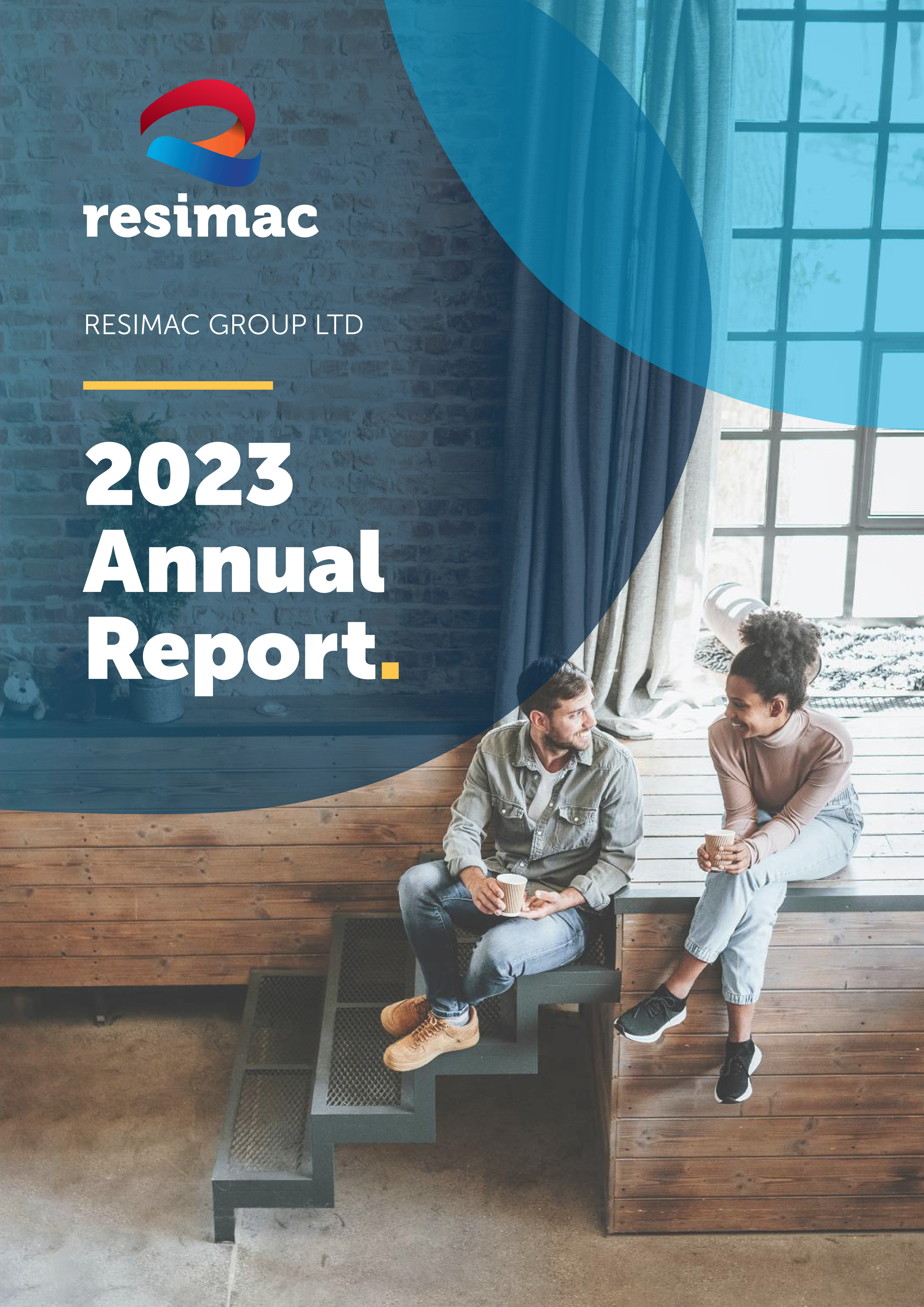
RESIMAC GROUP LTD

2023 Annual Report.



Welcome!

We announced another year of strong shareholder returns.

Over the last 12 months, we've made significant progress on our strategic objectives amidst an extremely challenging macroeconomic environment. The resilience of the business throughout these cyclical challenges is testament to the strength of the Resimac brand in home loans and capital markets. Strategically, we continue to deliver on our diversification agenda for Resimac Asset Finance, continue to lay the foundation for scale on several fronts. Firstly, our cloud-based origination system recently went live giving us the ability to expand our broker reach with a market-leading application process. We've materially increased our funding capacity with a global bank, adding to our extensive list of incumbent banking partners. And finally, we created an asset finance back office team in Manila to drive cost efficiency as we scale originations and AUM. We are encouraged by the growing demand for our commercial auto and equipment and secured business loans as we head into FY24.

› **Scott McWilliam**

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resimac

About Resimac.

Est. 1985

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 a history dating back to 1985, Resimac Group has a proven track record of growth and stability. We are pleased to service over 55,000 customers with a portfolio of home loans on balance sheet of over $13 billion, an asset finance portfolio of over $600 million, and total assets under management of over $14 billion.

As a pioneer of the Residential Mortgage-Backed Securities ('RMBS') industry, we have one of Australia's most respected securitisation programs, having issued in excess of $45 billion in domestic and global markets since 1987.

Resimac Group 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.

Thanks to our flexible global capital markets programme, we provide solutions to a wide range of customers including the self-employed and contractors, as well as customers with previous credit impairments through our network of over 12,000 broker partners.

Resimac Group is a profitable organisation with diverse income streams - net interest margin on principally funded loans, annuity trail income on non-principally funded loans and other fee income. We operate a proprietary servicing platform and hold a Standard & Poor's ('S&P') "**STRONG**" Servicer Ranking, which was reaffirmed in October 2022.

Over
$13b
Assets Under Management

Issued in excess of
$45b
RMBS in Domestic and Global markets

Home Loan settlements
$3.7b

Asset Finance settlements
$0.5b

Our purpose.

To provide Australians and New Zealanders with better lending solutions, because we believe everyone deserves an opportunity to achieve their dreams and attain their ambitions.

Our vision.

To be a customer-obsessed company, making home ownership, financial freedom and business success more accessible to everyone.

Our service proposition.

- **Origination:** Wholesale, Third Party, Direct and White Label distribution channels.
- **Servicing:** Underwriting, Loan Management, Arrears Management.
- **Funding:** Global capital markets programme.

Our values.

Chairman's message.

Warren McLeland

In the financial year ended 30 June 2022, we reported outstanding financial results of a normalised net profit after tax of $104.4 million. This was approximately 5% lower than FY 2021.

In FY23, things look different. We are reporting normalised net profit after tax of $73.7 million (excl. the impact of FV gains/losses on derivatives), or 29% lower than FY22. For both years, our annual fully franked dividend to shareholders has been 8.0 cents per share.

How do we explain the difference in earnings?

FY23 was dominated by our macro-operating conditions; namely inflation, rising interest rates against a backdrop of near to full national employment. Business and investment confidence was at best subdued, and supply problems continued across many sections of the economy. Much the same scenario applied to the free world's economies, especially our major trading partners.

The flow on impact on the Australian housing industry was profound. Housing construction figures were low, the demand for housing finance across all states was less than historical longer-term averages, and for most of the Australian community, affordability remained unreachable. If anything, it was worsening in impact over the year to become a major constraint on activity, requiring Government intervention.

For effectively the last 20 years, conflation from these economic and market features was manifest in the most aggressive price competition between the major banks and the non-banks. This was mirrored between banks as each fought vigorously to achieve an incremental uplift in market share, exacerbating an already intense price situation. Refinancing loans as a proportion of total new business loans expanded to unseen levels, eliminating effectively all profitability in writing new prime loans for all non-banks, and by mid financial year, essentially all banks, too.

Hope is on the horizon. A modicum of common sense may finally be returning by the end of fourth quarter of FY23. But there is still a long way to go before full pricing rationality is restored.

Again, the pendulum is shifting. We are slowly and somewhat tentatively re-entering the prime loan segment, but on very specific criteria. Disappointingly, the Australian Government and the RBA's exclusive focus on providing funding assistance to the banking sector during the Covid-19 crisis essentially amounted to creating an anti-competitive market by discriminating against the non-bank segment of the home lending market.

Non-banks "punch well above their weight", especially during tougher economic conditions, and to ignore the non-banks again worked to the disadvantage of the total market and to the economy.

Contrary to our lending activities in prime lending, our business activity progressed handsomely in higher risk lending products such as our specialist and non-conforming loans. In particular, our asset financing activity is growing well above system.

Notwithstanding the scale and severe impact the macro-environment has placed on Resimac this year, and the short-term outlook for an improvement is still very clouded, your Board and executive management team continue to have confidence in the future of our industry, and in particular, your company and its position in the industry. We constantly review our medium-term business strategy and acknowledge the prevailing very difficult conditions, but at the core, our strategy remains the same.

In an attempt to "right size" for immediate, day to day business conditions, we have implemented a wide-ranging series of expense reductions, including strengthening our Manila operations to assist in balancing our overheads and to simultaneously gain more operating leverage.

I emphasise to shareholders and investors that our dedication to all dimensions of enterprise risk and controls remains paramount, as is our conservative philosophy to credit risk and proactive asset management. Resimac maintains a capital light business model and is therefore incessantly seeking improvements in capital efficiency and incremental changes to uplift our productivity.

To that end, our underlying strategy, about which I have briefly mentioned and detailed in more depth last year, is intact. However, we are prudently and regularly making small changes to ensure strategy is aligned, not just with the huge changes we have been required to make in light of the economic and industry, but also with careful respect to the obvious extensions in time frames we have adopted to reach specific objectives.

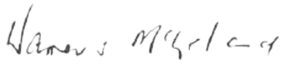
Measuring and monitoring our implementation of strategy is a regular and priority item of discussion and debate at Board and executive management meetings. This also necessitates us to keep abreast of technology and systems developments such as AI.

It is becoming an increasing and difficult challenge to balance an incessant demand for systems improvements to "stay in the game", so to speak, let alone attempt to maintain a superior level of customer demand with respect to product and service deliverability. Technology "eats" capital and seems to possess an insatiable and irrepressible appetite!

Our workplace environment faces a huge task in managing complexities and simultaneously minimising, if not eliminating, vulnerabilities such as cybercrime. But overarching every challenge is a level of excitement as we achieve the small wins that ladder up to bigger achievements.

I acknowledge again the sustained commitment and contributions made daily throughout FY23 by my Director colleagues and by our team of professionals at Resimac, and especially the loyalty and hard work invested each day by our senior leadership team under the leadership of our CEO, Scott McWilliam.

Resimac emerged from the Covid-19 lockdowns in remarkably good shape. Our long-standing banking partners are continuing to admirably support us across the globe, and we strive to never diminish our efforts to sustain their confidence in our organisation. We are delighted to receive their support as our business diversification expands commensurately with our capital and funding requirements. Our confidence in asset finance business is high, and we expect the activity to contribute significantly to group profitability in the coming three years and of course beyond.



Warren J McLeland
Chairman

Normalised NPAT
(excl. the impact of FV gains/losses on derivatives)

$73.7m

> Our long-standing banking partners are continuing to admirably support us across the globe, and we strive to never diminish our efforts to sustain their confidence in our organisation.

CEO's message.

Scott McWilliam

Assets Under Management
$13.8b

FY23 Dividend Fully Franked
8.0c

FY23 Settlements
$4.2b

Resimac rose to the challenge of a subdued lending market in FY23. An aggressive tightening of monetary policy (12 cash rate increases in 13 months) was the dominant force in the macro environment. Higher rates naturally impacted credit demand and had consequences for lending activity.

As the home loan market softened, competition for existing borrowers became fierce. The banks were aggressive in the refinance market, offering upfront cashbacks and discounting to entice borrowers. Yet our people were able to identify opportunities and use our strengths to find and serve borrowers who needed help.

I am proud of the results we delivered during this difficult time. In FY23, the business recorded a normalised NPAT of $73.7 million (excluding the impact of FV gains/losses on derivatives). I am equally pleased we were able to deliver strong returns. Our shareholders will receive a fully franked final dividend of 4.0 cents per ordinary share. The full year dividend is 8.0 cents per ordinary share.

The economic environment remains challenging for household budgets. Inflation and borrowing costs have increased financial pressures on many. We continue to work with customers who need assistance and offer hardship measures. Our people closely monitor the progress of customers and I can report that arrears stabilised in the second half of FY23. Our loan book is robust and we remain conservatively provisioned to guard against the possibility of any losses.

In FY24, our priorities are to continue growing the asset finance business, improve mortgage originations and AUM, and the ongoing digitalisation of Resimac Group. We see growth opportunities in targeting segments of Prime, self-employed and investor borrowers across home loans and asset finance. Our strong broker relationships and diverse range of products will be valuable in exploiting these opportunities.

The asset finance business keeps thriving after full-year settlements rose to $482 million in FY23. We are steadily growing our portfolio and market reach as there is plenty of appetite for our car and equipment loans. A new origination platform is in place and is helping brokers do business with us more easily. We have all the building blocks in place and look forward to material growth in originations in FY24.

Progress across the group will be aided by key technology platforms delivered in FY23. A new loan management platform for customers, a new mortgage origination platform and a new asset finance origination platform all improve operational efficiency and customer experience. These platforms are important pillars of our digital operating model. We are continuing to refine these platforms and know they will deliver greater benefit to customers and brokers in future.

While investing in technology and our people has been beneficial, we do so within a strong cost discipline. We are targeting lower operating expenditure in FY24 and any future investment proposals will be assessed against stringent criteria.

Underpinning all of our activity has been our global funding program. Our funding activities in domestic and offshore markets have provided the company with a pleasing amount of capacity for our growth aspirations.

> "The asset finance business keeps thriving after full-year settlements rose to $482m in FY23.

We have brought in new banking partners to support our home loan and asset businesses. I am confident that our funding capabilities will remain strong in FY24.

To conclude, I want to express my gratitude to the executive leadership team and general management group for their dedication during this past year. I am thankful for their ongoing support. I pay tribute to our people throughout Australia, New Zealand and the Philippines, whose hard work makes the company what it is. We are indebted to the efforts of our broker and business partners who help us provide competitive and flexible lending solutions to Australian and New Zealand borrowers. We are grateful to our customers for choosing us to help them achieve their dream of home ownership. Thank you, as well, to our board members whose commitment and expertise has been of immense benefit.

Scott McWilliam
CEO

Board of Directors.

Resimac Group Ltd

Warren McLeland

Chairman Non-Executive Director

Warren is a former stockbroker and investment banker with over 35 years of experience in domestic and international financial services. In addition, Warren acts as an adviser in funds management and business strategy to companies operating in the Asia Pacific region. Warren is the former Executive Chairman of Resimac Limited.

Susan Hansen

Independent Non-Executive Director

Susan is a Chartered Accountant and holds a Bachelor of Commerce degree and an MBA from University of Cape Town. Susan has 40 years of experience including a Big Four Accounting firm and an investment bank (financial analysis and risk assessment). Susan is a Principal of a financial training organisation based in New Zealand.

Wayne Spanner

Independent Non-Executive Director

Wayne holds a Bachelor of Commerce and Law degree from The University of Cape Town and a Masters of Science degree from Oxford University. Wayne has over 30 years experience as a lawyer and over 15 years senior executive experience in an international law firm. He was previously the Managing Partner of an international law firm in Australia from 2012 to 2020. Wayne has extensive experience in executive management and corporate governance at Board level.

Duncan Saville

Non-Executive Director

Duncan is a Chartered Accountant and an experienced non-executive Director. He is chairman of ICM Limited, an international fund manager. Duncan is a fellow of the Institute of Chartered Accountants Australia and New Zealand, the Australian Institute of Company Directors and the Financial Services Institute of Australasia.

Caroline Waldron

Independent Non-Executive Director

Caroline is a Non-Executive Director and cross border advisor with over 30+ years' experience in regulated consumer sectors such as technology, retail and health. Caroline brings to Resimac commercial and governance experience in many areas including technology rollouts and complex transactions. Caroline holds an LLB Hons (London), and has been admitted to the Bars of England and Wales, Malaysia, Australia and New Zealand.

Peter Fitzpatrick

Company Secretary

Peter is a Chartered Accountant who joined Resimac Limited in 1987 and is responsible for the Group's company secretarial function. He is a member of the Governance Institute of Australia and the Financial Services Institute of Australasia.

Sustainability report.

This report should be read in conjunction with the Corporate Governance Statement located on Resimac's website resimac.com.au and the Remuneration Report set out on pages 26 to 39 in this Annual Report.

At Resimac, we believe it is important that our people have ownership of our ESG initiatives. This is why we have a people-run Environmental, Social and Governance Committee with representation from every team in the business that reports to the CEO and Resimac Board.

Resimac's overarching Environmental, Social and Governance (ESG) purpose is:

- **Passion:** We understand that it is our duty to incorporate sustainability into the fabric of our organisation, ensuring we can drive action that benefits our people, customers, business partners, investors, shareholders, the community.
- **Inclusion:** Everyone must play their part, however small, to achieve meaningful change in our communities, countries and within our global network.
- **Accountability:** It is our responsibility to ensure that the services we deliver are ethical and sustainable.

Our core values of quality, passion, agility, respect, accountability, professionalism, and integrity serve as the foundation upon which our ESG purpose is built.

Incorporating core values into our ESG initiatives strengthens our commitment to responsible business practices, sustainability, and positive social impact. They serve as the baseline for our journey towards a more sustainable and equitable future for all.

Stakeholder engagement & consultation.

Understanding the priorities and passions of our various stakeholders helps us align our ESG initiatives accordingly. We do this by:

Customers:
- Customer care services
- Surveys
- Social media

Communities:
- Volunteering
- Partnerships
- Fund raising / donations

Our regulators:
- Industry forums / briefings
- Policy review and analysis
- Regulatory meetings

Business partners:
- Surveys
- Industry research
- Face to face discussions / presentations

Employees:
- Engagement survey
- Surveys
- ESG workshop
- DEI committee

Shareholders:
- Investor meetings
- Regular financial reporting
- Market disclosures
- Social media

Our ESG strategy supports our ability to achieve our overarching business strategy in a manner that is sustainable and accountable.

OFFERINGS
Delivering lending solutions that are diverse, flexible and technology-enabled, with a service experience that is continually improving and evolving to benefit our customers and brokers.

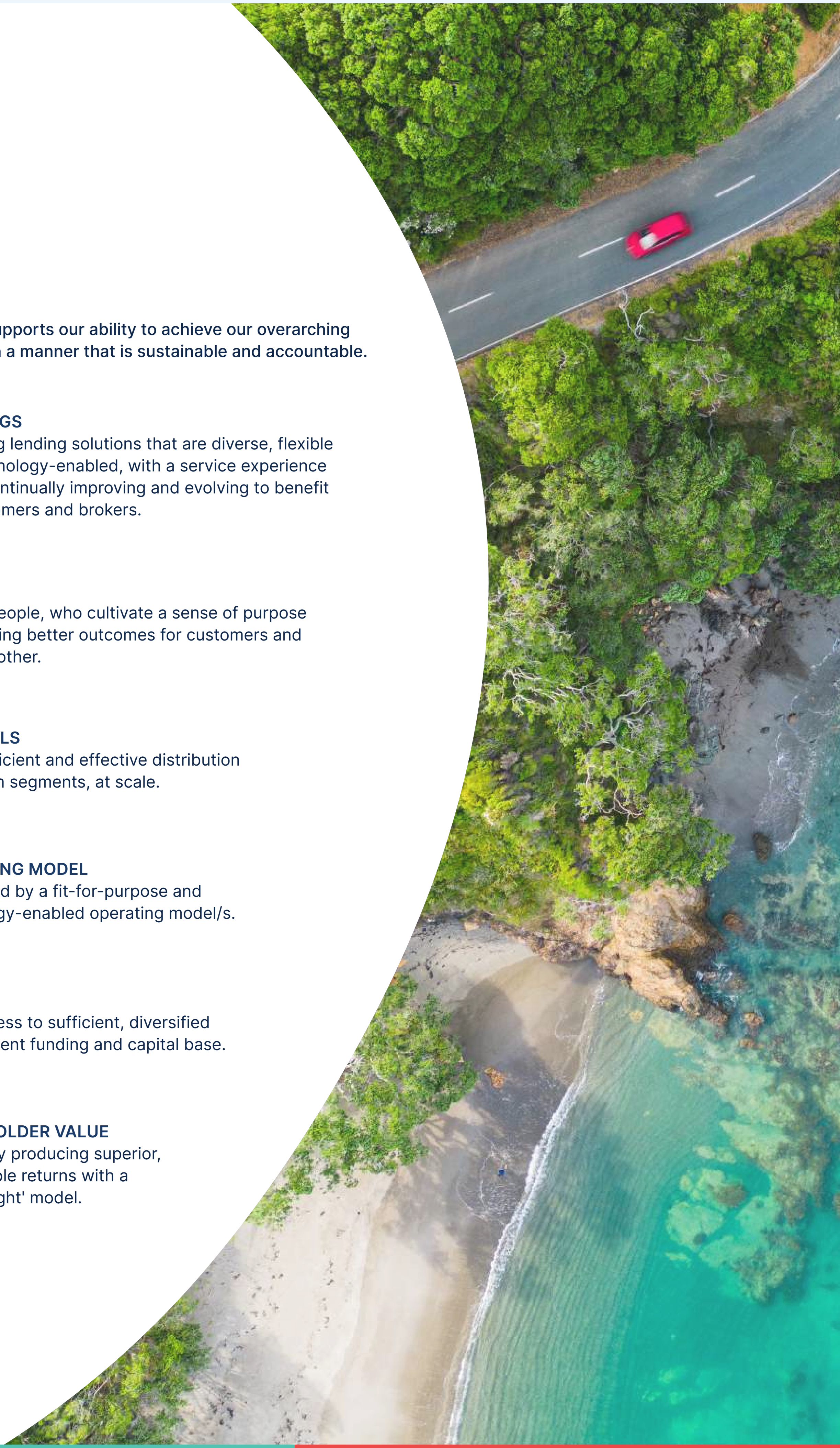
PEOPLE
Via our people, who cultivate a sense of purpose in delivering better outcomes for customers and for each other.

CHANNELS
Using efficient and effective distribution to chosen segments, at scale.

OPERATING MODEL
Supported by a fit-for-purpose and technology-enabled operating model/s.

CAPITAL
With access to sufficient, diversified and efficient funding and capital base.

STAKEHOLDER VALUE
Ultimately producing superior, sustainable returns with a 'capital light' model.



Our focus.

The United Nations has embraced 17 Sustainable Development Goals (SDGs), and Resimac supports all of these objectives. In alignment with the strategic direction set by the Resimac Board and management in 2022, our SDGs of focus are:

As part of our commitment to promote Good-Health and Well-Being, we partner with Run-Rocket-Run, an initiative focused on mental and physical resilience through endurance running. All funds raised by Run-Rocket-Run go to support Invictus Australia.

In addition, we partner with The Station, a not-for-profit drop-in centre in Sydney that helps adults having difficulty obtaining and sustaining accommodation with a range of services, including a warm meal for lunch and dinner every day of the year. To help The Station, we have a team of volunteers who assist with food service twice a week, and we have an annual collection of personal and hygiene products.

We believe quality education should be accessible to everyone. In line with this SDG, we have connected with the GO Foundation who support Aboriginal and Torres Strait Islander students through their scholarship program, promoting social inclusion through the provision of essential items. Moving forward, we look to deepen our connection by providing our support to the Foundation.

In addition, we are looking to develop an internal graduate program to support members of the younger generation in gaining invaluable insight and work experience in the financial industry – an initiative that could help propel their careers.

Resimac is a proud partner of Plant Trees Australia, an online platform run by Carbon Conscious Australia that helps fund community tree-planting projects. As part of the loan settlements process, our customers have an opportunity to select a community tree-planting project they would like to support, and we contribute funds to those projects 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.

Environmental.

We understand the importance of supporting the environment. We are committed to this by:

- Offering our customers a green loan product. Our green loan product was developed to encourage our customers to join the movement towards a cleaner and more sustainable future. The Green Loan can be used to purchase and install energy-efficient items for household improvements such as battery packs and storage, electrical energy storage, hot water heat pump or solar hot water system, insulation and/or double-glazed windows and solar panels.
- Partnering with Carbon Positive Australia, which conducts and funds biodiverse community reforestation projects to assist with carbon setting. For every settled loan, our customers have the opportunity to select one of three community projects that they would like to support on its Plant Trees Australia funding platform. We then contribute to that project on their behalf.

The projects are:

1. **'Pocket forest' in schools and communities across Australia.** This project funds compressed forests in schools and community parks. For schoolchildren, it offers multiple learning opportunities and practical action against climate change.
2. **Biodiversity and ecosystem restoration in VIC and WA.** These projects engage with rural and metro communities across Victoria and Western Australia to restore degraded land and increase biodiversity in agricultural landscapes.
3. **Indigenous-led projects in WA and central Australia.** These projects focus on bringing the community together, with initiatives that support tree nursery establishment, seed collection and tree planting.

Social.

As a leading non-bank lender, we embrace the social responsibilities that impact our diverse range of stakeholders, including our customers, employees, investors, and the broader community. Our people are all passionate about assisting and supporting the community by way of volunteering; donations; and educating and building awareness. Some of the community initiatives we support are:

- **Food Ladder**
- **Sanctuary Housing**
- **Run Rocket Run**

We firmly believe that the success of our business is propelled by the quality care our people provide to our customers, business partners, and wider community. To support this, we provide an array of employee benefits, including study support, flexible work hours, wellness programs, an employee assistance program, salary continuance insurance, options for purchased leave, a paid community day and access to hybrid working arrangements promote a healthy work/life balance.

Additionally, in a bid to foster an inclusive and diverse workforce, we have recently launched a Women and Leadership program. This initiative is dedicated to empowering women within our organisation, cultivating their professional growth, and supporting the development of female leadership.

Looking ahead, we are dedicated to further expanding our ESG financing capabilities, encompassing green and sustainable funding initiatives, to meet the evolving demands of our investors.

Run Rocket Run.

“

In 2021 we funded our first co-branded hydroponic greenhouse in a Brisbane primary school, and since then, we have funded another two greenhouse builds in Sydney and Adelaide.

Governance.

Resimac has a strong governance framework in place. This ensures all regulatory obligations are adhered to in line with our Australian Financial Services, our Australian Credit Licence requirements, and as an ASX-listed entity.

We have several committees, policies, and procedures in place to complement this framework. These committees include:

- Risk & Compliance;
- Audit;
- Remuneration & Nominations;
- Asset & Liability;
- Credit;
- Technology, Digital & Innovation; and
- Diversity, Equity & Inclusion.

The policies we have in place to uphold the ethical conduct of our people include but are not limited to:

- Code of Ethics;
- Modern Slavery Statement;
- Conflicts of Interest;
- Securities Trading Policy;
- Breach & Incident Policy & Reporting;
- Anti-Bribery & Corruption Policy;
- Anti-Money Laundering Program; and
- Whistleblower Policy.

In addition, our people undergo regular training in compliance, risk and cyber security to ensure we remain vigilant against emerging threats that may be detrimental to our business.

Food Ladder.

Resimac is a proud sponsor of Food Ladder, a not-for-profit and global pioneer in the use of environmentally sustainable technologies to create food and economic security for remote communities. Food Ladder not only addresses food security, it also creates employment and training opportunities for adults and education outcomes for children. Food Ladder systems have benefited over 31,500 individuals, with 6,000 getting a consistent, significant part of their diet from Food Ladder. Furthermore, it has created 600 jobs. In 2021 we funded our first co-branded hydroponic greenhouse in a Brisbane primary school, and since then, we have funded another two greenhouse builds in Sydney and Adelaide.

FOOD LADDER

Philippines.

Each year, we partner with our staff in Manila to support a community charity for their annual outreach program.

This year, the Resimac team chose the Dumagat tribe in Tanay, Rizal Province. The tribespeople are the original inhabitants of the forest, and rely on the natural environment to help their livelihood. While they have preserved their culture, they have faced several challenges – one being access to education. To assist the Dumagat people, the Resimac team donated school supplies, learning materials, a printer, shirts, slippers, toiletries, a fan and mattress. The visit was a great lesson for the Resimac team on the benefit of social responsibility.

Directors' report.

Resimac Group Ltd and its controlled entities

The Directors of Resimac Group Ltd ("Resimac" or "the Company") and its controlled entities ("the Group") submit herewith the financial report for the financial year ended 30 June 2023. In order to comply with the provisions of the Corporations Act 2001, the Directors' Report is as follows:

Information about the Directors

Names and particulars of the Directors of the Company during or since the end of the financial year are:

Mr Warren McLeland
Non-Executive Director and Chairman since February 2020

Warren is a former stockbroker and investment banker with over 35 years of experience in domestic and international financial services. In addition, Warren acts as an adviser in funds management and business strategy to companies operating in the Asia Pacific region. Warren is the former Executive Chairman of Resimac Limited.

Other listed Directorships (last three years):

- Chairman of Thorn Group Limited (since October 2019, Director since August 2019).
- Former Chairman of Somers Limited incorporated in Bermuda (resigned February 2021).
- Former non-executive Director of UIL Limited (resigned September 2019).

Special responsibilities:

- Chairman of Resimac Group Ltd (since February 2020).
- Chairman of the Risk and Compliance Committee (since February 2017).
- Member of the Remuneration and Nomination Committee (since November 2016).
- Member of the Audit Committee (since August 2017).

Mrs Susan Hansen
Independent Non-Executive Director since October 2016

Susan is a Chartered Accountant and holds a Bachelor of Commerce degree and an MBA from University of Cape Town. Susan has 40 years of experience including a Big Four Accounting firm and an investment bank (financial analysis and risk assessment). Susan is a Principal of a financial training organisation based in New Zealand.

Other listed Directorships (last three years):

- Non-Executive Director of Utilico Emerging Markets Limited (since September 2013).
- Former non-Executive Director of Go2 People Limited (resigned July 2022).

Special responsibilities:

- Chair of the Audit Committee (since November 2016).
- Member of the Remuneration and Nomination Committee (since November 2016).
- Member of the Risk and Compliance Committee (since November 2016).
- Member of the Technology, Digital and Innovation Committee (since April 2021).
- Chair of Resimac NZ Home Loans Limited (since May 2012).

DIRECTORS' REPORT

Mr Wayne Spanner
Independent Non-Executive Director since February 2020

Wayne holds a Bachelor of Commerce and Law degree from The University of Cape Town and a Masters of Science degree from Oxford University. Wayne has over 30 years experience as a lawyer and over 15 years senior executive experience in an international law firm. He was previously the Managing Partner of an international law firm in Australian from 2012 to 2020. Wayne has extensive experience in executive management and corporate governance at Board level.

Other listed Directorships (last three years):

- Nil.

Special responsibilities:

- Chair of the Remuneration and Nomination Committee (since February 2020).
- Member of the Risk and Compliance Committee (since July 2020).
- Member of the Audit Committee (since July 2020).

Mr Duncan Saville
Non-Executive Director since November 2017

Duncan is a Chartered Accountant and an experienced non-executive Director. He is chairman of ICM Limited, an international fund manager. Duncan is a fellow of the Institute of Chartered Accountants Australia and New Zealand, the Australian Institute of Company Directors and the Financial Services Institute of Australasia.

Other listed Directorships (last three years):

- Non-executive Director of West Hamilton Holdings Limited (since 2012).

Special responsibilities:

- Member of the Technology Digital and Innovation Committee (since April 2021).

Mrs Caroline Waldron
Independent Non-Executive Director since November 2020

Caroline is a non-executive Director and cross border advisor with over 30+ years' experience in regulated consumer sectors such as technology, retail and health. Caroline brings to Resimac commercial and governance experience in many areas including technology rollouts and complex transactions. Caroline holds an LLB Hons (London), and has been admitted to the Bars of England and Wales, Malaysia, Australia and New Zealand.

Other listed Directorships (last three years):

- Non-executive Director of AMA Group Limited (since March 2022).
- Non-executive Director of Genetic Signatures Limited (since May 2022).

Special responsibilities:

- Chair of the Technology, Digital and Innovation Committee (since April 2021).
- Member of the Remuneration and Nomination Committee (since January 2021).
- Member of the Risk and Compliance Committee (since February 2022).

Company Secretary

Mr Peter Fitzpatrick
Since November 2016

Peter is a Chartered Accountant who joined Resimac Limited in 1987 and is responsible for the Group's company secretarial function. He is a member of the Governance Institute of Australia and the Financial Services Institute of Australasia.

The abovenamed Directors and officer held office during the financial year and since the end of the previous financial year.

Directors' shareholdings

The following table sets out each Director's relevant interest in shares and rights of the company or in a related body corporate as at 30 June 2023:

DIRECTOR	Fully paid ordinary shares	Number of rights over ordinary shares
Warren McLeland	12,130,165	Nil
Susan Hansen	212,738	Nil
Wayne Spanner	15,732	Nil
Duncan Saville	254,586,353	Nil
Caroline Waldron	Nil	Nil

Remuneration of Key Management Personnel

Information about the remuneration of Key Management Personnel (KMP) is set out in the Remuneration Report section of this Directors' Report. The term 'KMP' refers to those persons having authority and responsibility for planning, directing and controlling the activities of the Company and its controlled entities or indirectly, including any Director whether executive or otherwise of the consolidated entity.

Share options or rights granted to Directors and senior management

An aggregate of 1,284,875 shares were granted/exercised:

- 199,875 shares granted under the Employee Share Plan on 10 October 2022;
- 785,000 options exercised by senior management on 6 September 2022 in relation to the FY20 Long Term Incentive Plan; and
- 300,000 options exercised by Scott McWilliam on 16 June 2023 in relation to Tranche 3 of the FY18 Long Term Incentive Plan.

Further details included in the Remuneration report.

Directors' meetings

The following table sets out the number of Directors' meetings (including meetings of committees of Directors) held during the financial year and the number of meetings attended by each Director (while they were a Director or committee member).

			COMMITTEES							
	Board meetings		Audit		Risk and compliance		Remuneration and nomination		Technology, digital and innovation	
DIRECTOR	(A)	(B)	(A)	(B)	(A)	(B)	(A)	(B)	(A)	(B)
Warren McLeland	12	12	4	4	5	5	5	5	-	-
Susan Hansen	12	12	4	4	5	5	5	5	4	4
Wayne Spanner	12	12	4	4	5	4	5	5	-	-
Duncan Saville	12	12	-	-	-	-	-	-	4	3
Caroline Waldron	12	11	-	-	5	5	5	5	4	4

(A) Number of meetings eligible to attend.
(B) Number of meetings attended.

Results and dividends

The information appearing on pages 18 to 24 forms part of the Directors' Report for the financial year ended 30 June 2023 and is to be read in conjunction with the following information:

	FY23	FY22
PROFIT	$'000	$'000
Profit attributable to ordinary equity holders of the parent	**66,446**	102,147

DIVIDENDS

The following dividends have been paid by the Company or declared by the Directors since the commencement of the financial year ended 30 June 2023:

	FY23	FY22
(a) out of the profits for the year ended 30 June 2022 and retained earnings on the fully-paid ordinary shares: • fully-franked final dividend of 4.00 cents (FY21: 4.00 cents) per share paid on 23 September 2022.	**16,116**[1]	16,336
(b) out of the profits for the half-year ended 31 December 2022 and retained earnings on the fully-paid ordinary shares: • fully-franked interim dividend of 4.00 cents (HY22: 4.00 cents) per share paid on 24 March 2023.	**16,057**[2]	16,343
(c) out of the profits for the full year ended 30 June 2023 and retained earnings on the fully-paid ordinary shares: • fully-franked final dividend of 4.00 cents (FY22: 4.00 cents) per share declared on 28 August 2023.	**16,065**	16,277

1 The final FY22 dividend paid is net of dividend paid to treasury shares held by the Group ($122,286), eliminated on consolidation.
2 The interim FY23 dividend paid is net of dividend paid to treasury shares held by the Group ($110,864), eliminated on consolidation.

Operating and Financial Review

Principal activities

The Group is a leading residential mortgage and asset finance lending business, distributing Prime and Specialist products through various channels in Australia and New Zealand. The Group focuses on originating and servicing a high-quality loan portfolio, supported by a global funding program.

The Group's core capabilities include:

- **Lending products:** Leveraging the Group's deep understanding of the Australian and New Zealand markets to offer products that address consumer and SME customer demands, with attractive risk and return profiles;
- **Distribution:** Distributing loans in Australia and New Zealand through partnerships with accredited brokers and wholesale channels, ensuring effective reach and market presence;
- **Treasury and funding expertise:** Maintaining strong, long-term relationships with onshore and offshore banking and funding partners. The Group has extensive experience in issuing securities in global and domestic term securitisation markets, bolstering the Group's financial position; and
- **Risk management:** Operating a comprehensive enterprise risk management and governance framework, following the three lines of defence model. This enables the Group to proactively identify, assess, and mitigate risks, safeguarding the interests of all stakeholders.

As part of the Group's commitment to transparency and responsible reporting, this information is presented in the Group's annual report to the shareholders. These activities drive sustainable growth and enhance value for the Group's shareholders.

Debt funding

The Group maintains access to a diversified funding platform supported by established funding relationships and the Board approved funding strategy.

The following funding channels are used to support the Group's lending activities:

- **Corporate debt facility & NIM bond:** Utilised for investment in business growth;
- **Securitisation trusts:** Loans that are initially funded via a warehouse facility, are pooled and refinanced by being sold to new funding Special Purpose Vehicles (SPV) that issue limited-recourse independently rated Bonds, such as Residential Mortgage-Backed Securities (RMBS) and Asset-Backed Securities (ABS) to institutional investors in multiple jurisdictions; and
- **Warehouse facilities:** Third-party funders provide limited-recourse financing to SPVs established by the Group. At 30 June 2023, the Group had three domestic and seven foreign offshore bank warehouse providers.

Principal risks

The Group's key risks include but are not limited to:

- **Funding risk:** The Group relies on a mix of warehouse facilities, securitisation trusts, and corporate debt to fund mortgage originations;
- **Capital and liquidity requirements:** To meet the Australian Financial Services Licence requirements, the Group must maintain sufficient liquidity levels. There's a potential risk of needing to provide additional 'first loss' equity capital to support senior ranking note holders, impacting profitability, growth, and potentially requiring raising additional capital;
- **Regulatory and licence compliance:** Operating in highly regulated markets, changes in laws or regulations could significantly impact the Group's business. Possessing multiple Australian Credit Licences, any alterations to licensing regimes, license revocations, or failure to obtain necessary licenses could have a material adverse effect on the Group's business, operational, and financial performance;
- **Macroeconomic factors:** An economic downturn leading to materially higher unemployment could lead to customer difficulty in maintaining loan serviceability, posing credit risk;
- **Interest rates:** RBA cash rate increases have materially increased loan servicing for customers. Increased loan repayments combined with the higher cost of living from inflationary pressures, have impacted our customers as evidenced with arrears increasing during the year;
- **Climate and extreme weather events:** Australia and New Zealand have a track record of extreme events including bushfires and floods, which could impact the underlying security of our loans and advances where customers are impacted by these events.

Business strategy

The Group is focused on a number of growth strategies to continue to drive revenue and profitability.

1. Organic lending growth

The Group is well-positioned to grow volume driven by:

- Customers favourably viewing the Group as an alternative to the major lenders;
- Opportunity to grow volume in the Specialist and Prime segments of the residential mortgages market;
- Opportunity to grow volume in the asset finance segment under the Resimac Asset Finance brand and materially scale this segment over the next 3 years;
- Launch of our new digital customer banking environment; and
- Continued investment in modernising core banking platforms to optimise loan servicing capabilities and operational efficiency.

2. Growth through acquisition

- Management has demonstrated an ability to identify and execute profit accretive acquisitions in targeted markets consistent with the Group's strategy;
- On 1 August 2022 Resimac exercised the option to acquire a controlling stake in 23 Degrees Capital Partners Pty Ltd (operating as Sonder), increasing Resimac's interest in 23 Degrees Capital Partners Pty Ltd from 15% to 51%. Sonder is a commercial asset finance wholesaler;
- On 20 June 2023 Resimac entered in a sale and purchase agreement to purchase a $150 million portfolio of asset finance loan receivables from Thorn Group Limited (ASX: TGA). The purchase is subject to Thorn Group Limited shareholder approval and is expected to complete in September 2023. Resimac and Thorn are related parties as both are controlled by a common shareholder; and
- The Group continues to evaluate M&A opportunities in both the home loan and asset finance segments in Australia and New Zealand.

Review of operations

The Group generated a statutory net profit after tax (NPAT) of $66,459,000 for the year ended 30 June 2023. To reflect the Group's normalised earnings the NPAT has been adjusted to remove non-recurring costs and one-off gains/losses. Management believe the disclosure of the normalised NPAT provides additional insight into the underlying performance for the year, by excluding one off, non-recurring items.

The following table reconciles the unaudited normalised earnings to the statutory NPAT for the year in accordance with International Financial Reporting Standards (IFRS).

UNAUDITED NON-IFRS INFORMATION	FY23 $'000
Statutory NPAT	66,459
Dividend income from listed equity investment	(5,401)
Fair value write-down on unlisted equity investment	3,600
Customer fee remediation program	(529)
Customer compensation provision	450
Tax effect of normalised items	564
Normalised NPAT	**65,143**

FY23 normalised NPAT excluding fair value losses on derivatives (net of tax) is $73,722,000.

Net interest income of $222,507,000 decreased 7% on prior year driven by the decrease in the Group's assets under management.

Operating expenses of $83,857,000 increased 6% on prior year driven by higher employment costs, and costs associated with an organisational restructure.

Loan impairment expense decreased 80% to $2,240,000. The Collective Provision was increased in FY22 to increase coverage for potential macroeconomic headwinds.

Group's total home loan settlements were $3.7 billion, down 41% on prior year. Settlements were impacted by lower system activity and aggressive ADI cashback offers, particularly in the Prime segment.

The Group's assets under management at 30 June 2023 comprise:

- On balance sheet home loans and advances to customers of $13.1 billion, down 14% compared to 30 June 2022;
- On balance sheet asset finance loans of $0.6 billion, up 60% compared to 30 June 2022;
- White label portfolio of $0.8 billion, down 30% compared to 30 June 2022 in line with the Group's strategy to cease originating white label loans; and
- Combined these make up the total assets under management of $14.5 billion.

Political donations

In the year ended 30 June 2023, the Group's political contributions were Nil (FY22: Nil).

Funding programmes

During the year ended 30 June 2023, the following new Residential Mortgage Backed Securities (RMBS) and Asset Backed Securities (ABS) were issued to facilitate assets under management, optimise term duration and funding costs:

- The RESIMAC Asset Finance Trust – Warehouse Series No.1 was settled on 31 August 2022 and is a domestic asset financing warehouse with an initial facility limit of $516 million.
- The RESIMAC Triomphe Trust - Premier Series 2022-2 transaction was settled on 28 September 2022 and is a domestic prime issue with a total issuance size of $500 million.
- The RESIMAC Bastille Series 2022-2NC transaction was settled on 15 December 2022 and is a domestic non-conforming issue with a total issuance of $500 million.

- The RESIMAC Versailles Series 2022-1 transaction was settled on 22 December 2022 and is a New Zealand prime issue with a total issuance size of NZD$200 million.
- The RESIMAC RAF Trust – Warehouse Series No.2 transaction was settled on 2 February 2023 and is a domestic asset financing warehouse with an initial facility limit of $180 million.
- The RESIMAC Bastille Series 2023-1NC transaction was settled on 20 April 2023 and is a domestic non-conforming issue with a total issuance size of $1 billion.
- The RESIMAC Versailles Series 2023-1 transaction was settled on 29 June 2023 and is a New Zealand prime issue with a total issuance size of NZD$250 million.

Indemnification of officers and auditors

During the financial year, the Company paid a premium to a related party in respect of a contract insuring the Directors of the Company, the Company Secretary and all executive officers of the Company against a liability incurred as such a Director, Secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company against a liability incurred.

Subsequent events

Final dividend declared

The Board of Resimac Group Ltd has declared a fully franked final dividend of $0.04 per share. The record date will be 8 September 2023. The payment date will be 20 September 2023. The dividend has not been provided for in this financial report.

Non-audit services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 28 to the financial report.

The Directors are satisfied that the provision of non-audit services during the year, by the auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in Note 28 to the financial report do not compromise the external auditor's independence, based on advice received from the Audit Committee, for the following reasons:

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditors; and
- None of the services undermine the general principles as set out in APES Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Auditor's independence declaration

The auditor's independence declaration is included on page 123 of this financial report.

Rounding off amounts

Unless otherwise indicated, the Company has rounded off amounts in this Directors' Report and the accompanying financial statements to the nearest thousand dollars in accordance with *ASIC Corporations Instrument 2016/191*.

> The Group generated a statutory net profit after tax (NPAT) of $66,459,000 for the year ended 30 June 2023.

Remuneration

Remuneration report.

2023
(Audited)

Contents

1. Summary

This Remuneration Report provides shareholders with an overview of Resimac Group's (the Group) remuneration strategy and framework that applies to the Group's Directors, Key Management Personnel (KMP), Executive Management and employees (referred to collectively as Employees) for the year ended 30 June 2023.

Resimac's vision is to be a customer focused company, making home ownership, financial freedom and business success more accessible to everyone by leveraging technology and data driven insights. This vision is facilitated by promoting a culture of transparency that is diverse, inclusive and impactful and by a remuneration framework that provides positive outcomes for our customers, shareholders and employees.

2. Remuneration objectives, strategy and principles

The Group's commitment is to reward its employees with a level of remuneration and benefits that is commensurate with their individual responsibilities and position within the business, recognising that an engaged workforce is a requisite for the achievement of Resimac's strategic objectives.

The Board's remuneration strategy is aligned to the following objectives:

- To attract, motivate and retain high calibre employees;
- To provide fair and equitable remuneration to all employees in line with the Group's Diversity, Equity & Inclusion Policy;
- To promote and reward behaviours within the business that are in the interest of all stakeholders which includes customers and shareholders;
- To align effective risk management and demonstration of appropriate behaviours, values and ethics;
- To reinforce a culture of continuous employee growth and knowledge; and
- To ensure the Group's Governance framework operates within and above industry best practice.

The following principles provide the basis of the remuneration framework at Resimac:

- Resimac remunerates its employees in a manner that is market competitive whilst being acceptable to its shareholders;
- Total remuneration for KMP is achieved by a balance of fixed and variable components;
- Key Performance measures for Resimac management are linked to both financial and non-financial measures, and designed to be in the best interest of all stakeholders including customers and shareholders;
- Fixed and variable remuneration for KMP are periodically benchmarked to ensure remuneration is in line with the external market; and
- Pay parity is paramount. Fair and equitable remuneration is applied to all employees regardless of gender, sexual identity, age, religion, ethnicity or disability.

3. Remuneration and cultural activities

Continuous review and assessment of our remuneration and benefits continued throughout FY23 with a number of initiatives being included as part of the Remuneration and Culture Activities plan.

These activities included:

- Implementation of a new Human Resources Information System;
- Diversity celebrations including NAIDOC week, International Womens Day, International Mens Day and International Guide Dogs Day;
- Community outreach programs;
- Senior leadership health assessments;
- Wellbeing Program: Run Club, JP Morgan Challenge, Resilience workshops;
- Opportunities for individual leadership and coaching programs;
- Expansion of Parental Leave program to provide extra benefits including the recognition of prenatal leave, fertility leave, and miscarriage/stillbirth leave;
- Introduction of Sabbatical Leave;
- Continuation of Remote Working Policy;
- Salary Continuance Insurance;
- Secondment and on the job learning opportunities.

4. Key Management Personnel

The KMP are the people who have the authority and responsibility for planning, directing, implementing and controlling the activities of the Resimac business. The KMP are:

Name	Position	Term as KMP
CURRENT		
Scott McWilliam	Chief Executive Officer (CEO)	Full Term
Jason Azzopardi	Chief Financial Officer (CFO)	Full Term
Andrew Marsden	Chief Treasury Officer (CTO)	Full Term
Majid Muhammad	Chief Information Officer (CIO)	Full Term
Danielle Corcoran	Chief Operating Officer (COO)	Resigned on 6 April 2023

The Directors classified as KMP and required to be disclosed as part of this report are:

Name	Position	Term as KMP
CURRENT		
Warren McLeland	Chairman, Non-Executive Director	Full Term
Susan Hansen	Independent Non-Executive Director	Full Term
Duncan Saville	Non-Executive Director	Full Term
Wayne Spanner	Independent Non-Executive Director	Full Term
Caroline Waldron	Independent Non-Executive Director	Full Term

5. KMP remuneration approach (excl. Non-Executive Directors)

Resimac's remuneration strategy for KMP focuses on both financial and non-financial measures and the Board's Remuneration & Nomination Committee assist with reviewing and recommending remuneration arrangements for KMP that is both consistent and competitive within the market. The total remuneration of the KMP comprise a fixed component and an at-risk variable component. The FY23 at-risk variable component is comprised of a short-term incentive.

Remuneration is based on:

- role in which the person is performing (i.e. accountability, responsibility, qualifications, skills and experience required);
- market benchmarking;
- performance against set Key Performance Indicators (KPIs);
- achievement of performance hurdles which includes tenure;
- regulatory compliance; and
- company performance.

REMUNERATION REPORT

5.1. KMP fixed remuneration (excl. Non-Executive Directors)

The fixed component of the KMP remuneration includes base salary plus any other fixed elements such as superannuation, salary sacrifice and benefits and is known as Total Fixed Remuneration (TFR). Annually the TFR for the role in which the KMPs are performing is considered by the Remuneration and Nomination Committee which then makes final recommendations to the Board.

5.2. KMP variable remuneration framework (excl. Non-Executive Directors)

Variable remuneration is a means to provide at-risk remuneration to reward executives for their performance against set criteria. The objectives and criteria are designed to align with near term, mid term and long term strategy, ensuring value creation for shareholders.

5.3. Non-KMP remuneration approach

For Senior Management that report directly to the CEO and are not classified as KMP, the same remuneration approach will apply to that of the KMP approach to ensure all Senior Management are aligned with the strategic objectives, behaviours and standards of Resimac.

6. Short-term and long-term incentive plans

6.1. Short-term incentive plan (STI Plan)

Chief Executive Officer STI Plan and KPI metrics

CEO, Scott McWilliam is eligible for a STI up to a cap of 100% of his TFR. CEO's performance is assessed against predetermined KPIs by the Remuneration and Nomination Committee at the end of each performance period. Any STI awarded is paid in cash; 66.7% at the end of the performance period with the remaining 33.3% in cash deferred for 12 months subject to a look back being undertaken by the Remuneration and Nominations Committee.

CEO KPI components for FY23 are:

- Financial Performance: Cost Management, Interest Margin Management, Asset Finance settlement growth, Asset Under Management, Arrears rates;
- Technology & Digital Strategy: Infrastructure and application technologies;
- Market Opportunities;
- Regulatory obligations; and
- Leadership, People & Culture

KMP STI Plan and KPI metrics

The performance of KMPs is measured against predetermined KPIs assessed by the CEO at the end of each performance period and the Remuneration and Nomination Committee are responsible for reviewing and approving any awarded STI which will be paid 100% in cash at the end of the performance period (i.e. 1 July to 30 June). KPIs and relevant measurements will be set at the commencement of the performance period.

KMPs participate in the annual STI plan whereby they have an opportunity to earn a percentage of their TFR. The performance of KMPs is measured against predetermined KPIs set by the CEO at the commencement of the performance period. The Remuneration & Nominations Committee measures KMP performance against the set KPI objectives and approves any STI awarded at the end of each performance period. The amount of an STI award will depend on whether and to what extent those objectives are achieved. The STI assessment is undertaken in July of each year and any award is payable in September of the same year.

KPIs include:

- Corporate strategy initiatives
- Financial metrics including NPAT growth, cost to income ratio and demonstrated innovative cost initiatives;
- Innovation and technology initiatives and enhancements to allow for simplification, scale and digitalisation;
- Operational efficiency and effectiveness;
- People, strategic leadership and culture;
- Environmental, Social and Governance (ESG); and
- Governance through Resimac's Risk and Compliance frameworks which focuses on adherence to obligations, reduction of customer complaints, incidents and breaches.

6.2. Long-term incentive plan (LTI Plan)

FY18 LTI Plan - CEO

The CEO, Scott McWilliam, was offered a LTI in FY18. The details of the offer were:

- Granted 900,000 Options pursuant to the Resimac Group Employee Share Options and Rights Plan;
- Grant Date 18 August 2017;
- Exercise price of $0.55 per option;
- Options vest in equal tranches of 300,000 on each anniversary of the Grant Date:
  - First tranche of 300,000 vested on 1 July 2018 and was exercised on 26 April 2021,
  - Second tranche of 300,000 vested on 1 July 2019 and was exercised on 16 September 2021,
  - Third tranche of 300,000 vested on 1 July 2020 and was exercised on 16 June 2023.
- Exercise period was 3 years for every tranche vesting; and
- Vesting condition was 100% tenure.

FY20 LTI Plan - KMPs and Executives

In 2019 the Board established a LTI Plan for the CEO, KMPs and eligible executives pursuant to the Resimac Group Ltd Employee Share Option & Rights Plan Rules. The CEO, KMPs and eligible executives were offered options over ordinary shares, and a combined total cash component of up to $2.4m. 3,900,000 options were granted on 15 August 2019 (900,000 allocated to the CEO and 375,000 for each eligible executive).

All options vested on 31 August 2022 after the Group achieved the following conditions:

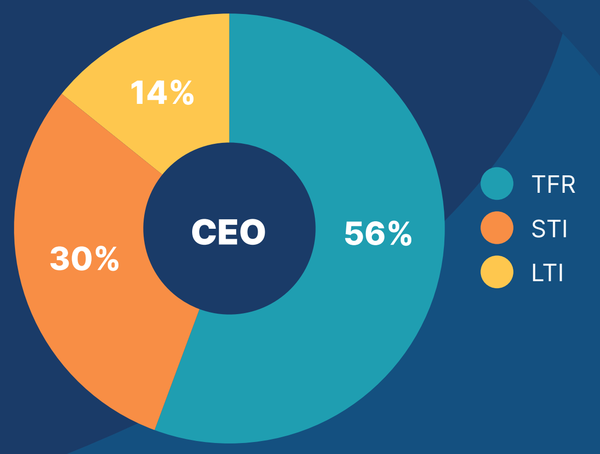
- Net Profit After Tax (NPAT) growth hurdles;
- Digital transformation;
- Compliance hurdles; and
- Participant remaining employed with the Group until the vesting date.

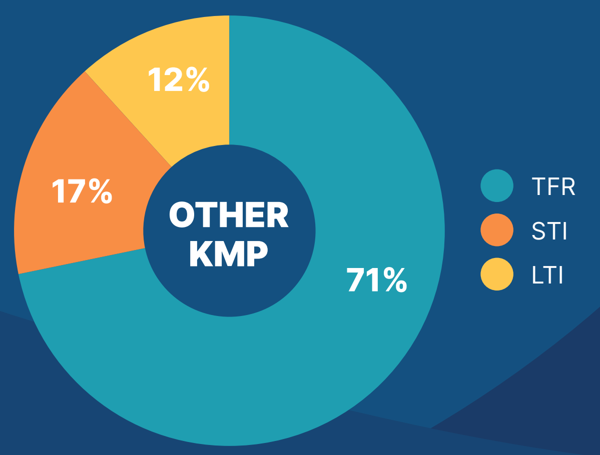
The vested options are required to be exercised no later than 30 June 2025.

During FY23, cash component of $1,710,000 was paid and 785,000 options were exercised.

The graphs below set out the relative mix of TFR, STI and LTI for:

- Scott McWilliam, CEO
- Other KMP





The table below provides the details of options issued under the Long-Term Incentive Plan:

GRANTED TO	Number of options	Tranche	Grant date	Fair value at grant date ($)	Exercise price of option ($)	Vesting date	Expiry date	Options forfeited/ exercised prior to 1/7/2022	Number of options held at 1/7/2022	Options exercised during the year	Number of options held at 30/6/2023	Number of options vested at 30/6/2023	Number of options unvested at 30/6/2023
CEO	300,000	Tranche 1	18/8/2017	0.07	0.55	1/7/2018	30/6/2021	(300,000)[1]	-	-	-	-	-
CEO	300,000	Tranche 2	18/8/2017	0.08	0.55	1/7/2019	30/6/2022	(300,000)[2]	-	-	-	-	-
CEO	300,000	Tranche 3	18/8/2017	0.09	0.55	1/7/2020	30/6/2023	-	300,000	(300,000)[3]	-	-	-
CEO	300,000	Tranche 1	15/8/2019	0.20	0.65	31/8/2022	30/6/2025	-	300,000	-	300,000	300,000	-
CEO	300,000	Tranche 2	15/8/2019	0.20	0.65	31/8/2022	30/6/2025	-	300,000	-	300,000	300,000	-
CEO	300,000	Tranche 3	15/8/2019	0.20	0.65	31/8/2022	30/6/2025	-	300,000	-	300,000	300,000	-
Other KMPs	1,000,000	Tranche 1	15/8/2019	0.20	0.65	31/8/2022	30/6/2025	(125,000)	875,000	(285,000)[4]	590,000	590,000	-
Other KMPs	1,000,000	Tranche 2	15/8/2019	0.20	0.65	31/8/2022	30/6/2025	(125,000)	875,000	(250,000)[4]	625,000	625,000	-
Other KMPs	1,000,000	Tranche 3	15/8/2019	0.20	0.65	31/8/2022	30/6/2025	(125,000)	875,000	(250,000)[4]	625,000	625,000	-
	4,800,000							**(975,000)**	**3,825,000**	**(1,085,000)**	**2,740,000**	**2,740,000**	**-**

1 $165,000 was paid by Scott McWilliam for the exercise of 300,000 options on 26 April 2021. There are no amounts remaining unpaid in relation to Tranche 1.
2 $165,000 was paid by Scott McWilliam for the exercise of 300,000 options on 16 September 2021. There are no amounts remaining unpaid in relation to Tranche 2.
3 $165,000 was paid by Scott McWilliam for the exercise of 300,000 options on 16 June 2023. There are no amounts remaining unpaid in relation to Tranche 3.
4 $22,750 was paid by Danielle Corcoran for the exercise of 35,000 options on 5 September 2022, $243,750 was paid by Majid Muhammad for the exercise of 375,000 options on 5 September 2022 and $243,750 was paid by an executive for the exercise of 375,000 options on 6 September 2022. Danielle Corcoran has a further 340,000 options vested but not exercised at 30 June 2023.

7. Overview of company performance

The table below summarises details of Resimac's performance for key financial measures over the past four financial years. Note the Group undertook a buyback programme and cancelled 5,290,163 shares in FY23 (FY22: 2,482,741 shares).

FINANCIAL YEAR ENDED 30 JUNE	FY23	FY22	FY21	FY20
Statutory NPAT ($'000)[1]	**66,446**	102,147	107,557	55,908
Total dividends per share (cents)[2]	**8.00**	8.00	4.20	2.70
Dividend payout ratio (%)[2]	**48.4**	32.0	15.9	19.6
Basic earnings per share (cents)	**16.52**	25.05	26.37	13.75
Return on equity (ROE) (%)[3]	**16.4**	29.9	36.9	25.5
Return on assets (%)[4]	**4.4**	6.1	7.3	4.3
Share price at 30 June ($)	**0.92**	1.15	2.46	1.01

1 NPAT excludes non-controlling interest (FY23: 13k, FY22: Nil).
2 Dividends per share and dividend payout ratio are calculated on dividends paid during the financial year.
3 ROE based on normalised NPAT and average shareholders' equity per consolidated statement of financial position.
4 ROA based on statutory NPAT and total assets. As a result of the requirement under AASB 10 – Consolidated Financial Statements, the parent company exercises control over the Special Purpose Vehicles (SPVs) and securitisation trusts, therefore significant assets have been added to the consolidated statement of financial position without any appreciable increase in net profit.

8. Statutory remuneration

The table set out below provides a summary of the actual remuneration awarded to KMP in respect of the full year ended 30 June 2023.

	SHORT-TERMBENEFITS			POST-EMPLOYMENT BENEFITS	LONG-TERM BENEFITS		SHARE-BASED PAYMENTS[4]	TOTAL		
Current KMP	Salary ($)	STI awarded ($)	Non-monetary benefits ($)	Superannuation[1] ($)	Leave[2] ($)	Termination benefits[3] ($)	Option rights ($)	($)	Percentage performance related[5] (%)	Percentage rights related (%)
Scott McWillian										
FY23	**622,500**	**357,500**	**-**	**27,500**	**10,375**	**-**	**168,750**	**1,186,625**	**30.1**	**14.2**
FY22	622,500	442,000	-	27,500	32,294	-	157,375	1,281,669	34.5	12.3
Andrew Marsden										
FY23	**364,592**	**110,000**	**10,000**	**27,500**	**10,082**	**-**	**67,500**	**589,674**	**18.7**	**11.4**
FY22	352,500	160,000	10,000	27,500	13,576	-	63,966	627,542	25.5	10.2
Jason Azzopardi[6]										
FY23	**385,013**	**130,000**	**-**	**27,500**	**7,894**	**-**	**67,500**	**617,907**	**21.0**	**10.9**
FY22	378,474	160,000	-	27,500	8,318	-	63,966	638,258	25.1	10.0
Majid Muhammad										
FY23	**386,500**	**140,000**	**-**	**27,500**	**7,765**	**-**	**67,500**	**629,265**	**22.2**	**10.7**
FY22	372,500	160,000	-	27,500	7,271	-	63,966	631,237	25.3	10.1
Danielle Corcoran[7]										
FY23	**352,902**	**-**	**-**	**24,392**	**-**	**20,767**	**67,500**	**465,561**	**0.0**	**14.5**
FY22	420,586	170,000	-	27,500	10,155	-	63,966	692,207	24.6	9.2
TOTAL										
FY23	**2,111,507**	**737,500**	**10,000**	**134,392**	**36,116**	**20,767**	**438,750**	**3,489,032**		
FY22	2,146,560	1,092,000	10,000	137,500	71,614	-	413,239	3,870,913		

1 Superannuation concessional contributions cap was subject to $27,500
2 Long-term benefits relate to long service leave accrued during the year.
3 Termination benefits reflect annual leave entitlements paid on termination.
4 Share based payment expense related to cash component of the FY20 LTI Plan paid to KMP during the year.
5 The percentage performance related column is the STI divided by the total remuneration, reflecting the actual percentage of remuneration at risk for the year.
6 Jason Azzopardi's salary includes a period of leave without pay.
7 Danielle Corcoran resigned with effect from 6 April 2023.

9. Non-Executive Director remuneration

9.1. Overview of Non-Executive Directors' remuneration arrangements

9.1.1. Policy objectives

- **To be market competitive:** aim to set Directors' fees competitive with Non-Executive Directors in comparable businesses with respect to product mix, market capitalisation, geographical market and employee size;
- **To ensure complementary skills:** aim to ensure that the mix of Directors at any one time is diverse and adequate to carry out the objectives of the business; and
- **To safeguard independence:** to exclude any performance related element in order to preserve the independence of the Non-Executive Directors.

9.1.2. Aggregate fees approved by shareholders

At the Annual General Meeting (AGM) of shareholders held on 16 November 2021, the shareholders approved an increase to the maximum aggregate fee pool per annum for non-executives to $800,000.

9.1.3. Regular reviews of Directors' fees

The Board reviews the level of Directors' fees annually to ensure the fees are in line with market and are suitable for the level of skill and expertise required to carry out the duties of Directors in a listed environment in conjunction with holding an Australian Financial Services Licence and several Australian Credit Licences.

The agreed fee structure is that a fee is paid to reflect the Chairman's responsibilities. Each Director receives a base fee and if a Director chairs a Board committee, an additional fee is applied. Superannuation is payable in addition to the base fee where a Director is paid via the Resimac employee payroll system.

The Remuneration & Nominations Committee met in June 2023 to review the Directors fees and resolved to not increase fees in FY24.

The FY23 fee levels inclusive of superannuation where applicable were as follows:

NAME	Position	Maximum fee ($)
Warren McLeland	Chairman and Risk & Compliance Chair	**141,303 p.a.**
Susan Hansen	Independent Non-Executive Director, Audit Chair & Resimac New Zealand Chair	**141,628 p.a.**
Wayne Spanner	Independent Non-Executive Director & Remuneration and Nomination Chair	**93,925 p.a.**
Duncan Saville[1]	Non-Executive Director	**74,900 p.a.**
Caroline Waldron	Independent Non-Executive Director & Technology, Digital and Innovation Chair	**116,897 p.a.**

1 Exclusive of superannuation.

9.1.4. Board skills and behaviours

A key objective for Resimac is to ensure that we have a diverse Board of Directors. The Board undertakes an assessment of the skills that each Director holds biennially which is summarised in a skills matrix. The skills matrix was last completed by the board in March 2023.

Although it is not expected that all Directors will have the same skills and behaviours, the purpose of the matrix is to ensure there is a balance within the Board to ensure we have diversity of thought. The matrix skills and behaviours include:

- Strategy, planning, monitoring and policy development
- ASX experience
- Governance
- Regulatory and stakeholder relations
- Risk and compliance management
- Relevant technical and industry knowledge
- Sustainability
- Finance and audit
- Capital management
- People, culture & remuneration
- Health, safety & environment
- Marketing and business development
- Technology, digital and innovation

The assessment of skills and behaviours ties into Board succession and selection of Directors.

9.1.5. Board evaluation reporting

The Board is committed to transparency in determining Board membership and in assessing the performance of Directors. The Board undertook performance reviews in 2018 and 2020. At the conclusion of the last full evaluation in 2020 the Board determined to undertake more frequent assessments which resulted in an assessment of their effectiveness at the conclusion of each Board meeting. By rotation a Director is responsible for collation of feedback and any change recommendations. The purpose of this is to assess the performance of the Board as a whole with respect to time keeping, relevance, preparation and outcomes.

The performance of Directors is assessed against a range of criteria including contribution at meetings, understanding the major risks affecting the Group, contributing to the development of the strategy, committing the time required to fulfill the role and perform their responsibilities effectively, listening and respecting the ideas of fellow Directors and management and consistently taking the perspective of creating shareholder value.

The Board with the assistance of the Remuneration and Nominations Committee conducts a review of the performance of each Director seeking re-election at the Annual General Meeting.

9.1.6. Non-Executive Director remuneration

The fees paid or payable to the Non-Executive Directors in relation to FY23 are set out below:

	SHORT-TERM BENEFITS	POST-EMPLOYMENT BENEFITS	
CURRENT	Fees ($)	Superannuation[1] ($)	Total ($)
Warren McLeland			
FY23	**127,876**	**13,427**	**141,303**
FY22	127,876	12,788	140,664
Susan Hansen[2]			
FY23	**132,099**	**9,529**	**141,628**
FY22	131,334	9,075	140,409
Wayne Spanner			
FY23	**85,000**	**8,925**	**93,925**
FY22	85,000	8,500	93,500
Duncan Saville			
FY23	**74,900**	**-**	**74,900**
FY22	74,975	-	74,975
Caroline Waldron[2]			
FY23	**107,972**	**8,925**	**116,897**
FY22	103,211	8,500	111,711
TOTAL REMUNERATION			
FY23	**527,847**	**40,806**	**568,653**
FY22	522,396	38,863	561,259

1 Australian superannuation is paid where applicable. New Zealand Kiwisaver is not paid.
2 A portion of remuneration is paid in NZD.

10. Other remuneration information

10.1. Remuneration governance

10.1.1. Remuneration governance and responsibility

The Resimac Board of Directors has responsibility for setting and overseeing the Company's remuneration policies, practices and structure. The Board considers recommendations made by the Remuneration and Nomination Committee.

The remuneration framework and matters considered by the Remuneration and Nomination Committee and the Board include:

- Review of Board size and composition (mix of skills, qualifications, experience, independence, diversity and other competencies);
- Identification and recommendation of candidates to the Board for nomination as members of the Board or its Committees;
- Development and implementation process for induction and orientation of new Directors;
- Review and approval of Company objectives and appropriate KPIs relevant to the KMP annual short-term incentive arrangement, and evaluate KMP performance in light of those KPIs;
- Review and approval of the remuneration of KMP, Directors and senior management (including total fixed remuneration, short-term incentives and long-term incentives);
- Approval of executive recruitment practices;
- Succession planning and talent management; and
- Diversity, equity and inclusion in the workplace.

10.1.2. Remuneration and nomination committee

The Board has established a Remuneration and Nomination Committee. This Committee has a formal charter and is available on the Company's website www.resimac.com.au.

The Remuneration and Nomination Committee members are:

- Wayne Spanner - Chair; and
- Susan Hansen
- Warren McLeland
- Caroline Waldron

The Remuneration and Nomination Committee reviews and makes recommendations to the Board on remuneration governance, policies, practices and structure which will apply to the KMP, senior management and the non-executive Directors. The Committee also makes recommendations to the Board on the Company's overall remuneration framework. The Remuneration and Nomination Committee receives regular reports from Human Resources and ensures it is abreast of all regulatory change. The Committee meets at least 4 times per year.

10.1.3. Services from remuneration consultants

The Company engaged Godfrey Remuneration Group and Colvin Consulting Group to provide advice on a revised equity plan and Long Term Variable Remuneration (LTVR) design. Fees payable for FY23 were $17,000 excluding GST (FY22: $20,000).

REMUNERATION REPORT

10.1.4. KMP share ownership

The table below sets out the number of shares held directly, indirectly or beneficially by the current and former KMP (including their related parties):

	Held at 1 July 2022	Net change	Held at 30 June 2023
NON-EXECUTIVE DIRECTORS			
Warren McLeland	12,130,165	-	12,130,165
Susan Hansen	212,738	-	212,738
Wayne Spanner	15,732	-	15,732
Duncan Saville	254,586,353	-	254,586,353
Caroline Waldron	-	-	-
	266,944,988	-	266,944,988
SENIOR EXECUTIVES			
Scott McWilliam	1,450,000	46,831	1,496,831
Jason Azzopardi	50,000	-	50,000
Andrew Marsden	-	-	-
Danielle Corcoran[1]	96,738	(4,835)	91,903
Majid Muhammad	-	375,000	375,000
	1,596,738	416,996	2,013,734
Total	268,541,726	416,996	268,958,722

1 Danielle Corcoran resigned with effect from 6 April 2023.

10.1.5. Share trading restrictions

Resimac Securities Trading Policy reflects the *Corporations Act 2001* prohibition on KMP and their closely related parties entering into any arrangement that would have the effect of limiting the KMP's exposure to risk relating to an element of their remuneration that remains subject to restrictions on disposal.

Resimac Directors, management team, and members of their immediate family and controlled entities are also required to obtain written consent and clearance for security trading during trading windows from the Chairman. All other employees must adhere to the Securities Trading Policy and are restricted from trading within the blackout periods.

The policy is available on the Corporate Governance section of the Company's website at www.resimac.com.au. Breaches of the policy are subject to disciplinary action, which may include termination of employment.

10.1.6. Further information on remuneration

10.1.6.1. Service agreements

Each KMP has entered into an employment contract with the Company (Resimac Limited). These contracts have unlimited duration however may be terminated with relevant notice as set out below unless in the case of serious misconduct in which the KMP may be terminated immediately.

All KMPs are entitled to receive payment in lieu of notice of any accrued statutory entitlement (i.e. annual and long service leave) on cessation of their employment.

NAME	Notice period / termination payment
Scott McWilliam	• Six months' notice (or payment in lieu) • May be terminated immediately for serious misconduct
Jason Azzopardi	• Three months' notice (or payment in lieu) • May be terminated immediately for serious misconduct
Andrew Marsden	• Three months' notice (or payment in lieu) • May be terminated immediately for serious misconduct
Danielle Corcoran[1]	• Three months' notice (or payment in lieu) • May be terminated immediately for serious misconduct
Majid Muhammad	• Three months' notice (or payment in lieu) • May be terminated immediately for serious misconduct

1 Danielle Corcoran resigned with effect from 6 April 2023.

10.1.7. Related party transactions

Loans to KMP and their related parties are secured residential mortgage loans provided in the ordinary course of the Group's mortgage lending business. All loans have normal commercial terms. No amounts have been written down or recorded as specific provisions as the balances are considered fully collectable.

Details regarding loans outstanding to KMP and their related parties during the reporting period, are outlined below.

	Balance 1 July 2022	Balance 30 June 2023	Interest payable for the year[2]	Highest balance during the year
NON-EXECUTIVE DIRECTORS	($)	($)	($)	($)
Duncan Saville	15,449,316	13,558,651	859,407	15,478,864
SENIOR EXECUTIVES				
Scott McWilliam	2,000,000	2,000,000	76,237	2,008,455
Danielle Corcoran	356,412	346,393	18,354	373,048
	17,805,728	15,905,044	953,998	17,860,367

2 Interest is charged on an arm's-length basis.

10.1.7.1. Other transactions and balances with KMP

From time to time, Directors of the Company or its controlled entities, or their Director-related entities may obtain loans or ad hoc services from the Group, on the same terms and conditions as those entered into by other group employees or customers. In FY23, a Director-related entity of Duncan Saville obtained a short term loan on market terms from the Group and the amount outstanding at 30 June 2023 is $8,000,000 (FY22: Nil). The loan has a contractually obliged repayment date of 30 September 2023.

This Directors' report, including the remuneration report, is signed in accordance with a resolution of the Directors made pursuant to s.298 (2) of the *Corporations Act 2001*.

On behalf of the Directors of Resimac Group Ltd.

Warren McLeland

Warren McLeland
Chairman
Sydney
28 August 2023

Financial statements.

Consolidated statements for the year ended 30 June 2023

	NOTE	FY23 $'000	FY22 $'000
Interest income	1	**902,131**	490,695
Interest expense	2	**(679,624)**	(252,617)
Net interest income		**222,507**	238,078
Fee and commission income	1	**2,670**	8,178
Fee and commission expense	2	**(34,055)**	(40,477)
Fair value (losses)/gains on derivatives	1/2	**(12,255)**	26,082
Fair value write-down on unlisted equity investment	2	**(3,600)**	-
Other income	1	**6,215**	2,480
Employee benefits expense	2	**(51,226)**	(45,267)
Other expenses	2	**(32,631)**	(34,168)
Loan impairment expense	2	**(2,240)**	(11,446)
Profit before tax		**95,385**	143,460
Income tax expense	3	**(28,926)**	(41,313)
PROFIT AFTER TAX		**66,459**	102,147

Attributable to:

	FY23	FY22
Owners of the parent	**66,446**	102,147
Non-controlling interest	**13**	-
	66,459	102,147

	NOTE	FY23 $'000	FY22 $'000
PROFIT AFTER TAX		**66,459**	102,147
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss:			
Fair value movement on equity investment in listed companies through OCI, net of tax		**(1,614)**	(1,683)
Items that may be reclassified subsequently to profit or loss:			
Changes in fair value of cash flow hedges		**11,618**	(3,877)
Tax effect		**(3,477)**	1,163
Currency translation differences		**789**	(1,236)
Other comprehensive income, net of tax		**7,316**	(5,633)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**73,775**	96,514

Attributable to:

	FY23	FY22
Owners of the parent	**73,762**	96,514
Non-controlling interest	**13**	-
	73,775	96,514

EARNINGS PER SHARE		FY23 cents per share	FY22 cents per share
Basic	21	**16.52**	25.05
Diluted	21	**16.48**	24.90

Notes to the consolidated financial statements are included on pages 46 to 121.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTE	FY23	FY22
ASSETS		$'000	$'000
Cash and cash equivalents	4	1,085,417	932,781
Trade and other receivables	5	3,472	5,661
Current tax receivable	3	8,115	-
Loans and advances	6	13,735,635	15,669,860
Contract assets	1	13,877	24,077
Other financial assets	7	28,587	23,483
Derivative financial assets	23	25,196	39,220
Right-of-use assets	8	7,323	8,959
Plant and equipment	9	1,320	1,928
Other assets	10	4,683	3,707
Deferred tax assets	3	34	-
Goodwill and intangible assets	11	28,379	27,496
		14,942,038	16,737,172
LIABILITIES			
Trade and other payables	12	27,146	30,062
Current tax payable	3	-	1,464
Interest-bearing liabilities	13	14,471,070	16,288,455
Lease liabilities	14	9,369	11,097
Other financial liabilities	15	6,850	11,750
Derivative financial liabilities	23	426	235
Other liabilities	16	4,455	3,476
Provisions	17	7,339	10,449
Deferred tax liabilities	3	-	2,116
		14,526,655	16,359,104
NET ASSETS		415,383	378,068
EQUITY			
Share capital	20	173,531	176,476
Reverse acquisition reserve	20	(61,541)	(61,541)
Total issued capital	20	111,990	114,935
Reserves	20.3	(19,589)	(25,466)
Retained earnings	20.3	322,872	288,599
Equity attributable to owners of the parent		415,273	378,068
Non-controlling interest		110	-
		415,383	378,068

Notes to the consolidated financial statements are included on pages 46 to 121.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Reverse acquisition reserve[1]	Total issued capital	Reserves[2]	Retained earnings	Attributable to owners of the parent	Non-controlling interest	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance as at 1 July 2022	176,476	(61,541)	114,935	(25,466)	288,599	378,068	-	378,068
Profit for the year	-	-	-	-	66,446	66,446	13	66,459
Other comprehensive income, net of income tax	-	-	-	7,316	-	7,316	-	7,316
Total comprehensive income for the year	-	-	-	7,316	66,446	73,762	13	73,775
Transactions with owners in their capacity as owners								
Acquisition of non-controlling interest	-	-	-	-	-	-	97	97
Share buyback	(5,192)	-	(5,192)	-	-	(5,192)	-	(5,192)
Equity dividends	-	-	-	-	(32,173)	(32,173)	-	(32,173)
Treasury shares	2,247	-	2,247	-	-	2,247	-	2,247
Share-based payments	-	-	-	(1,439)	-	(1,439)	-	(1,439)
Balance at 30 June 2023	173,531	(61,541)	111,990	(19,589)	322,872	415,273	110	415,383

1 As a result of reverse acquisition accounting on the Resimac/Homeloans merger, an equity account was created as a component of equity. This account called 'Reverse acquisition reserve' is similar in nature to share capital. The Reverse acquisition reserve is not available for distribution.
2 Comprises cash flow hedge reserve, foreign currency translation reserve, fair value reserve, share-based payment reserve and other reserve. Refer to Note 20 for more detail.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Reverse acquisition reserve[1]	Total issued capital	Reserves[2]	Retained earnings	Attributable to owners of the parent	Non-controlling interest	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance as at 1 July 2021	**181,675**	**(61,541)**	**120,134**	**(18,126)**	**219,131**	**321,139**	**-**	**321,139**
Profit for the year	-	-	-	-	102,147	102,147	-	102,147
Other comprehensive income, net of income tax	-	-	-	(5,633)	-	(5,633)	-	(5,633)
Total comprehensive income for the year	**-**	**-**	**-**	**(5,633)**	**102,147**	**96,514**	**-**	**96,514**
Transactions with owners in their capacity as owners								
Issue of shares under the Dividend Reinvestment Plan	1,794	-	1,794	-	-	1,794	-	1,794
Share buyback	(3,807)	-	(3,807)	-	-	(3,807)	-	(3,807)
Equity dividends	-	-	-	-	(32,679)	(32,679)	-	(32,679)
Treasury shares	(3,186)	-	(3,186)	-	-	(3,186)	-	(3,186)
Share-based payments	-	-	-	(1,707)	-	(1,707)	-	(1,707)
Balance at 30 June 2022	**176,476**	**(61,541)**	**114,935**	**(25,466)**	**288,599**	**378,068**	**-**	**378,068**

Notes to the consolidated financial statements are included on pages 46 to 121.

1 As a result of reverse acquisition accounting on the Resimac/Homeloans merger, an equity account was created as a component of equity. This account called 'Reverse acquisition reserve' is similar in nature to share capital. The Reverse acquisition reserve is not available for distribution.

2 Comprises cash flow hedge reserve, foreign currency translation reserve, fair value reserve, share-based payment reserve and other reserve. Refer to Note 20 for more detail.

CONSOLIDATED STATEMENT OF CASH FLOWS

	NOTE	FY23	FY22
CASH FLOWS FROM OPERATING ACTIVITIES		$'000	$'000
Interest received		**900,834**	500,523
Interest paid		**(658,365)**	(227,173)
Receipts from loan fees and other income		**28,918**	38,934
Payments to suppliers and employees		**(160,918)**	(180,708)
Receipts/(payments) of net loans from/to borrowers		**1,948,495**	(1,660,033)
Income tax paid		**(41,596)**	(56,977)
Net cash from / (used in) operating activities	4	**2,017,368**	(1,585,434)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for plant and equipment		**(176)**	(533)
Payment for acquisition of subsidiary		**(900)**	-
Cash acquired on acquisition of subsidiary		**220**	-
Payments for new investments		**(5,000)**	(20,696)
Proceeds on disposal of investments		**260**	9,891
Payment for acquisition of residential loan book (Volt Bank)		**-**	(83,594)
Proceeds on disposal of white label loan tranche		**-**	1,756
Return of capital from listed equity investment		**1,581**	-
Dividend income from listed equity investments		**3,780**	800
Net cash used in investing activities		**(235)**	(92,376)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		**7,839,034**	14,597,019
Repayment of borrowings		**(9,670,882)**	(12,561,948)
Proceeds from exercise of options		**675**	165
Payment of lease liabilities		**(1,753)**	(1,629)
Swap receipts/(payments)		**13,588**	(3,489)
Payment of dividends		**(32,173)**	(30,886)
Net loan to related party		**(8,000)**	-
Payment for acquisition of treasury shares		**-**	(4,118)
Payment for share buybacks		**(5,192)**	(3,807)
Net cash (used in) / provided by financing activities		**(1,864,703)**	1,991,307
Net increase in cash and cash equivalents		**152,430**	313,497
Cash and cash equivalents at the beginning of the financial year (1 July)		**932,781**	619,809
Effects of exchange rate changes on cash balances held in foreign currencies		**206**	(525)
Cash and cash equivalents at end of year	4	**1,085,417**	932,781

Notes to the consolidated financial statements are included on pages 46 to 121.

Notes to the consolidated financial statements.

For the year ended 30 June 2023

About this report.

For the year ended 30 June 2023

Resimac Group Ltd ("Resimac" or "the Company") is a for-profit company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange. The nature of the operations and principal activities of Resimac and entities that it controls (referred to as "the Group") are described in the segment information.

The consolidated general purpose financial report of the Group for the year ended 30 June 2023 was authorised for issue in accordance with a resolution of the Directors on 28 August 2023. The Directors have the power to amend and reissue the financial report.

The financial report is a general purpose financial report which:

- has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards (AAS) and other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB);
- has been prepared on a historical cost basis, and with certain financial instruments measured at fair value. The carrying values of recognised assets and liabilities that are the hedged items in fair value hedge relationships, which are otherwise carried at amortised cost, are adjusted to record changes in the fair values attributable to the risks that are being hedged;
- is presented in Australian dollars with all values rounded to the nearest thousand dollars ($'000) unless otherwise stated, in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191; and
- adopts all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the Group and effective for reporting periods beginning on or before 1 July 2022. Refer to Note 32 for further details.

Key judgements and estimates

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements. Actual results may differ from these estimates.

Judgements and estimates which are material to the financial report are found in the following notes:

NOTE	Relates to
11	Goodwill impairment
22 & 23	Impairment of financial assets

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group. A list of controlled entities (subsidiaries) at year end is contained in Note 24.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Subsidiaries are consolidated from the date on which control is obtained to the date on which control is disposed.

The Group controls an investee if and only if the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its return.

In preparing the consolidated financial statements, all inter-company balances and transactions, income and expenses and profits and losses resulting from intra-Group transactions have been eliminated.

The acquisition of subsidiaries is accounted for using the acquisition method.

Refer to Note 24 for detail on the consolidation of special purpose vehicles.

Foreign currency

As at the reporting date, assets and liabilities of overseas subsidiaries are translated into Australian dollars at the rate of exchange at the balance sheet date and the income statements are translated at the average exchange rate for the year. The exchange differences arising on the retranslation are taken directly to a separate component of equity.

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Exchange differences arising from the application of these procedures are taken to the income statement, with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity, which are taken directly to equity until the disposal of the net investment, and then recognised in the income statement. Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Other accounting policies

Significant and other accounting policies that summarise the recognition and measurement bases relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

The notes to the financial statements

The notes include information required to understand the financial statements and is material and relevant to the operations, financial position and performance of the Group. Information is considered material and relevant if, for example:

- the amount in question is significant because of its size or nature;
- it is important for understanding the results of the Group;
- it helps to explain the impact of significant changes in the Group's business – for example, acquisitions and impairment write-downs; or
- it relates to an aspect of the Group's operations that is important to its future performance.

The notes are organised into the following sections:

Key numbers: provides a breakdown of individual line items in the financial statements that the Directors consider most relevant and summarises the accounting policies, judgements and estimates relevant to understanding these line items;

Capital: provides information about the capital management practices of the Group and shareholder returns for the year;

Risk: details the Group's exposure to various financial risks, explains how these affect the Group's financial position and performance, and what the Group does to manage these risks;

Group structure: explains the Group structure and how changes have affected the financial position and performance of the Group;

Unrecognised items: provides information regarding items not recognised in the financial statements but could potentially have an impact on the Group's financial position and performance; and

Other: provides information on items which require disclosure to comply with AAS and other regulatory

"

Resimac's mission is to be a customer focused organisation, leveraging technology and data analytics coupled with expansion of our sustainability and Environmental, Social and Governance (ESG) footprint.

Segment information.

For the year ended 30 June 2023

The Group has identified two reportable segments based on the nature of the products and services provided, the type of customers for those products and services, the geographies where the business operates and the existence of discrete and separate reporting and management teams. The internal reports of the reportable segments are regularly reviewed by the Board and executive management team (the Chief Operating Decision makers) in order to allocate resources to the segment and to assess its performance.

The Group's reportable segments under AASB 8 *Operating Segments* are therefore as follows:

1. Australian Lending business

Represents the distribution and lending businesses currently captured under the Resimac, Resimac Asset Finance and homeloans.com.au brands.

The segment contains the bulk of the Australian based income and expense. It incorporates the new business settled through the Australian distribution channels, the margin net of funding costs of the on balance sheet home loan portfolios, and the upfront and trail commission from funders on the non-principally funded loans (white label loan portfolio).

The Group's fully owned subsidiary Resimac Asset Finance (RAF) specialises in Australian based secured commercial lending. Management have assessed the impact of the RAF business on its Group results as not material, and therefore does not represent a reportable segment for the year ended 30 June 2023, notwithstanding RAF is considered a separate operating segment by Management.

2. New Zealand Lending business

Whilst the nature of the customers and products are similar to the Australian Lending segment, given the different jurisdiction and market conditions, management believe it is appropriate to distinguish the result of New Zealand from Australia.

Separating the Australian and New Zealand trading business is supported by the operation of a dedicated NZ Board, NZ segment monthly management reporting, separate regulatory requirements/oversight, and staff solely accountable for the NZ business including a locally based Head of NZ.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by reportable operating segments:

	AUSTRALIAN LENDING		NEW ZEALAND LENDING		CONSOLIDATED	
	FY23	FY22	FY23	FY22	FY23	FY22
	$'000	$'000	$'000	$'000	$'000	$'000
Revenue from external customers	**860,250**	489,688	**50,766**	37,747	**911,016**	527,435
Total segment revenue	**860,250**	489,688	**50,766**	37,747	**911,016**	527,435
Segment results before fair value (losses)/gains on derivatives, interest, tax, depreciation, amortisation, finance costs and impairment	**762,109**	374,045	**44,530**	23,489	**806,639**	397,534
Fair value (losses)/gains on derivatives	**(8,824)**	17,836	**(3,431)**	8,246	**(12,255)**	26,082
Interest expense	**(637,203)**	(231,773)	**(42,421)**	(20,844)	**(679,624)**	(252,617)
Depreciation and amortisation	**(2,337)**	(2,374)	**(86)**	(86)	**(2,423)**	(2,460)
Loan impairment	**(2,155)**	(11,426)	**(85)**	(20)	**(2,240)**	(11,446)
Financing costs	**(13,953)**	(12,883)	**(759)**	(750)	**(14,712)**	(13,633)
Segment results before income tax	**97,637**	133,425	**(2,252)**	10,035	**95,385**	143,460
Income tax expense[1]					**(28,926)**	(41,313)
PROFIT AFTER TAX					**66,459**	102,147

The following is an analysis of the Group's assets and liabilities by reportable operating segment:

	AUSTRALIAN LENDING		NEW ZEALAND LENDING		CONSOLIDATED	
	FY23	FY22	FY23	FY22	FY23	FY22
	$'000	$'000	$'000	$'000	$'000	$'000
Segment assets excl. tax	**14,094,234**	15,889,429	**839,655**	847,743	**14,933,889**	16,737,172
	14,094,234	15,889,429	**839,655**	847,743	**14,933,889**	16,737,172
Segment liabilities excl. tax	**(13,736,229)**	(15,548,901)	**(790,426)**	(806,623)	**(14,526,655)**	(16,355,524)
Net assets excl. tax	**358,005**	340,528	**49,229**	41,120	**407,234**	381,648
Tax assets[2]					**8,149**	-
Tax liabilities[2]					**-**	(3,580)
NET ASSETS					**415,383**	378,068

1 Income tax expense is disclosed on a consolidated basis, not by reportable operating segment.
2 Tax assets and liabilities are disclosed on a consolidated basis, not by reportable operating segment.

Key numbers & policies.

For the year ended 30 June 2023

1. Revenue

1.1. Revenue streams

The Group generates revenue primarily from interest income, annuity trail commission income on white label loans and other fee income.

	FY23 $'000	FY22 $'000
INTEREST INCOME		
Loans and advances	**881,006**	488,570
Bank deposits	**19,994**	450
Discount unwind on NPV of trail commission	**1,131**	1,675
	902,131	490,695
Fee and commission income (Revenue from contracts with customers)	**2,670**	8,178
FAIR VALUE GAINS ON DERIVATIVES		
Fair value gains on interest rate swaps	**-**	25,749
Fair value gains on overnight index swaps	**-**	333
	-	26,082
OTHER INCOME		
Dividend income	**5,401**	800
Other	**814**	1,680
	6,215	2,480
Total revenue	**911,016**	527,435

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
KEY NUMBERS & POLICIES

RECOGNITION & MEASUREMENT

Interest income - loans and advances

Loans and advances are initially recognised at fair value. Subsequent to initial recognition, the loans are measured at amortised cost using the effective interest method over the estimated actual (but not contractual) life of the mortgage, taking into account all income and expenditure directly attributable to the loan.

Interest income on loans and advances is recognised as it accrues using the effective interest rate method. The rate at which revenue is recognised is referred to as the effective interest rate and is equivalent to the rate that effectively discounts estimated future cash flows throughout the estimated life.

Acquisition costs representing mortgage insurance premiums and upfront broker commissions related to originating loans and advances are capitalised on the statement of financial position of the Group. These costs are amortised to the statement of profit or loss across the expected life of the loan in interest income as part of the effective interest rate.

Loans and advances in arrears or hardship at 30 June 2023 continue to accrue interest income.

Consideration for potential future credit losses on loans in arrears or hardship is reflected in Note 23.

Interest income - bank deposits

This comprises interest income on cash held with Australian ADIs predominantly in securitisation trusts. Interest income is recognised as it accrues, using the effective interest method.

Fee and commission income

Revenue is based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer. Fee and commission income include fees other than those that are an integral part of loans and advances measured using effective interest rate method, and which are accounted for in accordance with AASB 15 *Revenue from contracts with customers.*

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, and the related revenue recognition policies.

Classification and measurement of revenue

TIMING	Type of service	Nature, timing of satisfaction of performance obligations	Revenue recognition policy under AASB 15
At a point in time	Mortgage origination revenue	Commission from originating white label loans. The performance obligations are satisfied at the point in time the loan is settled. Non-ongoing performance conditions are attached to the upfront fee.	Once the Group has referred a successful loan application to the lender, its performance obligations have been met. As such, revenue is recognised at the point in time the loan is settled. The expected value is estimated based on historic experience. Provisions for clawback of the upfront fee are recognised within a period of time post-settlement and is a variable consideration.
At a point in time	Loan management revenue	Trail commission income on white label loans, based on the individual monthly loan balance outstanding each month. Trail ceases once the loan is discharged. The contracts with the originators include performance obligations which must be satisfied in order to be paid trail commission (e.g. the loan not being in arrears).	Revenue is recognised at the point in time the loan is being settled and performance obligations are satisfied according to the contracts with the funders. The present value of the trailing commission receivable is recognised as a contract asset and measured using the expected value method with variable consideration at a point in time.
At a point in time	Lending fee income	Loan fees paid by the borrower such as application, discharge, settlement fees, dishonour fee, etc. The performance obligation for these fees is met at a point in time (settlement, discharge etc) when the fee is charged to the borrower.	Revenue is recognised when the transaction is completed and the performance obligations are met.

Fair value gains on derivatives

The Group's funding structures contractually require the Group to enter into interest rate swaps on the origination of fixed rate loans to customers, to ensure the Group's special purpose vehicles maintain sufficient cash flows by eliminating interest rate risk exposure.

At 30 June 2023, the fair value of future cash flows of each swap that was not designated and qualified as a cash flow hedge was determined in line with AASB 9 *Financial Instruments*, and the resulting gain or loss is recognised in the statement of profit or loss. During the year, the 2-3 year curve flattened resulting in a material decrease in the fair value of the Group's portfolio of interest rate swaps.

Other income

Dividend income is recognised when the right to receive the payment is established.

Other income includes dividend income and various items including but not limited to payments received under operating leases as income on a straight-line basis over the lease (office sub-lease).

1.2. Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical market, major service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments (See "Segment Information" on page 50).

	AUSTRALIAN LENDING		NEW ZEALAND LENDING		CONSOLIDATED	
	FY23	FY22	FY23	FY22	FY23	FY22
FEE AND COMMISSION INCOME	$'000	$'000	$'000	$'000	$'000	$'000
Mortgage origination	145	1,564	-	-	145	1,564
Loan management	(4,531)	78	-	-	(4,531)	78
Lending fee income	5,491	5,380	1,565	1,156	7,056	6,536
	1,105	7,022	1,565	1,156	2,670	8,178
TIMING OF REVENUE RECOGNITION						
Service transferred at a point in time	1,105	7,022	1,565	1,156	2,670	8,178
Revenue from contracts with customers	1,105	7,022	1,565	1,156	2,670	8,178
Interest income	853,136	462,442	48,995	28,253	902,131	490,695
Fair value gains on derivatives	-	17,836	-	8,246	-	26,082
Other income	6,009	2,388	206	92	6,215	2,480
External revenue as reported in segment information	860,250	489,688	50,766	37,747	911,016	527,435

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
KEY NUMBERS & POLICIES

1.3. Assets related to contract with customers

The Group has recognised the following assets related to contracts with customers.

CONTRACT ASSETS – PRESENT VALUE OF FUTURE TRAIL COMMISSION RECEIVABLE	FY23 $'000	FY22 $'000
Current	4,724	7,763
Non-current	9,153	16,314
	13,877	24,077

RECOGNITION & MEASUREMENT

Contract assets - present value of future trail commission receivable

The contract assets primarily relate to the Group's rights to receive trail commissions from lenders on white label settled loans, over the life of the loan based on the monthly loan balance outstanding. The contract assets are transferred to receivables when the rights become unconditional. White label loans ceased origination in FY19, and the portfolio is in runoff.

Initial recognition

Expected value of future trail commission receivable were recognised on the origination of white label settlements. This represents the NPV of the expected future trail commission receivable under the origination and management agreement, less ongoing servicing costs not covered by transaction fees.

The initial expected value of trail commission receivable was determined by using the discounted cash flow valuation technique.

Subsequent measurement

Subsequent to initial recognition, the future trail commission receivable is measured at expected value.

The carrying amounts of the trail commissions receivable are adjusted to reflect actual and revised estimated cash flows by computing the present value of estimated future cash flows at the effective interest rates. The resulting adjustment is recognised as income or expense in the statement of comprehensive income (disclosed as loan management under fee and commission income in Note 1.2).

A remeasurement of the underlying cash flows relating to the trail commission receivable occurs at each reporting date.

The key estimates and assumptions underlying the remeasurement of the estimated future cash flows include the:

	FY23	FY22
Annualised run-off	22.5%	22.9%
Prepayment rate (run-off buffer)	25%	25%

Annualised run-off

Run-off is a combination of discharges, prepayments and scheduled loan repayments. A three year rolling average is used in the valuation as the Group's best estimate of future run-off to avoid potential year-on-year volatility in run-off.

Prepayment rate

In order to manage the uncertainty associated with this modelling, a conservative run-off buffer of 25% is included in the valuation by management, and remains unchanged compared with FY22.

2. Expenses

	FY23	FY22
INTEREST	$'000	$'000
Bond and warehouse facilities	662,613	237,975
Amortisation – facility issuance costs	10,583	11,524
Discount unwind on NPV of trail commission	558	826
Corporate facility	5,459	1,832
Interest on lease liabilities	411	460
	679,624	252,617
FEE & COMMISSION		
Loan management	19,872	22,904
Borrowing commitment costs	5,801	5,184
RMBS costs	8,911	8,449
Discharge fee refund provision (release)/charge[1]	(529)	3,940
	34,055	40,477
EMPLOYEE BENEFITS		
Remuneration, superannuation and on-costs	50,394	44,477
Share-based payments	832	790
	51,226	45,267
FAIR VALUE LOSSES ON DERIVATIVES		
Fair value losses on interest rate swaps	11,829	-
Fair value losses on overnight index swaps	426	-
	12,255	-
Fair value write-down on unlisted equity investment	3,600	-
OTHER		
Marketing	5,036	6,477
Technology expenses[2]	12,762	14,629
Audit and other professional fees	2,640	2,500
Rent and occupancy costs	1,154	961
Insurance	2,562	2,291
Depreciation and amortisation	780	791
Depreciation of right-of-use assets	1,643	1,669
Unrecoverable GST	2,469	2,740
Other	3,585	2,110
	32,631	34,168
Loan impairment expense (see Note 6)	2,240	11,446
	815,631	383,975

1 See Note 17 for details of the discharge fee refund provision (release)/charge.
2 Includes core banking IT project costs (FY23: $2.0 million; FY22: $5.1 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
KEY NUMBERS & POLICIES

RECOGNITION & MEASUREMENT

2.1. Interest

Bond and warehouse facilities

Recognised in the profit or loss as its accrues using the effective interest rate method. Bond and warehouse facilities interest expense include coupon payments on notes issued, and interest paid on non-securitised funding facilities.

Amortisation - bond issue costs

Transaction costs incurred by the Group incremental to the issue of debt securities by the securitisation trusts, are capitalised on the statement of financial position of the parent entity as bond issue costs. These costs are amortised to the statement of profit or loss over the average expected life of the debt securities using the effective interest rate method.

2.2. Fee and commission

Loan management

Includes monthly trail commission and service provider fee payments to brokers for originating on balance sheet and white label loans based on individual loan balances outstanding and the loan continuing to perform.

Borrowing commitment costs

Commitment fees directly related to the Group's global funding program.

RMBS costs

Other financing costs include trustee and servicer fees, liquidity fees, rating agency fees, and other fees related to the ongoing operation of the bond and warehouse facilities.

2.3. Employee benefits

Employee benefits expense includes fixed and variable remuneration, superannuation, and associated on-costs.

The policy relating to share-based payments is set out in Note 31.

2.4. Fair value losses on derivatives

The policy relating to fair value losses on derivatives is set out in Note 1.1.

2.5. Other

This mainly comprises bank and regulatory fees, and general administration expenses. These items are expensed when incurred.

2.6. Loan impairment

Loan impairment expenses relates to the movement in the:

- specific and collective provisions;
- direct loan write-offs recognised during the year; and
- recoveries of previously impaired loans.

See Note 6 for detail on impairment of loans and advances.

3. Income tax

3.1. Income tax recognised in profit or loss

CURRENT TAX	FY23 $'000	FY22 $'000
In respect of the current year	34,228	38,033
In respect of prior years	71	(9)
Translation loss on foreign currency assets and liabilities	3	-
	34,302	38,024
DEFERRED TAX		
In respect of the current year	(5,380)	4,333
In respect of prior years	4	(1,044)
	(5,376)	3,289
Total income tax expense recognised in the current year	28,926	41,313

The income tax expense for the year can be reconciled to the accounting profit as follows:

	FY23 $'000	FY22 $'000
Profit before tax	95,385	143,460
Income tax expense calculated at 30% (FY22: 30%)	28,616	43,038
Effect of expenses that are not deductible in determining taxable profit	110	28
Effect of different tax rates of subsidiaries operating in other jurisdictions	122	(144)
Employee share scheme	63	(342)
Other items	(60)	(214)
	28,851	42,366
Adjustments recognised in the current year in relation to the deferred tax of prior years	4	(1,044)
Adjustments recognised in the current year in relation to the current tax of prior years	71	(9)
Income tax expense recognised in profit or loss	28,926	41,313

The tax rate used for FY23 and FY22 reconciliations is the corporate tax rate of 30% payable by corporate entities in Australia, and 28% in New Zealand.

RECOGNITION & MEASUREMENT

Income tax expense represents the sum of the tax currently payable and deferred tax.

3.2. Current tax balances

	FY23 $'000	FY22 $'000
Current tax receivable	8,115	-
Current tax payable	-	(1,464)
	8,115	(1,464)

3.3. Deferred tax balances

The following is the analysis of deferred tax assets (DTA) and deferred tax liabilities (DTL) presented in the consolidated statement of financial position:

	FY23 $'000	FY22 $'000
Deferred tax assets	34	-
Deferred tax liabilities	-	(2,116)
Deferred tax assets/(liabilities)	34	(2,116)

FY23	Opening balance $'000	Current year recognised in profit or loss $'000	Previously unrecognised in profit or loss $'000	Recognised directly in equity $'000	Closing balance $'000
Deferred tax assets/(liabilities)					
Provision for expected credit loss	12,488	253	-	8	12,749
Plant, equipment and software	3,236	(1,860)	-	-	1,376
Deferred mortgage insurance	91	(54)	-	-	37
Employee entitlements	1,649	(100)	(4)	1	1,546
Net provision for lease make good	59	-	-	-	59
Provision for discharge fee refund	1,182	-	-	-	1,182
Other accrued expenses	3,410	(796)	-	1	2,615
Blackhole expenditure	-	13	-	19	32
Trail commission payable	3,613	1,564	-	-	5,177
Lease liability	592	35	-	-	627
Financial assets	380	(48)	-	(421)	(89)
Shares	(439)	1,080	-	692	1,333
Share-based payments	(111)	(143)	-	(35)	(289)
Capitalised incentive commission	(16,319)	1,302	-	(14)	(15,031)
Loans and advances	476	(361)	-	-	115
Deferred bond issue cost	(4,580)	1,374	-	(2)	(3,208)
Derivatives	(614)	2,648	-	(3,475)	(1,441)
Trail commission receivable	(7,229)	-	-	-	(7,229)
Tax losses carried forward	-	473	-	-	473
	(2,116)	5,380	(4)	(3,226)	34

FY22	Opening balance $'000	Current year recognised in profit or loss $'000	Previously unrecognised in profit or loss $'000	Recognised directly in equity $'000	Closing balance $'000
Deferred tax assets/(liabilities)					
Provision for expected credit loss	9,903	2,598	-	(13)	12,488
Plant, equipment and software	3,351	(113)	(2)	-	3,236
Deferred mortgage insurance	163	(72)	-	-	91
Employee entitlements	1,268	387	(5)	(1)	1,649
Net provision for lease make good	59	-	-	-	59
Provision for discharge fee refund	-	1,182	-	-	1,182
Other accrued expenses	2,165	1,253	(8)	-	3,410
Blackhole expenditure	8	(7)	(1)	-	-
Trail commission payable	4,897	(1,284)	-	-	3,613
Lease liability	516	76	-	-	592
Financial assets	-	(680)	1,060	-	380
Shares	(1,627)	-	-	1,188	(439)
Share-based payments	1,802	(626)	-	(1,287)	(111)
Accrued income and other	70	(70)	-	-	-
Capitalised incentive commission	(13,483)	(2,861)	-	25	(16,319)
Loans and advances	1,206	(730)	-	-	476
Deferred bond issue cost	(3,786)	(802)	-	8	(4,580)
Derivatives	3,574	(5,351)	-	1,163	(614)
Trail commission receivable	(9,996)	2,767	-	-	(7,229)
	90	(4,333)	1,044	1,083	(2,116)

RECOGNITION & MEASUREMENT

Income tax expense represents the sum of the tax currently payable and deferred tax.

3.4. Current tax

Tax payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss and other comprehensive income due to a mix of timing and non-assessable items. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3.5. Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit.

Deferred tax liabilities (DTLs) are generally recognised for all taxable temporary differences.

Deferred tax assets (DTAs) are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such DTAs and DTLs are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

In addition, DTLs are not recognised if the temporary difference arises from the initial recognition of goodwill.

DTLs are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

DTAs arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of DTAs is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

DTLs and DTAs are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of DTLs and DTAs reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3.6. Current and deferred tax for the year

Current and deferred tax are recognised in the statement of comprehensive income, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3.7. Tax consolidation and tax effect accounting by members of the tax consolidated group

Resimac Group Ltd and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. The head entity Resimac Group Ltd, and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. The current and deferred tax amounts are measured in a systematic manner that is consistent with the broad principles in AASB 112 *Income Taxes*.

In addition to its own current and deferred tax amounts, the head entity also recognised current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the Resimac tax consolidated group. Unused tax losses at 30 June 2023 is $0.9 million (FY22: $0.9 million).

3.8. Nature of the tax funding agreement

Members of the Group have entered into a tax funding agreement. The tax funding agreement requires payments to/from the head entity to be recognised via an inter-entity receivable (payable) which is at call.

The allocation of taxes under the tax funding agreement is recognised as an increase or decrease in the subsidiaries' intercompany accounts with the tax consolidated group head company, Resimac Group Ltd. The amounts receivable or payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practical after the end of each financial year.

4. Cash and cash equivalents

	NOTE	FY23	FY22
		$'000	$'000
Cash at bank and on hand		22,732	18,996
Cash collections accounts[1]		1,062,685	912,283
Restricted cash[2]		-	1,502
	22	1,085,417	932,781

Reconciliation of profit after tax to the net cash flows from operating activities

	NOTE	FY23	FY22
Profit after tax		66,459	102,147
ADJUSTMENTS FOR			
Depreciation and amortisation	2	780	791
Depreciation charge of right-of-use assets	2	1,643	1,669
Amortisation of bond issue costs	2	10,583	11,524
Fair value write-down on financial assets		3,600	-
Fair value movement on swaps		(1,333)	(22,593)
Loan impairment expense	2	2,240	11,446
Net (profit)/loss on disposal of non-current assets		48	(272)
Movement in present value of future trail commission income		10,200	7,949
Movement in present value of future trail commission expense		(4,900)	(4,039)
Share-based payments expense	2	832	790
Discount on mortgage		-	(232)
Dividend income from listed equity investments		(3,780)	(800)
(INCREASE)/DECREASE IN ASSETS			
Trade and other receivables		2,191	(1,112)
Loans and advances		1,935,471	(1,682,234)
Other assets		3	(3)
Impairment allowance account		(3,437)	(1,970)
Current tax receivable		(11,499)	-
Deferred tax assets		(2,791)	-
INCREASE/(DECREASE) IN LIABILITIES			
Trade and other payables		(2,946)	6,658
Current tax payable		-	(12,693)
Interest-bearing liabilities		17,665	(4,343)
Provisions		(3,661)	4,853
Deferred tax liabilities		-	(2,970)
Net cash from / (used in) operating activities		2,017,368	(1,585,434)

1 Cash collections account includes monies in the Special Purpose Vehicles and securitisation trusts on behalf of members in those trusts and various clearing accounts. These funds are not available for operational use.
2 Cash held in trust as collateral.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
KEY NUMBERS & POLICIES

Reconciliation of liabilities arising from financing activities

	Issued capital	Share-based payment reserve	Interest-bearing liabilities	Lease liabilities	Total
	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2022	176,476	494	16,288,455	11,097	16,476,522
Operating cashflows	-	-	17,665	-	17,665
Financing cashflows	(5,192)	675	(1,831,849)	(1,753)	(1,838,119)
Non-cash movements	2,247	(2,114)	(3,200)	25	(3,042)
Balance at 30 June 2023	173,531	(945)	14,471,070	9,369	14,653,026
Balance at 1 July 2021	181,675	2,201	14,701,651	12,482	14,367,009
Operating cashflows	-	-	(4,343)	-	(4,343)
Financing cashflows	(6,132)	165	2,034,839	(1,629)	2,027,243
Non-cash movements	933	(1,872)	87,308	244	86,613
Balance at 30 June 2022	176,476	494	16,288,455	11,097	16,476,522

RECOGNITION & MEASUREMENT

Cash comprises cash deposits and cash equivalents that are short-term, liquid investments readily convertible to known amounts of cash, not subject to significant risk of changes in value, and have a maturity of three months or less.

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

5. Trade and other receivables

CURRENT	NOTE	FY23 $'000	FY22 $'000
Fee and commission receivable		**425**	604
Prepayments		**2,377**	2,531
GST receivable		**447**	960
Sundry receivables		**223**	1,566
		3,472	5,661

RECOGNITION & MEASUREMENT

All receivables are derived in the ordinary course of business. No maturity dates are specified as they are normally settled within twelve months. There are no long term outstanding receivables as at the reporting date and no material impairment recognised.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment. The credit risk of trade receivables is considered immaterial as they are due from Australian financial institutions with high credit ratings.

Fee and commission receivable

Comprises trail commission receivables on settlement terms of 30 days. This is initially recognised at the fair value of the consideration receivable.

Prepayments

Prepayments are recognised when the costs are incurred and amortised over the period in which the economic benefits from these assets are received.

Sundry receivables

Sundry receivables are receivables arising from various immaterial transactions in the ordinary course of business. The Group has assessed these receivables as fully recoverable at balance date. The FY22 comparative amount included receivables from Volt Bank for amounts collected on behalf of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
KEY NUMBERS & POLICIES

6. Loans and advances

GROSS LOANS & ADVANCES	NOTE	FY23 $'000	FY22 $'000
Loans and advances		**13,750,051**	15,684,500
Capitalised upfront commissions		**50,238**	54,564
Deferred mortgage fees		**(5,740)**	(10,107)
Unallocated customer repayments		**(13,070)**	(12,056)
		13,781,479	15,716,901
Less: allowance for impairment		**(45,844)**	(47,041)
	22	**13,735,635**	15,669,860
Current		**4,341,166**	4,557,901
Non-current		**9,440,313**	11,159,000
		13,781,479	15,716,901
IMPAIRMENT ALLOWANCES			
Collective allowance		**43,294**	42,692
Specific allowance		**2,550**	4,349
		45,844	47,041
MOVEMENT IN IMPAIRMENT ALLOWANCES			
Balance at 1 July		**47,041**	37,565
Provided for during the year:			
• Specific		**1,660**	842
• Collective		**580**	10,604
Write-offs		**(3,437)**	(1,970)
Balance at 30 June		**45,844**	47,041

RECOGNITION & MEASUREMENT

All loans and advances are initially recognised at fair value plus directly attributable transaction costs, and subsequently measured at amortised cost using the effective interest rate method.

The effective interest rate is the rate that discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the loans and advances.

Gains and losses are recognised in the statement of comprehensive income when the loans and advances are derecognised or impaired.

Unallocated customer repayments

Relates to loan repayments received from borrowers that reside in clearing accounts not yet allocated to a trust at balance date.

Impairment and provisioning

AASB 9 requires an Expected Credit Loss model (ECL) at each reporting date to reflect changes in credit risk since initial recognition of the loans and advances. Impairment policy of loans and advances are included in Note 22.

Security properties repossessed

As at 30 June 2023, the Group had exercised their right to foreclose on 13 residential properties (FY22: 13) being the security for loans and advances. These loans and advances are security for the funding provided by warehouse facilities and securitisation trusts. The Group intends to sell these properties with the proceeds to go towards clearing the outstanding balance of the underlying loans. Mortgages in possession are held as part of loans and advances, until sold.

7. Other financial assets

	NOTE	FY23	FY22
		$'000	$'000
Equity in ASX Listed Companies	22	**17,077**	15,963
Equity in Unlisted Companies	22	**3,510**	7,260
Loan to related entity	22	**8,000**	-
Short-term investment	22	**-**	260
		28,587	23,483

	FY23	FY22
Current	**8,000**	260
Non-current	**20,587**	23,223
	28,587	23,483

Equity in ASX Listed Companies

Equity investments in ASX listed companies are investments the Group intends to hold for long term strategic purposes. As permitted by AASB 9, the Group designated these investments at the date of initial application as measured at fair value through other comprehensive income. The accumulated fair value reserve related to these investments will not be reclassified to profit or loss. Dividends will be recognised in profit or loss as other income when the Group's right to receive payment is established.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
KEY NUMBERS & POLICIES

Equity in Unlisted Companies

Investments that are not traded in an active market, however classified as fair value through profit or loss (FVTPL) are disclosed at fair value at the end of each reporting period. The fair value assessment conducted on the unlisted shares, included assessing other market conditions on the current and future operating models. The fair value assessments include comparisons against forecasted operating performance at time of investment. The valuation methodology for these investments is disclosed in Note 22.

Loan to related entity

Resimac provided a short-term interest bearing loan to a related party. Interest is charged on arm's length terms. Interest income of $0.8 million for the year ended 30 June 2023 was fully received and is presented within interest income on loans and advances in Note 1.

Short-term investment

Term deposit with fixed or determinable payments and fixed maturity date which the Group has the intent and ability to hold to maturity.

8. Right-of-use assets

	NOTE	FY23	FY22
LEASE - BUILDINGS		$'000	$'000
Balance at 1 July		**8,959**	10,638
Additions		**-**	-
Depreciation		**(1,643)**	(1,669)
Foreign exchange		**7**	(10)
Balance at 30 June		**7,323**	8,959
LEASE - BUILDINGS			
Right-of-use assets at cost		**14,244**	14,234
Less: accumulated depreciation		**(6,921)**	(5,275)
Total right-of-use assets		**7,323**	8,959

Right-of-use assets

The Group lease offices with lease terms between 3 to 8 years. Right-of-use assets are initially measured at cost and comprise the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. Depreciation of right-of-use asset is recognised in the consolidated statement of profit or loss.

9. Plant and equipment

CARRYING AMOUNTS OF	Computer equipment $'000	Office furniture $'000	Operating lease equipment $'000	Leasehold improvement $'000	Total $'000
Balance at 1 July 2022	**715**	**77**	**435**	**701**	**1,928**
Additions	**173**	**2**	**13**	**-**	**188**
Disposals	**(24)**	**(2)**	**-**	**-**	**(26)**
Depreciation expense	**(285)**	**(17)**	**(190)**	**(260)**	**(752)**
Foreign exchange	**(18)**	**-**	**-**	**-**	**(18)**
Balance at 30 June 2023	**561**	**60**	**258**	**441**	**1,320**
Balance at 1 July 2021	457	122	359	981	1,919
Additions	543	2	251	-	796
Disposals	(15)	(30)	-	(20)	(65)
Depreciation expense	(267)	(17)	(175)	(260)	(719)
Foreign exchange	(3)	-	-	-	(3)
Balance at 30 June 2022	715	77	435	701	1,928

RECOGNITION & MEASUREMENT

Plant and equipment stated at cost less accumulated depreciation and impairment losses.

Depreciation and amortisation

Depreciation is recognised to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The following useful lives are used in the calculation of depreciation:

	Years
Computer equipment	3-4
Office furniture	10
Operating lease equipment	3-7
Leasehold improvement	For life of the lease

Derecognition

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment

At each reporting date, the Group reviews the carrying amounts of plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any).

10. Other assets

	FY23 $'000	FY22 $'000
Reinsurance claim receivable	**4,455**	3,476
Other	**228**	231
	4,683	3,707
Current	**228**	231
Non-current	**4,455**	3,476
	4,683	3,707

Reinsurance claim receivable

Prime Insurance Group Limited was purchased as part of the RHG Mortgage Corporation Limited (RHG) acquisition in 2014. Its sole purpose is to provide mortgage insurance and reinsurance facilities for the RHG mortgage assets and process any shortfall claims received. RHG loans ceased origination in FY14, and the portfolio is in run-off.

The reinsurance claim receivable is available to utilise against the reinsurance claim reserve amount in Note 16.

11. Goodwill and intangible assets

GOODWILL	FY23 $'000	FY22 $'000
Balance at 1 July	**27,430**	27,430
Additional amount recognised from business combination (see Note 25)	**949**	-
Balance at 30 June	**28,379**	27,430

OTHER INTANGIBLE ASSETS	Software $'000	Brand name $'000	Total
Balance at 1 July 2022	**66**	**-**	**66**
Amortisation for the year	**(28)**	**-**	**(28)**
Write-off during the year	**(38)**	**-**	**(38)**
Balance at 30 June 2023	**-**	**-**	**-**
Balance at 1 July 2021	110	26	136
Amortisation for the year	(44)	(26)	(70)
Balance at 30 June 2022	66	-	66

11.1. Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (less accumulated impairment losses, if any).

Impairment testing

At 30 June 2023, the Group has performed goodwill impairment testing, which included consideration of the impact of the macroeconomic environment. Goodwill of $21.7 million has been allocated for impairment assessment purposes to the Australian Lending Business (ALB) segment. This segment is considered to be the group of cash-generating units (CGU) that are expected to benefit from the synergies of the business combination to which that goodwill relates and is the lowest level at which goodwill is allocated. RAF goodwill of $6.7 million, including the goodwill recognised from RAF's investment in 23 Degrees Capital Partners Pty Ltd, is considered a separate CGU and has been separately assessed for impairment testing.

A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Recoverable amount of the asset

The recoverable amount is equal to the greater of:

- fair value less costs to sell; and
- value in use ('VIU').

It is not always necessary to determine both the fair value less cost to sell and its VIU. If either of these amounts exceed the carrying amount of the CGU, there is no impairment of the goodwill and it is not necessary to estimate the other amount.

As a result, the VIU methodology is considered to be most appropriate as there is no readily available market outside specific business sales of an equivalent sized business to the ALB and RAF CGUs.

The VIU calculation requires management to estimate future cash flows expected to arrive from the CGU and a suitable discount rate in order to calculate present value.

Indicators of impairment

The minimum indicators of impairment have been considered by management. These include both internal and external sources of information such as:

- significant changes (historical and future) in the market, economic, legal or technological environment which would have an adverse impact on the Group;
- decline in market capitalisation below the carrying value of net assets;
- interest rate changes which impact the discount rate used in modelling;
- evidence of a worsening financial position;
- plans to discontinue operations; and
- macro economic conditions.

Management have assessed at 30 June 2023, the market capitalisation of the Group was lower than the carrying amount of the Group's net assets. Whilst this is considered an indicator of impairment, the impairment assessment performed by management indicates the recoverable amount of the CGU remains higher than the carrying amount resulting in no impairment in FY23.

There were no other indicators of impairment as at 30 June 2023.

Inputs to impairment calculations

Cash flow projections
For VIU calculations, cash flow projections are based on strategic objectives and business forecasts prepared by management and approved by the Board. Cash flow projections are four years in length and a terminal growth rate beyond this has been applied.

Impairment assessment
In assessing VIU, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU.

Furthermore, each unit or group of units to which the goodwill is allocated shall:

- represent the lowest level at which the goodwill is monitored for internal management purposes; and
- not exceed the operating segments.

The allocation of goodwill to these CGU's is considered appropriate.

Key judgements and assumptions
The key assumptions used for assessing the recoverable amount of the CGUs are as below:

	FY23		FY22	
	ALB	RAF	ALB	RAF
Growth rate for 4-year forecast period (p.a.)	**2.5%**	**10-25%**	2.5%	n/a[1]
Discount rate (post-tax)	**11.5%**	**11.5%**	11.5%	n/a[1]
Terminal growth rate	**2.0%**	**2.0%**	2.0%	n/a[1]

1 VIU methodology was used for the RAF CGU with effect from FY23. In FY22, the fair value less cost to sell methodology was used.

The post-tax discount rate of 11.5% has been determined by estimating the cost of equity that applies to the ALB and RAF CGUs.

Management conducted the following when testing the impairment of goodwill:

- revised budgets, forecasts and other assumptions from previous impairment testing to reflect the economic conditions at the balance date, especially to address increased risk and uncertainty;
- considered the impact of macroeconomic conditions and considered outcomes where future cash flows are reduced or operating costs increase (including interest rate risk and loan book growth).

In assessing the VIU for goodwill impairment assessment, the potential impact of macroeconomic conditions including rising interest rates and inflation on cash flows and profit growth have been considered under different scenarios:

1) Base case: Current management view of macroeconomic environment:

- Loan volume: Growth trajectory in line with current market conditions
- Margins: Conservative view declining to flat margin scenario
- Costs: Growth based on CPI assumptions and investments required to support organic growth of the business

2) Stress scenario: Assumes severe macroeconomic downturn resulting in a sustained downturn in Resimac profitability of no growth over a 4 year period. The stress scenario indicated sufficient headroom remains for goodwill impairment purposes.

The volatility in financial markets and the current macro economic environment introduces challenges to impairment testing. A second layer of stress testing was added with discount rates ranging from 11-15% which were applied to the base case and stress scenarios. Management tested the stress scenario and applied a discount rate of 15%, the recoverable amount of the CGU exceeded the recorded carrying value for the ALB and RAF CGUs. The full sensitivity range is outlined as follows:

ALB Headroom ($ millions)

DISCOUNT RATE	11.0%	11.5%	12.0%	15.0%
Base Case	145	117	93	(14)
Stress Test Case	94	70	48	(47)

RAF Headroom ($ millions)

DISCOUNT RATE	11.0%	11.5%	12.0%	15.0%
Base Case	24	22	21	14
Stress Test Case	8	7	7	3

The recoverable amount of the CGU would not be less than its carrying value in any scenario. Resimac management do not believe there are any other assumptions based on internal or external sources whereby the quantum of the change will eliminate the available headroom.

Impairment charge
Management believe potential impacts of the change in economic environment have been adequately considered for goodwill impairment testing purposes at 30 June 2023. Based upon the impairment testing performed, there is no impairment charge for FY23 (FY22: Nil).

11.2. Other intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives.

Software-as-a-Service (SaaS) arrangements

SaaS arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the contract period. As such, the Group does not recognise a software intangible asset at the contract commencement date.

The following outlines the accounting treatment of costs incurred in relation to SaaS arrangements:

Recognise as an operating expense over the term of the service contract:

- Fee for use of application software

Recognise as an operating expense as the service is received:

- Customisation costs
- Configuration costs
- Data conversion and migration costs
- Testing costs
- Training costs

Costs incurred for the development of software code that enhances or modifies, or creates additional capability, to existing on-premise systems and meets the definition of and recognition criteria for an intangible asset are recognised as intangible software assets.

12. Trade and other payables

CURRENT	NOTE	FY23 $'000	FY22 $'000
Revenue collected in advance		**2,234**	1,179
Commissions payable		**644**	5,267
Accruals		**14,594**	13,433
Other creditors		**9,674**	10,183
	22	**27,146**	30,062

RECOGNITION & MEASUREMENT

Trade creditors and other payables are generally settled within 30 day terms and are unsecured. Trade creditors and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year, are unpaid, and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

Revenue collected in advance

Relates to interest income on loans and advances.

Commissions payable

Relates to upfront and trail commission payable to aggregators and brokers.

Accruals and other creditors

Accruals and other creditors are accrued fees and expenses and unsecured payables relating to expenses arising in the ordinary course of business.

13. Interest-bearing liabilities

	NOTE	FY23 $'000	FY22 $'000
Debt securities on issue		**14,125,154**	15,840,773
Corporate debt facilities		**50,000**	70,000
Issuance facilities		**295,916**	377,682
	22	**14,471,070**	16,288,445
Current		**4,558,387**	4,723,652
Non-current		**9,912,683**	11,564,803
		14,471,070	16,288,455

RECOGNITION & MEASUREMENT

All borrowings are initially recognised at fair value of the consideration received less directly attributable transaction costs, and subsequently measured at amortised cost using the effective interest method.

Amortised cost is calculated by taking into account any fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts on acquisition, over the period to maturity.

Gains or losses are recognised in the statement of profit or loss when the liabilities are derecognised.

For further detail on the amortised cost basis of accounting see Note 1 and 2. Details of the Group's interest-bearing liabilities are set out in Note 22.

13.1. Debt securities on issue

Warehouse facilities

The warehouse facilities in Special Purpose Vehicles (SPVs) provide the initial duration financing of loans and advances to customers. The security for advances under these facilities is a combination of fixed and floating charges over all assets of the warehouse SPVs, including the mortgage security. If the warehouse facility is not renewed or should there be a default under the existing terms and conditions, the warehouse facility funder will not have a right of recourse against the remainder of the Group.

The total capacity for the 14 warehouse facilities at 30 June 2023 was AUD 8.3 billion (equivalent) (FY22: 13 warehouse facilities; AUD 8.2 billion (equivalent)).

During the financial year there were no material breaches to the warehouse agreements. All warehouse facilities were renewed, on or before their maturity date.

Bonds (RMBS and ABS)

Bonds issued by the securitisation trusts provide duration funding for loans and advances originated by the Group. The bond notes generally have a legal final maturity of 31 years from issue, and a call option of up to 5 years post issuance.

The bond holders security is a combination of fixed and floating charges over all assets of the securitisation trust. Credit losses arising from the bonds will not result in the bondholders having a right of recourse against the Group (as Originator, Manager or Servicer).

During the year ended 30 June 2023, AUD 2.5 billion (equivalent) of new bonds were issued (FY22: AUD 5.8 billion (equivalent)). These bond issuances paid down warehouse facilities creating capacity to fund new mortgages. During the financial year, there were no breaches to the terms of the bonds.

13.2. Corporate debt facility

As at 30 June 2023, the Company had a $30 million corporate facility maturing in September 2023. The Group had an undrawn balance of $30 million at 30 June 2023 (FY22: $10 million). In accordance with the terms of the Group's corporate debt facilities, the Group is required to comply with certain covenants. During the entire year and as at 30 June 2023, the Group was compliant with these covenants.

At 30 June 2023, the Group had $50 million in corporate debt securities (Secured Capital Note) with a 3 year tenor. The $50 million liability is disclosed under corporate debt facilities.

The corporate debt facilities are secured by a first-ranking charge over the beneficial rights to the trust's residual income of the Group. See Note 23.7 for further detail.

13.3. Issuance facilities

The Group maintains a series of subsidiary SPV's for the purpose of raising financing for its RMBS-related credit risk retention ("CRR") obligations. CRR is a mandatory requirement for the Group's RMBS issuance activities in the U.S., European, Japanese and U.K. jurisdictions where, in general, the Group is required to hold an economic interest of at least 5% in value of an RMBS issuance. The subsidiary SPV's hold a 5% vertical strip of bonds of an individual RMBS issuance and raises secured financing from banks and credit investors.

14. Lease liabilities

Lease liabilities included in the Statement of Financial Position	FY23 $'000	FY22 $'000
Balance at 1 July	**11,097**	12,482
Addition	**12**	251
Interest incurred	**411**	460
Payment of lease liabilities	**(2,164)**	(2,089)
Foreign exchange	**13**	(7)
Balance at 30 June	**9,369**	11,097
Current	**1,703**	1,700
Non-current	**7,666**	9,397
	9,369	11,097
Amounts recognised in Statement of Comprehensive Income		
Depreciation charge of right-of-use assets	**1,643**	1,669
Interest expense on lease liabilities	**411**	460
Amounts recognised in Statement of Cash Flows		
Interest paid	**(411)**	(460)
Payment of lease liabilities	**(1,753)**	(1,629)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
KEY NUMBERS & POLICIES

14.1. Leases

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If the rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments to penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability and makes a corresponding adjustment to the related right-of-use asset whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the year presented.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in "Other expenses" in profit or loss (see note 2).

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

15. Other financial liabilities

NOTE	FY23	FY22
	$'000	$'000
Present value of future trail commission payable	6,850	11,750
22	6,850	11,750
Current	2,267	3,847
Non-current	4,583	7,903
	6,850	11,750

RECOGNITION & MEASUREMENT

The Group makes trail commission payments to mortgage originators based on monthly loan balances outstanding. No new originations are occurring and this portfolio is in run off.

Initial Recognition

Fair value of future trail commission payable was recognised on the origination of white label loans. This represents the NPV of the expected future trail commission payable under the origination and management agreement, less ongoing servicing costs not covered by transaction fees.

Subsequent payment

Subsequent to initial recognition, the future trail commission payable is measured at amortised cost.

The carrying amounts of the trail commissions payable are adjusted to reflect actual and revised estimated cash flows by calculating the present value of estimated future cash flows at the effective interest rates at each reporting date. The resulting adjustment is recognised as income or expense in the statement of comprehensive income.

Refer to Note 1.3 for the key estimates and judgements underlying the remeasurement of the estimated future cash flows.

16. Other liabilities

	FY23	FY22
NON-CURRENT	$'000	$'000
Reinsurance claim reserve	4,455	3,476
	4,455	3,476

The reinsurance claim reserve offsets with the reinsurance claim receivable amount in Note 10.

17. Provisions

	FY23	FY22
	$'000	$'000
Employee benefits	4,647	6,062
Office make good	447	447
Discharge fee refund	1,695	3,940
Other	550	-
	7,339	10,449
Current	6,415	9,493
Non-current	924	956
	7,339	10,449

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
KEY NUMBERS & POLICIES

	Employee benefits	Make good	Discharge fee refund	Other	Total
	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2022	6,062	447	3,940	-	10,449
Provision recognised/(released)	2,532	-	(629)	550	2,453
Provision utilised	(3,947)	-	(1,616)		(5,563)
Balance at 30 June 2023	4,647	447	1,695	550	7,339

RECOGNITION & MEASUREMENT

Provisions are recognised when:

- the Group has a present obligation (legal or constructive) as a result of a past event;
- it is probable that the Group will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

17.1. Employee benefits

A liability is recognised for benefits accruing to employees where the liability can be measured reliably and payment is probable, in respect of:

- wages and salaries;
- annual leave;
- long service leave; and
- on-costs relating to the above.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to settle within 12 months are measured at the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to the reporting date.

The liability for long service leave is recognised in the provision for employee benefits. It is measured as the present value of expected future payments for the services provided by employees up to the reporting date.

Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

17.2. Office make good

Where a condition of the Group's lease premises is to return the property in its original condition at the end of a lease term. The Group recognises a provision for the expected cost of the refurbishment at the end of the lease.

17.3. Discharge fee refund

The Group conducted a governance review of loan agreements during FY22, where the Group identified it had potentially overcharged a segment of customers discharge fees from 2006 to 2017. A liability was recognised for the likely economic outflow to refund these discharge fees, accrued interest and associated cost involved in processing the refunds to the affected customers. Refunds to customers have occurred throughout FY23.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CAPITAL

Capital.

For the year ended
30 June 2023

18. Capital management

The Group's capital management objectives

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group operates a warehouse for securitisation funding model for its lending business and as such makes decisions on the amount of capital invested in the notes or warehouses based on alternate sources of funding and the expected return on amounts invested and with regard to the company's cost of capital.

The capital structure of the Group consists of net debt (borrowings net of cash balances) and equity of the Group (comprising issued capital, reserves and retained earnings).

The Group is not subject to any externally imposed capital requirements.

The Board is responsible for monitoring and approving the capital management framework within which management operates. The purpose of the framework is to prudently manage capital whilst optimising the debt and equity structure.

	NOTE	FY23	FY22
EQUITY		$'000	$'000
Issued capital	20	**111,990**	114,935
Reserves	20	**(19,589)**	(25,466)
Retained earnings	20	**322,872**	288,599
		415,273	378,068

19. Dividends

	FY23	FY22
Declared and paid during the period (fully-franked at 30 percent)	$'000	$'000
Final dividend for FY22: $0.04 (FY21: $0.04)	**16,116**[1]	16,336
Interim dividend for FY23: $0.04 (Interim FY22: $0.04)	**16,057**[2]	16,352
	32,173	32,679
Proposed and unrecognised as a liability (fully-franked at 30 percent)		
Final dividend for FY23: $0.04 (FY22: $0.04)	**16,065**	16,277
	16,065	16,277
Franking credit balance		
Franking credits available for future years at 30% adjusted for the payment of income tax and dividends receivable or payable	**118,068**	95,073
Impact on the franking account of dividends proposed before the financial report was issued but not recognised as a distribution to equity holders during the period.	**(6,885)**	(6,976)

1 The final FY22 dividend paid is net of dividend paid to treasury shares held by the Group ($122,286), eliminated on consolidation.
2 The interim FY23 dividend paid is net of dividend paid to treasury shares held by the Group ($110,864), eliminated on consolidation.

20. Issued capital and reserves

	FY23 $'000	FY22 $'000
Issued capital	**175,806**	180,998
Treasury shares	**(2,275)**	(4,522)
Share capital	**173,531**	176,476
Reverse acquisition reserve[1]	**(61,541)**	(61,541)
Balance at 30 June	**111,990**	114,935

1 As a result of reverse acquisition accounting in the Resimac/Homeloans merger, an account was created as a component of equity. This account called 'Reverse acquisition reserve' is similar in nature to share capital. The Reverse acquisition reserve is not available for distribution.

Issued capital as at 30 June 2023 was $175,805,688 (401,622,340 ordinary shares).

Movements in issued capital during the year relate to the acquisition of 5,290,163 shares for $5,192,468 (average price of $0.98 per share) under the Group's on market share buyback scheme. These shares were cancelled prior to 30 June 2023.

20.1. Issued capital

	No. of shares - Thousands	$'000
Balance at 1 July 2021	408,404	183,011
Issue of shares under the DRP:		
• FY21 Dividend on 21 September 2021	388	837
• HY22 Dividend on 24 March 2022	603	957
Share buyback cancelled shares (average price: $1.53 per share)	(2,483)	(3,807)
Balance at 30 June 2022	406,912	180,998
Share buyback cancelled shares (average price: $0.98 per share)	**(5,290)**	**(5,192)**
Balance at 30 June 2023	**401,622**	**175,806**

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends.

20.2. Treasury shares

Treasury shares held in Resimac Group Ltd by Resimac EST Pty Ltd as Trustee for the Resimac Group Limited Employee Share Trust, are for the benefit of eligible employees of the Resimac Group Employee Share Option and Rights Plan. Shares issued to employees are recognised on a first-in-first-out basis.

	No. of shares - Thousands	$'000
Balance at 1 July 2021	**540**	**1,336**
Allocation of shares under LTI#1 (Tranche 2)	**(300)**	**(740)**
Allocation of shares under Employee Share Plan	**(100)**	**(192)**
Acquisition of shares (average price: $1.48 per share)	**2,785**	**4,118**
Balance at 30 June 2022	**2,925**	**4,522**
Allocation of shares under LTI#2	**(785)**	**(1,485)**
Allocation of shares under Employee Share Plan	**(200)**	**(305)**
Allocation of shares under LTI#1 Tranche 3	**(300)**	**(457)**
Balance at 30 June 2023	**1,640**	**2,275**

20.3. Reserves (net of income tax) and retained earnings

	Retained earnings	Cash flow hedge reserve (RESERVES)	Foreign currency translation reserve (RESERVES)	Fair value reserve (RESERVES)	Share-based payment reserve (RESERVES)	Other reserve (RESERVES)	Non-controlling interest
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2021	219,131	(9,917)	(55)	(2,373)	2,201	(7,982)	-
Profit after tax	102,147	-	-	-	-	-	-
Changes in fair value of cash flow hedges, net of tax	-	(2,714)	-	-	-	-	-
Currency translation differences	-	-	(1,236)	-	-	-	-
Fair value movement on investment through OCI, net of tax	-	-	-	(1,683)	-	-	-
Equity dividends	(32,679)	-	-	-	-	-	-
Share-based payments	-	-	-	-	(1,707)	-	-
Balance at 30 June 2022	288,599	(12,631)	(1,291)	(4,056)	494	(7,982)	-
Balance at 1 July 2022	**288,599**	**(12,631)**	**(1,291)**	**(4,056)**	**494**	**(7,982)**	-
Acquisition of non-controlling interest	-	-	-	-	-	-	97
Profit after tax	**66,446**	-	-	-	-	-	13
Changes in fair value of cash flow hedges, net of tax	-	**8,141**[1]	-	-	-	-	-
Currency translation differences	-	-	**789**	-	-	-	-
Fair value movement on investment through OCI, net of tax	-	-	-	**(1,614)**	-	-	-
Equity dividends	**(32,173)**	-	-	-	-	-	-
Share-based payments	-	-	-	-	**(1,439)**	-	-
Balance at 30 June 2023	**322,872**	**(4,490)**	**(502)**	**(5,670)**	**(945)**	**(7,982)**	**110**

1 The change in fair value of cash flow hedges (net of tax) includes: a) gross change in fair value of $69,421,000 b) reclassification from cash flow hedge reserve to profit or loss of $(57,803,000) and c) tax impact of $(3,477,000).

20.4. Nature and purpose of reserves

Cash flow hedge reserve

The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments will be reclassified to profit or loss only when the hedged transaction affects the profit or loss, or included as a basis adjustment to the non-financial hedged item, consistent with the Group's accounting policy.

Foreign currency translation reserve

Exchange differences relating to the translation of the results and net assets of the Group's New Zealand operations from its functional currency to the Group's presentation currency are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve.

Share-based payment reserve

The share-based payments reserve is used to recognise the value of equity-settled share-based payments provided to employees, including KMP, as part of their remuneration. Refer to Note 31 for further details of these plans.

Other reserve

Other reserves represent the recognition made directly in equity for the difference between the amount by which the Non-Controlling Interest (NCI) was adjusted, and the fair value of consideration paid on Resimac's acquisition of the remaining 40% shares of RAF on 1 February 2021.

21. Earnings per share

	FY23	FY22
Profit attributable to ordinary equity holders of the parent ($'000)	**66,446**	102,147
WANOS[1] used in the calculation of basic EPS (shares, thousands)	**402,215**	407,743
Dilutive effect of share options	**1,054**	2,498
WANOS[1] used in the calculation of diluted EPS (shares, thousands)	**403,269**	410,241

EARNINGS PER SHARE

	FY23	FY22
Basic (cents per share)	**16.52**	25.05
Diluted (cents per share)	**16.48**	24.90

1 Weighted average number of shares.

Calculation of earnings per share

21.1. Basic earnings per share

Basic earnings per share is calculated as net profit attributable to the ordinary equity holders of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the WANOS adjusted for any bonus element.

21.2. Diluted earnings per share

Diluted earnings per share is calculated by:

- dividing the net profit attributable to ordinary equity holders of the parent; by the
- WANOS outstanding during the year; plus
- the WANOS that would be issued on the conversion of all the dilutive potential ordinary options or rights into ordinary shares.

Risk.

For the year ended 30 June 2023

22. Financial assets and financial liabilities

The Group holds the following financial instruments:

	Basis of measurement	NOTE	FY23	FY22
FINANCIAL ASSETS			$'000	$'000
Cash and cash equivalents	Amortised cost	4	**1,085,417**	932,781
Trade and other receivables (excluding prepayments)	Amortised cost	5	**1,095**	3,130
Loans and advances	Amortised cost	6	**13,735,635**	15,669,860
Short-term investment	Amortised cost	7	**-**	260
Equity in ASX Listed Companies	FVOCI	7	**17,077**	15,963
Equity in Unlisted Companies	FVTPL	7	**3,510**	7,260
Loans to related party	Amortised cost	7	**8,000**	-
Derivative financial assets – Cross currency swaps	FVCHR	23	**4,474**	11,400
Derivative financial assets – Interest rate swaps	FVCHR	23	**4,760**	-
Derivative financial assets – Interest rate swaps	FVTPL	23	**15,962**	27,252
Derivative financial assets – Overnight index swaps	FVTPL	23	**-**	568
			14,875,930	16,668,474
FINANCIAL LIABILITIES				
Trade and other payables	Amortised cost	12	**27,146**	30,062
Interest-bearing liabilities	Amortised cost	13	**14,471,070**	16,288,455
Lease liabilities	Amortised cost	14	**9,369**	11,097
Present value of trail commission payable	Amortised cost	15	**6,850**	11,750
Derivative financial Liabilities – Overnight index swaps	FVTPL	23	**426**	235
			14,514,861	16,341,599

22.1. Fair values measurements and valuation processes

22.1.1. Fair value hierarchy

The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following assets and liabilities are measured at fair value by the Group for financial reporting purposes:

	Fair value hierarchy	Valuation technique(s) and key input(s)	FY23	FY22
FINANCIAL ASSETS			$'000	$'000
Equity in ASX Listed Companies	Level 1	Most recent traded price and other available market information.	**17,077**	15,963
Equity in Unlisted Companies	Level 3	Acquisition value, financial performance since acquisition. Subsequent capital raise since acquisition adjusted for changes in market and macroeconomic factors.	**3,510**	7,260
Interest rate swaps	Level 2	Discounted cash flow. Forward interest rates, contract interest rates.	**20,722**	27,252
Cross currency swaps	Level 2	Discounted cash flow. Forward interest rates, contract interest rates.	**4,474**	11,400
Overnight index swaps	Level 2	Discounted cash flow. Forward interest rates, contract interest rates.	**-**	568
FINANCIAL LIABILITIES				
Overnight index swaps	Level 2	Discounted cash flow. Forward interest rates, contract interest rates.	**426**	235

In the year to 30 June 2023 there has been no change in the fair value hierarchy or the valuation techniques applied to any of the balances above.

For further information on the use of derivatives refer to Note 23 Financial risk management.

22.1.2. Fair value of financial assets and liabilities that are not measured at fair value (but fair value disclosures are required)

With the exception of the future trail commission receivable and payable that are initially recognised at fair value and subsequently carried at amortised cost, management consider that the carrying amounts of financial assets and liabilities recognised in the consolidated financial statements approximate their fair values.

22.2. Financial assets and liabilities

22.2.1. Recognition and initial measurement

All financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or finance liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

22.2.2. Classification and subsequent measurement

22.2.2.1. Financial assets

On initial recognition, a financial asset is classified as measured at:

- amortised cost
- fair value through other comprehensive income (FVOCI) – debt instrument
- fair value through other comprehensive income (FVOCI) – equity instrument
- fair value through cash flow hedge reserve (FVCHR) – cash flow hedges
- fair value through profit or loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

See Note 23.3 for recognition and measurement of derivatives designated as cash flow hedges.

All financial assets not classified as measured at amortised cost or FVOCI or FVCHR as described above are measured as FVTPL. This includes the Group's overnight index swaps and majority of interest rate swaps derivative financial assets and investment securities. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI or at FVCHR as at FVTPL if doing so eliminates or subsequently reduces an accounting mismatch that would otherwise arise.

22.2.2.2. Financial assets – Business model assessment

The Group determines the business model at the level that reflects how groups of financial assets are managed. In determining the business model, all relevant evidence that is available at date of assessment is used including:

- how the performance of the financial assets held within that business model are evaluated and reported to the Group's KMP
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and
- how managers of the business are compensated (for example, whether compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

22.2.2.3. Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purpose of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amounts of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

22.2.2.4. Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by expected impairment loss. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income is calculated using the effective interest method. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss. In disposal or derecognition of investment the cumulative gain or loss is not reclassified to profit or loss, instead it is transferred to retained earnings.
Derivatives at FVCHR	See Note 23.3 for derivatives designated as cash flow hedges.

22.2.2.5. Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as either financial liabilities at FVPTL or other financial liabilities.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL where the liability is either held for trading or designated at fair value through profit or loss.

A financial liability is held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item.

Other financial liabilities

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

22.2.3. Derecognition

22.2.3.1. Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantively all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

22.2.3.2. Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss

22.2.4. Modification of financial instruments

A financial instrument is modified when its original contractual cash flows are renegotiated or modified. A financial asset that is renegotiated is derecognised if the rights to receive cash flows from the existing agreement have expired, either through replacement by a new agreement or the existing terms are modified to that effect. A financial liability that is renegotiated is derecognised if the existing agreement is cancelled and a new agreement is made on substantially different terms or if that existing terms are modified such that the renegotiated financial instrument is a substantially different financial instrument.

Where the modification results in derecognition of the original financial instrument, the new financial instrument is recorded initially at its fair value and the resulting difference is recognised in profit or loss in accordance with the nature of the financial instrument as described in the derecognition of financial assets and liabilities policy.

For financial instruments measured at amortised cost, and for debt financial assets measured at FVOCI, when modification does not result in derecognition, a gain or loss is recognised in profit or loss in accordance with the nature of the financial instrument as described in the derecognition of financial assets and liabilities policy. The gain or loss is measured as the adjustment of the gross carrying amount to reflect the renegotiated or modified contractual cash flows, discounted at the instrument's original effective interest rate.

22.2.5. Impairment of financial assets

The Group recognises loss allowances for expected credit loss (ECL) on:

- Trade and other receivables
- Loans and advances measured at amortised cost
- Contract assets
- Lease receivables

The Group applies the following approach for measuring credit provisions:

- Specific Provisions (Stage 3);
- ECL modelled Collective Provision in line with AASB 9 requirements; and
- Post model overlays including macroeconomic, model and management overlays.

ECL's are monitored regularly in conjunction with monthly hardship and arrears metrics provided to the Group's Asset and Liabilities Committee (ALCO). The Group takes a tailored loan by loan approach to managing credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). The key inputs used in measuring ECL include:

(a) probability of default: the PD is the likelihood of default, applied to each individual underlying exposure

(b) loss given default: the LGD is an estimate of the severity of loss following a default event, taking into consideration the mitigating effect of mortgage insurance if applicable, collateral and time value of money. Mortgage insurance is reflected indirectly in the LGD, as mortgage insured loans are not expected to incur loss following default.

(c) exposure at default: the EAD represents the estimated exposure in the event of a default

(d) Significant increase in credit risk: An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. A significant increase in credit risk is identified before the exposure has defaulted and at the latest when exposure becomes 31 days past due. When determining whether the credit risk of a financial asset has increased significantly since the initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and readily available, including both quantitative and qualitative information and analysis, based on the Group's historical experience.

(e) Post model overlays: Management apply various overlays to ensure the Group has sufficient Balance Sheet coverage for known and potential credit risk factors that are not modelled in the above assumptions including:

Model risk overlay – applied by management to the base ECL model for potential errors in development and implementation of any of the quantitative elements underpinning the model. Model risk overlay is applied at 20% of modelled ECL (base ECL and macroeconomic model overlay).

Macroeconomic overlay – overlaid to the base ECL model to provide for potential macroeconomic factors not considered in the ECL model output (e.g. rising unemployment, house price decline, low wage growth). As part of the forward-looking assessment, the Group has considered factors including macro-economic forecast and outlook, housing price index, GDP growth, unemployment rates and interest rates.

Management overlay – applied by management where higher Balance Sheet provision coverage is deemed appropriate.

The collective provision coverage of the Group has been increased by modelling three hypothetical downside macroeconomic scenarios. These scenarios allow the Group to increase coverage for potential scenarios that may occur in the future, in addition to the base ECL model which uses the preceding 48 months of arrears and loss history. The macroeconomic scenarios are based on the following key levers:

- Property prices – underlying securities are stressed by percentages based on their ranking on the CoreLogic Hedonic Index property value bands. These stress tests allow the Group to assess underlying credit risk on a loan by loan basis in each of the downside scenarios.
- Probability of default – stress each borrower with a multiple of their actual PD. The PD stress multiple increases as the underlying security stress increases, factoring in the likely macroeconomic impacts that would be experienced in a declining property market scenario (e.g. higher unemployment, lower GDP).

The table below summarises the macroeconomic assumptions used for each of the scenarios. Each scenario is applied a weighting to aggregate a macroeconomic overlay for inclusion in the Group's total collective provision.

	Scenario		
HOUSE PRICE IMPACT	1	2	3
Lower	-5.00%	-10.00%	-15.00%
Mid	-7.50%	-15.00%	-20.00%
Upper	-10.00%	-20.00%	-25.00%
PROBABILITY OF DEFAULT IMPACT			
Prime	2.5	4.0	6.0
Near Prime	2.5	4.0	6.0
Specialist	2.5	4.0	6.0
PROBABILITY OF DEFAULT			
Prime	2.58%	4.14%	6.20%
Near Prime	4.28%	6.84%	10.27%
Specialist	13.42%	21.48%	32.22%
PROBABILITY WEIGHTING	**35.0%**	**35.0%**	**30.0%**

The Group aligns its approach to credit risk in line with the segmentation of AASB 9. As such, the ECL for financial assets measured at amortised cost is determined with reference to the following stages:

Stage 1: 12 month ECL

At initial recognition, for financial assets without a significant increase in credit risk (SICR), or for financial assets where an increase in credit risk is considered to be low, ECL is determined based on PD over the next 12 months and the LGD, adjusted for forward looking estimates (FLE).

Stage 2: Lifetime ECL not credit impaired

Where there has been a SICR, the ECL is determined with reference to the financial asset's lifetime PD, the lifetime losses associated with that PD and LGD, adjusted for FLE. The Group assesses whether there has been a SICR since initial recognition based on qualitative, quantitative, and reasonable and supportable FLE that includes management judgement. Use of more alternative criteria could result in significant changes to the timing and amount of ECL to be recognised. Lifetime ECL is generally determined based on the average maturity of the financial asset. The Group also classifies certain loans that have a resolved hardship status as stage 2 for an observation period after the cessation of the hardship arrangement.

Stage 3: Lifetime ECL credit impaired

Financial assets are classified as stage 3 where they are determined to be credit impaired, which generally matches the Group's definition of default which includes exposures that are at least 90 days past due, and where the obligor is unlikely to pay without recourse against available collateral.

The ECL for credit impaired financial assets is generally measured as the difference between the discounted contractual and discounted expected cash flows from the individual exposure. For credit impaired exposure that are modelled collectively, ECL is measured as the product of the lifetime PD, LGD, and EAD, adjusted for FLE. Interest income is determined with reference to the financial asset's amortised cost carrying value, being the financial asset's net carrying value after the ECL provision.

Stage 3: Impaired assets (specific)

Outside of the ECL, where assets are more than 90 days past due and a shortfall between the loan balance and the underlying security has been identified, a specific provision is raised for the shortfall.

The Group measures loss allowances at an amount equal to the lifetime ECL for stage 2 or stage 3 assets if the credit risk on that financial instrument has increased significantly since recognition (stage 2), or are credit impaired (stage 3), or if the financial instrument is a purchased or originated credit-impaired financial asset (stage 3). If the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Group measures the loss allowance for that financial instrument at an amount equal to a 12 month ECL for stage 1 assets.

Credit-impaired financial assets

The movement between stage 2 and 3 will be based on whether financial assets are credit-impaired at the reporting date. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the borrower; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- becoming apparent that the borrower will enter bankruptcy or financial re-organisation; or
- past experience of collecting payments; or
- an increase in the number of delayed payments in the portfolio past the average credit period; or
- observable changes in national or local economic conditions that correlate with default on receivables.

See Note 23.6 for further details on credit-impaired financial assets.

Definition of default

The Group considers that default has occurred at 90 days past due.

23. Financial risk management

23.1. Financial risk management objectives

The Group's Corporate Treasury function:

- implements and executes treasury and funding strategy;
- co-ordinates access to domestic and international financial markets; and
- monitors and manages the financial risks relating to the operations of the Group through internal monitoring tools which analyse exposures by degree and magnitude of risks.

These risks include:

- market risk (including currency risk and interest rate risk);
- economic risk;
- interest rate risk;
- credit risk; and
- liquidity risk.

23.2. Derivative financial instruments

The Group seeks to minimise the effects of currency and interest rate risks by using derivative financial instruments to hedge risk exposures.

The use of financial derivatives is governed by the Group's Interest Rate Risk Management Policy approved by the Board of Directors, which provide written principles on:

- foreign exchange risk;
- interest rate risk;
- credit risk;
- the use of financial derivatives and non-derivative financial instruments; and
- the investment of excess liquidity.

Compliance with policies and exposure limits is reviewed by the Board on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative or proprietary purposes.

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The table below summarises the Group's exposure to financial risks and how these risks are managed.

RISK	Exposure arising from	Measurement	Management
Market risk - currency	Recognised financial assets and liabilities not denominated in Australian dollars. Foreign currency denominated profit or losses.	Cash flow forecasting Sensitivity analysis	Cross currency interest rate swaps. Cash flow management and matching.
Market risk - interest rate	Mismatch in interest rates between assets and liabilities.	Sensitivity analysis	Interest rate swaps and overnight index swaps.
Market risk - equity investment valuation	Investments in equity securities.	Sensitivity analysis	Equity investments not held for trading.
Credit risk	Loan portfolio and bond exposures, counterparty risk.	Credit risk analysis Rating agency criteria and analyses	Diversification, adaptive capital structures, strong collections/ portfolio management, rating agency provisions in transactions documents.
Liquidity risk	Borrowings, derivative financial liabilities.	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities, securitisation, capital relief transactions, structuring terms of obligations, diversification of funders.

RECOGNITION & MEASUREMENT

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at each reporting period.

The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

23.3. Hedge accounting

The Group designates certain hedging instruments, which includes derivatives in respect of foreign currency and interest rate risks, as cash flow hedges.

At the inception of the hedge relationship the Group documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions.

Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge value is largely reflective of the hedged item.

23.3.1. Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss, in the same line as the recognised hedged item.

The majority of the Group's interest rate swaps are not designated as hedging instruments for accounting purposes, the changes in the fair value are recognised immediately in profit or loss for these interest rate swaps.

Hedge accounting is discontinued when:

- the Group revokes the hedging relationship;
- the hedging instrument expires or is sold, terminated, or exercised; or
- the Group no longer qualifies for hedge accounting.

Any cumulative gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

The following table details the amounts relating to items designated as cash flow hedges:

30 JUNE 2023 (DISCLOSED IN AUD)	USD CCS $'000	JPY CCS $'000	IRS $'000
Notional amount	1,052,035	450,000	536,432
Average fixed contract rate (FX rate per AUD)	0.72	77.22	-
Average fixed interest rate	-	-	3.95%
Carrying amount of the hedging instrument			
• Assets	102,769	-	4,760
• Liabilities	-	(98,295)	-
Total carrying amount of the hedging instrument	102,769	(98,295)	4,760
Change in value of hedging instrument	3,400	(10,326)	4,760
Change in value of hedged item	6,187	7,596	(4,760)
Change in value of hedging instrument recognised in cash flow hedge reserve	9,587	(2,730)	4,760
Hedge ineffectiveness recognised in profit or loss	-	-	-
Amount reclassified from hedge reserve to profit or loss due to:			
• FX spot movement	103,264	(87,719)	-
• Hedging gain/loss recognised on settlement	(55,688)	(17,362)	(299)

30 JUNE 2022 (DISCLOSED IN AUD)	USD CCS $'000	JPY CCS $'000
Notional amount	1,794,825	450,000
Average fixed contract rate (FX rate per AUD)	0.73	77.22
Carrying amount of the hedging instrument		
• Assets	99,369	-
• Liabilities	-	(87,969)
Total carrying amount of the hedging instrument	99,369	(87,969)
Change in value of hedging instrument	145,107	(73,202)
Change in value of hedged item	(131,617)	55,835
Change in value of hedging instrument recognised in cash flow hedge reserve	13,490	(17,367)
Hedge ineffectiveness recognised in profit or loss	-	-
Amount reclassified from hedge reserve to profit or loss	109,451	(80,122)

23.3.2. Derivative financial assets and liabilities

The carrying values are as follows:

	FY23 $'000	FY22 $'000
DERIVATIVE FINANCIAL ASSETS		
Cross currency swaps	**4,474**	11,400
Interest rate swaps	**20,722**	27,252
Overnight index swaps	**-**	568
	25,196	39,220
DERIVATIVE FINANCIAL LIABILITIES		
Overnight index swaps	**426**	235
	426	235

The Group seeks to minimise the effects of foreign currency and some interest rate exposures by using derivative instruments to hedge these positions. Derivatives are initially recognised at fair value at the date derivative contracts are entered into, and subsequently measured at their fair value at each reporting period.

During the period, currency movements drove changes in valuation of the Groups' cross currency swaps hedged to the Group's US RMBS bonds. These movements in the derivative balances are matched with the USD bond liabilities, with the profit/(loss) on swaps recognised in Other Comprehensive Income.

23.4. Market risk

Market risk is the risk of an adverse impact on the Group's earnings resulting from changes in market factors, such as interest rates, equity prices and foreign exchange rates.

23.4.1. Interest rate risk

Interest rate risk is the risk that the Group will experience deterioration in its financial position as interest rates change over time.

Interest rate exposure is driven by interest rate mismatches between assets and liabilities (i.e. borrowing at floating interest rates and lending with fixed interest rates). Interest rate risk is managed by entering into interest rate and overnight index swaps subject to the Group's hedging and derivatives policies.

23.4.2. Interest rate risk – Sensitivity analysis

The majority of the Group's liabilities are issued through warehouse facilities and securitisation trusts. Under such arrangements, the repayment profile of the bonds is matched to the repayments collected from the loan assets.

The Group has calculated the impact of a potential increase or decrease in borrowing costs in limited recourse entities for the year in the event of a +/- 10bps change in interest rates as shown in the table:

10bps +/-	FY23 $'000	FY22 $'000
Cross currency swaps	**13,737**	15,672
Interest rate swaps	**14,375**	16,190

In relation to the Group's interest rate swaps, if interest rates had been 10bps higher/lower and all other variables were held constant, the Groups:

- profit for the year ended 30 June 2023 would decrease/increase by $0.4 million (FY22: $1.3 million)
- cash flow hedge reserves would decrease/increase by $1.0 million (FY22: Nil).

23.4.3. Interest rate swap contracts

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the cash flow exposures on the issued variable rate debt. The fair value of interest rate swaps at the end of the reporting period is determined by discounting the future cash flows using the curves at the end of the reporting period and the credit risk inherent in the contract and is disclosed below:

FAIR VALUE ASSET	FY23 $'000	FY22 $'000
Derivative financial assets	**20,722**	27,252

The following table details the notional principal amounts outstanding at the end of the reporting period:

NOTIONAL PRINCIPAL VALUE	FY23 $'000	FY22 $'000
Less than 1 year	**113,962**	114,574
1 to 2 years	**229,379**	237,079
2 to 5 years	**813,565**	788,335
	1,156,906	1,139,988

The interest rate swaps settle and reset on a monthly basis. The floating rate on the interest rate swaps is the Bank Bill Swap Rate (BBSW) local interbank rate. The Group will settle the difference between the fixed and floating interest rate on a net basis.

23.4.4. Overnight index swap contracts

Under overnight index swap contracts, the Group agrees to exchange the difference between the overnight cash rate plus a margin and 1 month BBSW on agreed notional principal amounts. Such contracts enable the Group to mitigate the exposure of basis differentials in an increasing rates environment, of its loan and funding book. The fair value of overnight index swaps at the end of the reporting period is determined by discounting the future cash flows using the curves at the end of the reporting period and the credit risk inherent in the contract and is disclosed below.

	FY23 $'000	FY22 $'000
FAIR VALUE ASSET		
Derivative financial assets	**-**	568
FAIR VALUE LIABILITY		
Derivative financial liabilities	**426**	235

The following table details the notional principal amounts outstanding at the end of the reporting period:

NOTIONAL PRINCIPAL VALUE	FY23 $'000	FY22 $'000
Less than 1 year	**4,000,000**	1,000,000
1 to 2 years	**-**	2,000,000
2 to 5 years	**-**	-
	4,000,000	3,000,000

23.4.5. Corporate interest – Sensitivity analysis

The remainder of the Group's loan portfolio and liabilities are held in corporate entities. The impact of a potential +/- 10bps change in interest rates on interest revenue and borrowing costs on balances held by the Group for the year is set out in the table below:

10bps +/-	FY23 $'000	FY22 $'000
Impact on corporate interest revenue		
Interest rate + 10bps	**1,085**	933
Interest rate - 10bps	**(1,085)**	(933)
Impact on corporate funding costs		
Interest rate + 10bps	**(50)**	(70)
Interest rate - 10bps	**50**	70

23.4.6. Equity price risk

Equity investments in listed and unlisted shares are held for strategic rather than trading purposes. The Group does not actively trade these investments.

23.4.7. Equity investment valuation risk - sensitivity analysis

If equity prices on listed shares had been 10% higher / lower:

- Other comprehensive income would increase/ decrease by $1,708,000 as a result of the changes in fair value of investments in listed shares (FY22: $1,596,000).

If fair value assessments on unlisted shares had been 10% higher / lower:

- Net profit for the year ended 30 June 2023 would increase/decrease by $351,000 as a result of the changes in fair value of the investments in unlisted shares (FY22: $726,000); and

23.5. Foreign currency risk

23.5.1. Accounting translation

As at reporting date the Group held cash assets and loans denominated in New Zealand dollars (NZD).

Fluctuations in the NZD are not expected to have a material impact on the consolidated statement of profit or loss or the consolidated statement of comprehensive income and equity of the Group.

23.5.2. Market risk - foreign exchange on monetary items

The Group obtains funding denominated in foreign currencies, consequently, exposure to exchange rate fluctuations arise. These currencies include USD and JPY. The Group manages foreign currency risk through the use of currency derivatives.

The carrying amounts of the Group's foreign currency denominated assets and liabilities and notional principal amounts outstanding at the end of the reporting period are set out in Note 23.3.1.

23.6. Credit risk management

Credit risk is the risk that a counterparty will fail to complete its contractual obligations when they fall due. The consequential loss is the amount of the financial obligation not paid back, or the loss incurred in replicating a trading contract with a new counterparty.

The Group's primary credit risk exposures relate to its lending activities in its principally funded mortgage portfolio and asset finance portfolio. The Group's primary lending activities are concentrated in the Australian and New Zealand market. The underlying credit risk in the Group's lending activities is commensurate with a geographically-diverse residential mortgage portfolio and asset finance portfolio.

The Board of Directors is responsible for determining the Group's overall appetite for credit risk and monitoring the quality and performance of the mortgage portfolio. The credit risk management operational framework and policy is governed and managed by the Credit Committee.

The Group does not have any direct counterparty credit exposure arising from its financing and securitisation activities. Counterparty risk is governed, and mitigated where required, by ratings agency criteria within the securitisation trusts including exposures to banks, lender's mortgage insurance providers and derivative counterparties.

23.6.1. Credit risk in lending

The Group has established lending policies and procedures to manage the credit risk inherent in lending. The extent of credit risk in the Group's lending activities is managed within its origination and funding programmes. The Group maintains separate credit policies for each programme and regularly reviews and amends policies in line with economic, operating and funding conditions.

The Group's approach to credit management utilises a conservative credit risk framework to ensure that the following principles are adhered to:

- independence from brokers;
- recognition of the different risks in the various Group businesses;
- credit exposures are systematically controlled and monitored;
- credit exposures are regularly reviewed in accordance with up-to-date credit procedures; and
- credit exposures include such exposures arising from derivative transactions.

Each of the Group's business units are responsible for managing credit risks that arise in their own areas with oversight from a Group Credit Committee. It is the Credit Committee policy to monitor the policies of all divisions to ensure that the risk of the Group is monitored appropriately.

The Group Credit Committee will continually monitor the credit policy taking into account internal and external factors, to ensure credit policy aligns with the risk appetite of the Group.

23.6.2. Exposure to credit risk

Loans and advances consist of a large number of customers, spread across diverse demographic and geographical areas. Ongoing credit evaluation is performed on the financial condition of loans and advances, accounts receivable and other financial assets.

There is no significant concentration of risk to any single counterparty.

The credit risk on derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

23.6.3. Maximum exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's exposure to credit risk at the reporting date was:

	NOTE	FY23 $'000	FY22 $'000
Cash and cash equivalents	4	1,085,417	932,781
Trade and other receivables (excluding prepayments)	5	1,095	3,130
Contract assets	1	13,877	24,077
Other financial assets	7	28,587	23,483
Derivative financial assets	23	25,196	39,220
		1,154,172	1,022,691
Loans and advances at amortised cost (subject to credit risk)	6	13,736,981	15,672,444
		14,891,153	16,695,135

As at 30 June 2023, 100% of the Group's cash and cash equivalents are held with banks or financial institutions with a credit rating of AA- or better (FY22: 100%).

23.6.3.1. Loan borrowers

The Group manages credit risk by obtaining security over the loan asset and mortgage insurance for loans, where required.

In monitoring the credit risk, loans are grouped according to their credit characteristics using credit risk classification systems. This includes the use of the Loan to Value Ratio (LVR) to assess its exposure to credit risk from loans originated through the securitisation programme.

23.6.4. Financial guarantees

The Group is exposed to credit risk in relation to financial guarantees given to banks. The Group's maximum exposure in this respect is the maximum amount the Group could have to pay if the guarantees are called on. Refer to Note 26.2 for the guarantees in respect of the leases.

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23.6.5. Credit risk management

The following table summarises the loans and advances and the expected credit loss by stage and risk category:

MAXIMUM EXPOSURE TO CREDIT RISK	Stage 1 Collective $'000	Stage 2 Collective $'000	Stage 3 Collective $'000	Stage 3 Specific $'000	Total $'000
Balance as at 30 June 2023					
Loans and advances					
• Mortgage lending	12,614,816	365,141	126,574	6,084	13,112,615
• Asset finance lending	629,738	6,106	99	1,228	637,171
• Commercial lending	265	-	-	–	265
Total	13,244,819	371,247	126,673	7,312	13,750,051
Balance as at 30 June 2022					
Loans and advances					
• Mortgage lending	14,923,300	318,070	39,547	6,000	15,286,917
• Asset finance lending	395,159	1,435	129	303	397,027
• Commercial lending	556	-	-	–	556
Total	15,319,015	319,505	39,676	6,304	15,684,500

EXPECTED CREDIT LOSS	Stage 1 Collective $'000	Stage 2 Collective $'000	Stage 3 Collective $'000	Stage 3 Specific $'000	Total $'000
Balance as at 30 June 2023					
Loans and advances					
• Mortgage lending	15,448	13,244	11,937	1,837	42,466
• Asset finance lending	1,846	763	57	712	3,378
• Commercial lending	-	-	-	–	-
Total	17,294	14,007	11,994	2,549	45,844
Balance as at 30 June 2022					
Loans and advances					
• Mortgage lending	23,023	12,720	4,844	4,171	44,757
• Asset finance lending	1,969	81	55	178	2,283
• Commercial lending	1	-	-	–	1
Total	24,992	12,801	4,899	4,349	47,041

The majority of the Group's exposure to loans and advances is limited, as they are legally owned by securitisation trusts with limited recourse to the Group. Losses on mortgage loans in these entities are therefore limited to the Group's investment in notes in these trusts and the residual income rights of trusts. The trust structures are designed such that losses are covered by the income generated from the assets within the trust before the investment notes are impaired.

Collateral held

The value of the collateral held as security for loans in stage 2 and stage 3 collective at 30 June 2023 is $726.4 million (30 June 2022: $522.8 million).

The value of the collateral held as security for loans in stage 3 specific loans at 30 June 2023 is $5.1 million (30 June 2022: $2.2 million).

Loans are secured by the Group by having the property titles registered as a financial interest that provide the Group first priority over any proceeds becoming available from the sale of the property. For Prime insured loans, LMI policies exist to cover 100% of the principal amount at default plus interest. At 30 June 2023, 97% of the Australian mortgage lending portfolio is either mortgage insured or originated at an LVR of below 80%.

23.6.6. Credit risk concentrations

An analysis of the Group's credit risk concentrations on loans and advances is provided in the following table. The amounts in the table represent gross carrying amounts:

LOANS & ADVANCES AT AMORTISED COST	FY23		FY22	
Concentration by region	$'000	%[1]	$'000	%[1]
New South Wales	4,985,022	36%	5,781,932	37%
Victoria	3,567,529	26%	4,069,813	26%
Queensland	2,470,642	18%	2,844,067	18%
Western Australia	922,251	7%	1,101,971	7%
South Australia	894,862	7%	948,254	6%
Tasmania	92,180	1%	103,147	1%
Northern Territory	59,912	0%	61,760	0%
New Zealand	757,653	5%	773,556	5%
Total	13,750,051	100%	15,684,500	100%

EXPECTED CREDIT LOSS	FY23		FY22	
Concentration by region	$'000	%[1]	$'000	%[1]
New South Wales	16,374	36%	15,173	32%
Victoria	13,141	29%	11,202	24%
Queensland	7,797	17%	9,728	21%
Western Australia	4,059	9%	5,811	12%
South Australia	2,085	5%	2,856	6%
Tasmania	232	0%	243	1%
Northern Territory	827	1%	1,410	3%
New Zealand	1,329	3%	618	1%
Total	45,844	100%	47,041	100%

1 Rounded to nearest 100bps.

23.6.7. Analysis of loans and advances by past due status

Under the Group's monitoring procedures, a significant increase in credit risk is identified at the latest when exposure becomes 30 days past due. The table below provides an analysis of the gross carrying amount of loans and advances by past due status that are over 30 days past due.

LOANS & ADVANCES AT AMORTISED COST[1]	FY23 $'000	FY22 $'000
0 days and less than 30 days	13,428,879	15,592,251
30 days and less than 60 days	125,826	41,460
60 days and less than 90 days	63,915	9,024
90 days and less than 180 days	77,987	23,364
180 days and less than 270 days	35,959	6,885
270 days and less than 365 days	9,873	4,081
365 days and over	7,612	7,435
Total	13,750,051	15,684,500

1 Includes loans that are collectively and specifically provided for.

EXPECTED CREDIT LOSS	FY23 $'000	FY22 $'000
0 days and less than 30 days	25,896	39,206
30 days and less than 60 days	3,526	1,101
60 days and less than 90 days	3,046	558
90 days and less than 180 days	7,742	3,041
180 days and less than 270 days	3,237	802
270 days and less than 365 days	1,148	501
365 days and over	1,249	1,832
Total	45,844	47,041

23.6.8. Movement in credit exposures

PROVISION FOR IMPAIRMENT LOSSES	Stage 1 Collective $'000	Stage 2 Collective $'000	Stage 3 Collective $'000	Stage 3 Specific $'000	Total $'000
Balance as at 30 June 2022	24,992	12,801	4,899	4,349	47,041
Net transfer between stages	7,252	(5,137)	(978)	(1,137)	-
Stage 1 - Collective	-	(5,125)	(717)	(1,410)	(7,252)
Stage 2 - Collective	5,125	-	(116)	128	5,137
Stage 3 - Collective	717	116	-	145	978
Stage 3 - Impaired	1,410	(128)	(145)	-	1,137
Net re-measurement on transfers between stages	(20,204)	6,800	7,745	1,949	(3,710)
Impact of transfers between stages and re-measurement	12,040	14,464	11,666	5,161	43,331
Net Financial Assets Originated	8,061	1,362	1,418	203	11,044
Movements in existing individually assessed provisions and write-backs	-	-	-	(49)	(49)
Write-offs	-	-	-	(3,437)	(3,437)
Discharges/Other	(2,807)	(1,819)	(1,091)	672	(5,045)
Balance as at 30 June 2023	17,294	14,007	11,993	2,550	45,844

CREDIT EXPOSURE					
Balance as at 1 July 2022	15,319,015	319,505	39,676	6,304	15,684,500
Net transfers between stages and financial assets originated	(2,074,196)	51,742	86,997	4,445	(1,931,012)
Write-offs	-	-	-	(3,437)	(3,437)
Balance as at 30 June 2023	13,244,819	371,247	126,673	7,312	13,750,051

PROVISION FOR IMPAIRMENT LOSSES	Stage 1 Collective $'000	Stage 2 Collective $'000	Stage 3 Collective $'000	Stage 3 Specific $'000	Total $'000
Balance as at 30 June 2021	13,800	14,016	4,310	5,439	37,565
Net transfer between stages	5,783	(4,188)	(371)	(1,224)	-
Stage 1 - Collective	-	(4,414)	(441)	(927)	(5,782)
Stage 2 - Collective	4,414	-	(178)	(48)	4,188
Stage 3 - Collective	441	178	-	(248)	371
Stage 3 - Impaired	927	48	248	-	1,223
Net re-measurement on transfers between stages	(7,822)	2,608	688	-	(4,526)
Impact of transfers between stages and re-measurement	11,761	12,436	4,627	4,215	33,039
Net Financial Assets Originated	12,698	363	273	131	13,465
Movements in existing individually assessed provisions and write-backs	-	-	-	1,815	1,815
Write-offs	-	-	-	(1,970)	(1,970)
Discharges/Other	533	2	(1)	158	692
Balance as at 30 June 2022	24,992	12,801	4,899	4,349	47,041

CREDIT EXPOSURE					
Balance as at 1 July 2021	13,453,842	431,457	36,947	12,194	13,934,440
Net transfers between stages and financial assets originated	1,865,173	(111,952)	2,729	(5,890)	1,750,060
Write-offs	-	-	-	(1,970)	(1,970)
Balance as at 30 June 2022	15,319,015	319,505	39,676	6,304	15,684,500

23.7. Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements.

The Group's funding platform currently comprises a mix of:

- warehouse facilities;
- securitisation trusts;
- secured corporate debt facilities; and
- cash.

The majority of the Group's liabilities represent bonds issued by SPVs through warehouse facilities and securitisation trusts. Under such arrangements, bondholder recourse is limited to the assets of the relevant SPVs to which the liability relates and the repayment profile of the bonds is matched to the repayments collected from the loan assets. Given the limited recourse nature of these borrowings, $14.1 billion at 30 June 2023 (FY22: $15.8 billion), they have not all been included in the table below.

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Note 23.7.2 below sets out details of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

23.7.1. Liquidity risk tables

The following table shows the Group's remaining expected maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay and hence will not necessarily reconcile with the amounts disclosed in the statement of financial position.

The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Group may be required to pay.

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	<6 months or on demand	6-12 months	1-3 years	3-5 years	>5 years	Total cash flows	Carrying amount
FINANCIAL LIABILITIES	$'000	$'000	$'000	$'000	$'000	$'000	$'000
FY23							
Non-derivatives							
Trade and other payables	27,146	-	-	-	-	27,146	27,146
Interest-bearing liabilities							
• Issuance facilities	21,110	-	143,289	131,517	-	295,916	295,916
• Corporate debt	50,000	-	-	-	-	50,000	50,000
Present value of future trail commissions payable	1,227	1,032	2,677	1,373	1,377	7,686	6,850
Lease liabilities	1,087	1,089	4,482	3,886	-	10,544	9,369
	100,570	2,121	150,448	136,776	1,377	391,292	389,281
Derivatives	426	-	-	-	-	426	426
	100,996	2,121	150,448	136,776	1,377	391,718	389,707
FY22							
Non-derivatives							
Trade and other payables	30,062	-	-	-	-	30,062	30,062
Interest-bearing liabilities							
• Issuance facilities	9,466	26,216	93,728	248,272	-	377,682	377,682
• Corporate debt	-	-	70,000	-	-	70,000	70,000
Present value of future trail commissions payable	2,126	1,721	4,240	1,917	1,746	11,750	11,750
Lease liabilities	1,083	1,105	4,326	4,665	1,535	12,714	11,097
	42,737	29,042	172,294	254,854	3,281	502,208	500,591
Derivatives	235	-	-	-	-	235	235
	42,972	29,042	172,294	254,854	3,281	502,443	500,826

23.7.2. Financing facilities

	FY23	FY22
Secured corporate debt facility which may be extended by mutual agreement	$'000	$'000
Amount used	-	20,000
Amount unused	30,000	10,000
	30,000	30,000

Group structure.

For the year ended 30 June 2023

24. Subsidiaries

Details of the Group's subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Principal activity	Place of incorporation and operation	PROPORTION OF OWNERSHIP INTEREST HELD & VOTING POWER HELD BY THE GROUP	
			FY23	FY22
CONTROLLED COMPANIES			%	%
Access Network Management Pty Ltd	Mortgage manager	Australia	100	100
Auspak Financial Services Pty Ltd	Mortgage broker	Australia	100	100
Clarence Street Finance Pty Ltd	Holder of commission agreements	Australia	100	100
Clarence Street Funding No.1 Pty Ltd	Special purpose vehicle	Australia	99.9	99.9
Clarence Street Funding No.2 Pty Ltd	Participation unit holder	Australia	100	100
Clarence Street Funding No.3 Pty Ltd	Special purpose vehicle	Australia	100	100
Clarence Street Funding No.4 Pty Ltd	Special purpose vehicle	Australia	100	100
Clarence Street Funding No.6 Pty Ltd	Special purpose vehicle	Australia	100	100
Clarence Street Funding No.7 Pty Ltd	Special purpose vehicle	Australia	100	100
Clarence Street Funding No.8 Pty Ltd	Special purpose vehicle	Australia	100	100
Clarence Street Funding No.9 Pty Ltd	Special purpose vehicle	Australia	100	100
Clarence Street Funding No.10 Pty Ltd	Special purpose vehicle	Australia	100	100
Clarence Street Funding No.11 Pty Ltd[1]	Special purpose vehicle	Australia	100	-
FAI First Mortgage Pty Ltd	Trust manager and servicer	Australia	100	100
Homeloans.com.au Pty Ltd	Mortgage lender	Australia	100	100
Housing Financial Services Pty Ltd	Mortgage originator	Australia	100	100
Independent Mortgage Corporation Pty Ltd	Mortgage broker	Australia	100	100
Resimac Asset Finance Pty Ltd	Asset finance originator and manager	Australia	100	100

1 Incorporated on 1 November 2022.

Name of subsidiary	Principal activity	Place of incorporation and operation	PROPORTION OF OWNERSHIP INTEREST HELD & VOTING POWER HELD BY THE GROUP	
			FY23	FY22
CONTROLLED COMPANIES			%	%
Evergreen Finance Company Pty Ltd[2]	Lender of record	Australia	-	100
RAF Structured Finance Pty Ltd	Consumer and commercial lending	Australia	100	100
SF Mortgage Pty Ltd	Lender of record	Australia	100	100
Parnell Road Funding No.1 Limited	Special purpose vehicle	New Zealand	100	100
Parnell Road Funding No.2 Limited	Special purpose vehicle	New Zealand	100	100
Prime Insurance Group Limited	LMI captive insurer	Bermuda	100	100
RESIMAC Capital Markets Pty Ltd	Trust manager	Australia	100	100
RESIMAC Financial Services Limited	NZ Holding company	New Zealand	100	100
RESIMAC Financial Securities Limited	NZ Trust manager and servicer	New Zealand	100	100
RESIMAC Home Loans Limited	NZ Lender of record and trustee	New Zealand	100	100
RESIMAC Limited	Non-bank lender	Australia	100	100
RESIMAC NZ Home Loans Limited	NZ Holding company	New Zealand	100	100
RESIMAC Premier Warehouse No.1 Pty Ltd[3]	Unit Holder	Australia	-	-
RMC Fiduciary Services Pty Ltd[4]	Mortgage trustee	Australia	-	-
RHG Mortgage Corporation Pty Ltd[3]	Lender of record	Australia	-	-
RHG Mortgage Securities Pty Ltd[3]	Mortgage trustee	Australia	-	-
RHG Home Loan Pty Ltd	Mortgage Originator	Australia	100	100
The Servicing Company Pty Ltd	Trust servicer	Australia	100	100
RESIMAC EST PTY LTD	Initial Trustee	Australia	100	100
23 Degrees Capital Partners Pty Ltd[5]	Asset finance wholesaler	Australia	51	15
0508 Home Loans Limited	Dormant	New Zealand	100	100
0800 Home Loans Limited	Dormant	New Zealand	100	100
Clarence Street Funding No.5 Pty Ltd	Dormant	Australia	99.9	99.9
Fiduciary Services Pty Ltd	Dormant	Australia	100	100
National Mutual Pty Ltd	Dormant	Australia	100	100
RESIMAC Financial Securitisation Limited	Dormant	New Zealand	100	100
RESIMAC Financial Services Pty Ltd	Dormant	Australia	100	100

2 Deregistered on 27 November 2022.
3 Ownership interest is 0% however the Group have Board control.
4 Incorporated on 8 June 2022. Ownership interest is 0% however the Group have Board control.
5 Ownership increased to 51% on 1 August 2022.

Name of subsidiary	Principal activity	Place of incorporation and operation	PROPORTION OF OWNERSHIP INTEREST HELD & VOTING POWER HELD BY THE GROUP FY23	FY22
CONTROLLED COMPANIES			%	%
RESIMAC Leasing Pty Ltd	Dormant	Australia	100	100
Homeloans Pty Ltd	Dormant	Australia	100	100
CONTROLLED TRUSTS				
Avoca Master Trust	Issuer of RMBS	Australia	100	100
NZF Mortgages Warehouse A Trust	Warehouse mortgages	New Zealand	100	100
RESIMAC Bastille Master Trust[6]	Issuer of RMBS	Australia	100	100
RESIMAC Triomphe Master Trust[6]	Issuer of RMBS	Australia	100	100
RESIMAC Versailles Master Trust	Issuer of RMBS	New Zealand	100	100
RESIMAC Victoire Trust	Warehouse mortgages	New Zealand	100	100
RESIMAC Premier Series 2021-2	Issuer of RMBS	New Zealand	100	100
RMT Warehouse Trust No.2[8]	Warehouse mortgages	Australia	100	100
RMT Securitisation Trust No.7[6]	Issuer of RMBS	Australia	100	100
RMC Enhanced Income Fund[7]	Managed Investment Trust	Australia	100	100
RAF Trust[8]	Consumer and commercial lending	Australia	100	100
International Acceptance Trust	Consumer and commercial lending	Australia	100	100
Resimac Group Limited Employee Share Trust[9]	Employee share trust	Australia	-	-

6 This does not represent holding in capital units, percentage ownership represents control of these Trusts.
7 Incorporated on 30 March 2022
8 Incorporated on 8 June 2022.
9 Ownership interest is 0% however a 100% owned subsidiary (RESIMAC EST PTY LTD) acts as trustee.

Special purpose entities - securitised trusts and funding warehouses

The Group has established special purpose entities to support the specific funding needs of the Group's securitisation programme with the aim to:

- conduct securitisation activities funded by short term warehouse facilities provided by reputable lenders; and
- hold securitised assets and issue bonds.

The special purpose entities meet the criteria of being controlled entities under AASB 10 – Consolidated Financial Statements.

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GROUP STRUCTURE

25. Acquisition of subsidiary

25.1. Accounting for Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Transaction costs incurred in connection with a business combination are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

25.2. Non-controlling interests (NCI)

The Group recognises non-controlling interests in an acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis.

For the non-controlling interests in 23 Degrees Capital Partners Pty Ltd, the Group elected to recognise the non-controlling interests at its proportionate share of the acquired net identifiable assets.

25.3. Details of acquisition

On 1 August 2022 Resimac exercised the option to acquire a controlling stake in 23 Degrees Capital Partners Pty Ltd (operating as Sonder) for a purchase consideration of $0.9 million, increasing Resimac's interest in 23 Degrees Capital Partners Pty Ltd from 15% to 51%.

The total fair value of the purchase consideration for the 51% ownership in 23 Degrees Capital Partners Pty Ltd consists of the following:

- $150,000 paid for the acquisition of 15% on 10 August 2021; and
- $900,000 paid for the acquisition of an additional 36% on 1 August 2022.

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value
ASSETS	$'000
Cash and cash equivalents	220
Other assets	8
Total assets	**228**
LIABILITIES	
Other liabilities	(29)
Total liabilities	**(29)**
Fair value of identified net assets	**199**
Less: Non-controlling interest	(98)
Add: Goodwill (Refer to Note 11)	949
Purchase consideration	**1,050**

Subsequent to the acquisition accounting, goodwill becomes subject to impairment tests which are undertaken at least annually, or if and when there are indicators that goodwill maybe impaired.

Unrecognised items.

For the year ended
30 June 2023

26. Commitments and contingencies

26.1. Commitments

On 20 June 2023 Resimac entered in a sale and purchase agreement to purchase a $150 million portfolio of commercial asset finance loan receivable from Thorn Group Limited (ASX: TGA). The purchase is subject to Thorn Group Limited shareholder approval and is expected to complete in September 2023.

The Directors were not aware of any other commitments (including capital commitments) as at the end of the financial year or arising since balance date.

26.2. Contingent liabilities

Lease guarantees

The Group has provided guarantees in respect of the leases over its premises of $992,600 (FY22: $992,600). The Directors were not aware of any other contingent liabilities as at the end of the financial year or arising since balance date.

27. Subsequent events

27.1. Final dividend declared

The Board of Resimac Group Ltd declared a fully-franked final dividend of $0.04 per share. The record date will be 8 September 2023. The payment date will be 20 September 2023. The dividend has not been provided for in this financial report.

27.2. Acquisition of Thorn Group Limited's asset finance portfolio

Other than the sale and purchase commitment disclosed in Note 26.1, there have been no circumstances arising since 30 June 2023 that have significantly affected or may significantly affect:

(a) The operations;

(b) The results of those operations; or

(c) The state of affairs of the Group in future financial years.

Other.

For the year ended
30 June 2023

28. Auditor's remuneration

	FY23 $'000	FY22 $'000
DELOITTE TOUCHE TOHMATSU		
Audit or review of financial reports		
• Group	**366,033**	307,757
• Subsidiaries	**708,267**	705,219
	1,074,300	1,012,976
Statutory assurance services required by legislation to be provided by the auditor	**95,498**	95,120
Other assurance and agreed-upon procedures under other legislation or contractual arrangements	**153,347**	218,246
Other services - Tax consulting services	**-**	3,990
Total remuneration of Deloitte Touche Tohmatsu	**1,323,145**	1,330,332
NON DELOITTE TOUCHE TOHMATSU AUDIT FIRMS		
Other services		
• Tax compliance services	**118,616**	172,452
• Tax consulting services	**-**	44,246
Total remuneration of Non Deloitte Touche Tohmatsu audit firms	**118,616**	216,698

28.1. Non-audit services

The auditor of the Group is Deloitte Touche Tohmatsu (Deloitte). It is the Group's policy to employ Deloitte on assignments additional to its statutory audit duties, in compliance with the Group's independence policies, where Deloitte's expertise and experience with the Group are important.

The total non-audit services fees of $153,347 represents 11.6% of the total fees paid or payable to Deloitte and related practices for the year ended 30 June 2023 (FY22: $222,236).

29. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

During the year, the Group entered into the following transaction with a related party that is not a member of the Group:

	INCOME RECEIVED		EXPENSES PAID	
	FY23	FY22	FY23	FY22
	$'000	$'000	$'000	$'000
Director's related entity	760[1]	-	2,000[2]	2,000
	760	-	2,000	2,000

1 Interest received on related party loan to Somers Limited.
2 Professional Indemnity and Directors & Officers Liability insurance premiums paid to General Provincial Insurance Ltd. This insurance policy was entered into at commercial arms length terms.

Sales to related parties occur at arm's length on commercial terms in the ordinary course of business in accordance with the terms and conditions outlined in the relevant commercial agreements with each party.

The following balances were outstanding at the end of the reporting period:

	AMOUNTS OWED BY RELATED PARTIES		AMOUNTS OWED TO RELATED PARTIES	
	FY23	FY22	FY23	FY22
	$'000	$'000	$'000	$'000
Director's related entity[3]	8,000	-	-	-
Other related parties of Resimac Group Ltd[4]	15,905	17,806	-	-
	23,905	17,806	-	-

3 Short-term interest bearing loan provided to Somers Limited. Interest is charged on arm's length terms.
4 Includes residential mortgages to KMP or related parties lent in ordinary course of business at arm's lengths.

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Amounts owed by related parties are secured and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the current or prior years for bad or doubtful debts in respect of the amount owed by related parties.

Compensation of KMP

The remuneration disclosures of Directors and other members of KMP during the year are provided in sections 1 to 10 of the remuneration report on pages 26 to 39 of this financial report designated as audited and forming part of the Directors' report.

The remuneration disclosures are for Resimac KMP only as presented in the Remuneration report.

KMP COMPENSATION	FY23 $'000	FY22 $'000
Short-term benefits	2,859,007	3,248,560
Post-employment benefits	134,392	137,500
Long-term benefits	36,116	71,614
Termination benefits	20,767	-
Share-based payments	438,750	413,239
	3,489,032	3,870,913

The remuneration of Directors and KMP is determined by the Remuneration and Nomination Committee having regard to the performance of individuals and market trends.

"The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

30. Parent disclosures

The parent company of the Group, as at and throughout the financial year ended 30 June 2023, was Resimac Group Ltd.

Presented below is supplementary information about the parent entity.

STATEMENT OF FINANCIAL POSITION	FY23 $'000	FY22 $'000
Assets		
Current	**18,333**	14,837
Non-current	**416,330**	456,856
	434,663	471,693
Liabilities		
Current	**14,510**	9,027
Non-current	**31,169**	37,309
	45,679	46,336
Net assets	**388,984**	425,357
Equity		
Issued capital	**185,646**	185,646
Reserves	**2,214**	1,347
Accumulated losses	**201,124**	238,364
	388,984	425,357
Attributable to members of the parent:		
(Loss)/Profit after tax	**(4,834)**	180,658
Total comprehensive income for the period	**(4,834)**	180,658

30.1. Guarantees, contingent liabilities and contingent assets

At 30 June 2023, there are no financial guarantees, contingent assets or contingent liabilities with respect to the parent company. (FY22: Nil).

30.2. Accounting policies

The accounting policies of the parent entity, which have been applied in determining the financial information shown above, are the same as those applied in the consolidated financial statements.

31. Share-based payments

31.1. Employee share option plan of the Company

The Company has a share option scheme (pursuant to the Resimac Group Ltd Employee Share Option and Rights Plan) for senior employees of the Company. In accordance with the terms of the Plan, as approved by shareholders at the 2017 Annual General Meeting, senior employees may be granted options to purchase ordinary shares.

Each employee share option converts into one ordinary share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

Long-Term Incentive (LTI#1) Share Options - CEOs

Resimac offered the CEO Scott McWilliam the opportunity to purchase 900,000 share options vesting in three equal tranches on each anniversary of the grant date. The options were granted on 18 August 2017 and all options vest within 12 months, 24 months and 36 months of respective grant date associated with each tranche. The options expire within 36 months of their vesting, or one month after resignation, whichever is the earlier. The sole vesting condition of the options is to remain employed with the Company to the respective vesting date associated with each tranche.

Tranche 1 and 2 of the share options were exercised in FY21 and FY22, respectively, and Tranche 3 was exercised in June 2023.

Long-Term Incentive (LTI#2) Share Options – CEO and General Managers (GMs)

Under the Group's LTI share options and rights plan, the CEO and GMs receive options over ordinary shares and a potential cash component of $2.4 million. The options were granted on 15 August 2019 and the vesting date for all options is 31 August 2022, subject to the Group achieving Net Profit After Tax (NPAT) growth hurdles, digital transformation hurdles, compliance hurdles and remaining employed with the Group until the vesting date.

The LTI#1 and LTI#2 are administered by The Trustee for the Resimac Group Limited Employee Share Trust. The trust is consolidated in accordance with Note 24. The trustee subscribes for the shares issued by the Group and allocates to the employees on exercise of options. Shares held by the trust and not yet allocated to employees at the end of the reporting period are shown as treasury shares in the financial statements.

The fair value of share options under LTI#1 and LTI#2 was recognised as an employee benefits expense with a corresponding increase in equity. The total expense was recognised over the vesting period, which was the period over which all of the specified vesting conditions were to be satisfied. At the end of each period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated statement of profit or loss with a corresponding adjustment to equity.

The fair value of the amounts payable to the CEO and GMs in respect of cash component is recognised as an expense with a corresponding increase in liabilities, over the vesting period. The liabilities are remeasured to fair value at each reporting date and are presented as employee benefit obligations in the consolidated statement of financial position.

A cash component LTI of $1.7 million was paid to the CEO and senior management in September 2022. Furthermore 785,000 share options were exercised in September 2022.

Employee Share Plan (ESP)

The Group commenced the Resimac Group Employee Share Scheme (ESS) in March 2021 whereby eligible employees are offered up to $1,000 worth of fully paid Resimac ordinary shares for no cash consideration.

Shares allocated under the ESS cannot be sold until the earlier of three years after allocation or the time when the participant is no longer employed by the Group.

The ESS offer for FY23 was made on 10 October 2022. A total of 195 (FY22: 190) staff participated in this offer. The participants were each allocated 1,025 (FY22: 524) fully allocated shares based on the offer amount of $1,000 and the 5 day volume weighted average price (VWAP) of $0.9754 (FY22: $1.9065), resulting in a total of 199,875 (FY22: 99,560) shares being allocated. The shares were allocated to staff for no cash consideration. For the financial year ended 30 June 2023, share-based payment expense relating to the ESS totalled $191,880 (FY22: $183,190).

The table below provides the details of options issued

ACQUIRED BY	Number of options	Tranche	Grand date	Fair value at grant date ($)	Exercise price of option ($)	Vesting date	Expiry date	Options forfeited	Options exercised	Number of options held at 30 June 2023	Number of options vested at 30 June 2023	Number of options unvested at 30 June 2023
McWilliam, Scott	300,000	Tranche 1	18/8/2017	0.07	0.55	1/7/2018	30/6/2021	-	(300,000)	-	-	–
McWilliam, Scott	300,000	Tranche 2	18/8/2017	0.08	0.55	1/7/2019	30/6/2022	-	(300,000)	-	-	–
McWilliam, Scott	300,000	Tranche 3	18/8/2017	0.09	0.55	1/7/2020	30/6/2023	-	(300,000)	-	-	–
McWilliam, Scott	300,000	Tranche 1	15/8/2019	0.20	0.65	31/8/2022	30/6/2025	-	-	300,000	300,000	–
McWilliam, Scott	300,000	Tranche 2	15/8/2019	0.20	0.65	31/8/2022	30/6/2025	-	-	300,000	300,000	–
McWilliam, Scott	300,000	Tranche 3	15/8/2019	0.20	0.65	31/8/2022	30/6/2025	-	-	300,000	300,000	–
GMs	1,000,000	Tranche 1	15/8/2019	0.20	0.65	31/8/2022	30/6/2025	(125,000)	(285,000)	590,000	590,000	–
GMs	1,000,000	Tranche 2	15/8/2019	0.20	0.65	31/8/2022	30/6/2025	(125,000)	(250,000)	625,000	625,000	–
GMs	1,000,000	Tranche 3	15/8/2019	0.20	0.65	31/8/2022	30/6/2025	(125,000)	(250,000)	625,000	625,000	–
Employee Share Plan	87,478	NA	12/4/2021	2.14	NA	12/4/2021	12/4/2021	-	(87,478)	-	-	–
Employee Share Plan	99,560	NA	22/10/2021	1.84	NA	22/10/2021	22/10/2021	-	(99,560)	-	-	–
Employee Share Plan	199,875	NA	10/10/2022	0.96	NA	10/10/2022	10/10/2022	-	(199,875)	-	-	–
	5,186,913							(375,000)	(2,071,913)	2,740,000	2,740,000	–

31.2. Fair value of options

The primary valuation approach we have considered for the valuations is the Black-Scholes method, which entails the determination of the value of the options using comparable market equivalent information. In determining the fair value of each of the share options, a number of statistical and probability based calculations have been considered.

The following table lists the inputs to the model used:

GRANT DATE	Tranche	Grand date share price ($)	Exercise price ($)	Term (years)	Annual volatility	Risk-free interest rate	Dividend yield	Call option value	Issued options
18 August 2017	Tranche 1	0.47	0.55	3.9	30-35%	2.00%	3.23%	$0.06-$0.08	600,000
18 August 2017	Tranche 2	0.47	0.55	4.9	30-35%	2.15%	3.23%	$0.07-$0.09	600,000
18 August 2017	Tranche 3	0.47	0.55	5.9	30-35%	2.26%	3.23%	$0.08-$0.10	600,000
15 August 2019	Tranche 1	0.76	0.65	5.9	25-30%	0.75%	2%	$0.18-$0.21	300,000
15 August 2019	Tranche 2	0.76	0.65	5.9	25-30%	0.75%	2%	$0.18-$0.21	300,000
15 August 2019	Tranche 3	0.76	0.65	5.9	25-30%	0.75%	2%	$0.18-$0.21	300,000
15 August 2019	Tranche 1	0.76	0.65	5.9	25-30%	0.75%	2%	$0.18-$0.21	1,000,000
15 August 2019	Tranche 2	0.76	0.65	5.9	25-30%	0.75%	2%	$0.18-$0.21	1,000,000
15 August 2019	Tranche 3	0.76	0.65	5.9	25-30%	0.75%	2%	$0.18-$0.21	1,000,000

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31.3. Movements in share options during the period

The following reconciles the share options outstanding at the beginning and the end of the period:

	Number of LTI options	Number of LTI options	Number of ESP options	Number of options total	Weighted average fair value ($)	Weighted average fair value ($)	Weighted average fair value ($)
	LTI #1	LTI #2			LTI #1	LTI #2	ESP
Unvested options at 1 July 2022	-	3,525,000	-	3,525,000	-	0.20	-
Vested options at 1 July 2022	300,000	-	-	300,000	0.09	-	-
Options held at 1 July 2022	**300,000**	**3,525,000**	**-**	**3,825,000**	**0.09**	**0.20**	**-**
Granted during the year	-	-	199,875	199,875	-	-	0.96
Exercised during the year	(300,000)	(785,000)	(199,875)	(1,284,875)	-	1.27	0.96
Unvested options at 30 June 2023	-	-	-	-	-		-
Vested options at 30 June 2023	-	2,740,000	-	2,740,000	-	0.20	-
Options held at 30 June 2023	**-**	**2,740,000**	**-**	**2,740,000**	**-**	**0.20**	**-**

31.4. Share options exercised during the period

The Trustee for the Resimac Group Limited Employee Share Trust allocated 785,000 treasury shares to GMs and 300,000 treasury shares to the CEO on their exercise of LTI#2 and LTI#1 share options on 6 September 2022 and 16 June 2023, respectively. 199,875 shares are held in the Trust on behalf of the employees under the ESP.

32. Other accounting policies

32.1. Application of new and revised accounting standards

The Group has applied the required amendments to Standards and Interpretations that are relevant to its operations and mandatorily effective for the first time for the financial year commencing 1 July 2022. These amendments did not have any material impact on the disclosures or on the amounts recognised in the consolidated financial statements.

32.2. New and revised accounting standards and interpretations on issue but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2023 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below. These standards are not expected to have a material impact on the financial statements of the Group in future periods.

STANDARD / AMENDMENT	Effective for annual reporting periods beginning on or after:
AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates*	1 July 2023
AASB 2021-5 *Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 July 2023
AASB 2022-1 *Amendments to Australian Accounting Standards – Initial Application of AASB 9 Financial Instruments – Comparative Information*	1 July 2023
AASB 17 *Insurance Contracts*	1 July 2023
AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current; AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of effective date; and IASB Amendment Non-current Liabilities with Covenants*	1 July 2024

The standards and interpretations listed above are not expected to have a material impact on financial results or financial position on adoption.

32.3. Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the costs of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Directors' declaration.

Resimac Group Ltd and its controlled entities

The Directors declare that:

(a) in the Directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable

(b) in the Directors' opinion, the attached financial statements are in compliance with Australian Accounting Standards as stated in the financial statements;

(c) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity and the company; and

(d) the Directors have been given the declarations required by s295.A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the Directors pursuant to s295(5) of the *Corporations Act 2001*.

On behalf of the Directors

Warren McLeland
Chairman

Sydney
28 August 2023

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Quay Quarter Tower
Level 46, 50 Bridge St
Sydney, NSW
Australia, 2000

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www.deloitte.com.au

28th August 2023

The Board of Directors
Resimac Group Limited
Level 9, 45 Clarence Street
Sydney, NSW, 2000

Dear Board Members

Auditor's Independence Declaration to Resimac Group Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Resimac Group Limited and its controlled entities.

As lead audit partner for the audit of the financial report of Resimac Group Limited for the year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) The auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) Any applicable code of professional conduct in relation to the audit.

Yours faithfully

DELOITTE TOUCHE TOHMATSU

Heather Baister
Partner
Chartered Accountants

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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Level 46, 50 Bridge St
Sydney, NSW
Australia, 2000

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Independent Auditor's Report to the Members of Resimac Group Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Resimac Group Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group's financial position as at 30 June 2023 and of their financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Impairment of loans and advances As at 30 June 2023, the Group has recognised provisions amounting to $45.8m for impairment losses on loans and advances held at amortised cost in accordance with the Expected Credit Loss (ECL) approach required under AASB 9 Financial Instruments as disclosed in Notes 6, 22 and 23. Loans and advances subject to provisioning using the ECL model include the residential lending portfolio, asset finance portfolio and loans approved but not yet advanced. Significant management judgement was necessary in determining expected credit losses, including: • The application of the requirements of the Australian Accounting Standards as reflected in the Group's ECL model particularly in light of the current economic environment and the impacts of increased interest rates on the variable loan portfolio; • The identification of exposures with a significant movement in credit quality to determine whether a 12-month or lifetime ECL should be recognised; and • Assumptions used in the ECL model such as the financial condition of the counterparty, repayment capacity and forward-looking macroeconomic factors as disclosed in Notes 6, 22 and 23.	Our audit procedures performed in conjunction with our specialists included, but were not limited to: Testing the design and implementation of relevant controls over the impairment provision including: • The accuracy of data inputs used in the ECL calculation; • The selection and application of assumptions used in the model; and • The ongoing monitoring and identification of loans displaying indicators of impairment and whether they are migrating on a timely basis to appropriate stages in accordance with AASB 9. Assessing impairment model adequacy We assessed the adequacy and completeness of management's internally developed model in determining the impairment loss provision. Our procedures included, but were not limited to: • Assessing whether management's model adequately addresses the requirements of the Australian Accounting Standards; • Evaluating management's assessment of the impact of the changing economic environment on the loan portfolio and as a result, the ECL; • Testing on a sample basis, individual exposures to assess if they are classified into appropriate default stages and aging buckets for the purpose of determining the impairment loss provision; • Assessing assumptions driving Probabilities of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD); • Assessing management overlays to the modelled collective provision by recalculating the coverage provided by the collective impairment provision (including overlays) to the loan book, taking into account recent history, performance and a range of economic factors that could impact the relevant portfolios; and • Assessing the completeness of the credit loss provision. We also assessed appropriateness of the disclosures in Notes 6,22 and 23 to the financial statements

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Key Audit Matter	How the scope of our audit responded to the Key Audit Matter

Reliance on automated processes and controls – system implementation and migration.
 	
The Group utilises loan management Information Technology (IT) infrastructure for the recording, processing, and presentation of loan level information for a high volume of transactions. The Group's financial reporting is reliant upon the information within this IT infrastructure and the IT controls over business process which support financial reporting.
 	
We considered this to be a key audit matter due to data migration initiatives undertaken during the financial year between loan management systems which impact the resultant loan level information presented in the financial report.
	Our audit procedures performed in conjunction with our specialists included, but were not limited to:
	
	• Assessing the governance and Group level controls across the IT environment and assessing the design and testing the implementation and operating effectiveness of controls across:
	    ○ The User Access Management Lifecycle, including how users are on-boarded, reviewed, and removed on a timely basis for critical IT applications and supporting infrastructure;
	    ○ Change Management including how changes are initiated, documented, approved, tested, and authorised; and
	    ○ Automated business process controls including those relating to enforcing segregation of duties.
	• Assessing the completeness and accuracy of the data transferred as part of the system migration.
	• Assessing the consistency of the configuration related to reports and automated controls between the previous system and the new system including the calculation of interest.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 28 of the Directors' Report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Resimac Group Limited, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

DELOITTE TOUCHE TOHMATSU

Heather Baister
Partner
Chartered Accountants

Sydney, 28th August 2023

Shareholder information.

Additional information required by the ASX and not disclosed elsewhere in this report is set out below. The information is current as at 19 September 2023.

a) Number of holders of equity securities

Ordinary share capital: **401,622,340** paid ordinary shares are held by 2,770 individual shareholders.

b) Voting rights

All issued ordinary shares carry one vote for each member present at the meeting on a show of hands and on a poll each member is entitled to one vote for every ordinary share held.

c) Distribution of members and their holdings

The number of equity securities by size of holding is set out below:

RANGE	Total holders	Units	% Units
1 to 1,000	729	378,229	0.09
1,001 to 5,000	964	2,559,768	0.64
5,001 to 10,000	350	2,729,348	0.68
10,001 to 100,000	611	19,646,818	4.89
100,001 and over	116	376,308,177	93.70
TOTAL	**2,770**	**401,622,340**	**100.00**

UNMARKETABLE PARCELS	Minimum parcel size	Holders	Units
Minimum $500.00 parcel at $0.9500 per unit	527	421	117,600

d) Substantial shareholders

The names of the substantial shareholders of the Company and the number of equity securities in which they have a relevant interest as disclosed in substantial shareholding notices given to the Company are set out below:

SHAREHOLDER	No. of shares	%
Somers Limited, ICM Limited, UIL Limited, Permanent Investments Limited, Somers Isles Private Trustee Company Limited, and each other entity controlled by Duncan Saville	**254,468,487**	**62.48**

e) Twenty largest shareholders

The 20 largest shareholders of ordinary shares on the Company's register at 19 September 2023 were:

SHAREHOLDER	No. of shares	%
JP Morgan Nominees Australia Pty Limited	188,364,267	46.90
HSBC Custody Nominees (Australia) Limited	83,708,354	20.84
Redbrook Nominees Pty Ltd	15,793,019	3.93
Motrose Pty Ltd	14,500,000	3.61
Warren John McLeland	11,920,138	2.97
National Nominees Limited	9,657,767	2.40
Hartley Phillips Securities Pty Ltd (Hartley Phillips Inv Tst A/C)	5,031,373	1.25
Moat Investments Pty Ltd (Moat Investment A/C)	3,427,545	0.85
Westpac Banking Corporation	2,493,130	0.62
Citicorp Nominees Pty Limited	1,893,492	0.47
Scanlon Capital Investments Pty Ltd	1,791,131	0.45
Acres Holdings Pty Ltd	1,496,881	0.37
Mr Scott Bruce Charles McWilliam	1,446,831	0.36
RSJSDS Pty Ltd (Salmon Super Fund A/C)	1,323,500	0.33
Resimac EST Pty Ltd (Resimac Group EST A/C)	1,265,125	0.32
High Pass Holdings Pty Ltd (High Pass Hldgs P/L Sup A/C)	1,191,687	0.30
Ralph Lauren 57 Pty Ltd (John James No 2 A/C)	1,073,600	0.27
Esselmont Pty Ltd (The Esselmont A/C)	989,749	0.25
Torryburn Pty Ltd (Torryburn Super Fund A/C)	982,619	0.24
TICO Pty Ltd	903,960	0.23
TOTAL	**349,254,168**	**86.96**

Managing your shareholding.

The Company's share registry is managed by Computershare Investor Services Pty Limited (Computershare).

The Investor Centre website is the fastest, easiest and most convenient way to view and manage your shareholding. Investor Centre enables a shareholder to:

- View the Company share price;
- Change your banking details;
- Change your address (for non-CHESS sponsored holdings);
- Update your dividend instruction;
- Update your Tax File Number (TFN), Australian Business Number (ABN) or exemption;
- Select your email and communication preferences; and
- View your transaction history.

When communicating with Computershare or accessing your holding online you will need your Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on your Issuer Sponsored / CHESS statements.

You can also contact Computershare by:

Address

Level 3, 60 Carrington Street, Sydney NSW 2000
P. 1300 850 505
E. web.queries@computershare.com.au
W. investorcentre.com.au

Tax File Number

While it is not compulsory to provide a Tax File Number ('TFN'), if shareholders have not provided a TFN and Resimac pays and unfranked or partly franked dividend, the Company will be required to deduct tax from the unfranked portion of the dividend at the top marginal rate plus the Medicare Levy.

Information on Resimac Group

Resimac Group website

Up to date information on the Company can be obtained from the Company's website: resimac.com.au

Securities exchange listing

The Company's shares are listed on the Australian Securities Exchange (ASX) and the Home Exchange is Sydney. Ordinary shares are traded under the code, ASX:RMC.

Share prices can be accessed from major Australian newspapers, the Resimac Group website or at: asx.com.au

Corporate information.

Registered office and Corporate office

Level 9, 45 Clarence Street, Sydney NSW 2000
P. +61 2 9248 0300
E. info@resimac.com.au
W. resimac.com.au
Customer enquiries: 13 38 39
ABN 55 095 034 003
Australian Credit Licence 247829
ASX:RMC

Share registry

Computershare Investor Services Pty Limited

Non-Executive Directors

Warren McLeland, Chairman
Susan Hansen
Duncan Saville
Wayne Spanner
Caroline Waldron

Company Secretary

Peter Fitzpatrick

To view the 2023 Annual Report, Shareholder and Company information, new announcements, background information on Resimac Group businesses and historical information, visit the Resimac website at **resimac.com.au**

RESIMAC GROUP LTD
2023 ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2023

Level 9, 45 Clarence Street
Sydney NSW 2000 Australia

resimac