

Tax Transparency Code.

2023

Resimac Group Ltd
ACN 095 034 003



About Resimac.

Resimac Group Ltd ('Resimac Group', 'Resimac' or 'the Group') is a leading non-bank leader and multi-channel distribution business. Its fully integrated business model comprises originating, servicing and funding prime, non-conforming residential mortgage 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 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.

The Group provide solutions to a wide range of customers including the self-employed and customers

with previous credit impairments through our broker partner network. Customers with a Resimac Group loan are entitled to an exclusive customer benefits program offering discounts on a vast array of products and services in Australia and New Zealand.

Resimac Group is a profitable organisation with a diverse income stream – net interest margin on principally funded loans and other fee income. We have been issued a Standard & Poor's ('S&P') "Strong" Servicer Ranking.

Resimac values the benefit of tax transparency practices. We have voluntarily adopted the Tax Transparency Code and will strive to further strengthen our tax risk management and governance over time. Our tax approach is governed by Resimac's commitment to best-practice corporate governance, transparency and accountability. This is essential for the long-term performance and sustainability of the business, and to protect and enhance the interest of shareholders and other stakeholders. Resimac recognises the value its investors place in its compliance with tax laws and the benefits of having tax practices integrated with Resimac's Environmental, Social and Governance Policy.

Chief Financial Officer's statement

Resimac Group is pleased to make public disclosure in this report of its tax affairs in Australia and New Zealand. The Tax Transparency Code report provides Resimac with the opportunity to assist stakeholders in understanding our compliance with Australian and international tax laws and demonstrate fulfilment of our tax obligations.

Resimac has adopted a robust approach to tax governance and managing tax risks. During the 2023 financial year, Resimac Group made a total tax contribution of \$49.2 million, with a global effective tax rate of 30.3%.

Resimac's tax strategy.

Resimac Group manages its tax framework and strategy in accordance with the Group's Board Tax Policy and Tax Risk Management strategy ('Tax Policy') in Australia and New Zealand. Resimac's tax strategy is focused on compliance, integrity and maximising shareholder value. The Tax Policy outlines the appropriate course of action required to ensure that all tax risks are managed appropriately, and is updated and approved by the Group's Board Audit Committee ('BAC') annually.

1. Board tax policy

The Resimac Board sets out the risk appetite of the Group as follows:

- No transactions should be undertaken solely for tax reasons;
- Reputational considerations must be taken into account when determining whether to enter into a transaction;
- The Group tolerates a low risk of errors in tax financial controls and reporting;
- The Group intends to comply with all tax-related matters across all jurisdictions that it operates in; and
- The Group will not take a tax position that is not "reasonably arguable".

2. Tax risk management framework

Resimac's tax strategy is implemented through a tax risk management framework that ensures

transparency and accountability. Key objectives include:

- Only enter transactions that have a clear business rationale before taking into account any tax consequences; and
- Does not undertake in aggressive tax planning or tax avoidance arrangement.

Resimac's tax risk management framework is supported by:

- Tax updates and tax risk issues are reported to the Group Board Audit Committee as they arise;
- Engagement with external advisers where appropriate to ensure that complex tax issues are proactively managed;
- Tax provisioning, including material positions taken, are subject to external audit review on a bi-annual basis; and
- Investment in technology to ensure a high level of integrity and efficiency in Resimac's tax reporting.

Relationship with tax authorities

Resimac maintains open, honest, and co-operative relationships with all tax authorities, which include:

- Providing information required on a timely basis;
- Address all enquiries from the tax authorities promptly, transparently and with full disclosure of relevant facts;
- Engaging proactively on significant tax issues.

Resimac have no tax disputes with the Australian Taxation Office (ATO) and have not been subject to the ATO justified review. Resimac undertakes regular self-assessment activities with an aim to be well-positioned to satisfy the ATO's expectations on corporate tax governance.

International related party dealings.

Resimac’s businesses in Australia and New Zealand routinely deal with each other when it is in the best interests of Resimac to do so. These related party dealings do not have a material impact on Resimac’s taxable income.

A comprehensive analysis of each related party transaction is undertaken to ensure they are conducted on terms, including pricing, which are consistent with Australian transfer pricing laws and the OECD guidelines.

Why it is in best interests of Resimac

International related party dealings

Provision of management services, allocation of software costs	A number of shared service functions are performed centrally by Resimac’s Australian business, for the benefit of both Australia and New Zealand.
Insurance	Bermuda based captive insurer provides tailored corporate insurance to Resimac’s Australia and New Zealand business.
Loans	Resimac’s Australia business has financing-related activities, including amounts loaned to New Zealand subsidiaries and to other related parties on an ad hoc basis. Resimac receives interest income on the amount loaned in accordance with arm’s length principals.

Tax disclosures

The table below outlines the relationship between accounting profit and income tax expense and reconciles the latter to Resimac's income tax payable. This data can be cross referenced to the Resimac Group Ltd 2023 Annual Report.

	FY23	FY22
	\$'000	\$'000
Reconciliation of accounting profit to income tax expense		
Profit/(Loss) from ordinary activities	95,385	143,460
Income Tax Expense at 30% tax rate	28,616	43,038
Permanent Differences explained by:	235	(672)
• Not deductible expenses	110	28
• Effect of offshore tax rates of subsidiaries operating in non-Australian jurisdictions	122	(144)
• Share based payments	63	(342)
• Other items	(60)	(214)
Current Year Income Tax Expense	28,851	42,366
Less: adjustments related to deferred/current tax of prior years	75	(1,053)
Income tax expense recognised in profit or loss	28,926	41,313
EFFECTIVE TAX RATE (ETR)¹	30.3%	28.8%

Effective Tax Rate (per Financial Statements)	Profit before income tax	Income tax expense	Effective income tax rate
	\$'000	\$'000	\$'000
Jurisdiction:			
Australia	97,780	29,493	30.2%
New Zealand	(2,252)	(566)	25.2%
Bermuda ²	(143)	0	0.0%
TOTAL	95,385	28,926	30.3%

1 The disclosed effective tax rate was calculated in accordance with AASB 112.

2 Due to materiality, within the Resimac Group Annual Report the Bermuda-based captive insurance company is reported in aggregate under the Australian Lending segment.

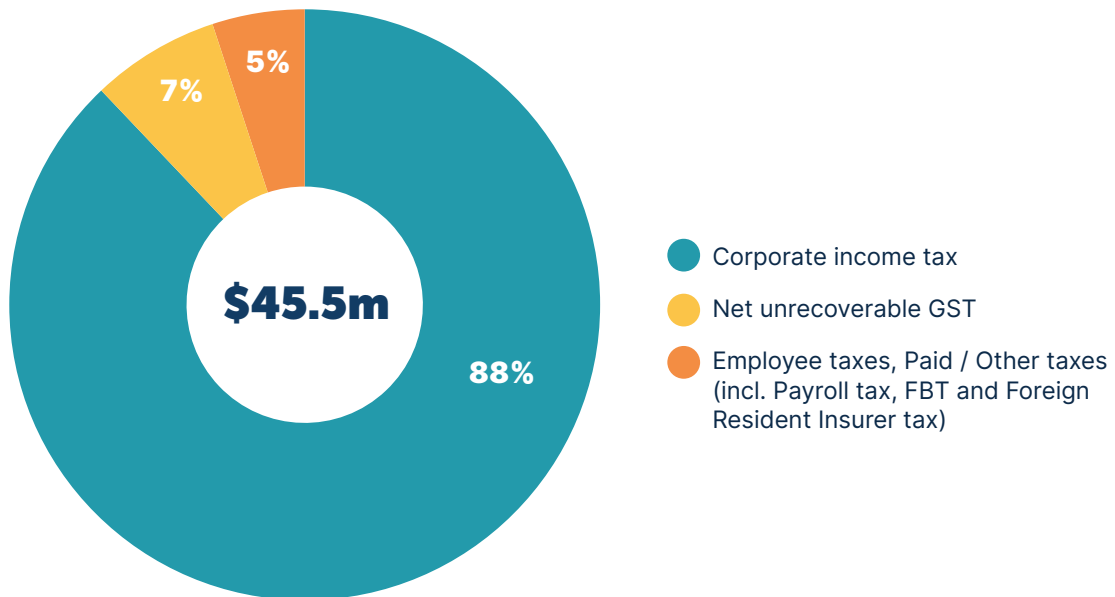
	FY23	FY22
	\$'000	\$'000
Reconciliation of income tax expense to income tax payable		
Current Year Income Tax Expense	28,926	41,313
Temporary differences (movement)	5,380	(4,333)
Adjustments related to deferred/current tax of prior years	(75)	1,053
Tax loss recouped	164	176
Capital gain tax – Other Comprehensive Income	-	467
Income tax payable	34,395	38,675
CASH EFFECTIVE TAX RATE	36.1%	27.0%
Income taxes to be refunded/ (paid) in later years	8,115	(1,464)
Income taxes paid for prior year	972	20,431
Income taxes paid for continuing operations	43,482	57,642

Tax contribution summary.

Total taxes paid by the Group in 2023 financial year were:

Tax contribution by the Resimac Group	FY23 AUD (\$m)			FY22 AUD (\$m)		
	AU	NZ	TOTAL	AU	NZ	TOTAL
Corporate income tax	40.0	3.5	43.5	54.9	2.8	57.7
Net unrecoverable GST	3.2	0.2	3.4	3.6	0.2	3.8
Employee taxes paid / Other taxes (incl. Payroll tax, FBT and Foreign Resident Insurer tax)	2.3	-	2.3	1.6	-	1.6
TOTAL	45.5	3.7	49.2	60.1	3.0	63.1

Taxes paid in Australia



ATO corporate tax transparency reports.

The ATO publish tax information of large Australian taxpayers which includes Resimac. Information published about Resimac is based on Resimac's Australian tax consolidated group income tax return.

The information below have been prepared to provide a greater understanding of how the ATO's public disclosures reconcile to the income tax paid and income tax payable disclosures in this report.

Table 1 - Reconciliation of profit

The Resimac Tax Consolidated Group ('TCG') comprises of wholly owned Australian entities does not include Resimac's New Zealand entities nor some of its investment trusts.

	FY23	FY22	FY21
	\$'000	\$'000	\$'000
Resimac Group profit before per Financial Statements	95,385	143,460	152,076
Loss/ (Profit) from Resimac Group entities outside the Resimac TCG	3,809	(36,476)	(20,581)
Profit before tax for Resimac TCG's income tax return	99,194	106,984	131,495

Table 2 - Summary of income tax return

	FY23	FY22	FY21
Resimac TCG	\$'000	\$'000	\$'000
Total Income (refer to Table 3)	283,726	275,084	272,136
Total Expenses	184,532	168,100	140,641
Net Profit before tax (refer to Table 1)	99,194	106,984	131,495
Permanent differences	455	(1,083)	(1,794)
Temporary differences	8,019	8,876	1,741
Taxable Income (refer to Table 3)	107,668	114,777	133,442
Tax on taxable income at 30%	32,300	34,433	39,432
Franking and other offsets	(1,602)	(219)	-
Tax Payable (refer to Table 3)	30,698	34,214	39,432

Table 3 - ATOs published disclosure for the Resimac TCG

The following information will be disclosed by the ATO in respect of the Australian Tax Consolidated Group:

	30 June 2023 (AUD \$)	30 June 2022 (AUD \$)	30 June 2021 (AUD \$)
Resimac TCG			
Total income	283,726,309	275,084,003	272,136,301
Taxable income	107,668,628	114,777,420	131,442,021
Tax payable	30,698,398	34,214,235	39,432,606

The tax payable above relates to income tax payable by the Resimac Tax Consolidated Group, which does not include tax payable for foreign entities and Australian entities that are not wholly owned.

Basis of preparation

The Tax Transparency Report has been prepared in accordance with the Australian Board of Taxation Tax Transparency Code guidelines and Australian Accounting Standards Board's *Draft Appendix to the Tax Transparency Code*. The information is based on the income tax disclosures contained in Resimac's audited 2023 Annual Report.

Amounts disclosed in this report are in Australian dollars, which is the Group's functional currency. Amounts disclosed in the report is sourced from the Resimac Group Annual Report, submitted tax returns and financial records.

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Level 9, 45 Clarence Street, Sydney NSW 2000 Australia
P. 1300 764 447 | **E.** info@resimac.com.au | **W.** resimac.com.au
ABN 55 095 034 003 | Australian Credit Licence 247829 | ASX:RMC



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