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ASX RELEASE

Resimac delivers record profit growth, with 1H21 normalised NPAT up 88% to \$50.5 million

Resimac Group Ltd (ASX: RMC) ("Resimac" and "the Group") today announced strong results for the half-year ended 31 December 2020, reporting a net profit after tax of \$50.5 million, up 88% on the prior comparative period (1H20).

The outstanding performance was driven by a 14% increase in home loan assets under management compared to 31 December 2019. The cost-to-income ratio decreased 1,100bps to 31.1%, driving an annualised return on equity of 38.7%.

The Resimac board declared a fully franked interim dividend of 2.4 cents per ordinary share, up by 100% on 1H20.

1H21 Results Summary	1H21	1H20	Change
Net interest income (\$m)	122.1	84.3	up 45%
Statutory NPAT (\$m)	50.5	27.2	up 86%
Normalised NPAT* (\$m)	50.5	26.9	up 88%
Home loan settlements (\$b)	2.1	2.4	down 9%
Home loan assets under management (\$b)	12.9	11.3	up 14%
Total assets under management (\$b)	15.1	14.2	up 7%
Earnings per share (cents)	12.38	6.69	up 85%
Return on equity (%) (normalised NPAT)	38.7	26.0	up 1,270 bps
Cost-to-income ratio** (normalised) (%)	31.1	42.1	down 1,100 bps
Interim dividend per share (cents)	2.4	1.2	up 100%

**Excluding one-off items **C:I Ratio = total expenses (excl Loan Impairment Expense)/total revenue*

Scott McWilliam, the Group's Chief Executive Officer, commented on the Group delivering shareholders record profit growth.

"I'm pleased to report the Group settled \$2.14 billion of home loans during the period, despite the continued economic uncertainty arising from COVID-19-related lockdowns and border closures. Our assets under management continue to grow steadily and are now in excess of \$15 billion, making us one of the largest non-bank lenders in Australia. Pleasingly, our portfolio's credit performance has stabilised and we again can report delinquencies and losses below our market peers, including the major banks."

"Our investment in process efficiency and digitalisation continues to generate benefits, as demonstrated by a significant reduction in our cost-to-income ratio to 31.1%, assisted by strong assets under management and revenue growth whilst keeping operating expenses broadly flat," he said.

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The Group continued to diversify and strengthen its funding capabilities in 1H21, issuing \$3.3 billion in residential mortgage backed securities transactions. This includes its first Japanese yen offering, further developing the Group's Asia Pacific and Japanese distribution capabilities in line with its long-term funding strategy. Furthermore, it is experiencing strong investor appetite for its RMBS and expects this demand to work to its advantage in 2021.

Outlook

Whilst the economic recovery from COVID-19 is occurring, Mr McWilliam said the Group had a cautious outlook over the next 6-12 months, particularly with government stimulus measures due to ease in the near future.

"We remain committed to supporting the small number of customers who still require support throughout this period. At 31 December 2020, approximately 500 of our customers remained in active payment deferrals, a significant reduction compared to 30 June 2020."

"I'm pleased to report that Resimac has had a strong start to FY21 and I expect this momentum to continue to the end of the financial year. The Group's performance is supported by our investment in digital, which will transform the customer lending experience whilst providing a platform for scalable and cost-effective growth. Our core systems transformation project is on target to be completed later this year."

"The Group's investment in the consumer and SME asset finance sector, through 'Resimac Asset Finance' (formerly 'IA Group'), will provide access to new markets that will contribute to diversifying Resimac's earnings. Furthermore, with the housing market proving to be more resilient than expected, we are seeing opportunities to increase market share in our core home loan markets in Australia and New Zealand," Mr McWilliam said.

Guidance

As long as the Australian economy continues its recovery and funding markets remain open and stable, current forecasts indicate FY21 net profit after tax in the range of \$100-105 million, an 80-90% increase compared to FY20. We will provide further guidance closer to 30 June 2021.

-ENDS-

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**This release is authorised by the Resimac Group Company Secretary*

About Resimac Group:

Resimac Group Ltd ("Resimac") is a leading non-bank lender and multi-channel distribution business, recognised as Non-Bank of the Year by the Australian Mortgage Awards 2020. 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 250 people operating across Australia, New Zealand and the Philippines, Resimac has in excess of 50,000 customers with a portfolio of home loans on balance sheet of close to \$13 billion and assets under management of over \$15 billion.

Resimac has issued over \$35 billion of mortgage-backed securities in domestic and global markets since 1987. The Group has access to a diversified funding platform with multiple warehouse lines provided by major banks for short term funding in addition to a global securitisation program to fund its assets longer term.