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1H21



resimac

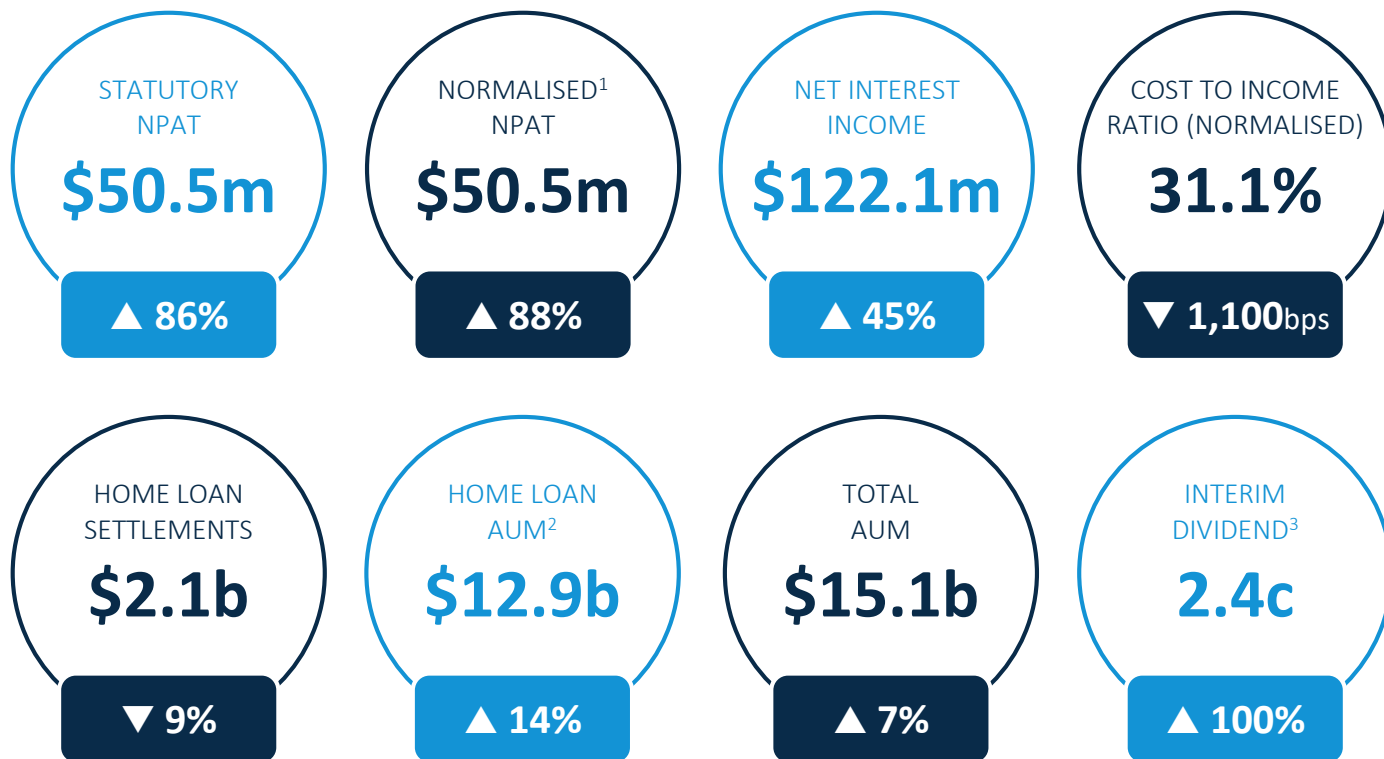
Resimac Group Ltd
1H21 Results Presentation

Performance Highlights

SCOTT MCWILLIAM, CEO
JASON AZZOPARDI, CFO

Our 1H21 performance highlights

(v 1H20)



1 Normalised NPAT excludes one-off non-recurring items per reconciliation on slide 18.

2 AUM excludes c\$80m of IA Group loans included in the Consolidated Financial Statements.

3 Fully franked.

Our financial results summary

- Normalised NPAT increased **88%** driven by higher Assets Under Management (AUM) and Net Interest Margin (NIM)
- Cost to Income Ratio decreased **1,100bps** driven by strong revenue growth and cost discipline
- Industry leading return on equity of **38.7%**, increased **1,270bps**
- Home loan collective provision increased to \$33.5m providing strong portfolio coverage
- Interim fully franked dividend increased **100%** to **2.4 cents** per share

FINANCIAL PERFORMANCE		1H21	1H20	1H21 vs 1H20 % change
NPAT (statutory)	▲	\$50.5m	\$27.2m	86%
NPAT (normalised)	▲	\$50.5m	\$26.9m	88%
Cost to income ratio (normalised)	▼	31.1%	42.1%	(1,100bps)
Return on equity (normalised NPAT)*	▲	38.7%	26.0%	1,270bps

SETTLEMENTS		1H21	1H20	% change
Settlements – home loans	▼	\$2.1b	\$2.4b	(9%)
■ Prime	▼	\$1.4b	\$1.7b	(16%)
■ Specialist	▲	\$0.7b	\$0.7b	9%

*ROE based on annualised normalised NPAT and average 1H21 shareholders equity.

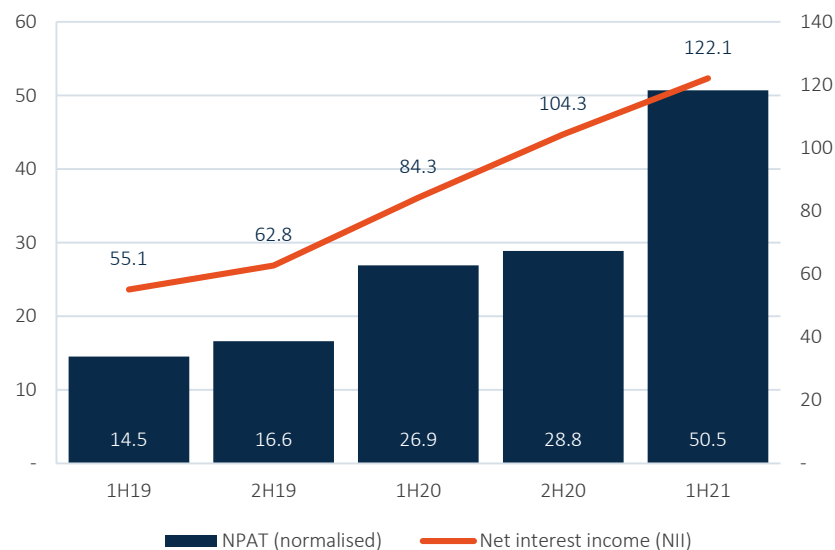
Our earnings growth

- Normalised NPAT increased **88%** driven by higher net interest income
- Net interest income increased **45%** driven by higher margins and assets under management growth
- Net fee and commission expense increased **9%** driven by higher broker commissions on increased AUM
- Operating expenses increased **13%** driven by transformational core banking IT project **(\$3.5m)**
- Loan impairment expense decreased **3%** reflecting our high-quality portfolio and low arrears

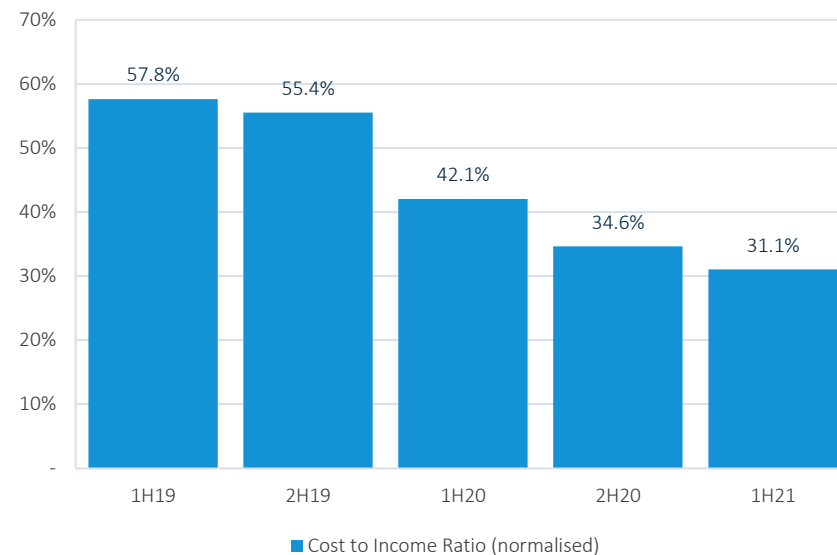
		1H21	1H20	1H21 vs 1H20 % change
NPAT (statutory)	▲	\$50.5m	\$27.2m	86%
NPAT (normalised)	▲	\$50.5m	\$26.9m	88%
■ Net interest income (NII)	▲	\$122.1m	\$84.3m	45%
■ Net fee & commission expense	▲	(\$12.9m)	(\$11.9m)	(9%)
■ Operating expenses	▲	(\$34.5m)	(\$30.6m)	(13%)
■ Loan impairment expense	▼	(\$3.7m)	(\$3.8m)	3%

Our key metrics

Revenue and earnings (\$m)

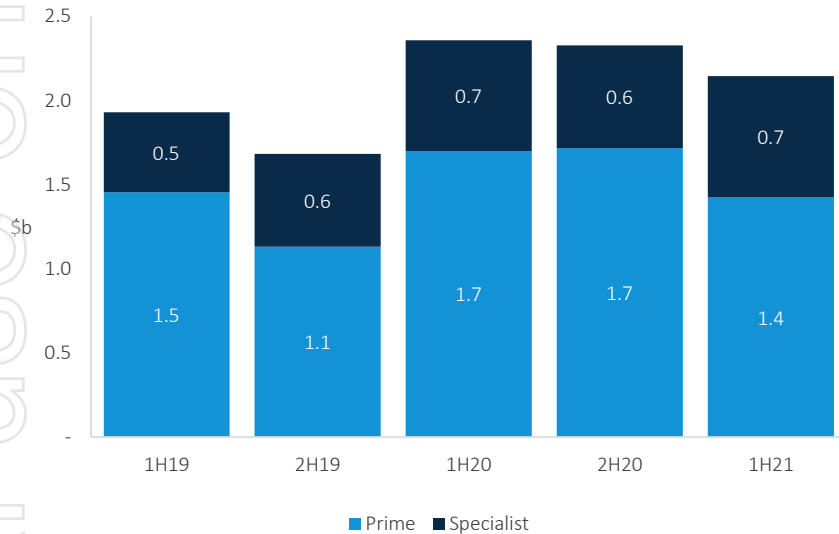


Cost to income ratio (%)

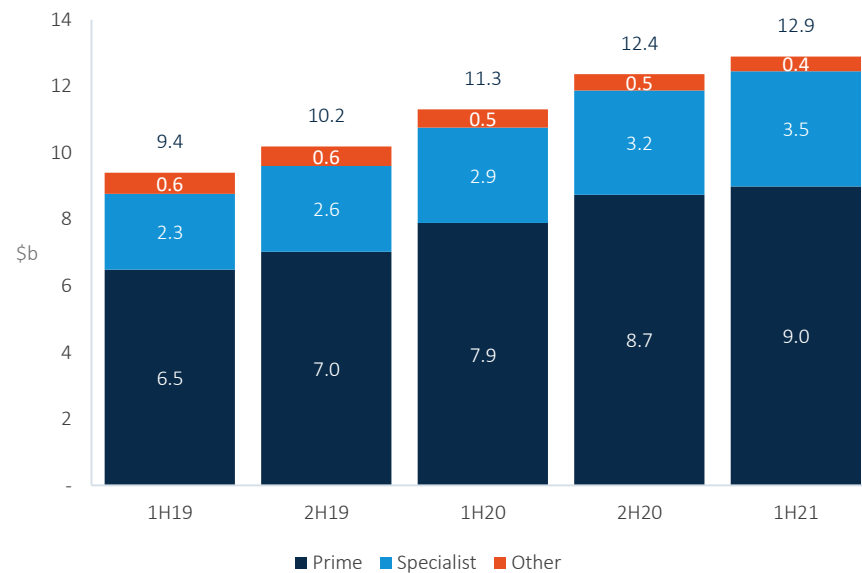


Our key metrics

Home loan settlements (\$b)



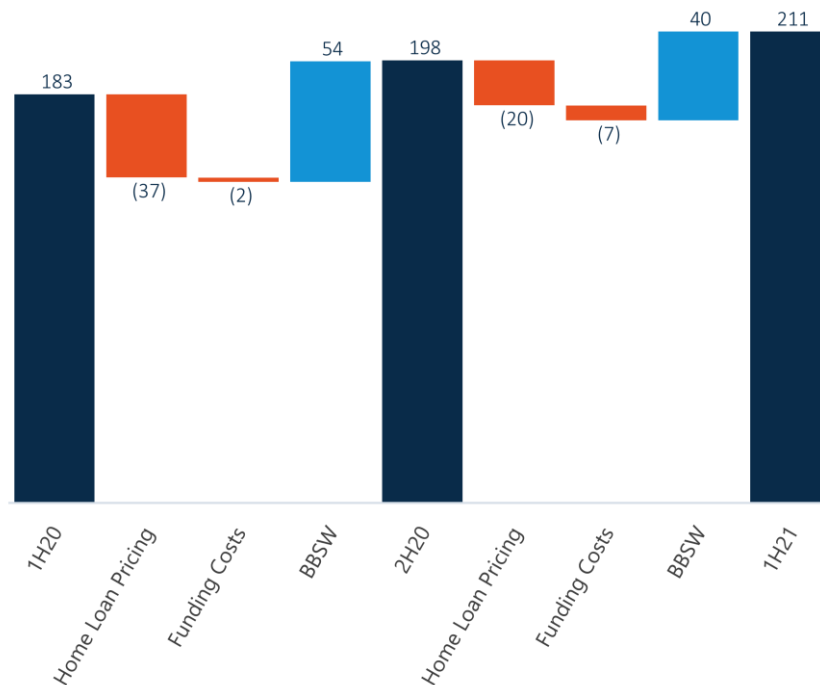
Home loan AUM (\$b)



Our group margins

- Home loan pricing decreased **20bps** reflecting March 2020 RBA rate cut passed on to customers (11bps), and back book run-off (9bps)
- Funding costs increased **7bps** driven by higher warehouse and RMBS pricing during height of COVID-19. Weighted average warehouse pricing decreased late in 1H21, with benefits to flow into 2H21
- Strong investor demand for Resimac RMBS expected to drive lower funding costs in 2021 issuance
- BBSW 1H20 average 102bps; 2H20 average 48bps; 1H21 average 8bps

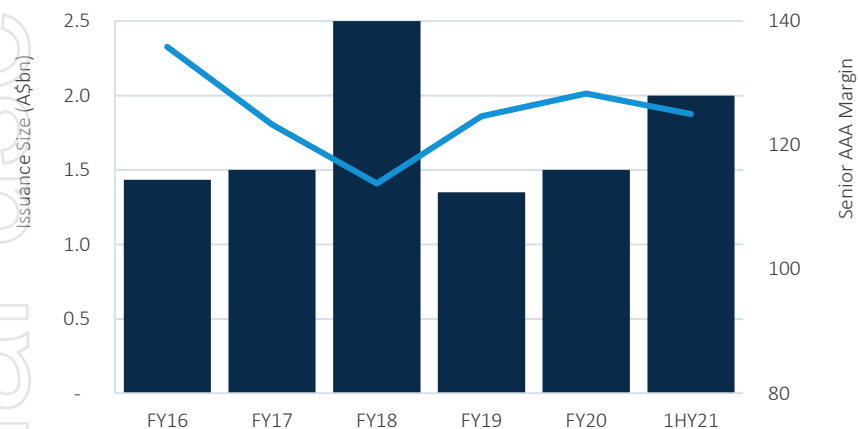
Group net interest margin (bps)



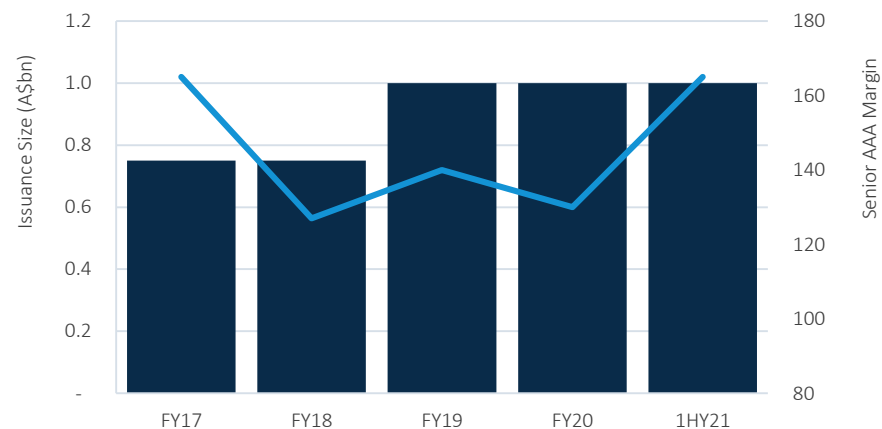
Our funding program

- The Group issued \$3.3 billion of Australian and NZ Prime and Specialist RMBS in 1H21
- RMBS and warehouse pricing increased materially in mid-2020, recently returning to below pre COVID-19 levels
- Warehouse capacity increased during 1H21 providing funding stability during COVID-19
- Recent RMBS pricing and investor demand indicate strong NIM tailwinds in 2021

Australia RMBS term profile - Prime



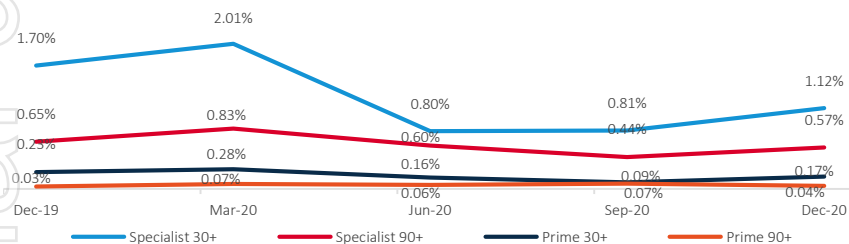
Australia RMBS term profile - Specialist



Our home loan portfolio performance

- Specialist and Prime arrears remain below pre COVID-19 December 2019 levels
- Specific provisions remain flat at \$6m, representing 5bps of total AUM
- COVID-19 overlay of \$16.4m remains unchanged
- Collective provisions of \$33.5m increased \$2.9m compared to June 2020, representing 27bps coverage of AUM
- Arrears exclude approximately 500 customers in hardship

ARREARS (%)



HOME LOAN SPECIFIC PROVISIONS \$m

	Jun 2019	Dec 2019	Jun 2020	Dec 2020
Prime	0.35	0.43	0.61	0.57
Specialist	3.26	3.40	3.37	3.61
Legacy	1.50	1.98	1.93	1.86
Other (incl. NZ)	0.47	0.51	0.15	0.03
Total specific provisions	5.58	6.32	6.06	6.07
Provisions / AUM (bps)	6bps	6bps	5bps	5bps

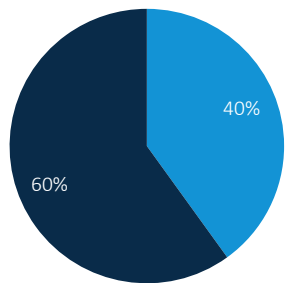
HOME LOAN COLLECTIVE PROVISIONS \$m

	Jun 2019	BAU move-ment	COVID overlay	Jun 2020	BAU move-ment	Dec 2020
Prime	3.7	0.1	4.4	8.2	1.5	9.7
Specialist	4.6	3.2	11.7	19.5	1.3	20.8
Legacy	1.2	(0.2)	-	1.0	-	1.0
Other (incl. NZ)	1.3	0.3	0.3	1.9	0.1	2.0
Total collective provisions	10.8	3.4	16.4	30.6	2.9	33.5
Provisions / AUM (bps)	10bps	3bps	14bps	27bps	-	27bps

Our home loan portfolio composition

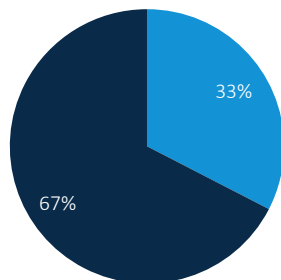
- Weighted average portfolio LVR Prime 66.5% | Specialist 68.9%
- Weighted average portfolio dynamic LVR* Prime 65.9% | Specialist 70.0%

Loan purpose



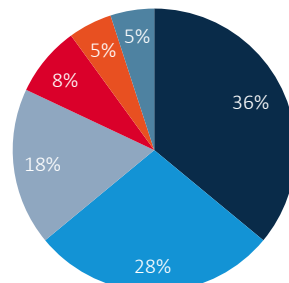
■ Investment ■ Owner Occupied

Loan type



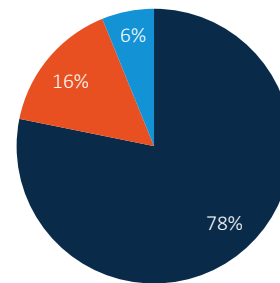
■ Interest only ■ Principal & Interest

Geographic location



■ NSW ■ VIC ■ QLD ■ WA ■ SA ■ NZ

Security



■ Freestanding ■ Unit ■ Other

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

COVID-19 Impact

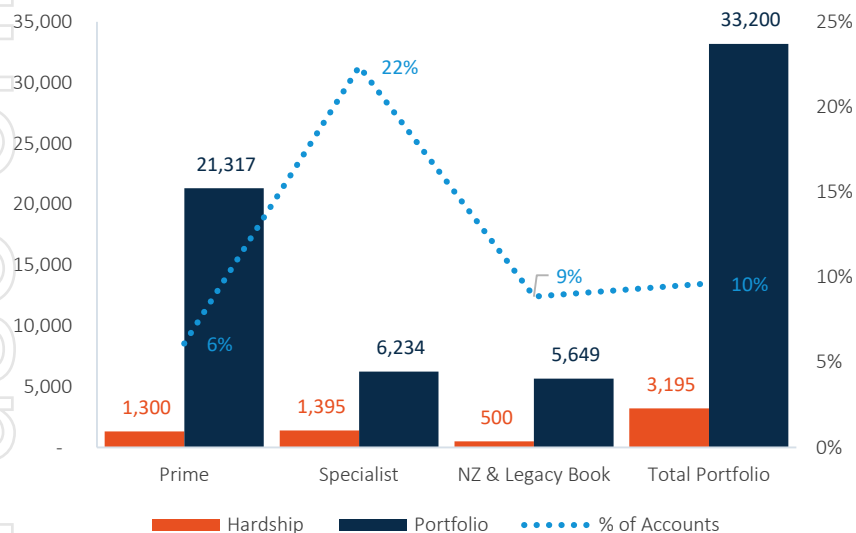
SCOTT MCWILLIAM, CEO
JASON AZZOPARDI, CFO

Hardship analysis summary

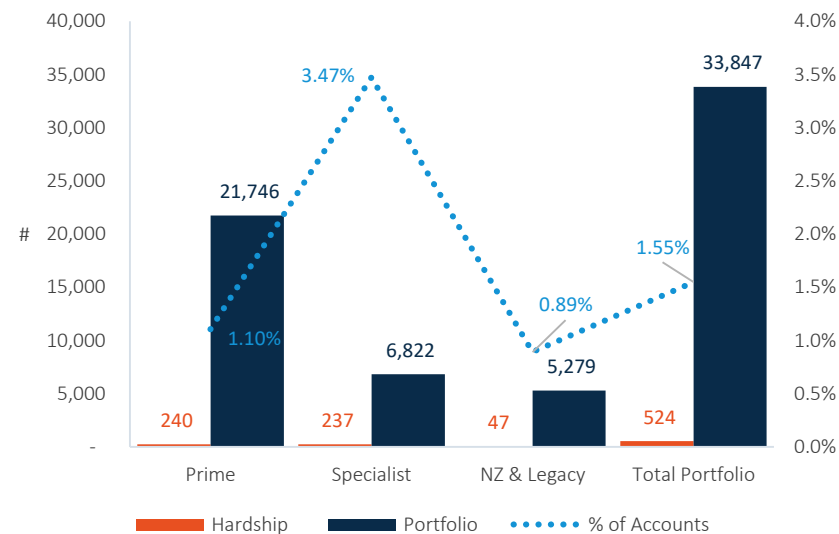
- Resimac is pleased to report significant improvement in the number of customers in hardship payment deferrals
- Approximately 500 customers representing \$294m of loans remain in hardship payment deferrals at 31 December 2020
- Of the \$294m of loans in hardship payment deferrals:
 - \$136m are Prime (June 20 \$665m)
 - \$147m are Specialist (June 20 \$813m)
 - \$11m are legacy loans (June 20 \$162m)
- Of the \$294m of loans in hardship, \$54m are mortgage insured
- Weighted average dynamic LVR of active payment deferral portfolio – Prime 71%, Specialist 73%
- c\$5m of Non LMI Prime loans currently on an active payment deferral, have a dynamic LVR of >90%
- c\$17m of Non LMI Specialist loans currently on an active payment deferral, have a dynamic LVR of >90%
- Collective provision overlay of \$16.4m for future COVID-19 credit losses unchanged at 31 December 2020

Hardship analysis

Active payment deferrals at 30 Jun 2020¹



Active payment deferrals at 31 Dec 2020¹



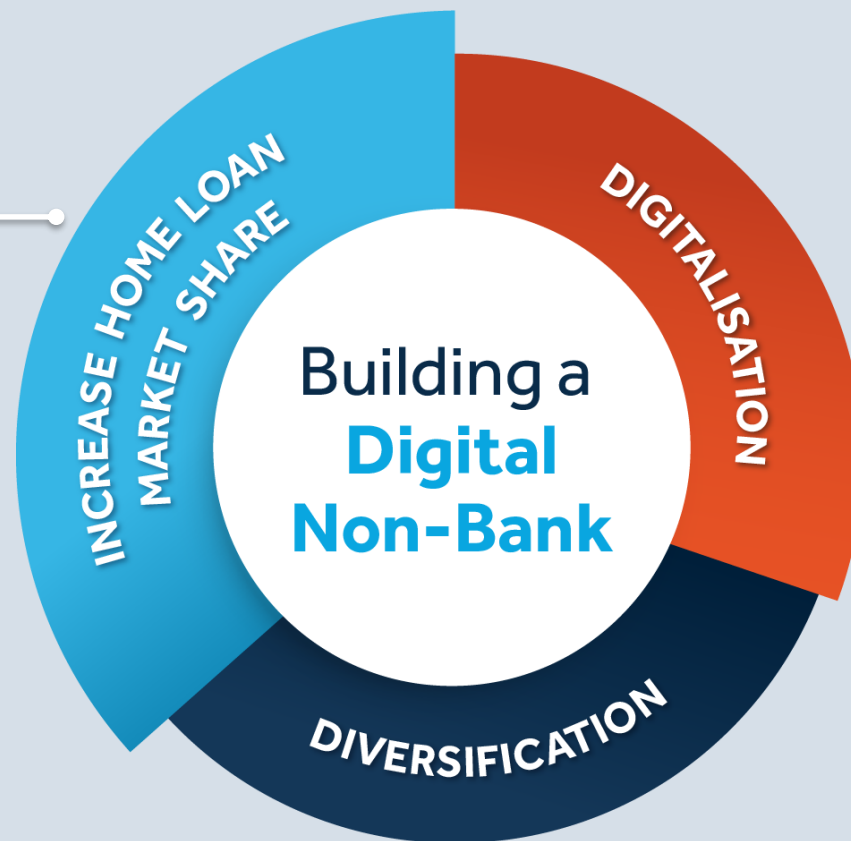
¹ Number of accounts.

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Strategic Priorities

SCOTT MCWILLIAM, CEO

Strategic priorities



Home Loans

The housing lending market in Australia and New Zealand combined is greater than \$2 trillion. Our ability to continue to increase market share in the Broker and Direct to Consumer Online Channels, is underpinned by our investment in technology to create scale and a true digital customer experience.

End-to-end Digitalisation

Utilise modern technologies and platforms to automate and build scale, drive efficiency and improve end-to-end customer experience.

Resimac Asset Finance

Our recent purchase of IA Group and diversification into the asset finance market, allows us to leverage our existing funding and distribution platforms into new markets.

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Financial Results

JASON AZZOPARDI, CFO

\$m	1H21	1H20
Interest income	235.6	229.1
Interest expense	(113.5)	(144.8)
Net interest income	122.1	84.3
Fee and commission income	4.9	6.2
Fee and commission expense	(17.8)	(18.0)
Other income	1.7	0.6
Employee benefits expense	(19.1)	(17.4)
Other expenses	(15.4)	(13.2)
Loan impairment expense	(3.7)	(3.8)
Profit before tax	72.7	38.7
Income tax expense	(22.0)	(11.5)
PROFIT AFTER TAX	50.7	27.2
Attributable to:		
Owners of the parent	50.5	27.2
Non-controlling interest	0.2	-
Reconciliation of Statutory NPAT to Normalised NPAT	1H21	1H20
NPAT attributable to parent (statutory)	50.5	27.2
Non-recurring income	-	(0.4)
Tax effect	-	0.1
NPAT attributable to parent (normalised)	50.5	26.9

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

\$m		31 DEC 20	30 JUN 20
ASSETS	Cash and bank balances	537.6	366.0
	Trade and other receivables	5.1	6.0
	Loans and advances to customers	12,997.3	12,506.0
	Other assets	43.7	47.8
	Other financial assets	8.4	7.1
	Derivative financial assets	2.9	52.6
	Right-of-use assets	11.3	12.3
	Deferred tax assets	2.0	-
	Intangible assets	28.7	28.9
	TOTAL ASSETS	13,637.0	13,026.7
LIABILITIES	Trade and other payables	24.0	25.9
	Interest-bearing liabilities	13,152.7	12,685.6
	Other financial liabilities	19.0	20.8
	Derivative financial liabilities	124.6	3.3
	Lease liabilities	12.7	13.6
	Other liabilities	18.2	31.2
	Provisions	4.9	4.6
	TOTAL LIABILITIES	13,356.1	12,785.0
EQUITY	Net Assets	280.9	241.7
	Share capital	182.3	181.9
	Reverse acquisition reserve	(61.5)	(61.5)
	Total issued capital	120.8	120.4
	Reserves	(12.1)	(7.6)
	Retained earnings	171.8	128.7
	Equity attributable to owners of the parent	280.5	241.5
	Non-controlling interest	0.4	0.2
	TOTAL EQUITY	280.9	241.7

Cash reconciliation \$m	31 DEC 20	30 JUN 20
Cash at bank and on hand	28.6	27.8
Cash collections account	507.5	336.7
Restricted cash	1.5	1.5
Cash at bank	537.6	366.0

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 DECEMBER 2020

\$m		1H21	1H20
OPERATING ACTIVITIES	Interest received	239.8	234.4
	Interest paid	(106.3)	(137.5)
	Receipts from loan fees and other income	23.5	25.4
	Payments to suppliers and employees	(83.9)	(81.0)
	Payments of net loans to borrowers	(630.5)	(1,892.0)
	Income tax paid	(33.7)	(12.2)
	Net cash used in operating activities	(591.1)	(1,862.9)
INVESTING ACTIVITIES	Payment for property, plant and equipment	(0.1)	(0.1)
	Repayment of loans to related parties	-	(2.4)
	Payment for new investments	-	(3.0)
	Balance of proceeds on disposal of Paywise	1.7	-
	Net cash from / (used in) investment activities	1.6	(5.5)
FINANCING ACTIVITIES	Proceeds from borrowings	5,389.5	5,572.3
	Repayment of borrowings	(4,758.3)	(4,304.5)
	Proceeds of loans sold to external party (Athena)	138.8	794.9
	Swap payments	(1.2)	(0.8)
	Payment of dividends	(6.9)	(5.4)
	Payment of lease liabilities	(0.9)	(0.8)
	Net cash from financing activities	761.0	2,055.7
	Net increase in cash and cash equivalents	171.5	187.3
	Cash and cash equivalents at the beginning of the period (1 July)	366.0	224.8
	Effects of exchange rate changes on cash balances held in foreign currencies	0.1	0.3
	Cash and cash equivalents at the end of the period	537.6	412.4



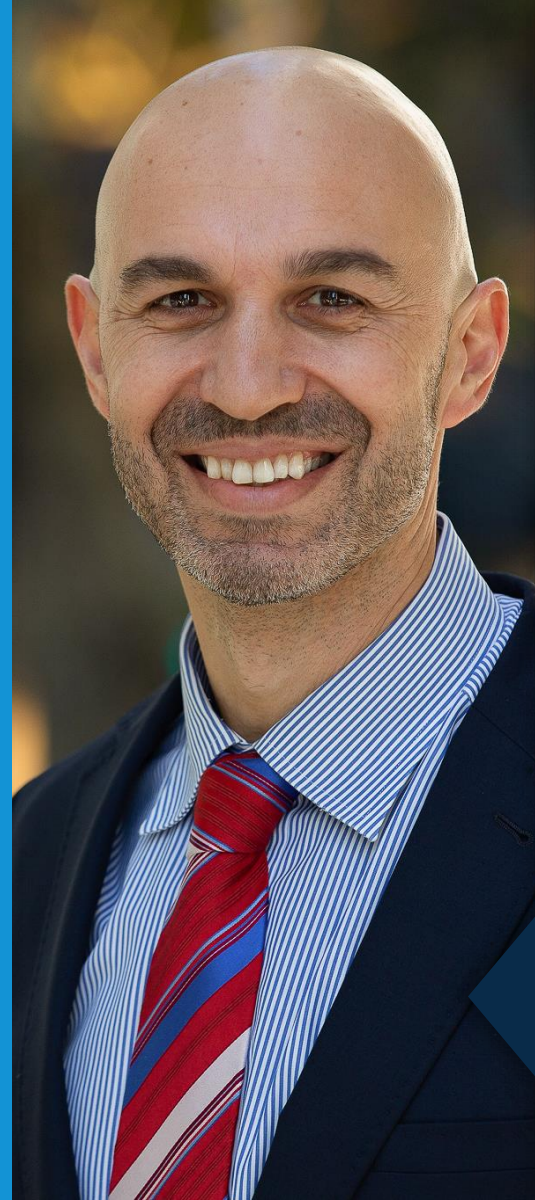
Scott McWilliam

Chief Executive Officer

Scott is responsible for managing the overall operations of the organisation, its people and resources and ensures the implementation of the strategy agreed with the Board. Scott has over 20 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 for 17 years, initially as Head of Funding and Investments, followed by Chief Operating Officer and then CEO since 2013.

scott.mcwilliam@resimac.com.au



Jason Azzopardi

Chief Financial Officer

Jason joined the Resimac Group in July 2018 as Chief Financial Officer. Jason is also the Group Executive leading the Marketing function.

Prior to Resimac, Jason held senior finance roles in private equity in London. Since relocating to Australia in 2011, Jason's extensive retail banking experience includes senior leadership roles at Bankwest and Macquarie. Jason is a Fellow of CPA Australia, and a Graduate of the Australian Institute of Company Directors.

jason.azzopardi@resimac.com.au

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Thank you.



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