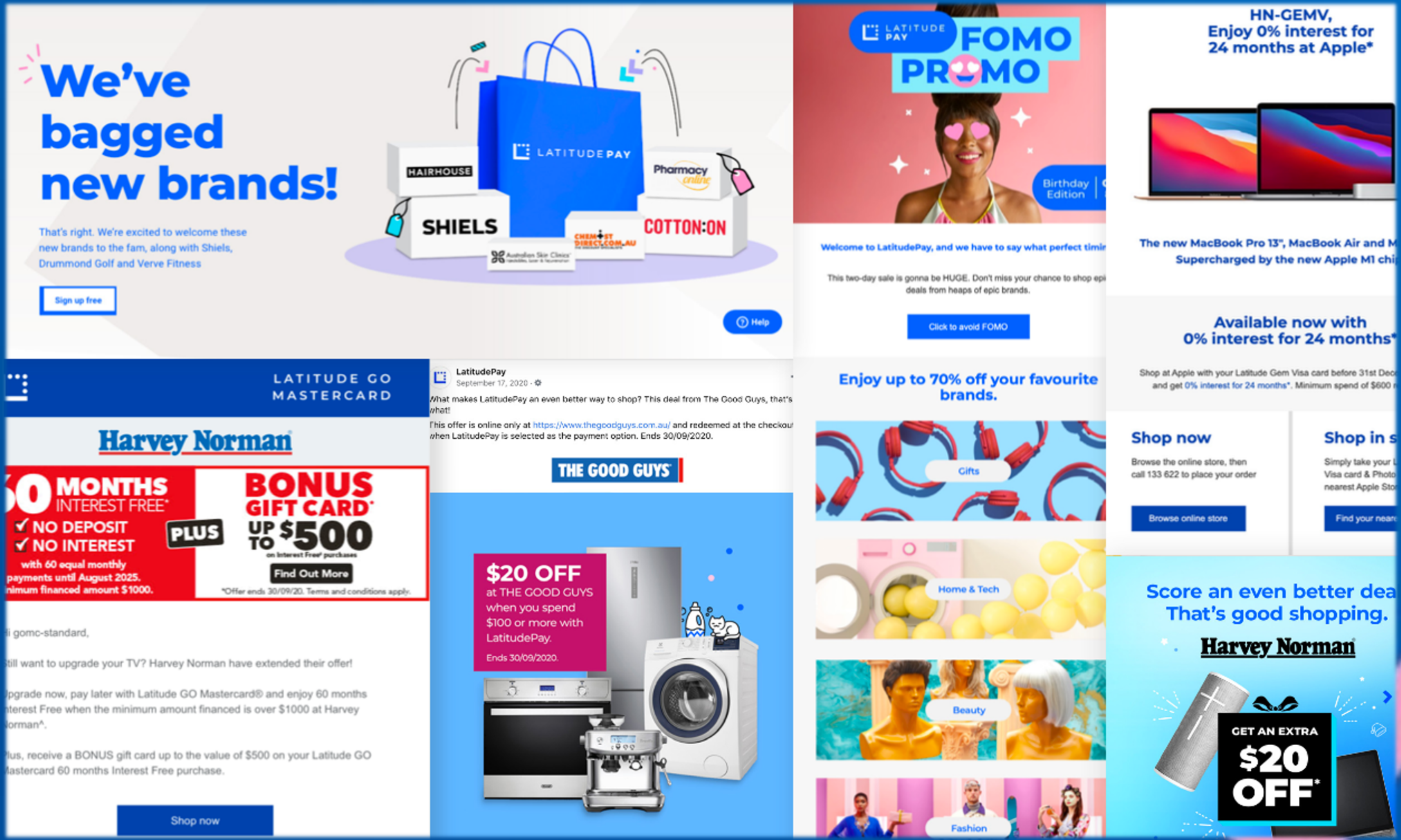
LATITUDE

Market Briefing

19 April 2021

LATITUDE

A leader in consumer finance disrupting payments and lending



Executive summary

A leader in consumer finance disrupting payments and traditional lenders

Latitude is well positioned:

- **Large addressable opportunities in consumer payments and loans**
- **B2B2C model is the basis of our advantage**
- **Proven lifecycle marketing and graduation capabilities**
- **Proprietary data and risk capabilities**
- **Lean, low-cost and digitised operations**

1. **Volume recovery by working with our partners**
2. **Launching new products and accessing new segments**
3. **Sustainable cost reduction and customer benefit through digitisation and automation**
4. **Strong asset quality**
5. **Diverse, effective and flexible funding**
6. **Potential to grow internationally with our partners**

Latitude is well positioned as Australia and New Zealand's largest non-bank consumer finance company

INSTALMENTS

Disrupting consumer payments and credit card balances

Shop small, pay weekly	Shop big, pay monthly	Shop anywhere, pay flexibly
BNPL	**BIG TICKET**	**GO & GEM**
LatitudePay growing rapidly as BNPL disrupts traditional payments	LatitudePay big ticket launching 2021 disrupting traditional credit cards	Latitude GO/Gem being refreshed making it easier to shop interest free[3,4]
Younger customer acquisition	New segments in home and health	Digital wallet development
Up to $1,000, 10 weekly payments[1]	Up to $3,000 and 24 months	Up to $30,000 and 60 months
380k open accounts[2]	Launching 2021	1.83m open accounts[2], A$4.2bn FY20 volume[5], A$3.7bn GLR[6]

UNIFYING THE LATITUDE BRAND EXPERIENCE WITH LIFECYCLE MARKETING AND GRADUATION

LENDING

Leveraging specialisation, graduation and funding model to drive growth

Home, holiday, wedding..	Car, boat, caravan..	International travel & shopping
PERSONAL LOANS	**MOTOR LOANS**	**28° GLOBAL**
Latitude personal loans developments enhancing customer and broker experience	Latitude motor loans well suited to growing focus on domestic tourism	Latitude 28° Global travel card with potential rebound when borders reopen
122k open accounts[2], A$759m FY20 volume[5], A$1.9bn GLR[6]	36k open accounts[2], A$299m FY20 volume[5], A$587m GLR[6]	404k open accounts[2, 7], A$1.7bn volume[5], A$333m GLR[6]

1. Initial limit maximum is A$1,000. Incremental increases up to a limit of A$1,500 is possible on the successful completion of payment plans. 2. Open accounts as at 31 December 2020, for BNPL, GO, and GEM rounded to the nearest 10,000, for 28° Global, personal loans and motor loans and rounded to nearest 1,000. Personal loans and motor loans exclude balances no longer originated by Latitude. 3. This also includes CreditLine in Australia which is still being originated through Apple, and other Instalments products which have historically been issued and which existing customers may still use at all participating merchants (e.g. Buyer's Edge in Australia and CreditLine in New Zealand). 4. Customers pay various fees (examples include annual fee, account keeping fee and late fee). 5. Volume for 1 January 2020 to 31 December 2020. 6. Gross loan receivables as at 31 December 2020. 7. Open accounts include 98,000 accounts for Countdown, Infinity Rewards, Latitude Eco Mastercard, Latitude Mastercard, Low Rate and Onecard accounts that were discontinued and are no longer open to new customers.

Large addressable opportunities in consumer payments and loans

Consumer payments

CONSUMER SPENDING

AU **$1.1tn**[1] NZ **$159bn**[2]

RETAIL SPENDING

AU **$351bn**[1] NZ **$99bn**[2]

Consumer loans

PERSONAL LOAN BALANCES

AU **$11bn**[3] NZ **$2.5bn**[3]

Large industries being disrupted

- Consumers are embracing new payment options outside the domain of traditional banks
- Payments and traditional credit cards are being disrupted by BNPL and interest free instalments
- This is further fueled by the growth in eCommerce

- Consumers are considering alternatives away from traditional banks
- Challengers with specialist consumer finance capabilities are disrupting traditional banks
- Digital lending and open banking developments are providing significant opportunities

Latitude well positioned

Instalments

LATITUDE'S BNPL AND INTEREST FREE PLATFORM IS WELL POSITIONED TO GAIN SHARE OF CONSUMER PAYMENTS

- Largest provider of interest free instalment finance in Australia and New Zealand[4]
- Fast growing BNPL and 3rd most recognised BNPL product in Australia[5]
- Opportunities to grow with long-standing relationships with leading retailers and enter new segments

Lending

LATITUDE'S SPECIALIST FOCUS PROVIDES OPPORTUNITY TO GAIN SHARE OF CONSUMER LOANS

- Latitude is the 3rd largest unsecured personal loan lender by new volume in Australia, with share growth since 2016[3]
- Scale, specialisation (credit risk, funding, data sets and focused investment) and graduation underpin Latitude's ability to disrupt this segment and increase its share
- Ongoing digital lending development enhancing experience

1. Australian Bureau of Statistics (ABS).
2. Reserve Bank of New Zealand (RBNZ).
3. Latitude internal analysis.
4. Based on gross receivables.
5. Latitude commissioned research by Kantar - "Brand awareness tracker – Nov4 Wave V4" with sample sizes (Latitude Brand, n=800, Gem brand, n= 800, LatitudePay, n=200).

Latitude's B2B2C model is the basis of our advantage

	Interest Free Instalments	Scheme Spending & Credit	Lending & Insurance		Lending Product Portfolio Mix[2]
CORE Retailer Acquiring B2B2C Model	**Shop small, pay weekly** Up to $1,000 **Shop big, pay monthly** Up to $3,000[3] **Shop anywhere, pay flexibly** Up to $30,000	**Integrated Scheme** **GO & Gem**	**Personal Loans** (Part Broker) **Insurance**	**~90% PBT[1]**	
COMPLEMENTARY D2C and Broker Acquiring Direct Model		**D2C Scheme** **28° Global**	**Personal Loans** (Part Broker) Motor Loans (Mostly Broker)	**~10% PBT[1]**	

Lending Product Portfolio Mix[2]:

- Interest Free Instalments – 57%
- Personal Loans – 29%
- Motor Loans – 9%
- Credit Cards – 5%
- BNPL – <1%

Internal Latitude company information.
1. FY20 profit before tax.
2. Proportion of group gross loan receivables as at 31 December 2020.
3. Up to $10,000 for new growth segments.

Leading partners drive our growth

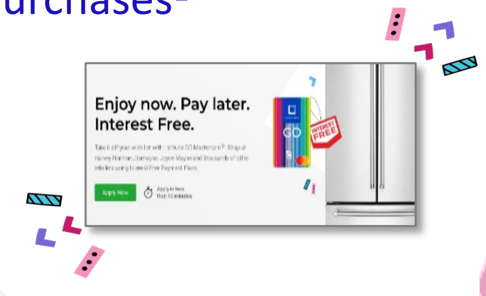
Top tier merchants in growth segments such as the 'home economy'

Note: Selected merchant and commercial partners in Australia and New Zealand shown. Not all merchants operate in both markets.

Alongside proven lifecycle marketing and graduation capabilities

Interest Free Instalments

84% of interest free Instalments products volume was generated from repeat purchases[1]



43% of Instalments products customers made at least one repeat Instalments products purchase[2]

Scheme Spending & Credit

50% of Instalments products customers reused their card as a general purpose credit card[2]

Lending

38% of personal loan volume comes from Instalments products and credit card customers[3]

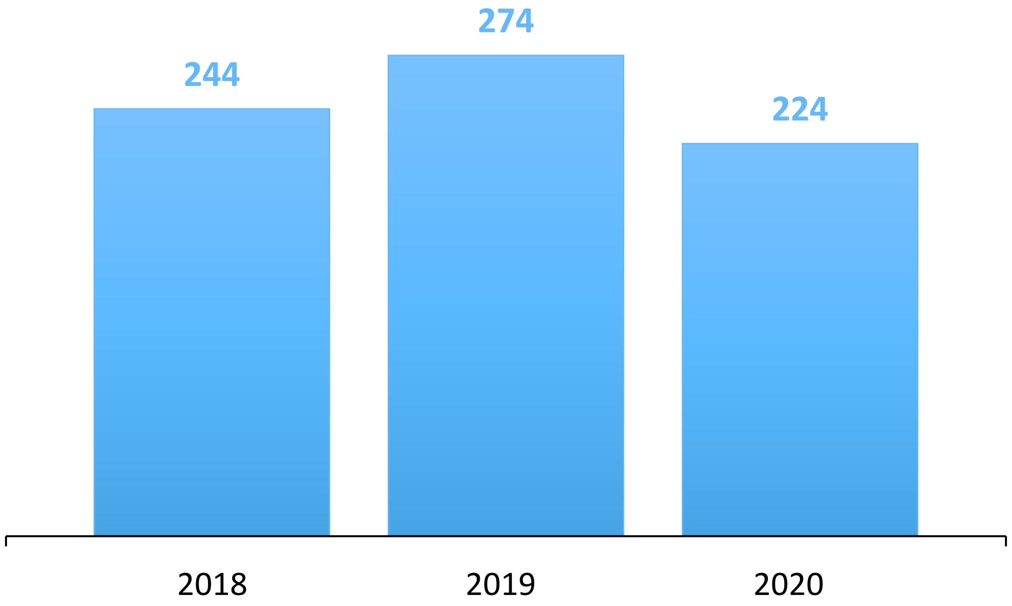
100% of insurance from existing customers[4]

1. Based on Australian Latitude GO MasterCard, Latitude Gem Visa, CreditLine and Buyer's Edge interest free volume for the 12 months to 31 December 2020.
2. Repeat interest free, Scheme credit card purchases, cash withdrawals are based on Latitude GO MasterCard and Latitude Gem Visa instalments products originated in each month of 2018 and whose customers within 24 months acquired another Latitude product or undertook repeat engagement with Latitude.
3. Refers to the proportion of personal loan volume that comes from instalments product customers that have migrated to Latitude personal loan products in Australia for the 12 months to 31 December 2020.
4. Excludes run off from Coles back book.

Strongly performing and resilient business

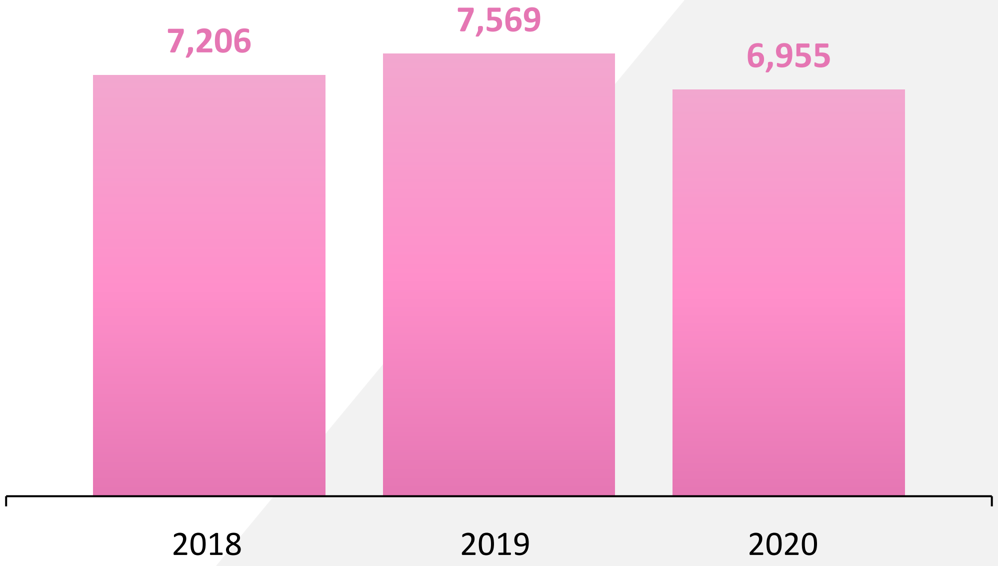
Cash NPAT

(A$m)



Average Gross Receivables

(A$m)



Volume (front book) and receivables (back book) fell in 2020, driven by two factors which are COVID-19 related

Receivables

- Average Gross Receivables (AGR) fell from $7.6bn in FY19 to $7.0bn in FY20
- Primarily due to higher repayment rates in Instalments, resulting in a $0.6bn reduction in year end balances

Volume

- Volume for the Latitude Group fell from $8.9bn in FY19 to $7.0bn in FY20
- International and travel scheme and travel Personal Loans fell by $1bn in FY20
  - Mainly on 28° Global, which has a higher transactor customer base relative to other Latitude products but only accounts for <$0.1bn AGR
- Non-travel Personal Loans fell by $0.4bn in FY20 primarily due to Latitude imposed credit restrictions and COVID-19 actions

Volume and receivables prospects influenced by:

- Cessation of government COVID-19 assistance programs (e.g., JobKeeper, superannuation access scheme)
- Resumption of international travel post vaccine
- Restoration of Latitude credit appetite as confidence returns

Volume recovery by working with our partners

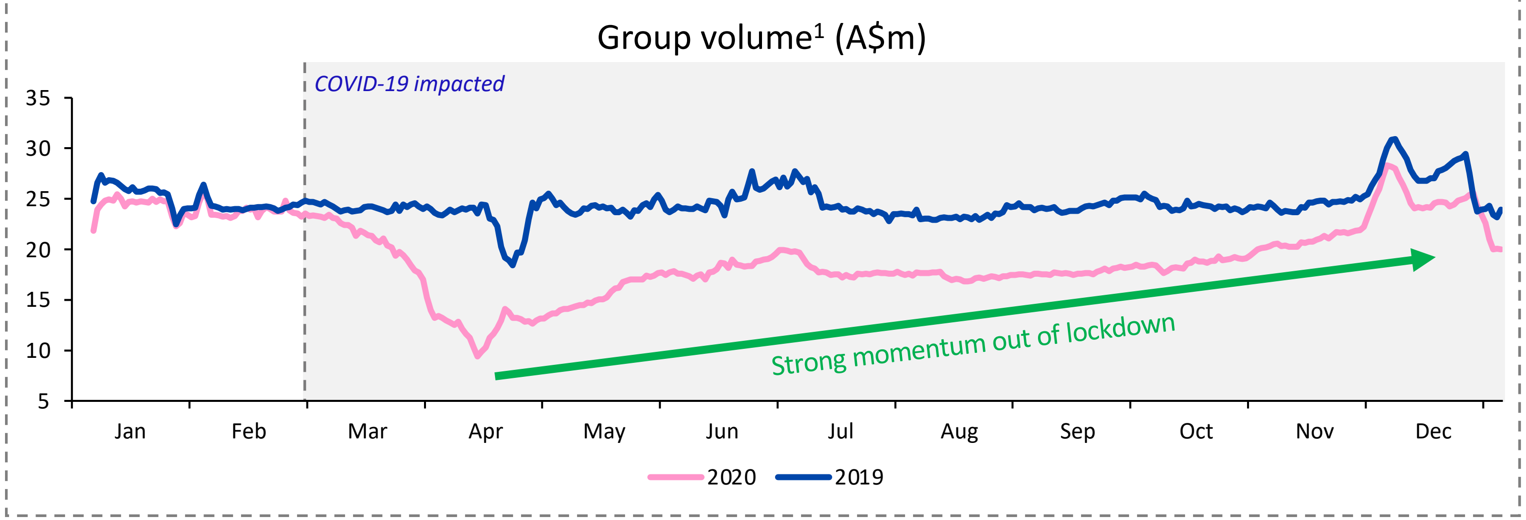
Instalments

- Supporting our partners in the 'home economy'
- Rapid volume recovery
- Further upside expected from recovery in retail spend

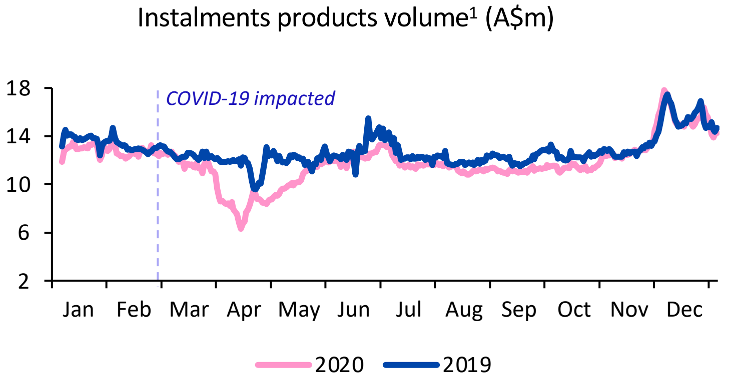
Lending

- Grown share in 2020 despite lower demand and tightened lending policies
- Strong recovery working with brokers and improving experience
- Potential upside with return of international travel (Latitude 28° Global)

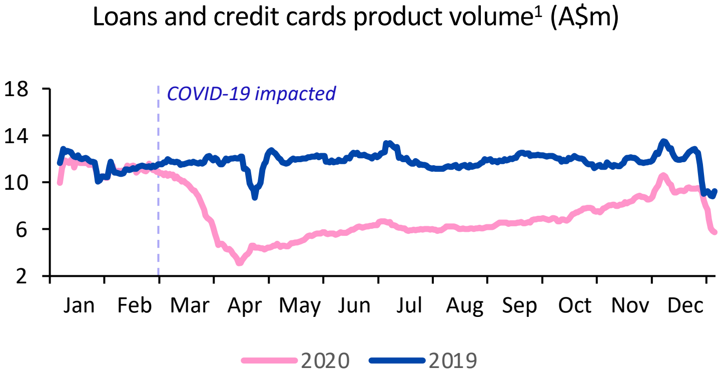
Group volume run-rate approaching 2019 levels



Strong recovery in Instalments products volume



Progressive recovery in lending products



1. Represents daily volume, 7 day rolling averages in local currencies.

Growth enabled by strengths and continuing investment

Investment in product, marketing and digital experience

New and enhanced products; BNPL, GO & Gem, strong product roadmap e.g., Big Ticket BNPL

Brand unification, sponsorships and personalised data-driven marketing investments enhancing awareness and opportunities with our partners

Developing end-to-end digital experiences for customers and partners

Risk expansion from unwinding COVID-19 actions

High credit quality through COVID-19; 72% of new customer originations rated CR1-2 in Dec 2020 vs. 64% Dec 2019

Return to pre-COVID-19 appetite; 36% of new customer originations rated CR3-4 in Dec 2019 vs. 29% in Dec 2020

Leveraging investments in enhanced credit lifecycle management capabilities, e.g., collections

Specialist consumer finance capabilities to grow share

Traditional lenders key profit drivers; residential and business lending[1]

Scale and differentiated capabilities in consumer finance; product manufacturing, credit risk management, product graduation, and partnering

Investments focussed on improving specialist consumer finance capabilities; Avg of $85m investment p.a. over last 3 years[2] vs. normal BAU annual investment levels of $50m

TRANSFORMING THE ORGANISATION

Product to platform model ▪ Distributed working ▪ Unified brand and culture ▪ Partner and customer led growth

1. APRA Monthly Authorised Deposit-taking Institution Statistics (January 2021). For Australian major and regional banks, residential lending (owner-occupied and investment) and business lending (non-financial businesses and financial institutions) comprise >90% of total residents loans and finance leases.
2. Average of FY18, FY19 and FY20 investment operating expense ("Opex") and capitalised expenditure ("Capex").

Grow instalments

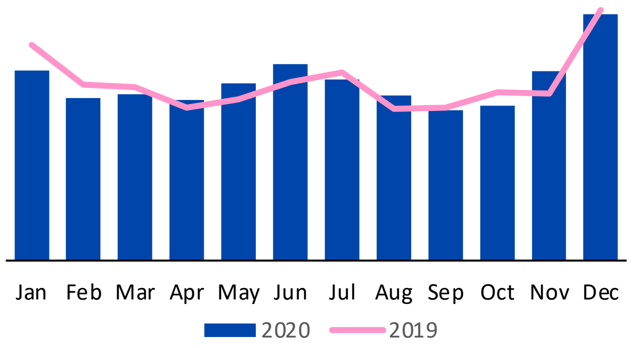
Instalments products well positioned for growth

Latitude BNPL and interest free platform is well positioned to gain share of consumer payments and traditional credit cards

- Largest provider of interest free instalment finance in Australia and New Zealand
- Fast growing BNPL and 3rd most recognised BNPL product in Australia[1]

Being driven by leading 'home economy' partners

Instalments products volume – Australia (A$m)
'Home economy' categories



↑ Stronger sales in 'home economy' categories (computers, electrical goods, furniture and bedding)

↓ Weaker sales in segments more exposed to COVID-19 impact; travel -73%, jewellery -37%, home services -18% YoY

↓ Alongside Latitude tightening credit underwriting and reducing marketing

Volume growth initiatives being executed

Unwinding COVID-19 actions
- Return to previous credit underwriting settings
- Restart and enhance marketing and sponsorships

Continue to capture opportunities in the 'home economy'
- Shift to remote work[2,3] supportive of the 'home economy'

Launching new products and growing new industry segments
- Continuing to scale LatitudePay and launching into bigger ticket purchases
- Refreshing Latitude GO & Gem to make interest free shopping easier, including extending interest free shopping to everyday purchases above $250 on GO
- Increasing penetration of home and health segments

With further upside in recovering sectors
- Increasing consumer confidence[4] and restoration of international travel supporting recovery of cyclical sectors

1. Latitude commissioned research by Kantar - "Brand awareness tracker – Nov4 Wave V4" with sample sizes (Latitude Brand, n=800, Gem brand, n= 800, LatitudePay, n=200).
2. The University of Sydney Transport Opinion Survey, September 2020, n=994.
3. Google COVID-19 Community Mobility Report – Australia, generated 7 February 2021.
4. Westpac-Melbourne Institute Consumer Sentiment survey, January 2021.

Latitude's interest free Instalments presentment vision

LATITUDE PAY

Enjoy now, pay later, interest free

Shop small, pay weekly

- Pay over 10 weeks, shop up to $1,000
- No interest ever

Shop big, pay monthly

- Pay over up to 24 months, shop up to $3,000[1]
- No interest ever
- Monthly subscription fee, not charged if there is no balance

Shop anywhere, pay flexibly

- Pay over up to 60 months, shop up to $30,000
- 6 months interest free on any purchase over $250
- Monthly subscription fee, not charged if there is no balance
- Shop anywhere Visa and Mastercard are accepted

1. Up to $10,000 and 36 months for new growth segments.

Grow lending

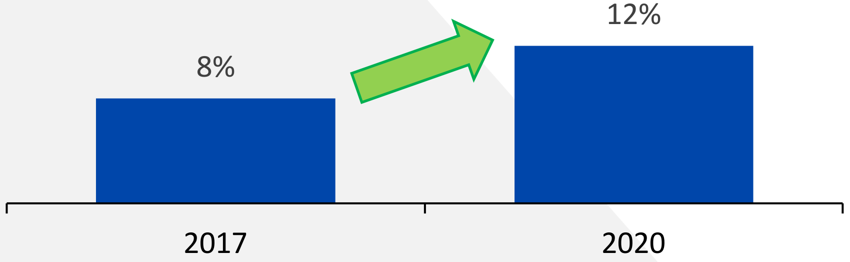
Specialist consumer lender growing share

Latitude has specialist capabilities in consumer lending:

- ✓ Risk-based pricing and credit decisioning capabilities
- ✓ Low cost funding model without bank capital impost
- ✓ Instalments products customer base for graduation
- ✓ Digital lending development

This has helped enable share gain since Latitude launched

Personal loan share – Australia[1]



While consumer finance remains a small part of major banks' portfolios

Consumer finance % of portfolio[2]	
Major Bank 1	4.4%
Major Bank 2	3.5%
Major Bank 3	3.9%
Major Bank 4	4.9%

Volume growth initiatives being executed

Increasing activation and penetration of our ~5,800 accredited brokers – reducing "time to yes, time to cash"

- Latitude recently launched new improved service levels for top tier brokers

+89pts[3] Broker NPS delivered through initiatives

Improving digital lending experience for customers

- Recently launched real time, risk-based quoting, helping to increase NPS

+68pts[4] Customer NPS

Unwinding COVID-19 actions and benefit from the recovery in the economy

- Return new business credit underwriting restrictions to pre-COVID-19 appetite
- Restart customer acquisition and graduation marketing including opportunities in the recovering economy (e.g., home improvement, motor and recreational vehicles) and the return of international travel (28° Global)

Improving digital lifecycle marketing capabilities to graduate the growing BNPL and instalments customer base

Potential to develop new banking partnerships (e.g., Kiwibank)

1. Latitude internal analysis.
2. APRA Monthly Banking Statistics, December 2020. Computed as credit cards and other loans as a percentage of total residents loans and finance leases.
3. Broker - BDM Relationship NPS survey, December 2020, n=235 (survey sent via email and SMS).
4. PL end to end application experience NPS, December 2020, n=42 (survey sent via email, must have submitted an application to qualify).

Strong asset quality

High quality customer base

52% of customers are homeowners[1]

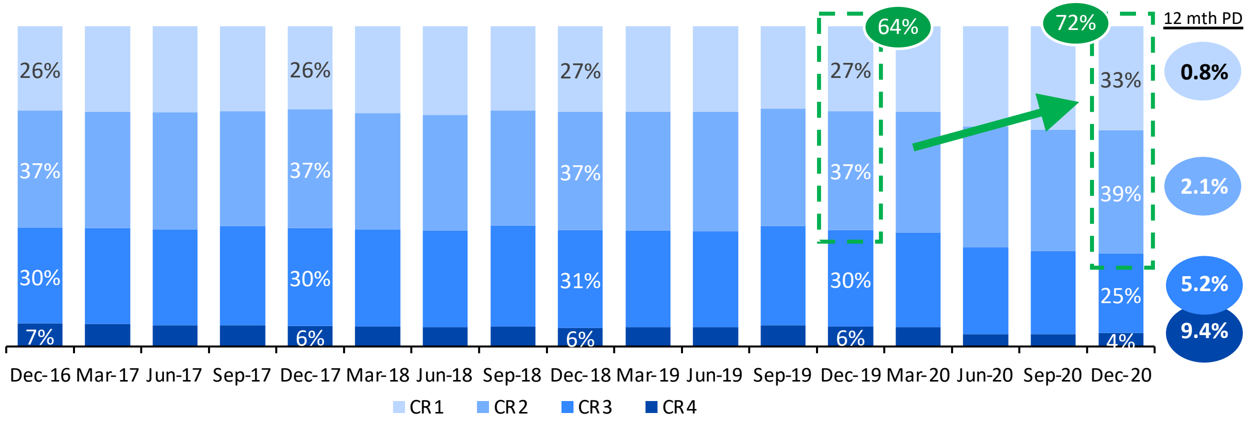
70% of customers are full time employed[1]

>94% of customers over the age of 24[1]

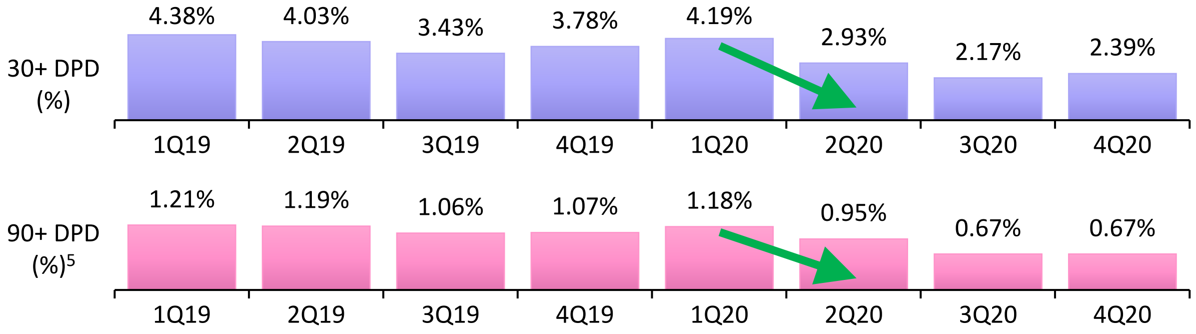
<2% of customers potentially vulnerable to COVID-19 impact[2]

Improved credit quality during COVID-19

High credit quality new customer originations, with 72% of customers rated CR1-2



Low delinquency rates that are favourable to other major lenders



Comparable to major banks

90+ DPD delinquency[3] portfolio comparison

Like-for-like basis	Latitude[4]	Bank[5]
vs. Major bank 1	0.76%	2.09%
vs. Major bank 2	0.72%	1.16%

Latitude's delinquency rate is comparable to major banks, demonstrating sound credit quality and product appeal to prime customers

Opportunity to grow volumes through selective risk appetite expansion

1. Homeowners: data as at origination for Australian instalments products, credit card and personal loan customers and New Zealand instalments products and personal loan customers with open accounts as at 31 December 2020; Employment: Australian and New Zealand open accounts as at 31 December 2020; Age: all products excluding LatitudePay & Genoapay, data as at 31 December 2020.
2. Proportion of customers acquired in the 2 years to 31 December 2020 rated CR4 and in casual, seasonal, temporary, or self employment at the time of origination and customers rated CR3 or CR4 with less than $100 surplus capacity at the time of approval.
3. Major bank performance data sourced from annual results presentations and compared to equivalent Latitude portfolios. Note that write off and re-age policies may differ and impact the comparison. Latitude's Personal Loans aged write-off occurs at 120 days, cards at 180 days and hardship accounts are re-aged.
4. Latitude's 90+ days past due ratio is based on a portfolio with products equivalent to those included in the respective portfolio of the major bank, assumed to be credit cards and personal loans exclusively or in the majority.
5. The major bank portfolios may include other product types. Major bank 1 is a portfolio of unsecured consumer loans in Australia, Major bank 2 is a portfolio that comprises cards and personal lending for Australia and New Zealand.

Diverse, effective and flexible funding sources

Diverse Funding Platform

Warehouse & ABS programmes | 50+ Investors across 6 current issuances

Significant Capacity

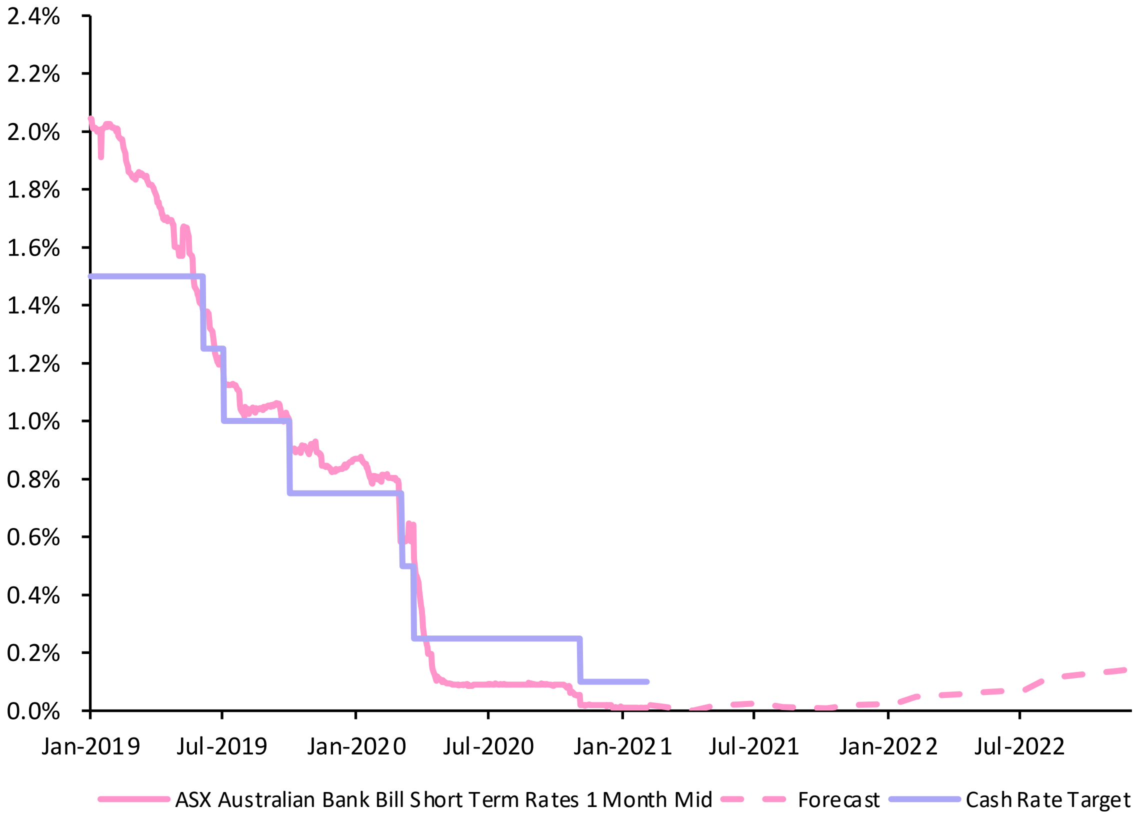
A$5.7bn[1] Warehouse limits | A$2.3bn Total headroom

Cost Effective

A$2.5bn Total outstanding term ABS | Constructive rate backdrop

RBA supportive monetary policy

Historical and forecast 1 month BBSW – Low base rates expected to persist



Note: Funding data as at 31 December 2020, refer to page 35 for further detail. Bloomberg data, including for forecast Australian Bank Bill Short Term Rates 1 Month Mid as at 7 February 2021.
1. NZD calculated to AUD at the spot rate of 0.9359 as at 31 December 2020.

Capital strength underpinned by a prudent approach

Liquidity Management

Comprehensive and diversified strategy

- **Pioneer in the Australian market** – with award winning term issuance programme
- Complemented **by significant warehouse capacity**, consistently extended well ahead of expiry
- Active strategy to **manage duration and headroom** to support liquidity
- Conservative footings **provide flexibility** - Able to redeem **A$1bn of maturing debt using warehouse capacity in the height of COVID-19**

Capital

Prudent capital management approach

- Appropriate capital strength to **protect against adverse scenarios**
- Target range of TE/Net Receivables of between **6% and 7%**
- 6.5% Pro forma TE/Net Receivables

A$ million	Pro forma 31 December 2020
Total equity	1,229.6
Intangible assets	834.8
TE	**394.8**
Net Loans and other receivables	6,085.5
TE/Net receivables	**6.5%**

Stress Testing

Comprehensive stress test regime

- Stress tests for both capital and liquidity
- Annual stress test undertaken in October 2020:
  - **Capital –** balance sheet strength **maintained above minimum** thresholds of 4.5% TE/Net Receivables despite conservative assumptions
  - **Liquidity –** charge offs would need to be **more than 2x current levels** for a rapid amortisation breach

Sustainable cost reduction through digitisation and automation

Simplification programme – established to simplify and digitise Latitude's products, customer operations and technology

Digitisation	Digital experience and productivity enhancements for the originations, servicing and collections functions, and the digital enablement of Latitude's workforce to facilitate distributed working
Product and workforce optimisation	Restructuring and exiting of products and workforces across the organisation leading to leaner customer operations
Technology and supplier optimisation	Rationalisation of technology and renegotiation of services contracts that reduced technology operating costs; rationalisation of Latitude's corporate real estate footprint

~$20m[1] of simplification expenditure through 2020 resulting in sustainable annual cost run rate benefits of ~$42m and headcount reduction of ~300[2]

1. Includes program investment and redundancy costs.
2. This includes ~200 permanent employees and ~100 contract workers.

Significant investment already made

A$m	Historical								
	FY18			FY19			FY20		
	Opex	Capex	Total	Opex	Capex	Total	Opex	Capex	Total
Closed Investment Costs									
Transition and Replatforming	(5.7)	(25.3)	(31.0)	(3.1)	(12.6)	(15.7)	-	-	-
Latitude 2.0	**(0.5)**	**-**	**(0.5)**	**(31.9)**	**(32.1)**	**(64.0)**	**(19.7)**	**(27.9)**	**(47.6)**
Latitude 2.0 – Strategy Reset	(0.5)	-	(0.5)	(0.6)	-	(0.6)	-	-	-
Latitude 2.0 – Technology investment	-	-	-	(16.3)	(32.1)	(48.4)	(7.5)	(27.9)	(35.4)
Latitude 2.0 – Strategy Execution / Brand Unification	-	-	-	(15.0)	-	(15.0)	(12.2)	-	(12.2)
COVID-19 Response – Operations digitisation	-	-	-	-	-	-	(3.9)	(1.6)	(5.4)
Total Investment Opex / Capex - Closed	**(6.2)**	**(25.3)**	**(31.5)**	**(35.0)**	**(44.7)**	**(79.7)**	**(23.5)**	**(29.5)**	**(53.0)**
Ongoing Investment Costs									
Technology Investment and Simplification	-	-	-	-	-	-	(3.5)	(5.2)	(8.7)
BNPL - Big Ticket	-	-	-	-	-	-	(0.9)	(5.5)	(6.4)
Total Investment Opex / Capex - Ongoing	**-**	**-**	**-**	**-**	**-**	**-**	**(4.3)**	**(10.8)**	**(15.1)**
Total Significant investment Opex/Capex	**(6.2)**	**(25.3)**	**(31.5)**	**(35.0)**	**(44.7)**	**(79.7)**	**(27.9)**	**(40.3)**	**(68.1)**
Business as usual Capex	-	(36.0)	(36.0)	-	(10.8)	(10.8)	-	(29.3)	(29.3)
Total investment Opex/Total Capex	**(6.2)**	**(61.3)**	**(67.5)**	**(35.0)**	**(55.5)**	**(90.5)**	**(27.9)**	**(69.5)**	**(97.4)**

- Latitude continues to invest in the BAU – normalised levels of c.A$40m p.a.
- Significant step-up investment already made (above and beyond BAU) to help deliver re-engineered process
- These initiatives – Latitude 2.0 – delivering new platforms and brand unification now closed
- New initiatives such as Big Ticket commenced in 2H20 with an expected investment of c.A$30m (of which A$20m is capex) over the next 2 years
- Simplification programme will continue in 2021 with expected spend of c.A$39m (of which A$28m is capex) and aim to deliver further improvements to operating costs through targeted initiatives
- Investment managed in line with long term intentions around cost efficiency

Strong growth, profitability and returns underpinning attractive cash flow generation

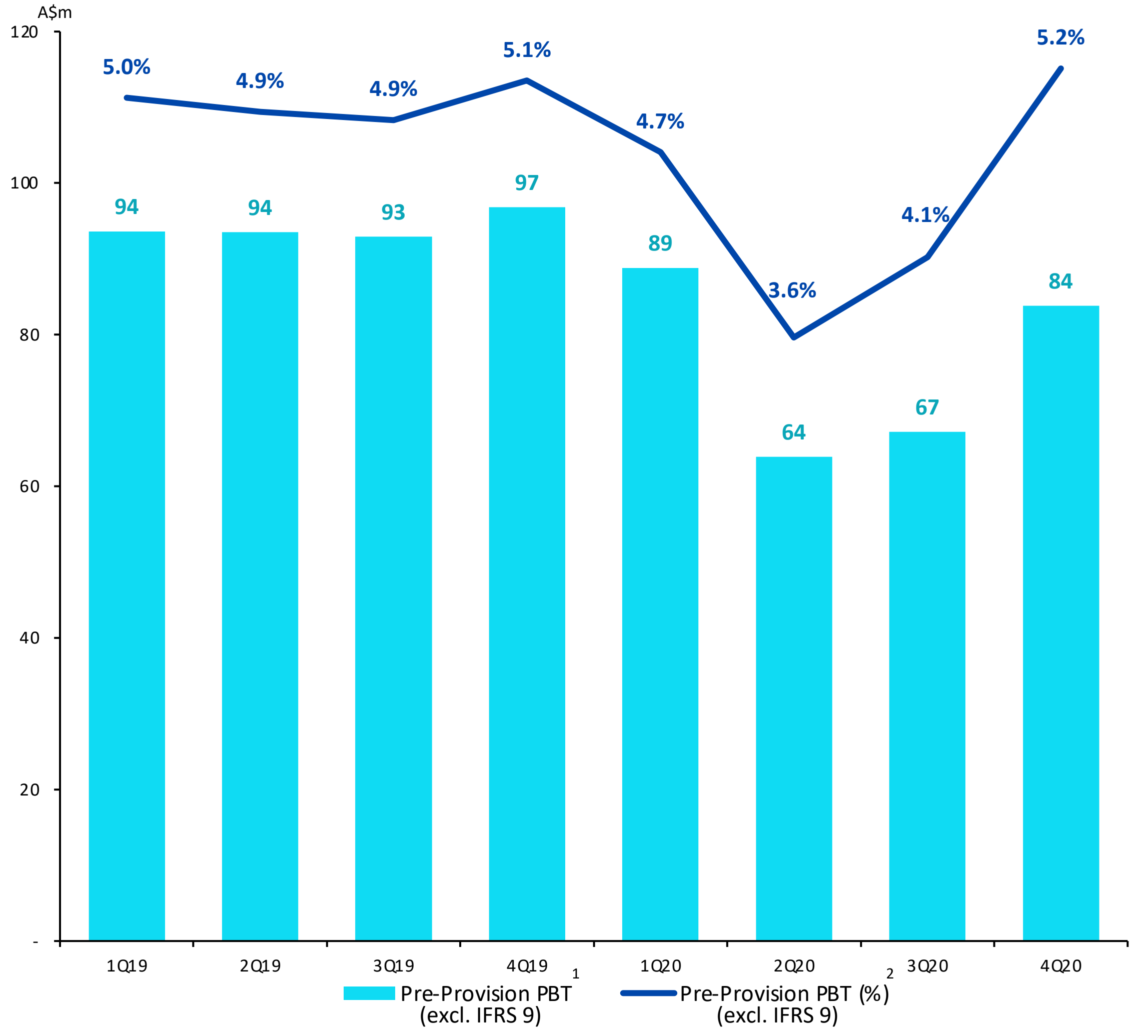
High quality receivables book
Opportunity for growth

Cost base
Scale benefits with opportunities for further operating leverage

A prudent balance sheet
Strong capital and liquidity

Highly cash generative
Supporting investment and dividend capacity

Significant leverage in the Latitude operating model



1. Pre-provision profits before tax (PBT) is calculated as total operating income less operating expenses and Net charge offs on Latitude's receivables. The metric helps explain the underlying risk-adjusted pre-tax profitability of the business before movements in coverage rate provisions (including the impact of IFRS 9 and the movements in provisions for future losses on Latitude's receivables) and significant items.
2. Represents Pre-Provision PBT as a percentage of AGR.

Growth potential in new geographies and lending partnerships

Grow instalments internationally

Across Asia, digital payment methods are disrupting traditional bank credit card and transfer payments online, and cash in store[1]

BNPL and instalment finance is a significant future opportunity in a US$5.5tn retail sales market[2]

Latitude's existing partners have significant presence and growth across Asia including:

Harvey Norman, Samsung, Google, Luxury Escapes, Cotton:On

Develop new lending partnerships

Changing customer preferences and digital transformation continue to disrupt the payment and lending markets traditionally served by banks

Traditional lenders key profit drivers; residential and business lending[3]

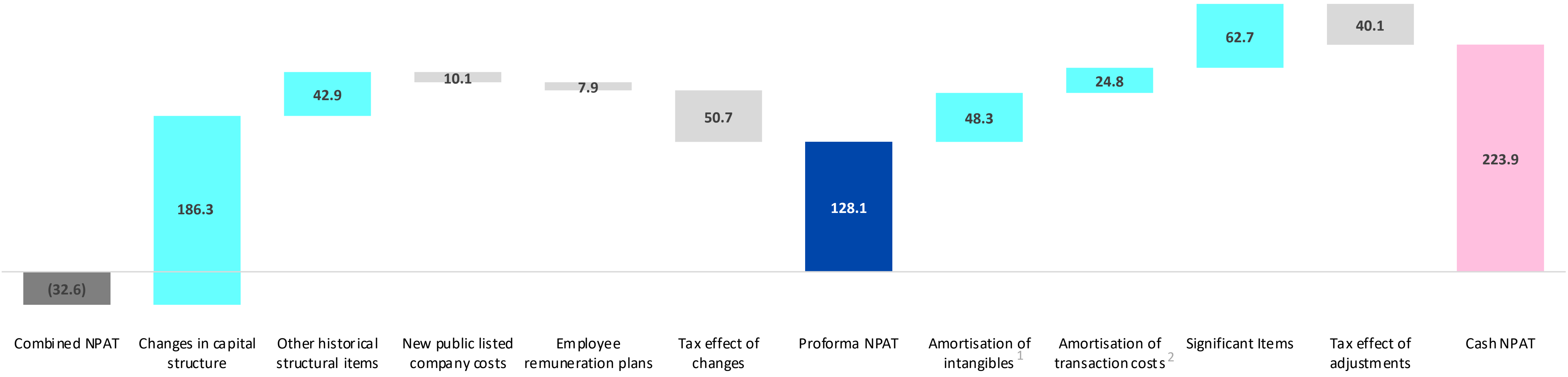
Latitude's product manufacturing, credit risk management and partnering capabilities position it strongly to pursue new lending partnership opportunities (e.g., Kiwibank)

Source:
1. Worldpay Global Payments Report (January 2020).
2. Euromonitor: Estimate of 2019 Asia Pacific retail sales in online publication "Asia Pacific to Recover the Quickest amid a Global Retail Sales Decline in 2020", 25/11/2020.
3. APRA Monthly Authorised Deposit-taking Institution Statistics (January 2021). For Australian major and regional banks, residential lending (owner-occupied and investment) and business lending (non-financial businesses and financial institutions) comprise >90% of total residents loans and finance leases.

Demystifying Latitude's historical profit (FY20)

Actual Stat Profit to Proforma NPAT to Cash NPAT

A$m (unless otherwise specified)



Comprised of:
KVDAH Stat loss (A$52.2m)
LFSL Stat profit NZ$ 20.1m

From published accounts

With restructure completed, effective from 1 Jan 21, these are non recurring

Proforma cost - New costs associated with being a listed company

Straight line amortisation
AU: $40.5m (ends FY24)
NZ: A$7.8m/NZ$8.3m (ends FY22)

Majority amortised over 7 years from 2015, not straight line (not material beyond FY21).

Source: Latitude IPO Prospectus dated 30 March 2021; KVD Australia Holdings Financial Accounts for the year ended 31 December 2020; Latitude Financial Services Limited Financial Accounts for the year ended 31 December 2020.

Note 1: Amortisation of acquisition intangibles relate to amortisation of customer lists and distribution agreements recognized as part of the acquisition accounting in 2015. Refer page 121 of the Latitude Prospectus.

Note 2: Amortisation of transaction costs reflects the amortisation of the capitalized portion of the costs related to the initial establishment of Latitude's warehouse funding program in 2015. Also includes the amortisation of historical hedging arrangements settled as a result of Latitude's proposed 2019 IPO. The combination of these two aggregate capitalized costs on balance sheet still to be amortised is $15m (FY21-FY24). Refer note (b) on page 123 of the Latitude Prospectus.

Dividend policy and 1H21 expectations

Dividend Policy

Current intention of Latitude is to pay dividends

Planned future dividend payout ratio range is **60% to 70%** of Cash NPAT

Directors expect the dividend to be progressive

1H21 Dividend

Anticipate the first dividend will be approximately A$79 million

At Completion, Latitude will have a zero franking account balance

Will generate franking credits as income tax is paid in Australia, anticipated that the final dividend for FY21 will be fully franked

Prospects

Any financial forecast or other forward-looking statement is inherently unreliable in the context of the COVID-19 impacts in Australia, New Zealand and internationally and the uncertainty of the success and timing of vaccine distribution. The Directors believe that this too would apply to any financial forecast for the Group.

However, based on the following assumptions, Latitude believes the below statements reflect the current prospects of the Group:

- trading in late FY20 is indicative of FY21 experience with no further lockdowns beyond February 2021;
- no material disruption to consumer activity or financial markets during COVID-19;
- no material adverse effect to current trading conditions and economic landscape (including underlying base rates eg, BBSW and BKBM); and
- no material change to current COVID-19 related responses from Federal and State governments such as lockdowns or restrictive measures that may potentially adversely impact customer activity levels.

Volumes and AGR

Volume recovers to FY19 levels in 2H21 and grows thereafter as Latitude continues to benefit from improvements in customer and partner propositions and experiences and confidence returns as vaccines are systematically rolled out, which in turn will help support AGR to grow back to FY19 levels by the end of FY22

Yield (%)

Operating income yield % remains broadly in line with FY20 across FY21 to FY22

Cost Efficiency

Cost-to-income ratio of c. 43% in FY20, reverting to FY19 levels by FY22 as volumes return

Net Charge Offs/AGR (%)

Decrease in FY21, trending back towards pre-COVID-19 levels as portfolio trends normalise and government stimulus ends. FY22 rate slightly below FY20 levels, reflecting the improvement in underlying quality of the portfolio that has occurred in FY20