



15 November 2022

ASX RELEASE

**Resimac Group Ltd – 2022 Annual General Meeting
CEO'S ADDRESS**

Please see attached the address to be delivered by Resimac Chief Executive Officer, Scott McWilliam, to shareholders at the Annual General Meeting.

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For more information:

Peter Fitzpatrick

Company Secretary

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About Resimac Group:

Resimac Group Ltd ("Resimac Group") is a leading non-bank lender and multi-channel distribution business. Its fully integrated business model comprises originating, servicing and funding prime, non-conforming residential mortgages and asset finance products in Australia and New Zealand. With over 300 people operating across Australia, New Zealand and the Philippines, Resimac Group has in excess of 55,000 customers with a portfolio of home loans on balance sheet of over \$15 billion, a \$400 million asset finance portfolio, and total assets under management of over \$16 billion.

Resimac Group has issued over \$41 billion of mortgage-backed securities in domestic and global markets since 1987. It has access to a diversified funding platform with multiple warehouse lines provided by domestic and offshore banks for short term funding in addition to a global securitisation program to fund its assets longer term.

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Resimac Group Ltd. ABN 55 095 034 003. Australian Credit Licence 247829



CEO's Address

RESIMAC GROUP LTD – 2022 ANNUAL GENERAL MEETING

Good morning everyone. Like Warren, I'm pleased to welcome you all to Resimac Group's annual general meeting.

FY22 was a tale of two very different halves. The first half saw a record low cash rate driving fierce competition, especially in the fixed rate market. The second half saw a rapid monetary tightening cycle fuelled by inflationary concerns, which has continued through to FY23.

Financial performance for the year ended 30 June 2022

Despite these macroeconomic challenges, Resimac Group has adapted. We were pleased to report continued strong growth in assets under management in FY22, including growing our home loans portfolio to more than \$15 billion for the first time, while ensuring the best possible returns for shareholders.

We have been able to achieve this milestone off the back of a series of successes. Our third-party distribution partners were instrumental in helping us to increase our settlements by 30 per cent compared to the prior comparative period. In addition, we have capitalised on the strengths of our specialist products, which are well supported by our brokers, bankers and debt investors.

Special mention needs to be made of our specialist portfolio, where assets under management increased by 55 per cent in FY22. Our settlements growth was driven by our focus on higher-yielding but low risk specialist products in preference to prime, where we made the strategic decision to avoid the race to the bottom, on price.

We were pleased to report that statutory and normalised profit was broadly in line with FY21, excluding one-offs. Normalised Profit slightly increased to \$104.4m. However, when we exclude the large non-cash fair value gains on our interest rate swaps of \$18.2M, normalised NPAT is reduced to \$86.2m. It's important to highlight this significant non-cash fair value gain, as it does unwind through the P&L in future years.

Our wholesale funding program remains a key pillar of the sustained success of our business. This performed strongly in domestic and international capital markets and provided ample funding capacity. We issued close to \$6 billion of prime and non-conforming RMBS in Australia and New Zealand for FY22. We also increased the number of warehouse facilities in both home loans and asset finance.

Building for the future

While we delivered solid performance for FY22, we continued to lay the foundations for future growth.

We made substantial progress on overhauling our core banking systems including rolling out a new originations platform. These upgrades are providing faster turnaround times and greatly improving the front- and back-ends experience for brokers and customers.

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Our asset finance business is an important pillar in our product diversification strategy, and enjoyed strong growth in FY22. We are using our existing funding and distribution platforms to capitalise on what we believe has been an under-served market, and customers are responding positively.

Similar to the mortgage business, we commenced a project to replace our asset finance originations platform in FY22, focusing on automation, speed to decision and customer experience. I am pleased to say that we will be rolling out the first of many products on the new platform this month. We expect to complete the entire rollout of all asset finance products on the new platform by 30 June 2023.

Specialist focus

As I mentioned, key to our FY22 success was the performance of our specialist lending solutions. These products have helped many self-employed and SME borrowers, who often find it difficult to secure a home loan from the banks. Resimac has a long history in originating, underwriting and funding these products and we are excited by the opportunity to establish a leading market position.

Looking ahead, albeit in a significantly softer market, these self-employed and SME borrowers continue to present margin and originations opportunities. While competition for prime borrowers has intensified as interest rates shift higher, Resimac will play to its strengths and work with the broker channel to identify suitable borrowers that can benefit from our range of lending solutions.

Finacle Go-live Australia

We are pleased to advise that as of Monday 14th November (yesterday) we have successfully launched the final phase of our new IT applications renewal programme. We have previously mentioned how we have completely refreshed and replaced our origination systems. However, with this release we are now running all of our core mortgage systems on SaaS based cloud platforms across Australia and NZ. Resimac, like many of our peers, has been on a home grown 'core system' for servicing mortgages, but as we have grown over time, our customer, people and product needs have grown beyond what can be supported internally. Moving to this new platform mitigates risk, and sets us up for future growth. Pleasingly, with this milestone, we are unlocking a stream of product and customer capabilities, the first instalment of which is a new, mobile-responsive, online self-service portal, including enhanced payments and cards management capabilities, which enables us to offer a vastly improved customer experience.

Our strategy of being customer centred and digitally driven means that we will continue to invest in this platform and continue to improve our offering to customers.

Outlook

The mortgage lending market remains fiercely competitive in a softening market, compounded by interest rate and property price uncertainty, increased household expenses and inflationary concerns. We expect these conditions and pressures to continue over the near term and, as a result, settlements to be lower in FY23.

That said, we are confident in the ability of our portfolio to absorb these pressures with customers managing their higher repayments well, to date. Unemployment is at historical lows, and our portfolio has significant prepayment buffers, conservative credit assessments and low LVRs.

Strategy

Resimac Group continues to focus on being a customer-obsessed company that makes home ownership, financial freedom and business success more accessible to everyone.

Our Resimac-branded home loan businesses in Australia and New Zealand are designed to offer a broad suite of products, with flexible lending solutions that cater for a wider audience, facilitated predominantly through mortgage brokers. This is our largest channel and the largest opportunity measured by AUM, and a market and strategy we have been refining and executing on for many years.

Resimac Asset Finance enables us to service what we believe is an underserved market. This is a logical and adjacent opportunity for the business to offer higher-margin products to new and existing audiences, leveraging off our existing funding and distribution platforms.

In summary, our strategy is to originate and manage a diversified pool of loan assets at sustainable margins by leveraging the strengths of our brands across home loans and asset finance. We will achieve this with a deep and unrelenting customer focus that enables us to deliver better and more accessible lending solutions.

Closing

In closing, I want to acknowledge the hard work of our business partners – from brokers to bankers – who have performed creditably in challenging times. Thank you.

Our board of directors and executive leadership team have continued to adapt to rapidly changing market conditions and have set a course I'm confident will help us weather some of the short-term macroeconomic challenges but protect our longer-term opportunities and value. Their support has been invaluable.

Our people across Australia, New Zealand and the Philippines are the engine room of Resimac and they continue to impress me with their work ethic and commitment to our customers. A big thanks to all of you.

Finally, a special thanks to you, the shareholders, for your support and faith in Resimac Group. We are truly grateful for your investment and I look forward to answering your questions shortly.

Scott McWilliam