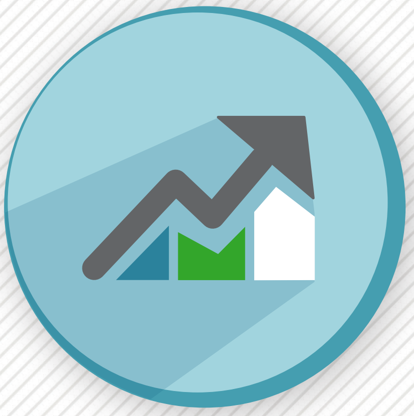
FLEXIGROUP



Financial Overview

MARKET UPDATE

20 17

Topics to cover

- Building scale in AU Cards – financial metrics
- Funding: APS 120 impact and funding facilities update
- Targeting cost to income ratio improvements
- FY18 Headwinds / Tailwinds

Scale with a measured approach to risk - 3 years

Metric	FY17 Forecast	Steady state at scale	Major drivers of change
Closing Receivables	~$487m	$1.0bn	Doubling of receivables balance through new product offering (MasterCard and existing seller base)
Cash NPAT	~$10m	~$35m	• Increased receivables base (particularly interest bearing) • Interest free vs interest bearing mix reverting to target levels • Improved cost efficiencies driven by scale and technology
Return on Equity	~10%	20%+	• Scale will deliver funding structure efficiencies • Securitisation funding possible at scale • Profitability and funding efficiencies driving ROE

APS 120 revisions - FXL is well placed with limited impacts and some positives

New regulations	Revised standard will come into force 1 January 2018
New capital minimums	ADIs are required to hold minimum levels of capital against securitisation investments
Impact on borrowers	Impacts non-bank financial institutions that have secured facilities with ADIs
Impact on FXL	Flexi has been working hard to ensure that any impact is limited with new facilities underway that will actually improve funding costs and reduce capital support

Over the past 6 months we have sought to make our funding facilities more efficient

Australian Cards	New funding facility is in progress that will allow for lower funding costs and lower capital support levels. Work commencing to structure term securitisations
Certegy	Rationalisation of existing facility and possibly two term securitisations pa.
NZ Cards	More programmatic issuance with up to two term securitisations pa.
Commercial leasing	Further improvements are in progress to align structures to the developments within the commercial business
Banking facilities	Rationalisation of transactional banking facilities

Targeting cost to income ratio improvements - less than 40% in 3 years

Ambition to reduce cost to income ratio to <40% within 3 years

- Platform simplification and alignment
- Shared service model with functions rationalised to optimal locations
- Process improvement and automation

Capex requirement to facilitate cost efficiencies likely to remain at current levels of $30-35m per annum.

FY18 Headwinds and Tailwinds

Headwinds	Tailwinds
Certegy margin compression	Strong book growth in cards turning into strong revenue growth
Continued investment in Ireland and Oxipay	Significant cost out opportunities throughout the business which simultaneously improve customer experience
Lag between investment and efficiency dividend	Revenue opportunities also exist in brand rationalisation, cross and upsell
Costs of integrating and simplifying business	Increasing market access through open loop