

24 February 2023

ASX RELEASE

Resimac announces 1H23 normalised NPAT of \$40.7 million

Leading non-bank lender Resimac Group Ltd (ASX: RMC) ("the Group") today announced its results for the period ended 31 December 2022, reporting a normalised NPAT of \$40.7 million (excluding the impact of FV gains/losses on derivatives).

The board declared a fully franked final dividend of 4.0 cents per ordinary share, a payout ratio of 41.5 per cent on a statutory basis.

1H23 Results Summary	1H23	2H22	1H22
Statutory NPAT (\$m)	38.9	48.6	53.5
Normalised NPAT* (\$m)	37.5	50.9	53.5
Normalised NPAT** (\$m) (excl. FV gains/losses on Derivatives)	40.7	36.8	49.2
Home loan settlements (\$b)	2.4	2.8	3.5
Home loan AUM (\$b)	14.7	15.3	14.6
Asset finance settlements (\$m)	210	227	178
Interim dividend per share (cents)	4.0	4.0	4.0

*Excluding one-off items

**2H22 Normalised NPAT (excl. FV gains/losses on Derivatives) restated to exclude \$0.2m FV gains from OIS Swaps

Scott McWilliam, the Group's Chief Executive Officer, commented on the Group continuing to originate high quality home loan and asset finance loans in a challenging market.

"These results are broadly in line with our expectations following the second half of FY22. We knew this period would be a difficult one due to the impact of inflation and rising interest rates on household cost-of-living.

"To counter fierce prime competition from the banks, we made a strategic decision to focus on our specialist portfolio. I'm pleased to announce we settled \$2.4 billion of home loans in this half – two-thirds of which came from specialist loans whilst maintaining credit risk standards. The average LVR at origination of these specialist loans was 71 per cent.

"I'm also pleased to note that our net interest margin increased four basis points compared to 2H22, driven by repricing in line with the RBA tightening cycle.

"Our portfolio continues to perform well, with loan impairments at very low levels. Early stage arrears have increased, however our conservative approach to provisioning at 30 June 2022 ensures the Group has sufficient coverage for the system stress that potentially lies ahead.

"Capital markets continued to show a strong appetite for our RMBS issuance, with the Group issuing \$1.2 billion in residential mortgage-backed securities transactions (albeit at higher margins than we observed in FY22)."

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Outlook

With no signs of relief in rising interest rates and inflationary pressures this year, Mr McWilliam was pragmatic about the Group's outlook over the next 6-12 months.

"We're likely to see the economic headwinds continue throughout CY23. I am optimistic the current economic cycle will turn, with our medium-term strategy providing future growth.

"We will continue to focus on areas where we see the greatest opportunities in the short-term, which is mainly in our market-leading home loan specialist and asset finance lending solutions. Our strategy has always been, and will continue to be, on creating niche products for under-serviced markets overlooked by the major lenders.

"I'm also pleased to confirm that we have successfully completed our major digital transformation project resulting in a full business re-platforming of our loan originations and core banking.

"The new system lays a solid foundation for immediate and significant future enhancements to brokers and customers, which will vastly improve their experience of doing business with us in the future," added Mr McWilliam.

-ENDS-

Scott McWilliam

Chief Executive Officer
P: 9248 0300

Jason Azzopardi

Chief Financial Officer
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**This release is authorised by the Resimac Group Company Secretary*

About Resimac Group:

Resimac Group Ltd ("Resimac Group") is a leading non-bank lender and multi-channel distribution business. Its fully integrated business model comprises originating, servicing and funding prime, non-conforming residential mortgages and asset finance products in Australia and New Zealand. With over 300 people operating across Australia, New Zealand and the Philippines, Resimac has in excess of 55,000 customers with a portfolio of loans on balance sheet of greater than \$15 billion, and assets under management of over \$16 billion.

Resimac Group has issued over \$42 billion of mortgage-backed securities in domestic and global markets since 1987. It 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.