise price ($)	Term (years)	Annual volatility	Risk-free interest rate	Dividend yield	Call option value	Issued options
15 August 2019	Tranche 1	0.76	0.65	5.9	25-30%	0.75%	2%	$0.18-$0.21	300,000
15 August 2019	Tranche 2	0.76	0.65	5.9	25-30%	0.75%	2%	$0.18-$0.21	300,000
15 August 2019	Tranche 3	0.76	0.65	5.9	25-30%	0.75%	2%	$0.18-$0.21	300,000
15 August 2019	Tranche 1	0.76	0.65	5.9	25-30%	0.75%	2%	$0.18-$0.21	1,000,000
15 August 2019	Tranche 2	0.76	0.65	5.9	25-30%	0.75%	2%	$0.18-$0.21	1,000,000
15 August 2019	Tranche 3	0.76	0.65	5.9	25-30%	0.75%	2%	$0.18-$0.21	1,000,000

31. Share-based payments (continuation)

31.3 Movements in share options during the period

The following reconciles the share options outstanding at the beginning and the end of the period:

	Number of LTI options – LTI#2	Number of ESP options	Number of options total	Weighted average fair value$ - LTI#2	Weighted average fair value$ - ESP
Unvested options at 1 July 2023	-	-	-		-
Vested options at 1 July 2023	2,740,000	-	2,740,000	0.20	-
Options held at 1 July 2023	**2,740,000**	**-**	**2,740,000**	**0.20**	**-**
Granted during the year	-	226,730	226,730	-	0.92
Exercised during the year	(1,080,000)	(226,730)	(1,306,730)	0.94	0.92
Unvested options at 30 June 2024	-	-	-		-
Vested options at 30 June 2024	1,660,000	-	1,660,000	0.20	-
Options held at 30 June 2024	**1,660,000**	**-**	**1,660,000**	**0.20**	**-**

31.4 Share options exercised during the period

The Trustee for the Resimac Group Limited Employee Share Trust allocated 1,080,000 treasury shares to GMs on their exercise of LTI#2 on 31 August 2023, 30 October 2023, 7 June 2024 and 20 June 2024. 226,730 shares allocated to employees in FY24 under the ESP are held in the Trust on behalf of the employees.

32. Other accounting policies

32.1 Application of new and revised accounting standards

The Group has applied the required amendments to Standards and Interpretations that are relevant to its operations and mandatorily effective for the first time for the financial year commencing 1 July 2023. These amendments did not have any material impact on the disclosures or on the amounts recognised in the consolidated financial statements.

32.2 New and revised accounting standards and interpretations on issue but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2024 reporting periods and have not been adopted early by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

Standard/amendment	Effective for annual reporting periods beginning on or after
AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current;* AASB 2020-6 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of effective date;* and AASB 2022-6 Amendment *Non-current Liabilities with Covenants*	1 January 2024
AASB 2022-5 *Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback*	1 July 2024
AASB 2023-1 *Amendments to Australian Accounting Standards – Supplier Finance Arrangements*	1 July 2024
AASB 2023-5 *Amendments to Australian Accounting Standards – Lack of Exchangeability*	1 July 2025
AASB 2024-2 *Amendments to Australian Accounting Standards – Classification and Measurement of Financial Instruments*	1 January 2026
AASB 18 *Presentation and Disclosure in Financial Statements*	1 January 2027

The Group is currently undertaking its assessment of the impacts of the standards and interpretations listed above.

32.3 Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the costs of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Basis of preparation

The consolidated entity disclosure statement has been prepared in accordance with subsection 295(3A)(a) of the Corporations Act 2001. The entities listed in the statement are Resimac Group Limited and all the entities it controls in accordance with AASB 10 Consolidated Financial Statements. The percentage of share capital disclosed for bodies corporate included in the statement represents the economic interest consolidated in the consolidated financial statements.

In developing the disclosures in the statement, tax law in the country of incorporation has been used to support the determination of tax residency.

Consolidated entity disclosure statement as of 30 June 2024 are as follows:

Entity name	Entity type	Place of incorporation/formation	% of Share capital held	Tax residency
Resimac Group Ltd	Body Corporate	Australia	**N/A**	Australia
Access Network Management Pty Ltd	Body Corporate	Australia	**100**	Australia
Auspak Financial Services Pty Ltd	Body Corporate	Australia	**100**	Australia
Clarence Street Finance Pty Ltd	Body Corporate	Australia	**100**	Australia
Clarence Street Funding No.1 Pty Ltd	Body Corporate	Australia	**99.9**	Australia
Clarence Street Funding No.2 Pty Ltd	Body Corporate	Australia	**100**	Australia
Clarence Street Funding No.3 Pty Ltd	Body Corporate	Australia	**100**	Australia
Clarence Street Funding No.4 Pty Ltd	Body Corporate	Australia	**100**	Australia
Clarence Street Funding No.5 Pty Ltd	Body Corporate	Australia	**99.9**	Australia
Clarence Street Funding No.6 Pty Ltd	Body Corporate	Australia	**100**	Australia
Clarence Street Funding No.7 Pty Ltd	Body Corporate	Australia	**100**	Australia
Clarence Street Funding No.8 Pty Ltd	Body Corporate	Australia	**100**	Australia
Clarence Street Funding No.9 Pty Ltd	Body Corporate	Australia	**100**	Australia
Clarence Street Funding No.10 Pty Ltd	Body Corporate	Australia	**100**	Australia
Clarence Street Funding No.11 Pty Ltd	Body Corporate	Australia	**100**	Australia
Clarence Street Funding No.12 Pty Ltd	Body Corporate	Australia	**100**	Australia
Clarence Street Funding No.13 Pty Ltd	Body Corporate	Australia	**100**	Australia
FAI First Mortgage Pty Ltd	Body Corporate	Australia	**100**	Australia
Fiduciary Services Pty Ltd	Body Corporate	Australia	**100**	Australia
Homeloans.com.au Pty Ltd	Body Corporate	Australia	**100**	Australia
Housing Financial Services Pty Ltd	Body Corporate	Australia	**100**	Australia
Homeloans Pty Ltd	Body Corporate	Australia	**100**	Australia
Independent Mortgage Corporation Pty Ltd	Body Corporate	Australia	**100**	Australia
National Mutual Pty Ltd	Body Corporate	Australia	**100**	Australia
RAF Structured Finance Pty Ltd	Body Corporate	Australia	**100**	Australia
Resimac Asset Finance Pty Ltd	Body Corporate	Australia	**100**	Australia
RESIMAC EST PTY LTD[1]	Body Corporate	Australia	**100**	Australia
RESIMAC Capital Markets Pty Ltd	Body Corporate	Australia	**100**	Australia
RESIMAC Financial Services Pty Ltd	Body Corporate	Australia	**100**	Australia
RESIMAC Limited	Body Corporate	Australia	**100**	Australia
RESIMAC Leasing Pty Ltd	Body Corporate	Australia	**100**	Australia
RESIMAC Premier Warehouse No.1 Pty Ltd[2]	Body Corporate	Australia	**-**	Australia

1. RESIMAC EST Pty Ltd is the trustee of Resimac Group Limited Employee Share Trust.
2. Ownership interest is 0% however the Group have Board control.

Entity name	Entity type	Place of incorporation/formation	% of Share capital held	Tax residency
RHG Home Loan Pty Ltd	Body Corporate	Australia	**100**	Australia
RHG Mortgage Corporation Pty Ltd[3]	Body Corporate	Australia	**-**	Australia
RHG Mortgage Securities Pty Ltd[4]	Body Corporate	Australia	**-**	Australia
RMC Fiduciary Services Pty Ltd[5]	Body Corporate	Australia	**-**	Australia
SF Mortgage Pty Ltd	Body Corporate	Australia	**100**	Australia
The Servicing Company Pty Ltd	Body Corporate	Australia	**100**	Australia
23 Degrees Capital Partners Pty Ltd	Body Corporate	Australia	**51**	Australia
Prime Insurance Group Limited	Body Corporate	Bermuda	**100**	Bermuda
Parnell Road Funding No.1 Limited	Body Corporate	New Zealand	**100**	New Zealand
Parnell Road Funding No.2 Limited	Body Corporate	New Zealand	**100**	New Zealand
RESIMAC Financial Services Limited	Body Corporate	New Zealand	**100**	New Zealand
RESIMAC Financial Securities Limited	Body Corporate	New Zealand	**100**	New Zealand
RESIMAC Financial Securitisation Limited	Body Corporate	New Zealand	**100**	New Zealand
RESIMAC Home Loans Limited[6]	Body Corporate	New Zealand	**100**	New Zealand
RESIMAC NZ Home Loans Limited	Body Corporate	New Zealand	**100**	New Zealand
0508 Home Loans Limited	Body Corporate	New Zealand	**100**	New Zealand
0800 Home Loans Limited	Body Corporate	New Zealand	**100**	New Zealand
Avoca Master Trust	Trust	Australia	**-**	Australia
RAF Trust	Trust	Australia	**-**	Australia
Resimac Bastille Master Trust	Trust	Australia	**-**	Australia
Resimac Group Limited Employee Share Trust	Trust	Australia	**-**	Australia
Resimac Triomphe Master Trust	Trust	Australia	**-**	Australia
RMC Enhanced Income Fund	Trust	Australia	**-**	Australia
Thorn ABS Warehouse Series No.1	Trust	Australia	**-**	Australia
NZF Mortgages Warehouse A Trust	Trust	New Zealand	**-**	New Zealand
Resimac Versailles Trust	Trust	New Zealand	**-**	New Zealand
Resimac Victoire Warehouse No.1 Trust	Trust	New Zealand	**-**	New Zealand
Resimac Premier Series 2021-2	Trust	New Zealand	**-**	New Zealand

3. Ownership interest is 0% however the Group have Board control.
4. RHG Mortgage Securities Pty Ltd is the trustee for the Avoca Funding Series Master Trust. Ownership interest is 0% however the Group have Board control.
5. RMC Fiduciary Services Pty Ltd is the trustee for RAF Trust. Ownership interest is 0% however the Group have Board control.
6. RESIMAC Home Loans Limited is the trustee for NZF Mortgage Warehouse A Trust.

DIRECTORS' DECLARATION

RESIMAC GROUP LTD AND ITS CONTROLLED ENTITIES

The Directors declare that:

(a) in the Directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;

(b) in the Directors' opinion, the attached financial statements are in compliance with Australian Accounting Standards as stated in the financial statements;

(c) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity and the company;

(d) the Directors have been given the declarations required by s295.A of the *Corporations Act 2001; and*

(e) in the Director's opinion, the attached consolidated entity disclosure statement on page 120 is true and correct.

Signed in accordance with a resolution of the Directors pursuant to s295(5) of the *Corporations Act 2001*.

On behalf of the Directors

Warren McLeland
Chairman

Sydney
28 August 2024

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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28 August 2024

Board of Directors
Resimac Group Limited
Level 9, 45 Clarence Street
Sydney, NSW 2000

Dear Board Members,

Auditor's Independence Declaration to Resimac Group Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the Resimac Group Limited and its controlled entities.

As lead audit partner for the audit of the financial report of Resimac for the year ended 30 June 2024, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

- Any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Heather Baister

Heather Baister
Partner
Chartered Accountants

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Independent Auditor's Report to the Members of Resimac Group Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Resimac Group Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, the directors' declaration and the Consolidated Entity Disclosure Statement.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group's financial position as at 30 June 2024 and of their financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Impairment of loans and advances As at 30 June 2024, the Group has recognised provisions amounting to $50.0m for impairment losses on loans and advances held at amortised cost in accordance with the Expected Credit Loss (ECL) approach required under AASB 9 Financial Instruments as disclosed in Notes 6, 22 and 23. Loans and advances subject to provisioning using the ECL model include the residential lending portfolio, asset finance portfolio and loans approved but not yet advanced. Significant management judgement was necessary in determining expected credit losses, including: • The application of the requirements of the Australian Accounting Standards as reflected in the Group's ECL model particularly in light of the current economic environment and the impacts of increased interest rates on the variable loan portfolio; • The identification of exposures with a significant movement in credit quality to determine whether a 12-month or lifetime ECL should be recognised; and • Assumptions used in the ECL model such as the financial condition of the counterparty, repayment capacity and forward-looking macroeconomic factors as disclosed in Notes 6, 22 and 23.	Our audit procedures performed in conjunction with our specialists included, but were not limited to: Testing the design and implementation of relevant controls over the impairment provision including: • The accuracy of data inputs used in the ECL calculation; • The selection and application of assumptions used in the model; • The ongoing monitoring and identification of loans displaying indicators of impairment and whether they are migrating on a timely basis to appropriate stages in accordance with AASB 9; and • The review and governance surrounding the ECL model, its assumptions and the appropriateness of the resultant ECL to the loan portfolios. Assessing impairment model adequacy We assessed the adequacy and completeness of management's internally developed model in determining the impairment loss provision. Our procedures included, but were not limited to: • Assessing whether management's model adequately addresses the requirements of the Australian Accounting Standards; • Evaluating management's assessment of the impact of the changing economic environment on the loan portfolio and as a result, the ECL; • Assessing assumptions driving Probabilities of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD); • Assessing management overlays to the modelled collective provision by recalculating the coverage provided by the collective impairment provision (including overlays) to the loan book, taking into account recent history, performance and a range of economic factors that could impact the relevant portfolios; and • Assessing the completeness of the credit loss provision. We also assessed appropriateness of the disclosures in Notes 6,22 and 23 to the financial statements

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2024 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible:

- For the preparation of the financial report in accordance with the Corporations Act 2001, including giving a true and fair view of the financial position and performance of the Group in accordance with Australian Accounting Standards; and
- For such internal control as the directors determine is necessary to enable the preparation of the financial report in accordance with the Corporations Act 2001, including giving a true and fair view of the financial position and performance of the Group, and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on

the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group's to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included on pages 13 to 30 of the Directors' Report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Resimac Group Limited, for the year ended 30 June 2024 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Heather Baister
Partner
Chartered Accountants

Sydney, 28 August 2024