19 November 2024

ASX RELEASE

Resimac Group Ltd – 2024 Annual General Meeting

CEO'S Address

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

-ENDS-

Peter Fitzpatrick

Company Secretary
P: 02 9248 0304

About Resimac Group (as at 29 August 2024):

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. 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 almost $13 billion, an asset finance portfolio over $1 billion, and total assets under management of over $14 billion.

Resimac Group has issued almost $50 billion in bonds 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.

Interim CEO Address

RESIMAC GROUP LIMITED - 2024 Annual General Meeting

Good morning everyone. In line with Warren's address, it is my pleasure to welcome you to Resimac Group's annual general meeting.

Thank you for joining us today as I represent Resimac as Interim CEO and share our progress and outlook for the company in what has been a challenging economic landscape.

Firstly, on behalf of the board I would like to thank Warren for his invaluable service to the company as Chairman of the Board since 2020 and for the many other roles he has played at Resimac since 1999 including Chief Executive and Executive Chair. His contribution to Resimac has been tremendous and is a key reason why Resimac is where it is today. We are fortunate that he will continue with the company in the role of Deputy Chair.

The board's unanimous decision to appoint Wayne Spanner as Chair is supported by his excellent performance and contribution across many of our committees since he joined the board in 2020. He brings strong commercial skills and experience that includes managing partner of an international law firm and independent chair of another professional services firm. He will continue to Chair the Remuneration and Nominations committee.

In FY24, Resimac remained steadfast in our commitment to advancing our strategic objectives, even as we navigated significant market pressures. I'm pleased to report that our Asset Finance business achieved notable growth, reaching $1.1 billion in assets under management, a significant increase from $600 million in FY23.

While mortgage originations faced challenges in the first half of the year—largely due to intense competition in the home loans market—we saw a positive rebound in the latter half. As a result, we are on track for improved AUM in FY25.

We also witnessed encouraging developments in our mortgage book, with the dynamic loan-to-value ratio decreasing to 61% and record low arrears. To align with industry standards and in response to the higher risk profile of our Asset Finance book, we have prudently increased our provisions. I want to assure you that our estimated credit losses remain conservative.

Despite these positive indicators, our normalised net profit after tax for FY24 stood at $43.1 million, down from $73.7 million in FY23. This decrease primarily stems from a decline in prime mortgage lending amid fierce competition, while a reduced net interest margin had a relatively smaller impact. This experience has heightened our awareness of risk-adjusted returns, which is now a central focus in our decision-making.

The impact of inflation has been significant, affecting both our business costs and the cost of living for our customers. We recognize the dual challenge this presents—resulting in lower profits and less incentive for our people. As a result, we have declared a fully franked dividend of 7 cents per ordinary share, down from 8 cents last year. We understand that it's never ideal to reduce dividends, especially in a time when costs are rising.

Our commitment to strengthening cost discipline has led us to scrutinize our processes and priorities. We are determined to improve our cost-to-income ratio as we move into FY25.

As we have previously advised we acquired the Westpac Auto Back Book in early October and we are currently in the process of migrating the book onto our system with the expectation that completion will be in the second half of FY25. We are excited with the opportunity this presents us in entering into new product lines such as novated leases and auto consumer finance. We are also grateful to the team that is working hard to make the migration happen.

I want to take a moment to acknowledge our customers. Many Australians are feeling the strain of higher living costs, including mortgage and consumer goods expenses. We remain dedicated to supporting our customers who may need financial assistance. Our business has implemented a framework designed to manage these situations with both efficacy and empathy. I extend my gratitude to our team for their commitment to helping our borrowers during these tough times.

Our partnerships with funders, brokers, bankers, and suppliers are the engine of our business. We are grateful for their continued support and look forward to working together with them to achieve our growth initiatives in the coming year.

As part of our strategic review, we have made some important business decisions in FY24. We concluded that the current economic climate in New Zealand—characterised by subdued growth and increased regulation—does not support the necessary return on capital. As such, we decided to cease new originations in the New Zealand market for the foreseeable future, though we will continue to support our existing borrowers.

The financial year also saw a significant change in leadership for Resimac, with Scott McWilliam resigning as CEO in July and I was asked by the board to step in as Interim CEO. I would like to acknowledge the instrumental role Scott has played in shaping Resimac since the merger with Homeloans in 2016. We wish him all the best in his future endeavours.

Looking ahead, we recognise that our continued digital journey is vital to our success. We are committed to training our people to identify opportunities for technology adoption and automation. We are excited about the potential synergies we can explore in FY25.

In closing, I want to express my sincere gratitude to the entire Resimac team. Their dedication to our mission is evident in the work they do every day. I also thank the Board for their confidence in me and for their invaluable support during this transition.

Thank you for your continued trust in Resimac. Together, we will navigate these challenges and drive our company toward a successful future.

Thank you.

Susan Hansen