

RESIMAC GROUP LTD

FY23 Results Presentation

Scott McWilliam, CEO
Jason Azzopardi, CFO



FY23 highlights.

Normalised NPAT^{1,2}
(excl. FV gains / losses on derivatives)

\$73.7m

**Statutory
NPAT²**

\$66.5m

Cost to Income Ratio³
(Normalised)

43.6%

**Assets Under
Management**

\$13.8b

Settlements

\$4.2b

**FY23 dividend
fully franked**

8.0c

1 Excludes one-off item per reconciliation on slide 17.

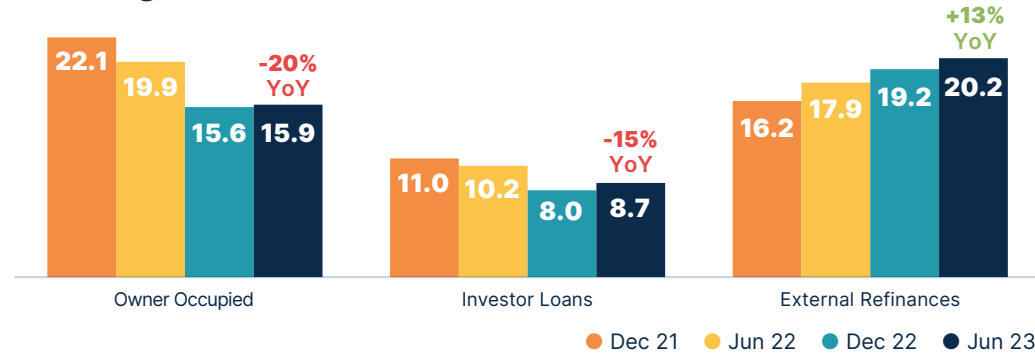
2 Excludes non-controlling interest of \$13k.

3 Excludes FV gains/losses on derivatives.

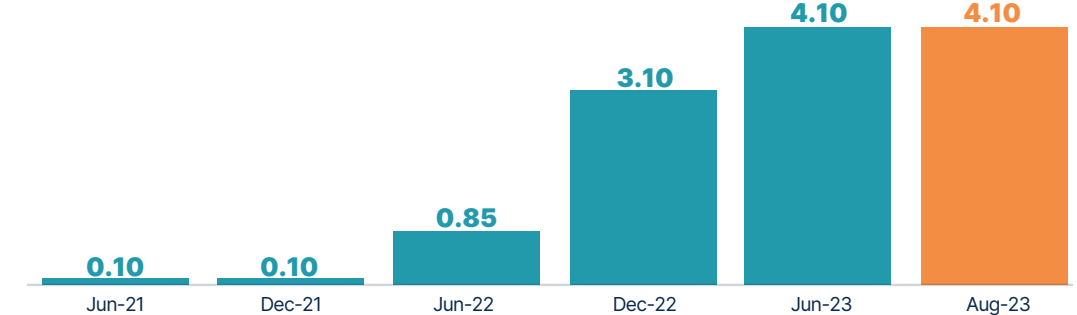
Economic environment

Lower owner occupied and investor housing credit activity. RBA cash rate nearing peak.

Housing credit (\$b)^{1,2}



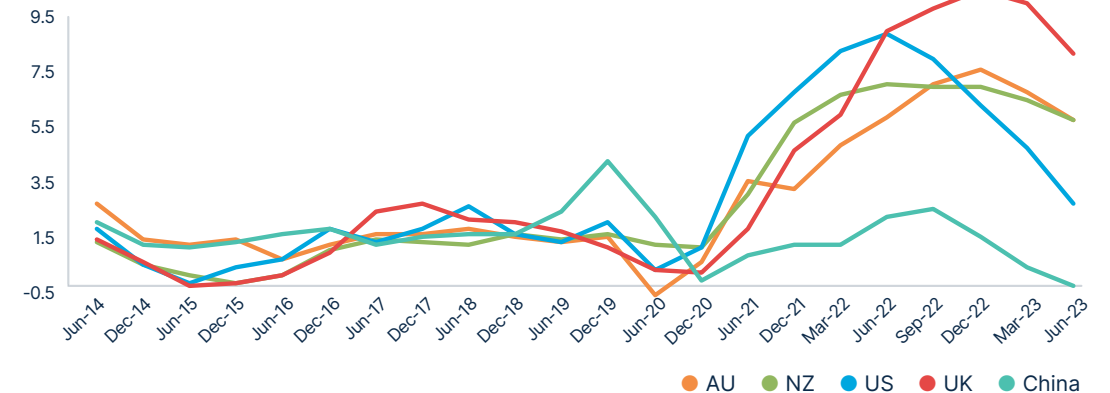
Cash rate (%)



Underlying security values remain resilient³

INDEXED 30 JUNE 2023	CHANGE IN DWELLING VALUES		
	MONTH	QUARTER	ANNUAL
Sydney	1.7%	4.9%	-5.1%
Melbourne	0.7%	1.8%	-5.7%
Brisbane	1.3%	3.0%	-8.2%
Adelaide	0.9%	2.1%	0.0%
Perth	0.9%	2.8%	2.5%
Combined Capitals	1.2%	3.3%	-4.8%
Combined Regional	0.5%	1.1%	-6.5%
National	1.1%	2.8%	-5.3%

Core inflation (%)



1 ABS Lending Indicators June 2023, value of new borrower accepted loan commitments.

2 ABS Lending Indicators June 2023, External Refinancing values.

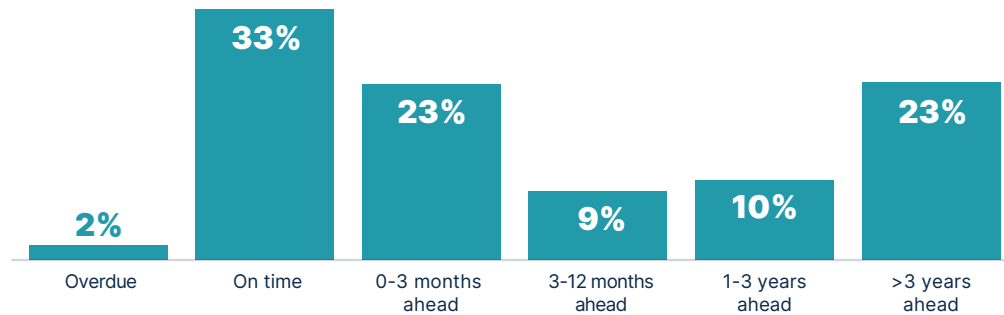
3 CoreLogic Hedonic Home Value Index, released 3 July 2023.

Portfolio resilience

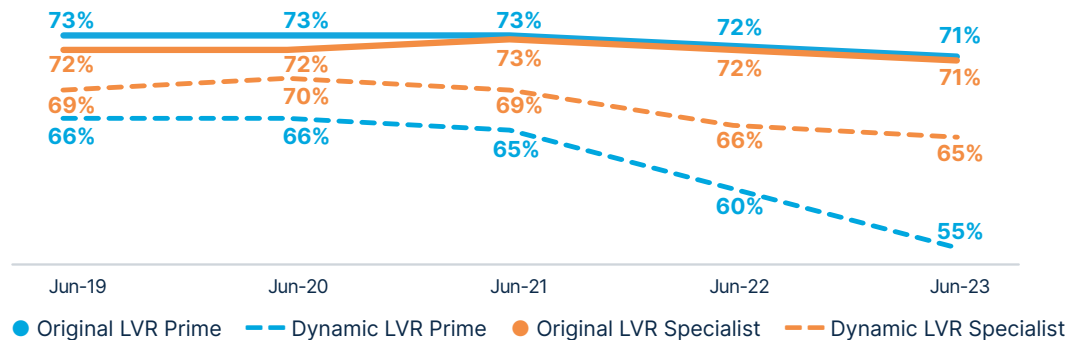
Risk of credit loss remains low despite higher arrears.

Repayment buffers^{1,2}

% of loans



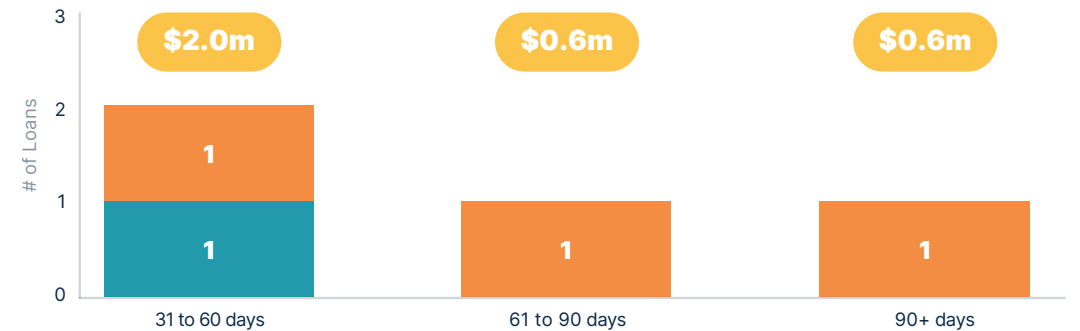
Original and dynamic LVRs^{2,3,4}



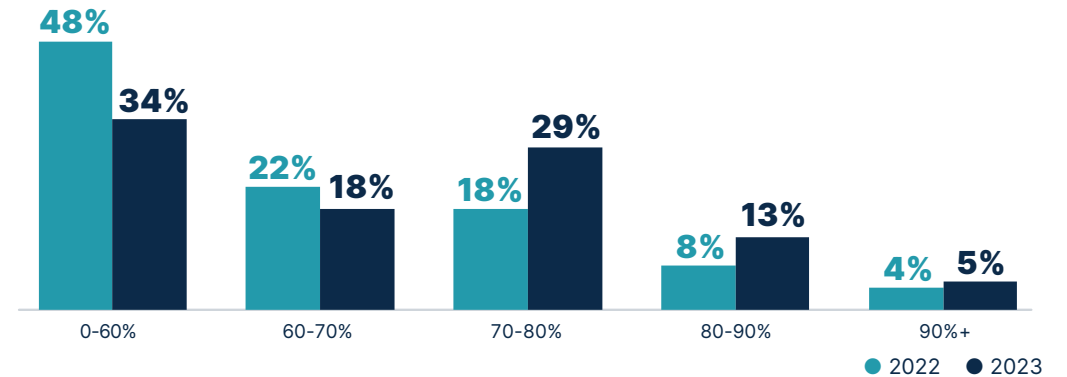
Credit loss exposure based on arrears^{2,3}

Loan value with Dynamic LVR >90% and no LMI

● Prime ● Specialist



Dynamic LVR of originations^{2,3} by settlement fiscal year



1 Overdue includes loans 31+ days in arrears.

2 Excludes NZ.

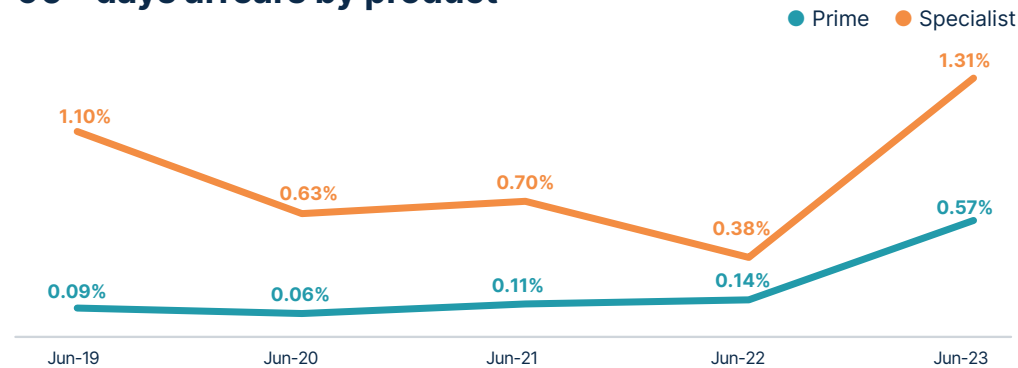
3 Dynamic LVR = LVR based on current loan balance and 30 June 2023 CoreLogic individual property valuations.

4 Original LVR = LVR based on original loan amount and property valuation at settlement.

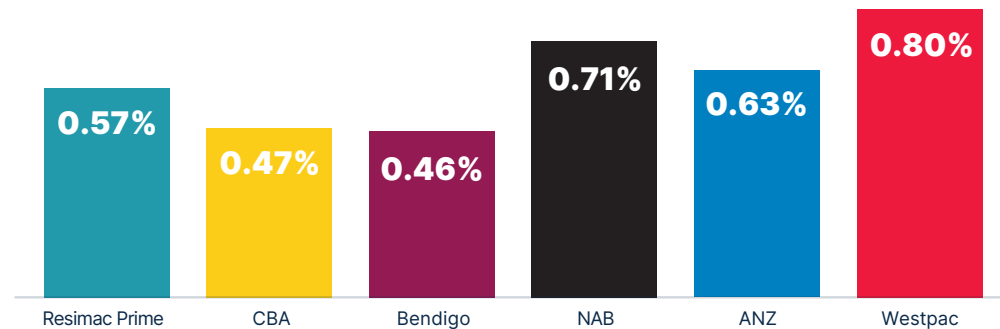
Home loan arrears

Arrears increasing however portfolio quality is sound and remains conservatively provisioned.

90+ days arrears by product



90+ days arrears peer comparison¹



SPECIFIC PROVISIONS ² \$m	JUN-21	DEC-21	JUN -22	DEC-22	JUN-23
Prime	0.4	0.7	0.9	0.4	0.3
Specialist	3.0	3.1	1.5	1.2	0.7
Legacy (incl. RHG)	1.8	1.2	1.8	0.9	0.7
Other (incl. NZ)	0.2	0.1	0.0	0.0	0.1
Total specific provisions	5.4	5.1	4.2	2.5	1.8
Provisions / AUM (bps)	4bps	3bps	3bps	2bps	1bps

COLLECTIVE PROVISIONS ² \$m	JUN-21	DEC-21	JUN -22	DEC-22	JUN-23
Prime	9.3	8.7	8.3	8.3	9.7
Specialist	19.2	21.0	29.1	29.1	27.7
Legacy (incl. RHG)	1.9	2.2	1.9	1.9	1.9
Other (incl. NZ)	1.7	1.7	1.3	1.3	1.3
Total collective provisions	32.1	33.6	40.6	40.6	40.6
Provisions / AUM (bps)	23bps	23bps	27bps	28bps	31bps
TOTAL PROVISIONS	37.5	38.7	44.8	43.1	42.4

¹ CBA Results 30 June 2023, Bendigo Results 30 June 2023, NAB, ANZ and Westpac Third Quarter Update 30 June 2023.

² Home loans only (excludes Asset Finance).



Performance highlights.

Financial results summary

	FY23	1H23	2H23	FY22	CHANGE FY23 vs FY22
FINANCIAL PERFORMANCE					
NPAT (normalised) ¹ (excl. FV gains/losses on derivatives)	\$73.7m	\$40.7m	\$33.0m	\$86.0m	(14%)
Cost to income ratio (normalised) ¹	43.6%	42.2%	45.2%	37.6%	600bps
Net interest income (NII)	\$222.5m	\$117.2m	\$105.3m	\$238.1m	(7%)
Operating expenses	(\$83.9m)	(\$43.0m)	(\$40.9m)	(\$79.4m)	6%
Loan impairment expense	(\$2.2m)	(\$0.6m)	(\$1.6m)	(\$11.4m)	(80%)
Return on equity (normalised NPAT) ²	18.6%	20.8%	16.1%	24.6%	(600bps)
Fully franked dividend	8.0c	4.0c	4.0c	8.0c	Flat
Payout Ratio (normalised) ¹	43.5%			37.9%	560bps
Dividend yield (closing share price)	8.74%			7.82%	12%

¹ Normalised NPAT excl. FV gains/losses on derivatives. FY22 normalised NPAT (excl. FV gains/losses on derivatives) restated to exclude \$0.2m FV gains on OIS swaps.

² Normalised NPAT (excl. FV gains/losses on derivatives)/average FY23 shareholders equity.

Normalised NPAT excl. FV
losses on derivatives
\$73.7m

Cost to income ratio

43.6%

Driven by lower AUM
and higher 1H23
operating expenses

ROE

18.6%

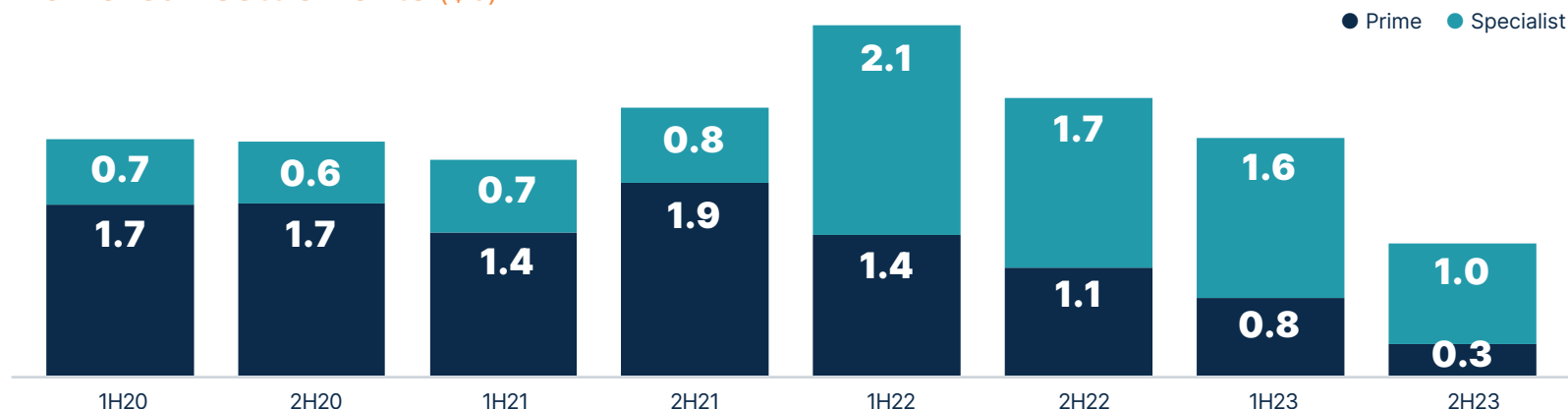
Impacted by upfront capital required
for asset finance book build

Fully franked dividend
with strong yield

8.0c per share

Settlements

Home loan settlements (\$b)



FY23 home loan settlements

\$3.7b

FY23 asset finance settlements

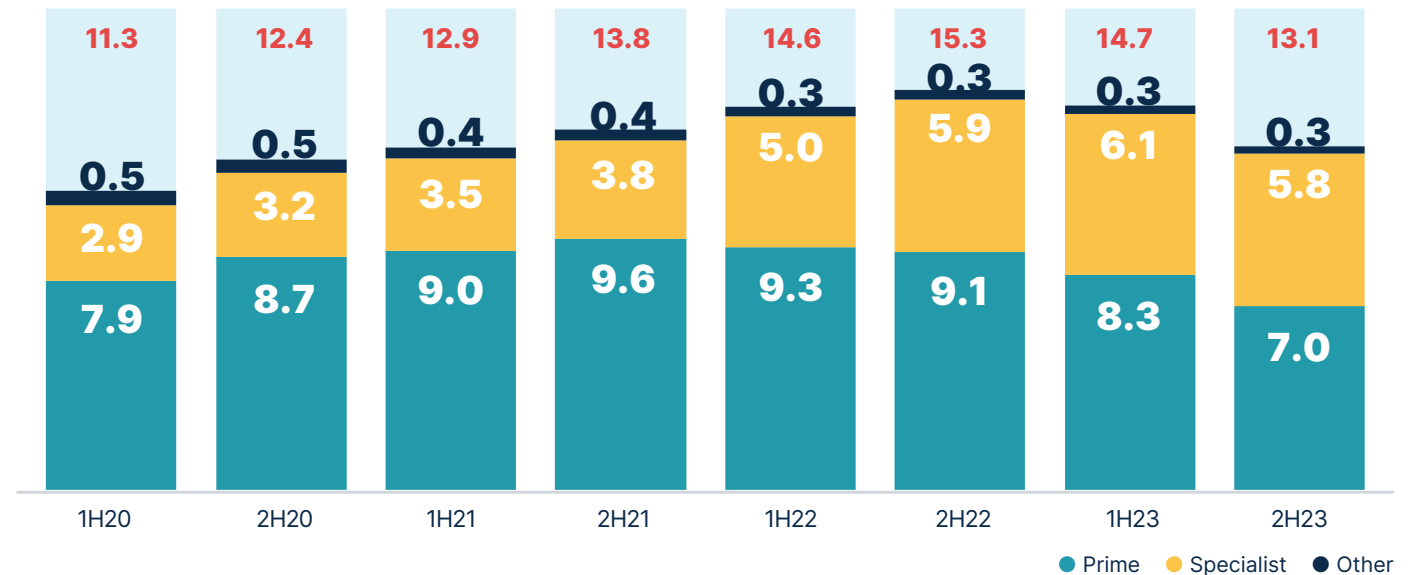
\$0.5b

- FY23 home loan settlements **\$3.7b** (-41% vs FY22) reflecting lower system purchase activity and fierce market refinance competition.
- FY23 Prime settlements **\$1.1b** (-56% vs FY22) driven by anti-competitive RBA funding (TFF), providing ADIs a significant competitive advantage.
- FY23 Specialist settlements **\$2.6b** (-31% vs FY22) driven by soft second half system activity in Australia and New Zealand.
- FY23 asset finance settlements **\$482m** (+19% vs FY22).

Home loan AUM

- Total home loan assets under management decreased 14% to **\$13.1b**.
- Prime AUM decreased 23% to **\$7.0b** driven by low settlements combined with aggressive run off as cashbacks and low new business rates dominated the market.
- Specialist AUM remained broadly flat at **\$5.8b**, albeit decreased 5% in 2H23.

Home loan AUM (\$b)



Home loan AUM
decreased

14%

Prime AUM
decreased

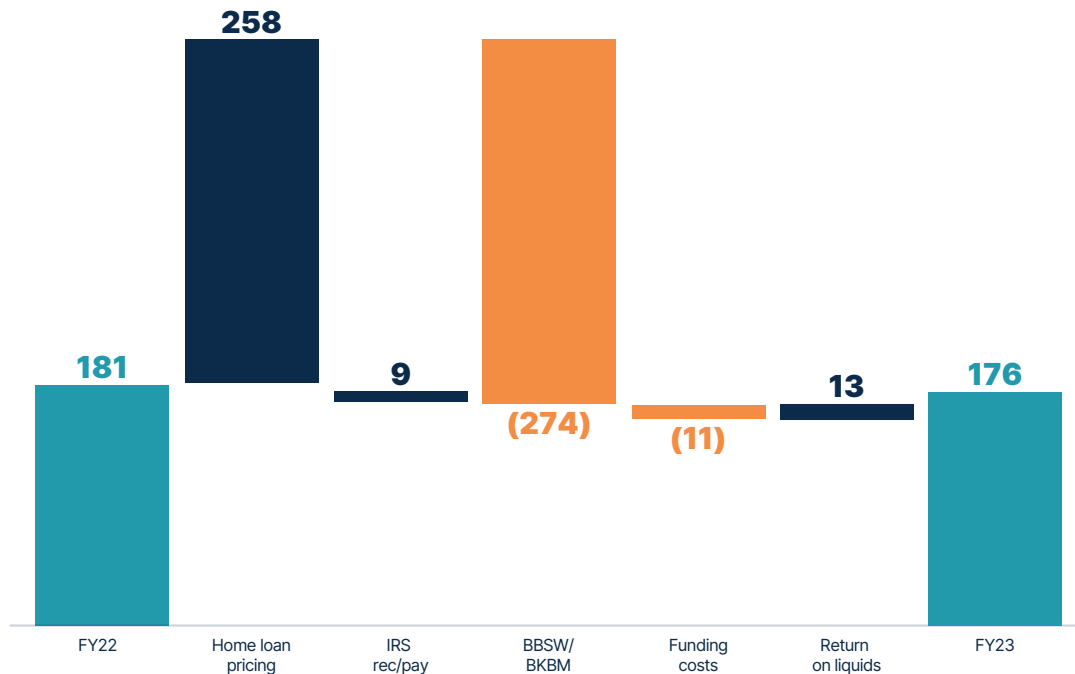
23%

Specialist AUM
decreased

2%

Home loan margins

Home loan net interest margin¹ (bps)



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

Net interest margin decreased

5bps

Home loan pricing increased

258bps

Funding costs increased

11bps

Driven by higher RMBS and warehouse pricing

Interest rate swap receipts increased

9bps

Reflecting steepening curve

BBSW / BKBM FY23 increased

274bps

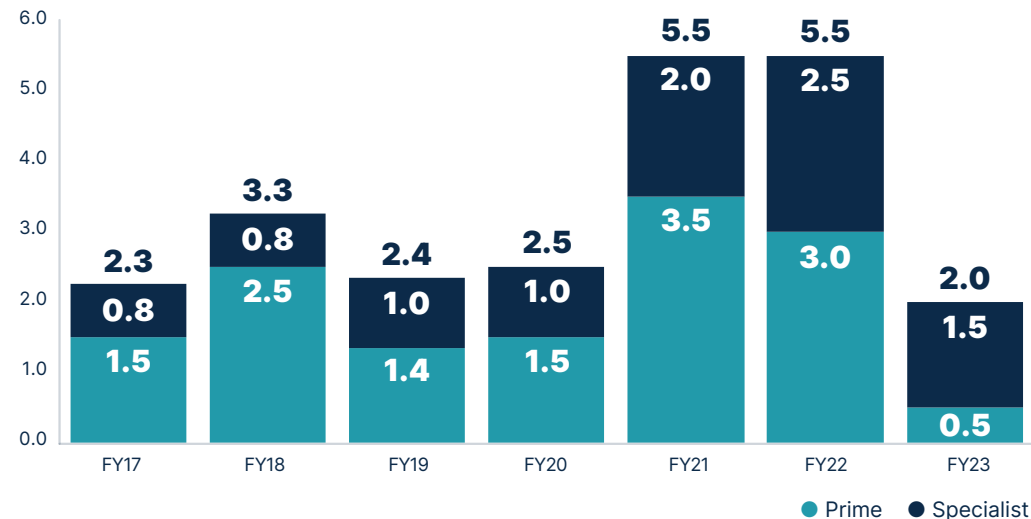
Impact of lag between RBA cash rate increase and portfolio reprice

13bps

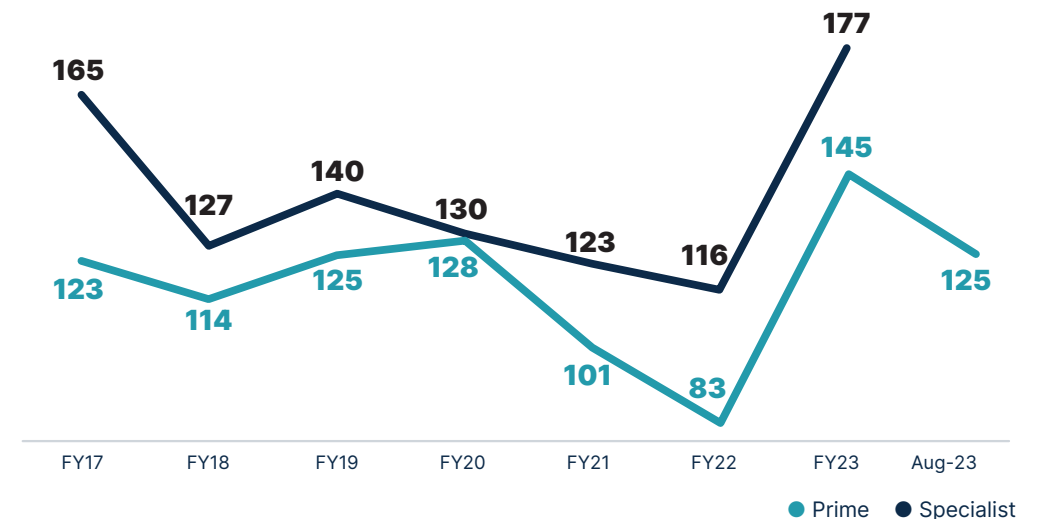
Funding

- The Group continued to issue significant volume in RMBS in FY23 (**\$2.4b** across Australia and New Zealand) albeit lower than PCP reflecting utilisation of lower margin warehouses as settlements reduced.
- New asset finance warehouse secured with top tier global bank, providing platform for growth.
- **\$750m** Prime RMBS deal priced in August 2023 at 125bps senior margin.

Australia RMBS issuance term profile (\$b)

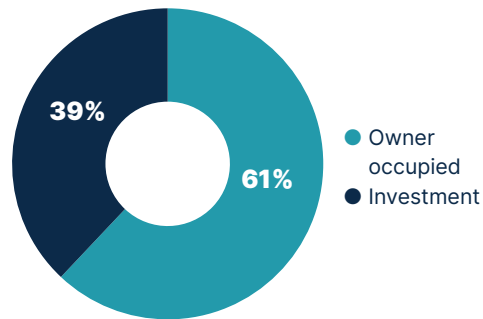


Australia RMBS senior margin (bps)

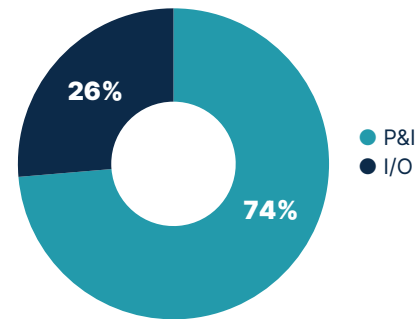


Home loan portfolio composition

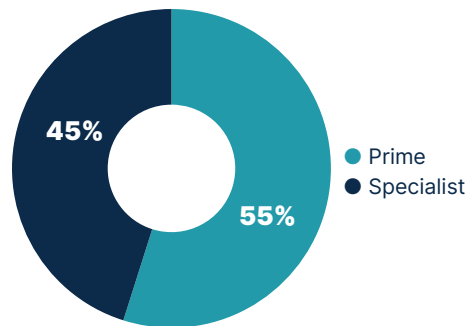
Loan type



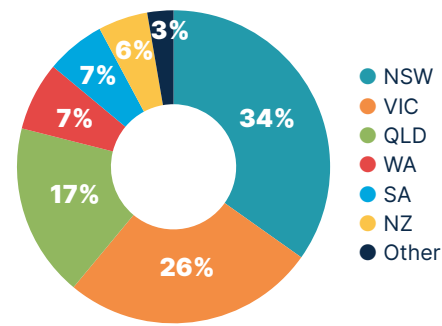
Repayment type



Product type



Geographic location



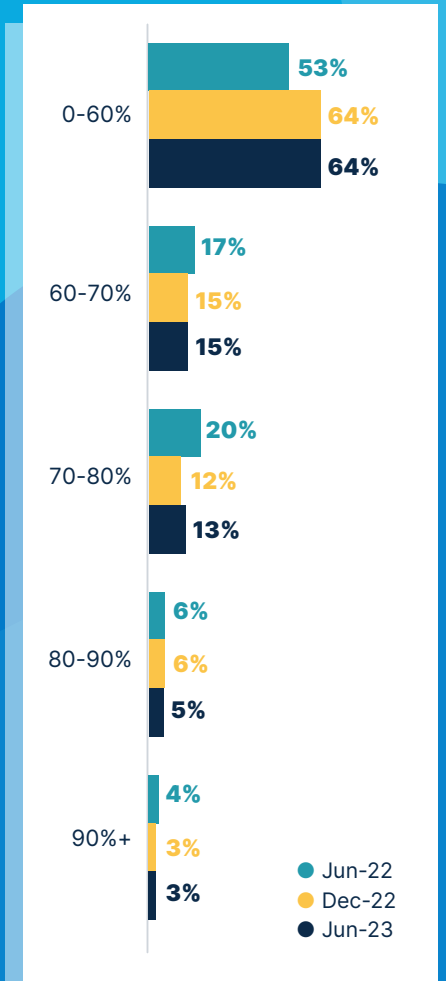
Weighted average portfolio LVR^{1,3}

Prime **63.0%** Specialist **67.0%**

Weighted average portfolio dynamic LVR^{2,3}

Prime **54.6%** Specialist **65.0%**

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 corresponding CoreLogic individual property valuations.

³ Excludes NZ & Legacy loan products.



Strategic focus and outlook.

Our key areas of focus.



Asset Finance growth

Targeting \$1b of settlements in FY24 driven by our new digital originations platform and increased broker penetration.



Home loan AUM

Pivoting to AUM growth strategy in FY24.



Operational efficiency

Targeting lower operating expenses in FY24.



Digital transformation

Continue our digitalisation journey by optimising our new banking and origination platforms, whilst investing in new technologies supporting AUM growth, operational efficiency and an improved customer experience.

FY24 OUTLOOK

- Less aggressive pricing from ADIs and system activity to increase as confidence returns.
- RBA Cash Rate peak expected in 1H24. August BBSW resets are below the cash rate with markets potentially anticipating future rate cuts. BBSW tailwinds may eventuate.
- Opportunity to increase Asset Finance settlements and AUM materially in next 12-24 months. On track for targeted \$1b of annualised settlements in the last quarter of FY24.
- ADI v Non-Bank funding advantages to decrease with TFF repayment being replaced by higher wholesale funding COF, and APRA data indicating ADI blended deposit funding cost will increase.
- FY24 RMBS and Warehouse COF expected to be higher than FY23 as backbook rolls off, however capital markets pricing decreasing.
- Stabilisation of portfolio performance with delinquencies showing improvements.
- Whilst maintaining technology investment and absorbing inflationary impacts and wage pressures, we are targeting lower FY24 operating expenses.



**Financial
results.**



Consolidated statement of profit or loss (\$m)

for the year ended
30 June 2023

	FY23	FY22
Interest income	902.1	490.7
Interest expense	(679.6)	(252.6)
Net interest income	222.5	238.1
Fee and commission income	2.6	8.2
Fee and commission expense	(34.1)	(40.5)
Fair value (losses)/gains on derivatives	(12.2)	26.1
Fair value write-down on unlisted equity investment	(3.6)	-
Other income	6.2	2.5
Employee benefits expense	(51.2)	(45.3)
Other expenses	(32.6)	(34.2)
Loan impairment expense	(2.2)	(11.5)
Profit before tax	95.4	143.4
Income tax expense	(28.9)	(41.3)
PROFIT AFTER TAX	66.5	102.1

Reconciliation of statutory NPAT to normalised NPAT

NPAT attributable to parent (statutory)¹	66.4	102.1
Dividend income from listed equity investments	(5.4)	(0.7)
Fair value write-down on unlisted equity investment	3.6	-
Customer fee remediation program	(0.5)	3.9
Customer compensation provision	0.4	-
Tax effect of normalised items	0.6	(0.9)
NPAT attributable to parent (normalised)	65.1	104.4
Fair value losses/(gains) on derivatives - IRS and OIS	12.2	(26.1)
Tax effect	(3.6)	7.7
Normalised NPAT (excl. FV losses/(gains) on derivatives)	73.7	86.0

¹ Excludes \$13k non-controlling interest.

Consolidated statement of financial position (\$m)

as at 30 June 2023

	30-Jun-23	30-Jun-22
● Assets ● Liabilities ● Equity		
Cash and bank balances	1,085.4	932.8
Trade and other receivables	3.5	5.7
Loans and advances to customers	13,735.6	15,669.9
Other assets	28.0	29.6
Other financial assets	28.6	23.5
Derivative financial assets	25.2	39.2
Right-of-use assets	7.3	9.0
Intangible assets	28.4	27.5
TOTAL ASSETS	14,942.0	16,737.2
Trade and other payables	27.1	30.1
Interest-bearing liabilities	14,471.1	16,288.4
Other financial liabilities	6.9	11.8
Derivative financial liabilities	0.4	0.2
Lease liabilities	9.4	11.1
Other liabilities	4.4	7.0
Provisions	7.3	10.5
TOTAL LIABILITIES	14,526.6	16,359.1
Net assets	415.4	378.1
Share capital	173.5	176.5
Reverse acquisition reserve	(61.5)	(61.5)
Total issued capital	112.0	115.0
Reserves	(19.6)	(25.5)
Retained earnings	322.9	288.6
Equity attributable to owners of the parent	415.3	378.1
Non-controlling interest	0.1	-
TOTAL EQUITY	415.4	378.1

Cash reconciliation (\$m)	30-Jun-23	30-Jun-22
Cash at bank and on hand	22.7	19.0
Cash collections account	1,062.7	912.3
Restricted cash	-	1.5
Cash at bank	1,085.4	932.8

Consolidated statement of cash flows (\$m)

for the year ended
30 June 2023

	FY23	FY22
● Operating activities ● Investing activities ● Financing activities		
Interest received	900.8	500.5
Interest paid	(658.4)	(227.2)
Receipts from loan fees and other income	28.9	38.9
Payments to suppliers and employees	(160.9)	(180.7)
Receipts/(payments) of net loans from/to borrowers	1,948.5	(1,660.0)
Income tax paid	(41.6)	(57.0)
Net cash from/(used in) operating activities	2,017.3	(1,585.5)
Payment for plant and equipment	(0.2)	(0.5)
Payment for acquisition of subsidiary	(0.9)	-
Cash acquired on acquisition of subsidiary	0.2	-
Payment for new investments	(5.0)	(20.7)
Proceeds on disposal of investments	0.3	9.9
Return of capital from listed equity investment	1.6	-
Dividend income from listed equity investments	3.8	0.8
Payment for acquisition of residential loan book (Volt Bank)	-	(83.6)
Proceeds on disposal of white label loan tranche	-	1.8
Net cash used in investment activities	(0.2)	(92.3)
Proceeds from borrowings	7,839.0	14,597.0
Repayment of borrowings	(9,670.9)	(12,562.0)
Proceeds from exercise of options	0.7	0.2
Payment of lease liabilities	(1.7)	(1.6)
Swap receipts/(payments)	13.6	(3.5)
Payment of dividends	(32.2)	(30.9)
Net loan to related party	(8.0)	-
Payment for share buybacks	(5.2)	(3.8)
Payment for acquisition of treasury shares	-	(4.1)
Net cash (used in)/from financing activities	(1,864.7)	1,991.3
Net increase in cash and cash equivalents	152.4	313.5
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	0.2	(0.5)
Cash and cash equivalents at the end of year	1,085.4	932.8



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 2004, 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 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. We have teamed up with Carbon Positive Australia who conducts biodiverse and funds community reforestation projects to assist with carbon setting. For every settled loan, our customers can choose from one of three Carbon Positive Australia community projects they would like to support. We will then contribute to that project on their behalf. Under our previously held decade-long partnership with Carbon Conscious, we planted over 46,000 trees, which offset nearly 5 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 adheres to responsible lending while exploring ways to encourage customers to move towards a cleaner and more sustainable future. During the last reporting period, we launched our first green product to fund energy-efficient home upgrades. This year, our asset finance business offered discounts on electric vehicle loans. We are also a proud partner of Run-Rocket-Run, an initiative focused on mental and physical resilience.



Governance

Resimac has a strong governance structure in place to ensure all regulatory obligations are adhered to in line with our Australian Financial Services and our Australian Credit Licence requirements and our position as an ASX Listed entity. We have several committees, policies, and procedures in place to complement this structure. Our governance structure incorporates a compliance and risk framework and a three lines of defence model. This ensures we continue to adhere to our compliance obligations, and we have appropriate controls in place to mitigate risks that may impact our people, customers and shareholders.



Important notice & disclaimer

The information in this presentation provides an overview of the results for the year ended 30 June 2023. It is general background information about the activities of Resimac Group Ltd ('Resimac') and is current as at the date of the presentation, 29 August 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.

Resimac Group Ltd

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