RESIMAC GROUP LTD

1H23 Results Presentation

Scott McWilliam, CEO
Jason Azzopardi, CFO

resimac

1H23 key metrics (vs 1H22)

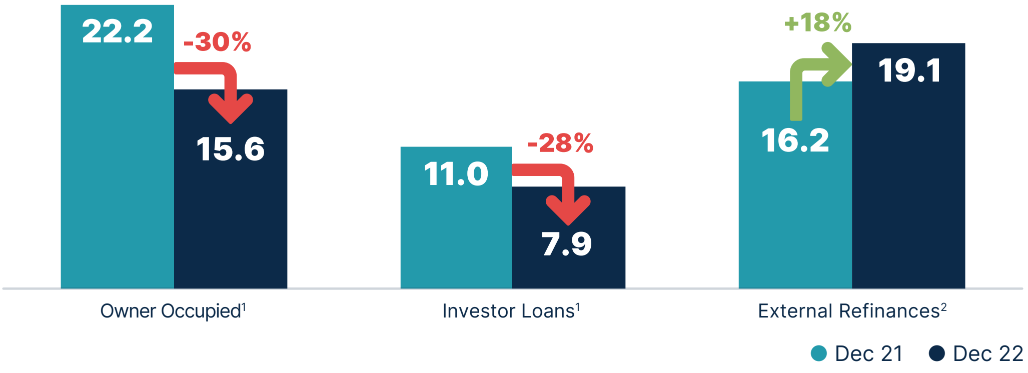
Statutory[1] NPAT	Normalised[2] NPAT	Normalised NPAT (excl. FV gains / losses on derivatives)	Cost to Income Ratio[3] (Normalised)
$38.9m	$37.5m	$40.7m	42.2%
▼ 27%	▼ 30%	▼ 17%	▲ 700bps

Home loan AUM	Home loan settlements	Asset Finance settlements	1H23 dividend fully franked
$14.7b	$2.4b	$210m	4.0c
▲ 1%	▼ 32%	▲ 18%	Flat

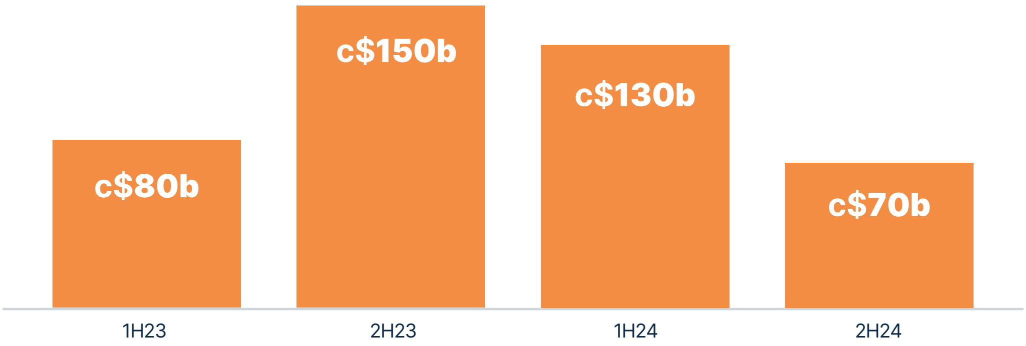
1 Excludes non-controlling interest of $16k.
2 Excludes one-off non-recurring item per reconciliation on slide 16.
3 Excludes FV gains/losses on derivatives.

Economic environment

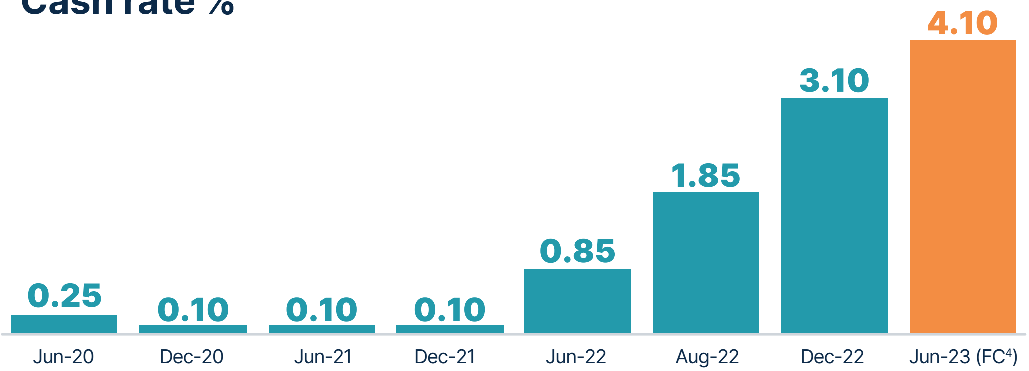
Housing credit ($b)



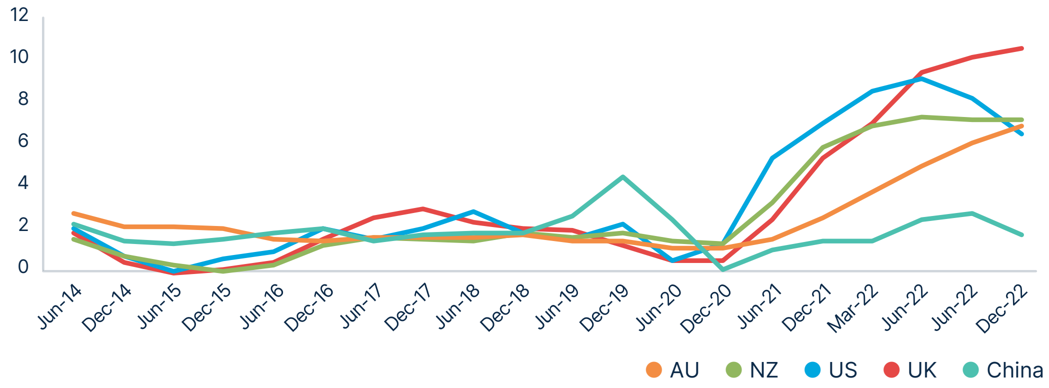
Big four fixed portfolio expiry ramp up in CY23 ($b)[3]



Cash rate %



Core inflation (annual % change)

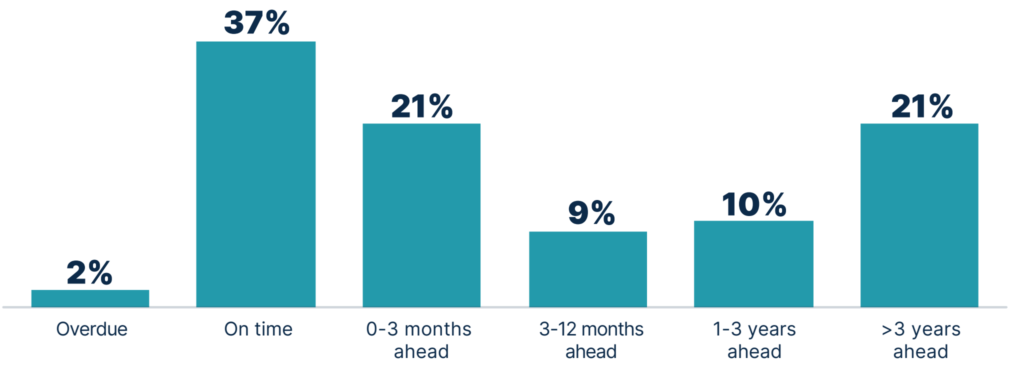


1 ABS Lending Indicators December 2022, value of new borrower accepted loan commitments.
2 ABS Lending Indicators December 2022, External Refinancing values.
3 CBA Reporting Dates Dec and Jun; WBC, NAB and ANZ at March and September.
4 ANZ and NAB forecast cash rate.

Portfolio resilience

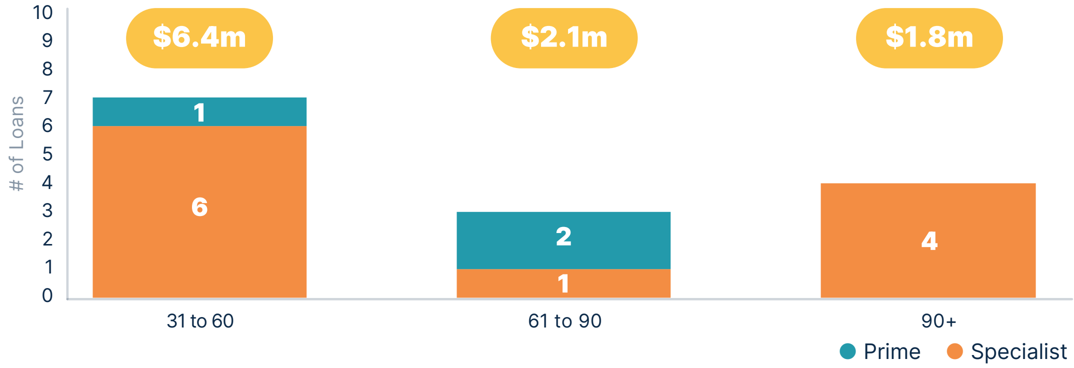
Repayment buffers[1, 2]

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

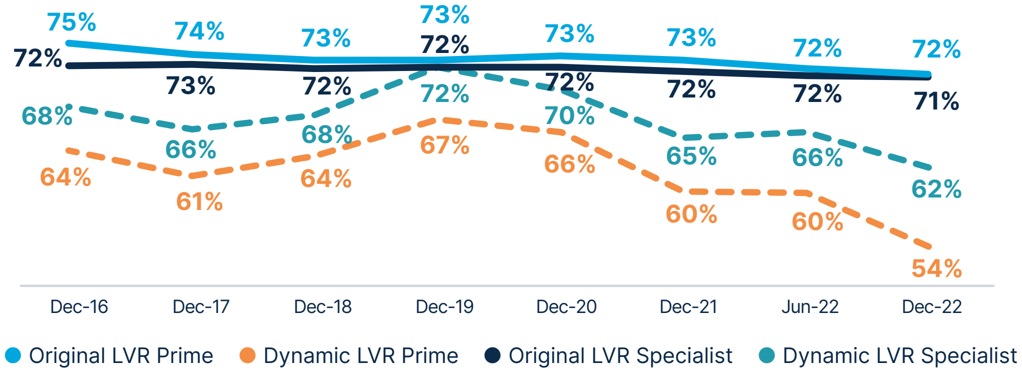


Credit loss exposure based on arrears[3]

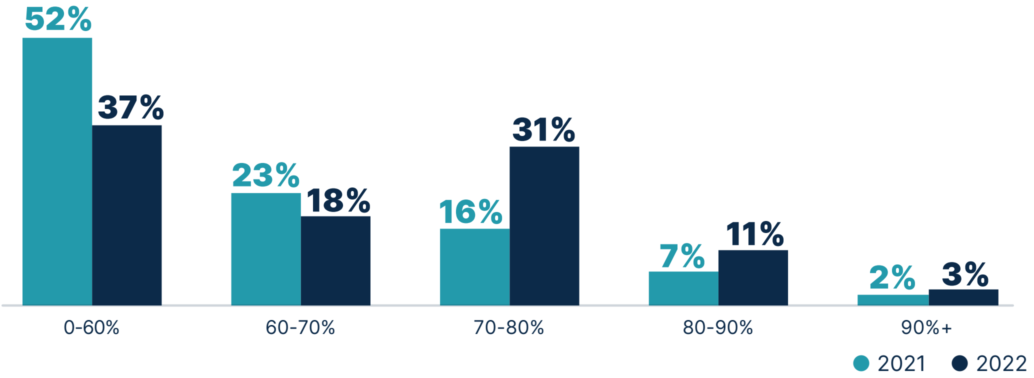
Loan value with Dynamic LVR >90% and No LMI



Original and dynamic LVRs by cohort



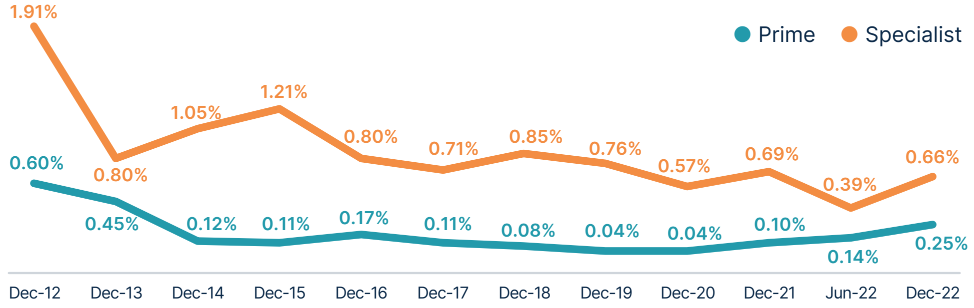
Dynamic LVR of originations[2] by settlement calendar year



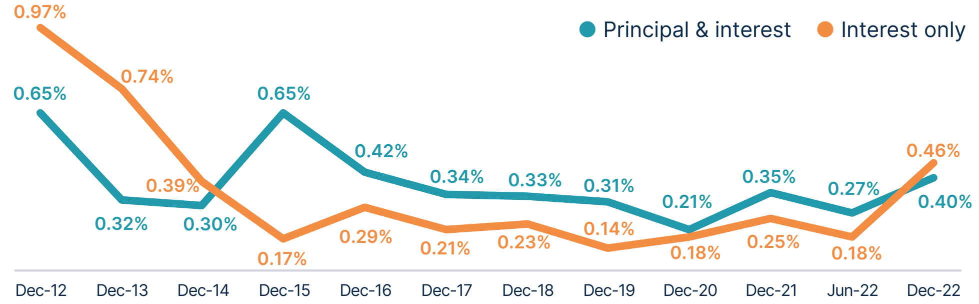
1 Overdue includes loans 31+ days in arrears. 2 Excludes NZ. 3 Dynamic LVR = LVR based on current loan balance and 30 June 2022 CoreLogic individual property valuations.

Home loan arrears

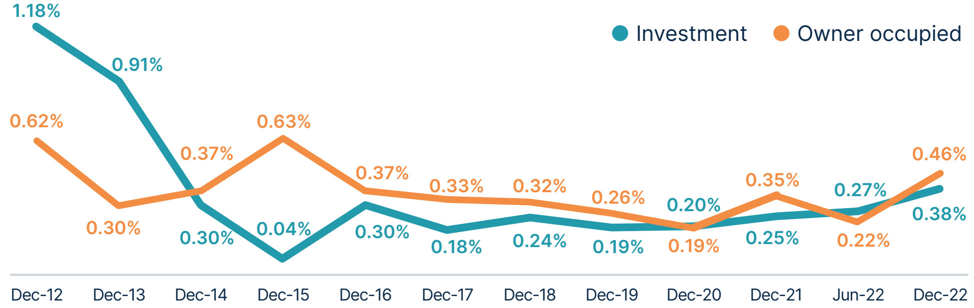
90+ days arrears by product



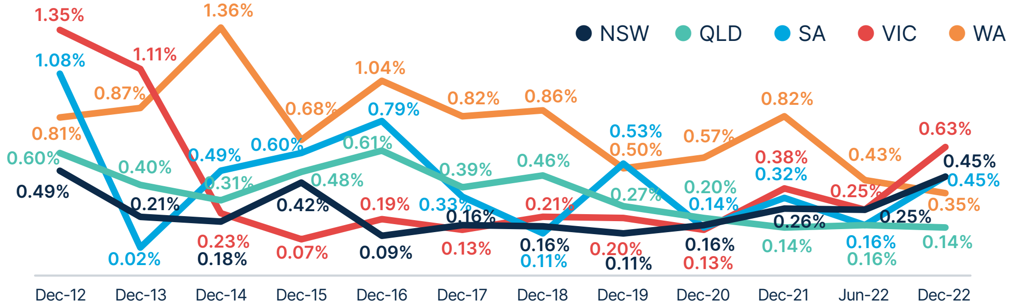
90+ days arrears by repayment type



90+ days arrears by loan type



90+ days arrears by state



All charts exclude NZ and Legacy loan products.

Home loan portfolio performance

- Specific provisions reduced further to **$2.5m** driven by lower defaults.
- Early stage arrears increased in December and January as the impact of rising interest rates and cost of living began to materialise.
- Collective provisions **$40.6m** remained flat with higher arrears offset by the large macroeconomic overlay taken at 30 June 2022, and lower AUM.
- Industry arrears will initially impact variable rate books, moving through the system as fixed rate portfolios roll to variable.

	JUN 2021	DEC 2021	JUN 2022	DEC 2022
SPECIFIC PROVISIONS $m				
Prime	0.4	0.7	0.9	0.4
Specialist	3.0	3.1	1.5	1.2
Legacy (incl. RHG)	1.8	1.2	1.8	0.9
Other (incl. NZ)	0.2	0.1	0.0	0.0
Total specific provisions	**5.4**	**5.1**	**4.2**	**2.5**
Provisions / AUM (bps)	**4bps**	**3bps**	**3bps**	**2bps**
COLLECTIVE PROVISIONS $m				
Prime	9.3	8.7	8.3	8.3
Specialist	19.2	21.0	29.1	29.1
Legacy (incl. RHG)	1.9	2.2	1.9	1.9
Other (incl. NZ)	1.7	1.7	1.3	1.3
Total collective provisions	**32.1**	**33.6**	**40.6**	**40.6**
Provisions / AUM (bps)	**23bps**	**23bps**	**27bps**	**28bps**
TOTAL PROVISIONS	**37.5**	**38.7**	**44.8**	**43.1**

Performance highlights.

Financial results summary

FINANCIAL PERFORMANCE

	1H23	2H22	1H22	CHANGE 1H23 vs 1H22	CHANGE 1H23 vs 2H22
NPAT (statutory)[1]	**$38.9m**	$48.6m	$53.5m	(27%)	(20%)
NPAT (normalised)[1]	**$37.5m**	$50.9m	$53.5m	(30%)	(26%)
NPAT (normalised)[2] (excl. FV gains/losses on derivatives)	**$40.7m**	$36.8m	$49.2m	(17%)	11%
Cost to income ratio (normalised)	**42.2%**	40.1%	35.2%	700bps	210bps
Net interest income (NII)	**$117.2m**	$113.8m	$124.3m	(6%)	3%
Operating expenses	**($43.0m)**	($40.6m)	($38.8m)	6%	11%
Loan impairment expense	**($0.6m)**	($9.5m)	($1.9m)	(70%)	(94%)
Return on equity (normalised NPAT)[3]	**20.8%**	19.9%	28.8%	(800bps)	90bps
Fully franked dividend	**4.0c**	4.0c	4.0c	Flat	Flat

1 Excludes non-controlling interest of $16k.
2 2H22 normalised NPAT (excl. FV gains/losses on derivatives) restated to exclude $0.2m FV gains from OIS swaps.
3 Calculated on normalised NPAT excluding FV gains/losses on derivatives and average 1H23 shareholders equity.

Normalised NPAT excl. FV losses on derivatives

$40.7m

Cost to income ratio

42.2%

Driven by higher operating expenses. Strategic focus to 'right-size' cost base in 2H23

ROE

20.8%

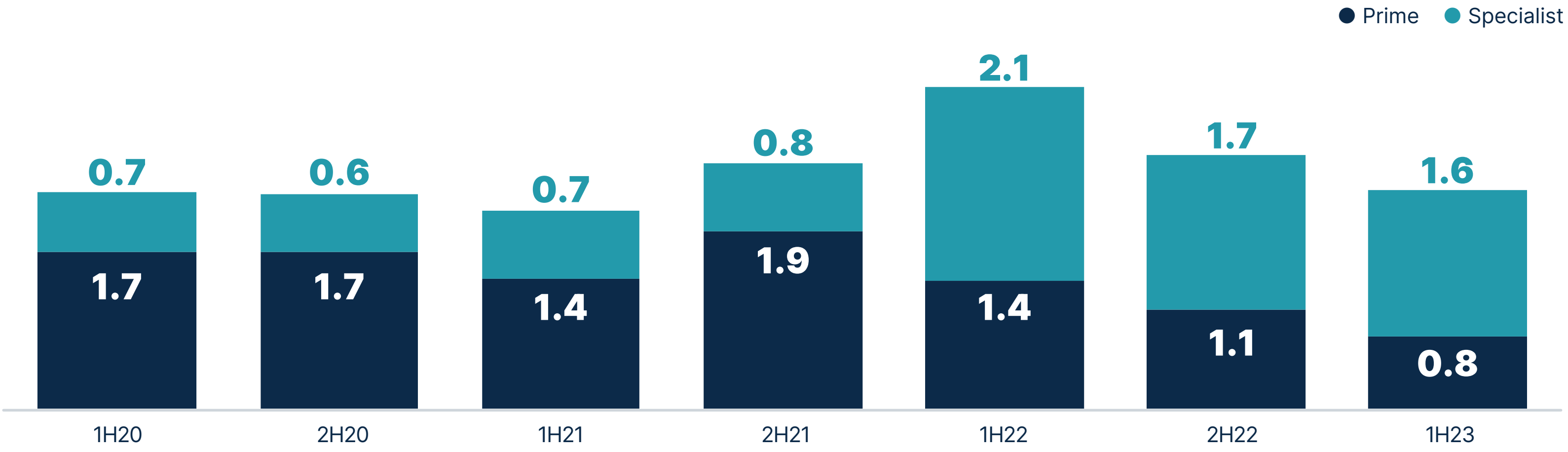
Impacted by upfront capital required for asset finance book build

Fully franked dividend maintained

4.0c per share

Settlements

Home loan settlements ($b)



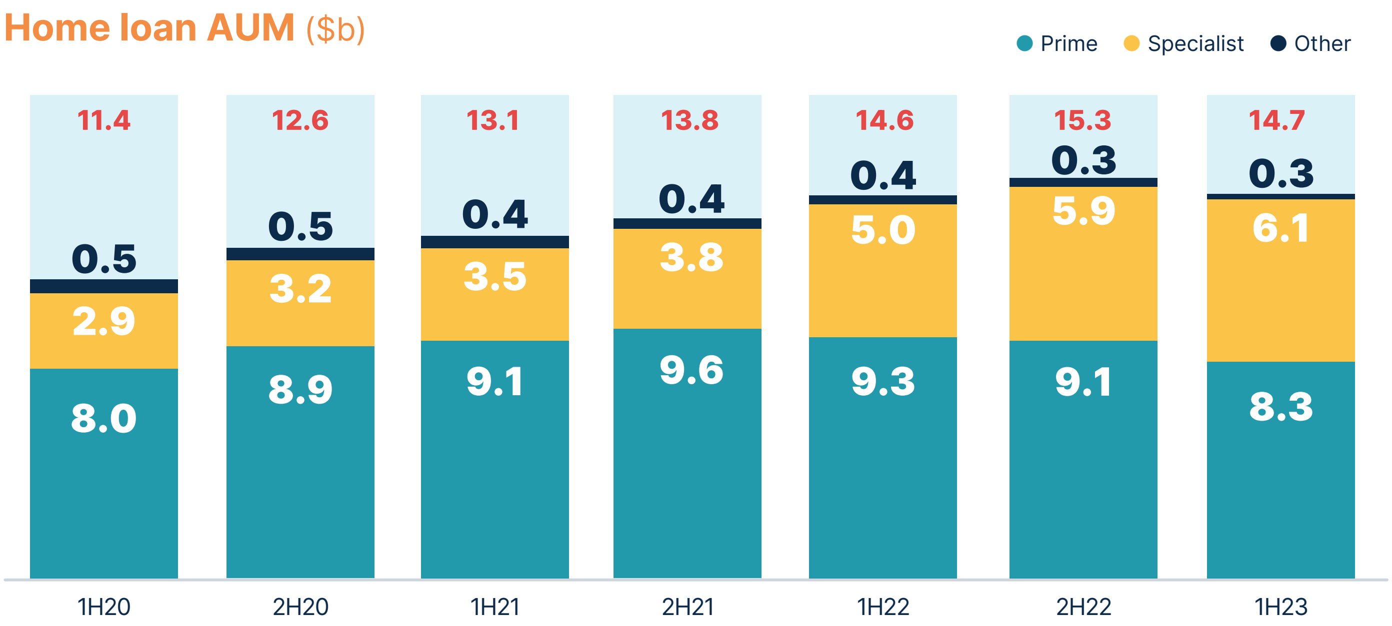
1H23
home loan settlements
$2.4b

- 1H23 settlements **$2.4b** (**-32%** vs 1H22) reflecting a 30%[1] decrease in system purchase activity.
- Competition for Prime owner-occupied settlements remain fierce, with low interest rates fuelled by the RBA funding for ADIs (TFF), unusually high household savings, and cashbacks providing large banks a competitive advantage.
- Resimac maintains a diversified offering of home loans and asset finance products, where our tailored solutions meet customer needs.

1 ABS Lending Indicators December 2022, value of new borrower accepted loan commitments.

Home loan AUM

- Total home loan assets under management of **$14.7b** increased **1%**, driven by Specialist increasing **23%** to **$6.1b**, partly offset by Prime decreasing **10%** to **$8.3b**.
- New Zealand increased **15%** to **$0.9b** (AU$0.8b), where Resimac continues to pursue Specialist segment opportunities.
- Prime cashback offers and aggressive customer interest rates targeting refinancers continues to drive higher run off.



Home loan AUM increased
1%

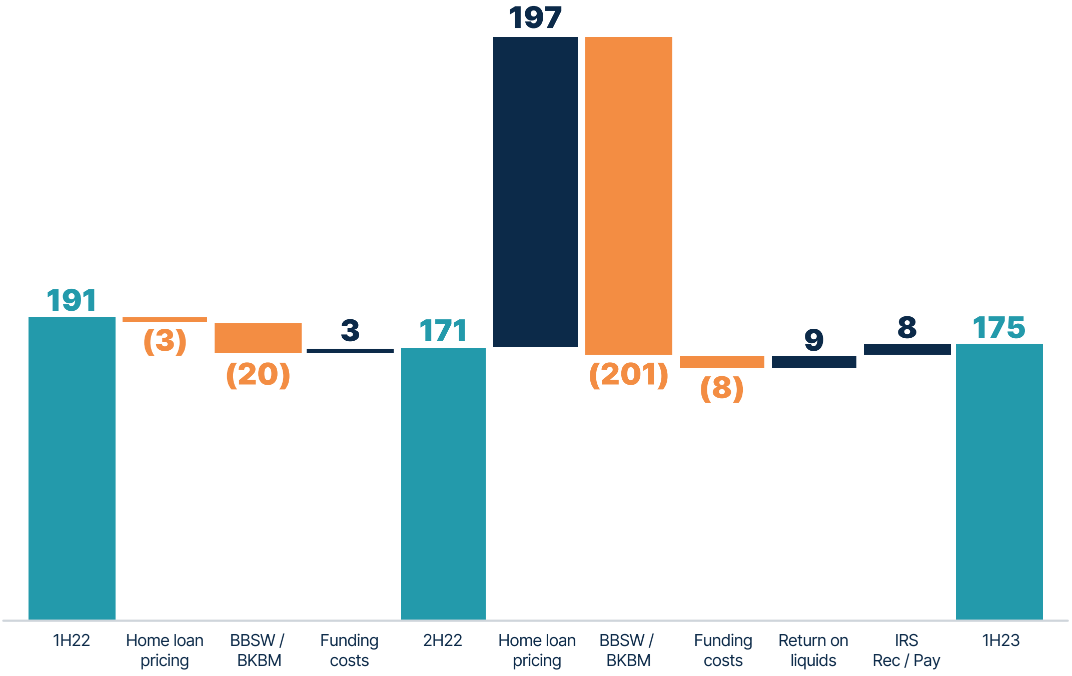
New Zealand AUM increased
15%

Specialist AUM increased
23%

Prime AUM decreased
10%

Home loan margins

Home loan net interest margin[1] (bps)



1 Net interest margin excludes impact of amortisation of upfront broker commissions and risk fees included in net interest income in the statutory accounts.

Net interest margin increased

4bps

Home loan pricing increased

197bps

Driven by repricing in line with RBA tightening cycle

Funding costs increased

8bps

Driven by higher RMBS and warehouse pricing

Interest rate swap receipts increased

8bps

Reflecting steepening of curve

BBSW / BKBM 1H23 average

225bps

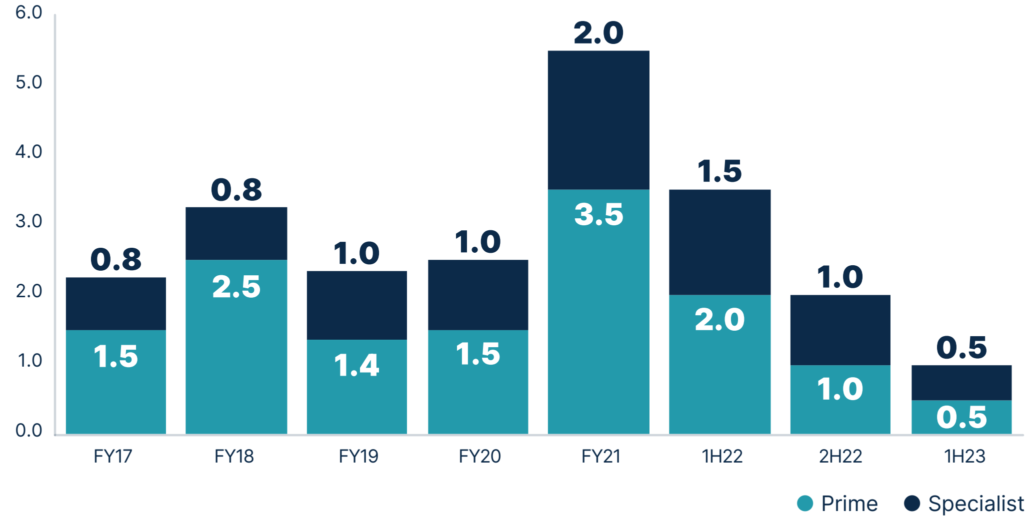
Impact of lag between RBA cash rate increase and portfolio reprice

21bps

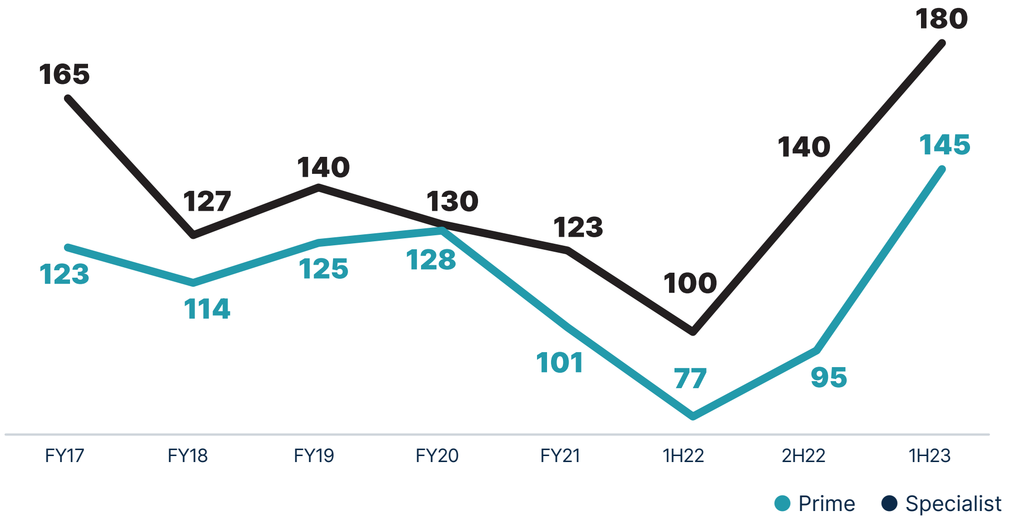
Funding

- The Group issued **$1.2b** of Australian and New Zealand Prime and Specialist RMBS in 1H23, reflecting utilisation of lower margin warehouses as settlements reduced.
- RMBS pricing increased in 1H23, albeit appear to have peaked. 2H23 non-bank deals have upsized and priced tighter than 1H23.

Australia RMBS issuance term profile ($b)

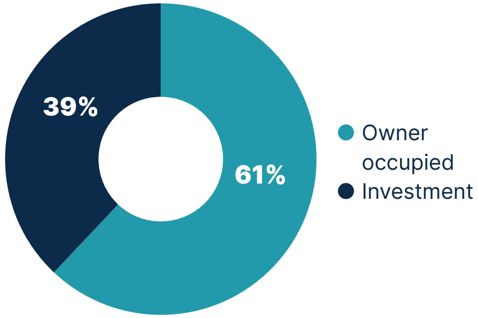


Australia RMBS senior margin (bps)

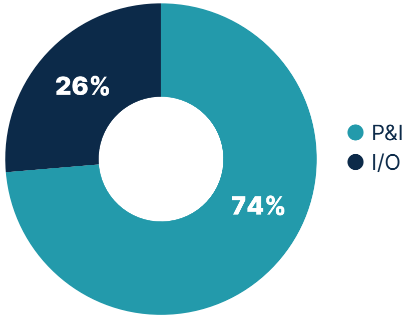


Home loan portfolio composition

Loan type



Repayment type

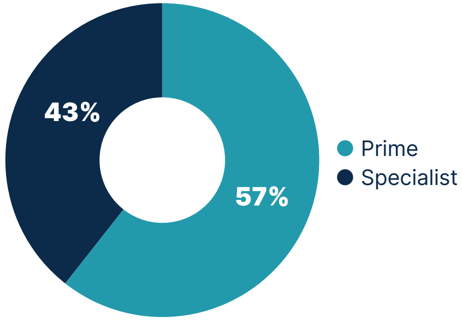


Weighted average portfolio LVR[1]

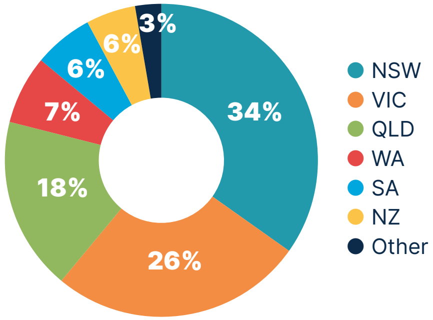
Prime 63.5%

Specialist 66.6%

Product type



Geographic location



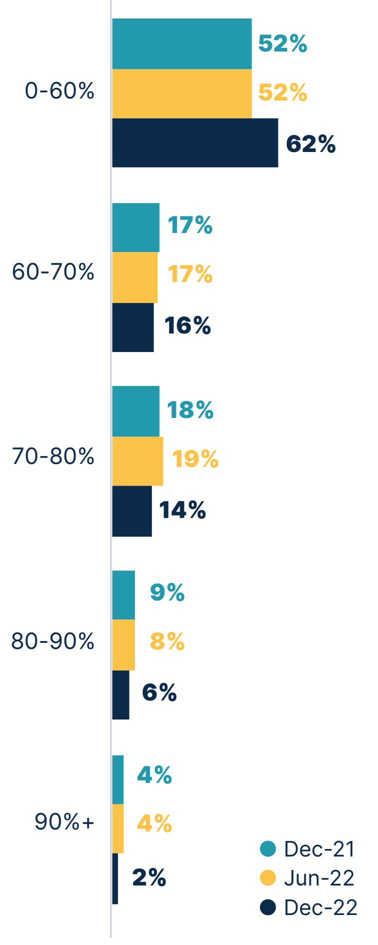
Weighted average portfolio dynamic LVR[2]

Prime 54.5%

Specialist 61.7%

Dynamic LVR bands[2,3]

% of total portfolio accounts



1 LVR based on current loan balance and original valuation amount.
2 Dynamic LVR = LVR based on current loan balance and 30 June 2022 CoreLogic individual property valuations.
3 Excludes NZ & Legacy loan products.

FY23 outlook

- Prime home loan AUM expected to decrease in 2H23, driven by lower system purchase activity and big four targeting refinances with aggressive interest rates and cashbacks.
- Specialist home loan segment continues to provide origination opportunities. We expect 2H23 Specialist AUM to remain broadly flat.
- Asset finance AUM remains on track for targeted $1b of annualised settlements by FY24, supported by a new digital originations platform and new funding platform.
- 2H23 NIM expected to be lower than 1H23 driven by back book run off and higher BBSW.
- 2H23 productivity and optimisation strategy to right-size cost base to reflect macro environment.

Financial results.

Consolidated statement of profit or loss ($m)

for the period ended 31 December 2022

	HY23	HY22
Interest income	419.4	241.7
Interest expense	(302.2)	(117.4)
Net interest income	**117.2**	**124.3**
Fee and commission income	1.1	5.3
Fee and commission expense	(16.8)	(19.9)
Fair value (losses)/gains on derivatives	(4.5)	6.1
Fair value write-down on unlisted equity investment	(3.6)	-
Other income	6.0	0.5
Employee benefits expense	(26.1)	(22.7)
Other expenses	(16.9)	(16.1)
Loan impairment expense	(0.5)	(1.9)
Profit before tax	**55.9**	**75.6**
Income tax expense	(17.0)	(22.1)
PROFIT AFTER TAX	**38.9**	**53.5**

Reconciliation of statutory NPAT to normalised NPAT

	HY23	HY22
NPAT attributable to parent (statutory)	**38.9**	**53.5**
Dividend income from listed equity investment	(5.2)	-
Fair value write-down on unlisted equity investment	3.6	-
Customer fee remediation program	(0.4)	-
Tax effect of normalised items	0.6	-
NPAT attributable to parent (normalised)	**37.5**	**53.5**

Consolidated statement of financial position ($m)

as at 31 December 2022

Assets / Liabilities / Equity	31-Dec-22	30-Jun-22
Cash and bank balances	1,161.0	932.8
Trade and other receivables	5.7	5.7
Loans and advances to customers	15,109.2	15,669.9
Other assets	32.8	29.6
Other financial assets	29.9	23.5
Derivative financial assets	57.9	39.2
Right-of-use assets	8.1	9.0
Intangible assets	28.4	27.5
TOTAL ASSETS	**16,433.0**	**16,737.2**
Trade and other payables	19.7	30.1
Interest-bearing liabilities	15,972.8	16,288.4
Other financial liabilities	9.0	11.8
Derivative financial liabilities	0.7	0.2
Lease liabilities	10.2	11.1
Other liabilities	7.1	7.0
Provisions	8.2	10.5
TOTAL LIABILITIES	**16,027.7**	**16,359.1**
Net assets	**405.3**	**378.1**
Share capital	175.4	176.5
Reverse acquisition reserve	(61.5)	(61.5)
Total issued capital	**113.9**	**115.0**
Reserves	(20.1)	(25.5)
Retained earnings	311.4	288.6
Equity attributable to owners of the parent	**405.2**	**378.1**
Non-controlling interest	0.1	-
TOTAL EQUITY	**405.3**	**378.1**

Cash reconciliation ($m)	31-Dec-22	30-Jun-22
Cash at bank and on hand	11.8	19.0
Cash collections account	1,147.7	912.3
Restricted cash	1.5	1.5
Cash at bank	**1,161.0**	**932.8**

Consolidated statement of cash flows ($m)

for the period ended
31 December 2022

Operating activities · Investing activities · Financing activities

	HY23	HY22
Interest received	409.1	246.7
Interest paid	(280.5)	(108.1)
Receipts from loan fees and other income	16.2	21.4
Payments to suppliers and employees	(91.3)	(97.6)
Receipts/(payments) of net loans from/to borrowers	576.8	(985.1)
Income tax paid	(26.3)	(35.1)
Net cash from/(used in) operating activities	**604.0**	**(957.8)**
Payment for property, plant and equipment	(0.1)	(0.2)
Payment for acquisition of subsidiary	(0.9)	-
Cash acquired on acquisition of subsidiary	0.2	-
Payment for new investments	-	(7.9)
Return of capital from listed equity investment	1.6	-
Dividend income from listed equity investment	3.6	-
Proceeds on disposal of white label loan tranche	-	1.8
Net cash from/(used in) investment activities	**4.4**	**(6.3)**
Proceeds from borrowings	3,305.3	8,741.7
Repayment of borrowings	(3,660.2)	(7,416.0)
Proceeds from exercise of options	0.5	0.1
Payment of lease liabilities	(0.8)	(0.8)
Swap receipts/(payments)	5.3	(1.5)
Payment of dividends	(16.1)	(15.5)
Loan to related entity	(12.0)	-
Payment for share buybacks	(2.9)	-
Payment for acquisition of treasury shares	-	(0.3)
Net cash (used in)/from financing activities	**(380.9)**	**1,307.7**
Net increase in cash and cash equivalents	**227.5**	**343.6**
Cash and cash equivalents at the beginning of the financial year	932.8	619.8
Effects of exchange rate changes on cash balances held in foreign currencies	0.7	0.4
Cash and cash equivalents at the end of period	**1,161.0**	**963.8**

Scott McWilliam

CEO

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

Scott has over 25 years' experience in the financial services sector. This includes holding senior roles in debt capital markets for Deutsche Bank in both London and Sydney, and with Citibank.

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

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Jason Azzopardi

CFO

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

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

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

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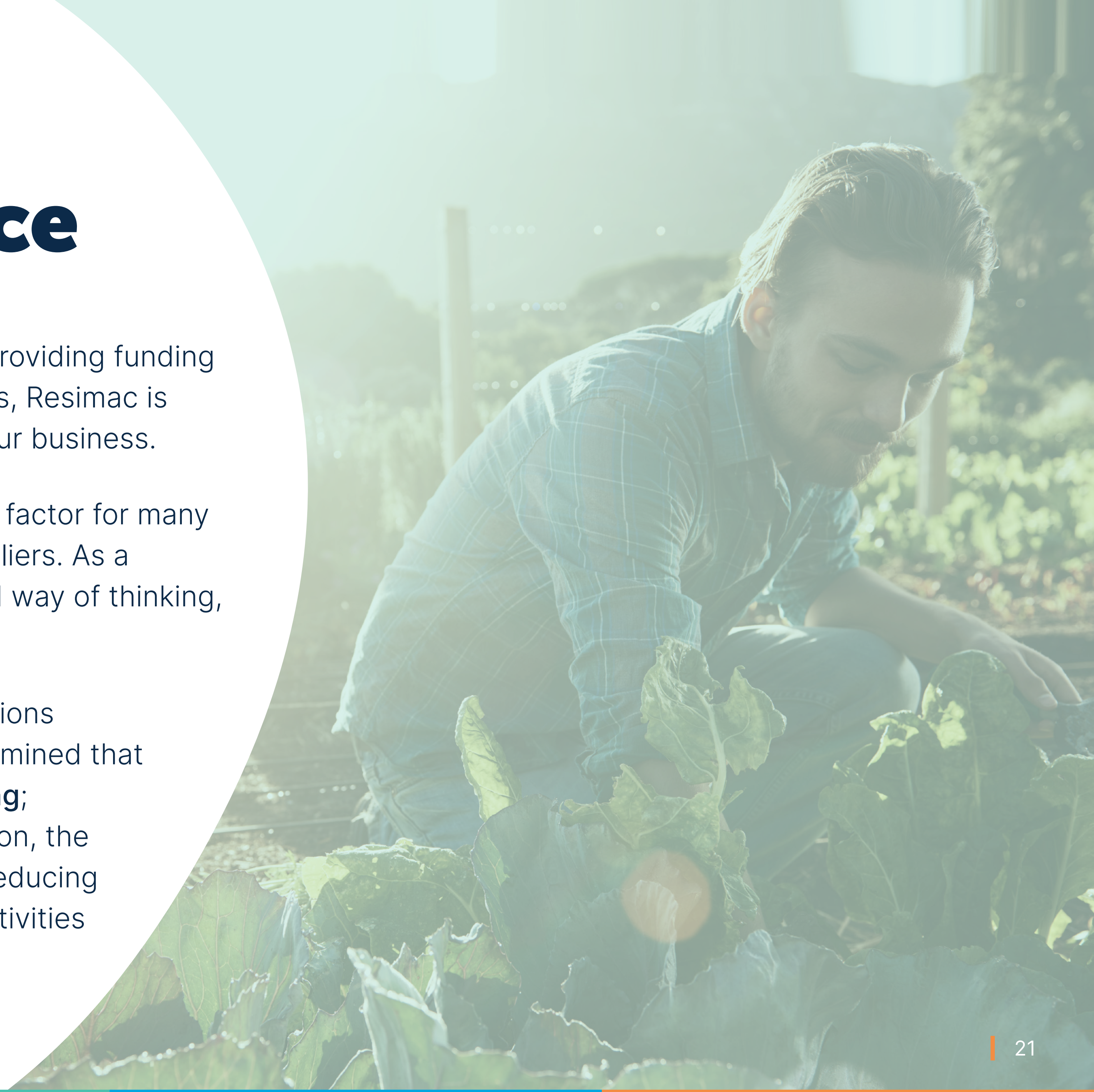
Environmental, social & governance

As an Australian ASX-listed entity with several licences providing funding for a number of Australian and New Zealand communities, Resimac is focused on integrating sustainability into all aspects of our business.

Resimac acknowledges that its approach to ESG is a key factor for many customers, investors, shareholders, employees and suppliers. As a business, we are incorporating ESG into our strategy and way of thinking, and aim to optimise stakeholder value creation.

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



Environmental

In conducting our business, we consider environmental factors such as climate change, energy efficiency, water preservation, reduction of carbon footprint, waste treatment practices and natural resource conservation. Under our Carbon Conscious initiative, Resimac plants one tree for every loan settled. We have planted over 46,000 trees, which will offset nearly five million kilograms of carbon from the Earth's atmosphere over their lifetime.

Social

The social factors we consider as a business include human capital (remuneration practices, diversity, equity and inclusion), human rights, workplace health, safety and security, community and stakeholder relations (volunteering, community funding and customer advocacy). The Group continues to ensure adherence to responsible lending. Resimac launched its green product in addition to establishing social funding during the last reporting period. We are proud to partner with Run Rocket Run, which is an initiative on mental and physical resilience.

Governance

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

About our business units

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

resimac AUSTRALIA

Leading Australian Non-Bank Lender via Brokers & Wholesale Partners

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

homeloans.com.au

Direct to Customer

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

resimac ASSET FINANCE

Via Brokers, Wholesale Partners & Direct to Customer

Resimac Asset Finance offers a range of products for commercial borrowers including auto and equipment asset finance, insurance premium funding and mortgage secured business loans, distributed via some of Australia's largest broker aggregators and with carefully selected wholesale channel partners.

resimac NEW ZEALAND

Leading NZ Non-Bank Lender via Brokers & Direct to Customer

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

Important notice & disclaimer

The information in this presentation provides an overview of the results for the period ended 31 December 2022. It is general background information about the activities of Resimac Group Ltd ('Resimac') and is current as at the date of the presentation, 24 February 2023. It is provided in summary and does not purport to be complete. You should not rely upon it as advice for investment purposes, as it does not take into account your investment objectives, financial position or needs.

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This presentation has not been subject to auditor review and all dollar values are in Australian dollars ($AUD), unless otherwise stated.

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OUR VALUES

Thank you.