

Welcome to Resimac Group Ltd's 19th Annual General Meeting. Thank you for your attendance today.

As Chairman, I am delighted to be speaking to you today following a very positive Financial Year 2019 for your company across a number of fronts.

In December 2018, we changed the name of the company from Homeloans Limited to Resimac Group Ltd. Concurrently, we consolidated the Homeloans and RESIMAC brands into a single corporate brand – a new incarnation of the Resimac brand. These changes have allowed us to further leverage our reputation in both the capital and debt markets, and have been well received. Consolidating brands in the mortgage broker market has enabled us to simplify our product offering. This has been welcomed by the industry and our sales momentum tells us that it has been a success.

Financial results have been strong across our business in both Australia and New Zealand.

Some key results of note (compared to 30 June 2018):

- Normalised NPAT was \$31.1 million. Representing a 19% increase from the previous reporting period.
- We paid an increased fully-franked final dividend of one (1) cent per share, and a one-off fully franked special dividend of zero point five (0.5) cents per share, taking the total dividends paid during the last twelve (12) months to two and a half (2.5) cents.
- Our loan book grew significantly during the period, with principally funded Assets Under Management (AUM) having increased by 19% to \$10.2 billion
- In line with our growth in loan portfolio, net interest income increased by 15% to \$117.9 million.

As well as growing revenue, we continued our effective expense management discipline. Our cost to income ratio continued its downward trajectory, decreasing from 61.7% to 56.6%.

On 21st November we provided an ASX release with a results update. We have given a guidance (unaudited) for the first half of FY20 of a net profit after tax range of \$24-27 million. Further we noted that Resimac's principally funded AUM at 31st October 2019 was circa \$10.9 billion up from \$10.2 billion at 30th June.

During the year we made progress on our digital transformation journey. This included the implementation of a new workflow system which has enhanced efficiencies and opportunity for scalability, and established a platform for further digital transformation. In addition, we established strategic partnerships with Athena and Positive Group, further supporting our digital capability and assisting Resimac's future ability to diversify our asset classes.

It was also a successful year for our funding program, continuing to diversify our funding capabilities with new warehouse lines established in Australia and in Singapore. Our RMBS program continued to thrive, with a non-conforming issuance in the US market providing a deep investor base for the Specialist Lending asset class growth.

Our industry experienced a testing year, headlined by the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry and also heavily impacted by property markets around the country, with prices declining on average 6.9% nationally during the year. We saw a 13% reduction in lending across the market.

Despite this, our settlements volume was in line with the previous year, at \$3.6 billion. Importantly, we grew our principally funded Assets Under Management by 19%. Our credit and risk management processes were also validated in both our origination processes and our low loss and delinquency levels that out-perform industry benchmarks.

Cost of funds volatility created some pressure in the Net Interest Margin (NIM). However, we experienced a pleasing lift in Net Interest Income of 15% vs FY18.

Despite the industry challenges, it continues to be an opportune period for the non-bank sector. Consumers are more aware of the alternatives available to them and more prepared to break from tradition. The mortgage broking community is also becoming more supportive of non-banks, which now represent nearly ten per cent of broker-written home loans, up from less than five per cent in 2016.

When reviewing our progress over the last few years, a key strength has been our financial results, particularly over the last twelve (12) months. However, we have also made great inroads in our culture, setting us up for continued success in the coming years. Some highlights include:

- Establishing an effective management structure with a strong team at all levels. As you will note, included in the Remuneration report is an LTI scheme to support the leadership group. The program has been developed to incentivise management to achieve Resimac's strategic goals of improving productivity and customer experience using new technologies, and therefore enhancing shareholder value. We aim to attract and retain top talent.
- In line with the approach of the Royal Commission, we have continued to focus on our compliance and risk culture, encouraging transparency, open discussions and accountability to proactively resolve incidents or disputes.
- We have had success evaluating all our initiatives through the lens of customer experience allowing us to effectively identify and prioritise where we focus our efforts.

Next steps for the Group in FY20 are centred on three (3) key areas:

- We will continue to concentrate on improving the customer experience using increased digital automation and process improvements that drive operational efficiencies and scale. Supporting these activities will be continuing to leverage the strong capability we have established in Manila.
- Market share will grow by increasing our penetration in the broker channel, focusing on Specialist Lending, and continuing to expand our Direct channel
- Our funding program will remain a focus, having already raised \$2bn in term funding in FY20 from the global capital markets with significant support from the Asia Pacific & Japanese region and the US. The Group continues to receive strong support from domestic and offshore institutional debt investors along with new balance sheet financing offers from banks, further augmenting the Group's asset growth objectives.

Over the next few months there will be a few changes to our Board composition.

At the conclusion of today's Board meeting, Mike Jefferies will step down from the Resimac board. Mike served on the Resimac Ltd Board as an Independent Director from 2014 and was appointed to the combined Resimac Group Board in October 2016. During his tenure with the group, he Chaired the Remuneration and Nominations Committee and was a member of the Audit Committee.

Mike has brought experience ranging from mergers and acquisitions to public company governance, and is a person of considerable commercial acumen. On behalf of the Board and Resimac Group, I sincerely thank Mike for his invaluable contribution and wish him well.

You will note I am standing for re-election today, however I will also be stepping down from the Board, during the first quarter of 2020. Competing professional and personal priorities have driven this decision. I am very proud of what we have achieved over the last two and a half years. The results speak for themselves and our company is in an excellent position moving forward into the second half of FY2020. Resimac has an exceptional leadership team and a clear vision for growth.

During the next few months recruitment will commence to identify new Board members to help guide the company through the next stage of its evolution by building upon our strong foundation.

Paramount to this refresh will be ensuring Board diversity and attracting people to complement the existing Board skillset and experience. A good mix of independent directors and directors representing our majority shareholder Somers, has created a productive environment to date, with robust discussions helping to generate strong outcomes for your company.

In closing, I would like to take this opportunity to acknowledge our CEO, Scott McWilliam, the management team, and the staff in Australia, New Zealand and the Philippines for their commitment over the last twelve (12) months. It has been another outstanding year for the Company, and on behalf of the Board and our shareholders, I would like to thank you all for your contribution.

Your company is in a very strong strategic position and you should feel positive about the future.

Thank you again for your attendance today.

Chum Darvall AM
Independent Non-Executive Chairman