
Market Release: 30th October 2019

September 2019 Appendix 4C Commentary and Business Update

4C Commentary

- New capital of A\$3.4m has been invested in FEIG, strengthening our cash balance and positioning the group to further expand its lending business.
- New and reinvested deposits raised during the quarter ended 30th September 2019 were approximately A\$12.0m, maintaining our targeted deposit level.
- The average reinvestment rate for deposits for last quarter was approximately 66% which is above budget due to a strong relationship with depositors.
- Our strong cash position of A\$14.5m improves our liquidity and provides a strong base for growth.

Business Update

The Company achieved a pleasing first half year result with expected earnings (pre audit and provisions) higher than forecast. In fact, earnings for the last 2 months were in excess of \$200,000 per month which has been driven by key business fundamentals including;

- Improved lending activity
- Increased online lending capabilities post the launch of our online application programme
- Higher term deposit reinvestment rates and an increase in new term deposits being received which has been driven by an active marketing programme, and
- Further operational cost savings

The Company is pleased to also announce the following milestones:

New Board

The Company announced the appointments of Mr Campbell Newman as Chair of FEIG. Mr Newman previously held the role of Premier of Queensland, Mr Paul Fox as Deputy Chair and Mr Jeff McKenzie (Alternate Director for Mr Sun) as Audit Committee Chair. The new Board fully supports the Company's strategy and are looking to expediting the significant opportunities that exist in New Zealand and Australia.

Standard & Poor's Credit Rating

In October S&P affirmed their B/B credit ratings on FEIG's core operating subsidiary FE Investments Limited (FEI), and upgraded FEI from an outlook of 'CreditWatch' to an improved 'Stable'.

Operations

The Company has expanded the new lending team, with the employment of a new senior lending manager from Kiwibank. This is in addition to FEI's recently completed online lending platform and implementation of the credit decision tool. This enhancement drives process efficiencies which enables greater handling of loan applications at no additional operating cost.

Importantly FEI has maintained its strong long-standing credit writing methodology and standards.



Marcus Ritchie
Group CEO
FE Investment Group Limited