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Market Release: 30<sup>th</sup> January 2019

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## **December Appendix 4C Commentary and Business Update**

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### **4C Commentary**

- New lending activity (non-property) for the quarter ended 31 December 2018 was AUD\$7.1m, which is comparable to prior quarter given the Christmas period which has an impact on business lending.
- Deposits raised this quarter were efficiently utilised for lending purposes with the Company holding sufficient cash to meet its liquidity ratio as per the Trust Deed requirement which is 10% of total liabilities.
- Operating cashflows improved from last quarter as overall costs were controlled and collection of interest and revenue from customers increased due to the growth in loans and leases.
- The Company has raised A\$3m in the year to 31st December 2018 to support its growth in total assets (as a result of rising financial receivables) with total assets at \$69m (based on un-audited management accounts).

The Company is pleased to provide this business update as part of its Appendix 4C release.

### **Business Update**

- The Company continues to make progress in its strategy of expanding into Australia.
- The Company acquired an Australian Financial Services License (AFSL) in January 2019 which provides a competitive cost of funding.
- The Company will shortly commence offering debt securities (e.g. Fixed Term Corporate Bonds) to retail and wholesale clients with terms ranging from 6 months up to 5 years which will be matched against suitable lending opportunities.
- The introduction of the Digital platform in NZ is well underway and has had a significant benefit on the growth of our lending and leasing books. Our Australian digital campaign is now underway to replicate this success.



- Technology – The Company is due to release its internal credit scoring system for loan approvals of defined lending amounts to enable automated approvals/ referrals when receiving online applications. This will significantly improve loan application processes.

This is a pleasing result for the Company and further cements the Company's growth strategy to be a specialist financial institution offering deposit and corporate bond taking capabilities alongside business lending and equipment leasing solutions for SME's.

A handwritten signature in blue ink, appearing to read 'M. Ritchie', with a long horizontal stroke extending to the right.

Marcus Ritchie  
Executive Director  
FE Investment Group Limited

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