



SocietyOne

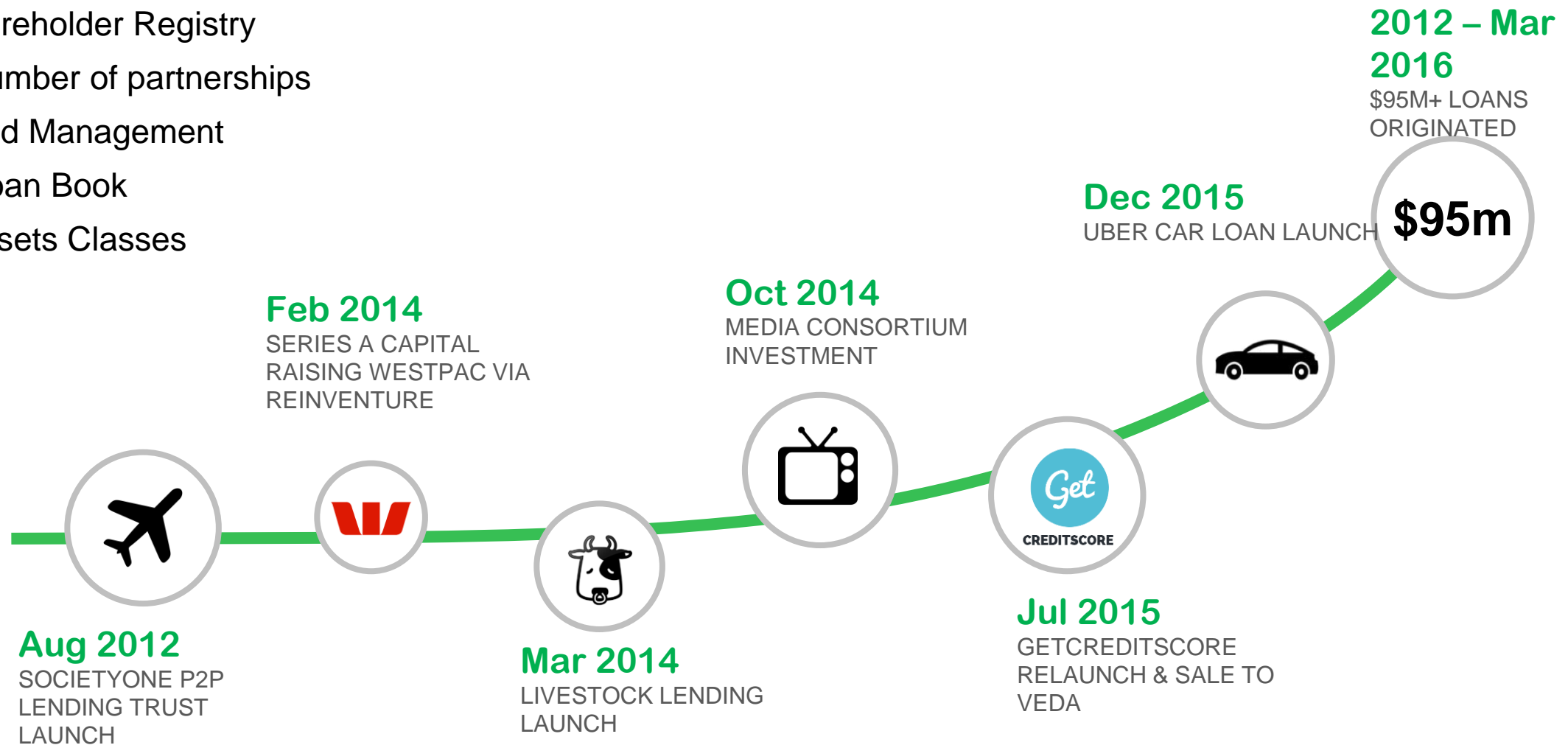
**Presentation to APP Securities Pty Ltd
Disruptive Technology Lunch Series**

**Anna Harper, Chief Financial Officer
Thursday April 14 2016**

SocietyOne Evolution

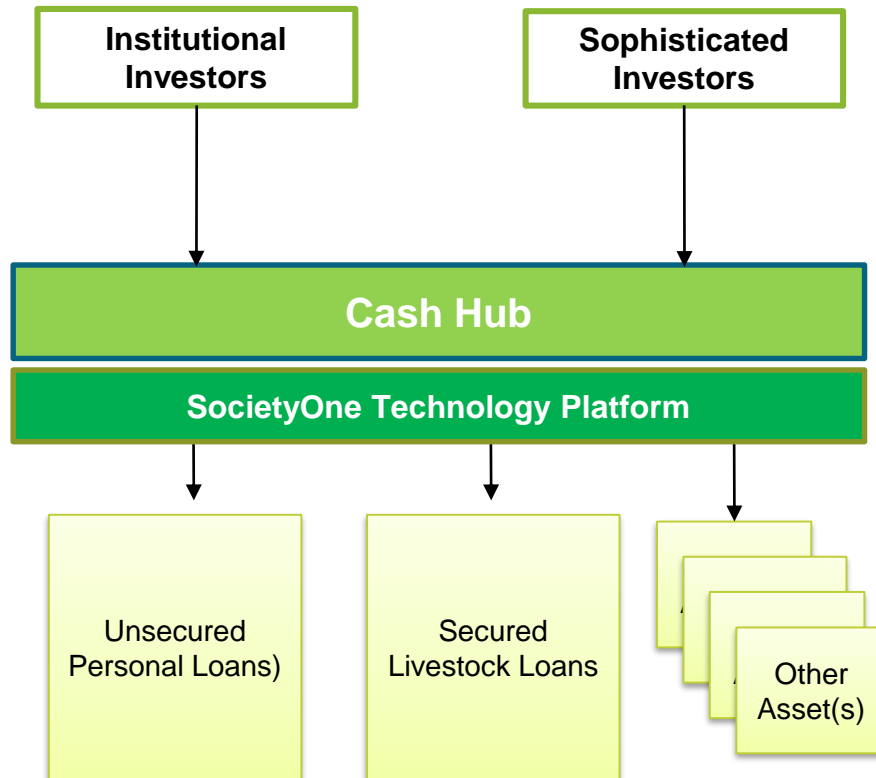
Pioneering Marketplace Lending in Australia

- Strong Shareholder Registry
- Growing number of partnerships
- Experienced Management
- Growing Loan Book
- Multiple Assets Classes



Multi Asset Class Platform

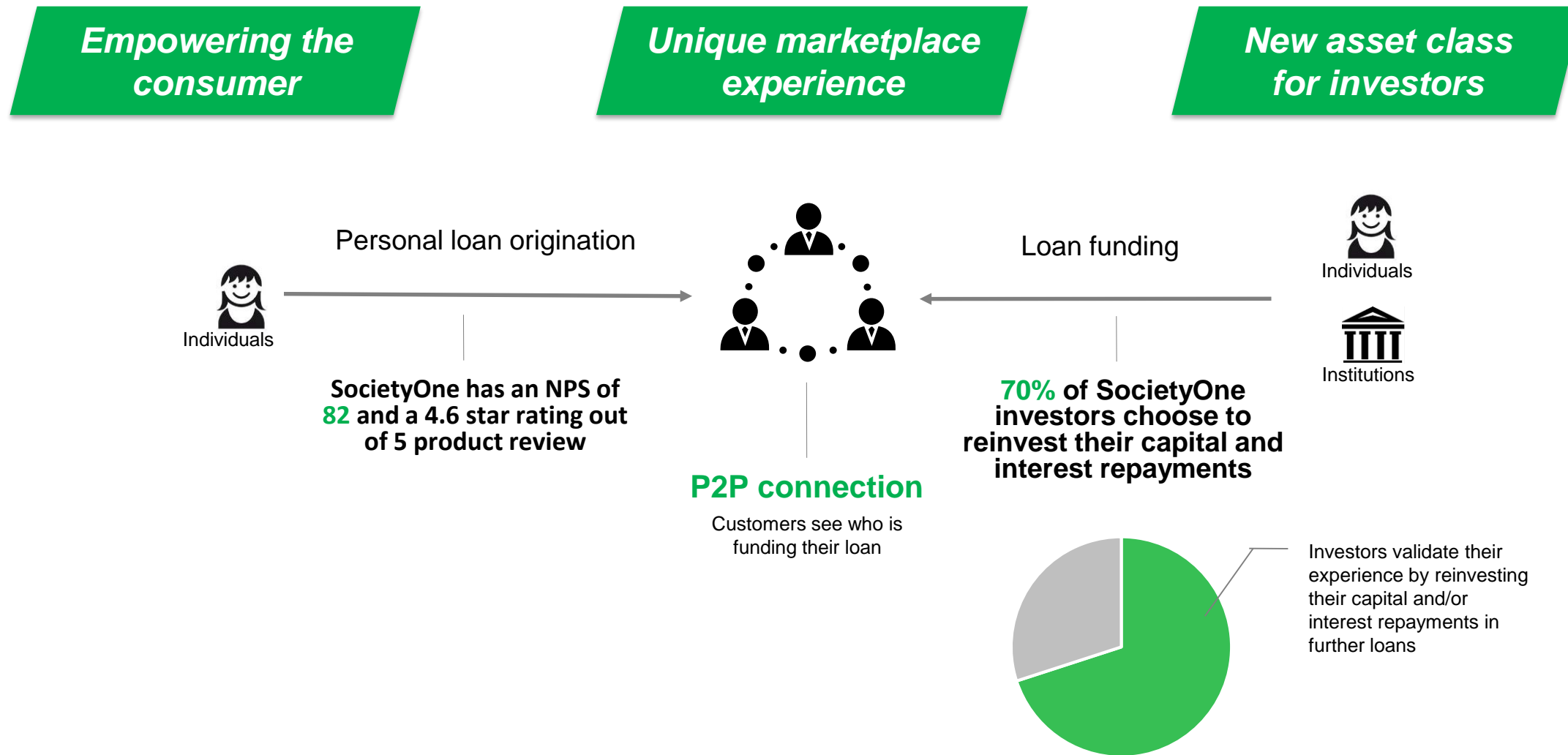
Investors diversify within and across asset classes



- Allows lenders to obtain direct exposure among various asset classes with different correlated profiles
- Access to different asset classes via a single on-line portal
- All loan investments and repayments flow from / to the investor cash hub
- Unified reporting
- Ability to add in new asset classes over time to the platform in which investors may choose to participate

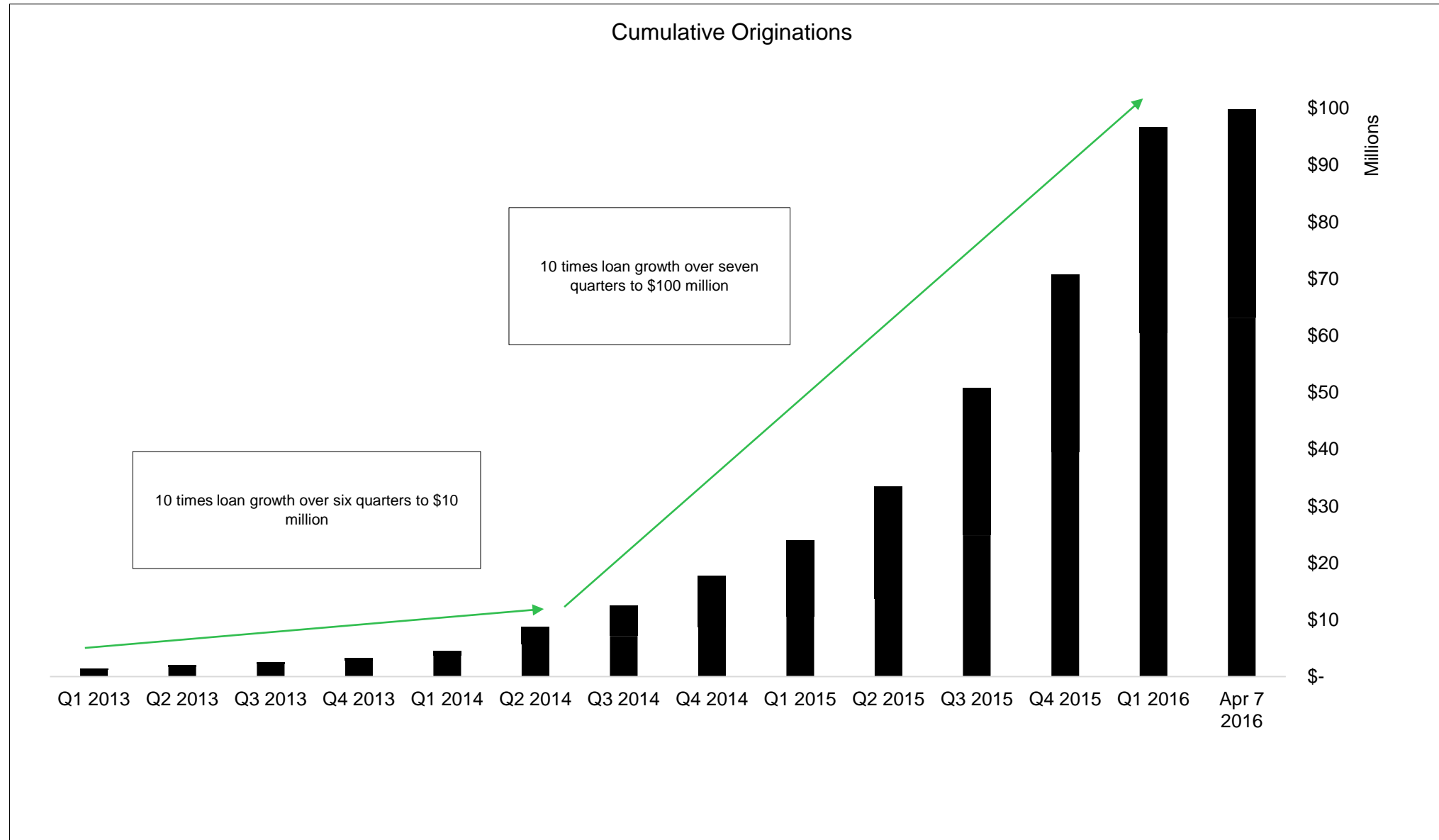
Superior Customer Experience

Borrowers and investors validate the superior experiences we strive to create for them



Originations Growth > 10% MoM

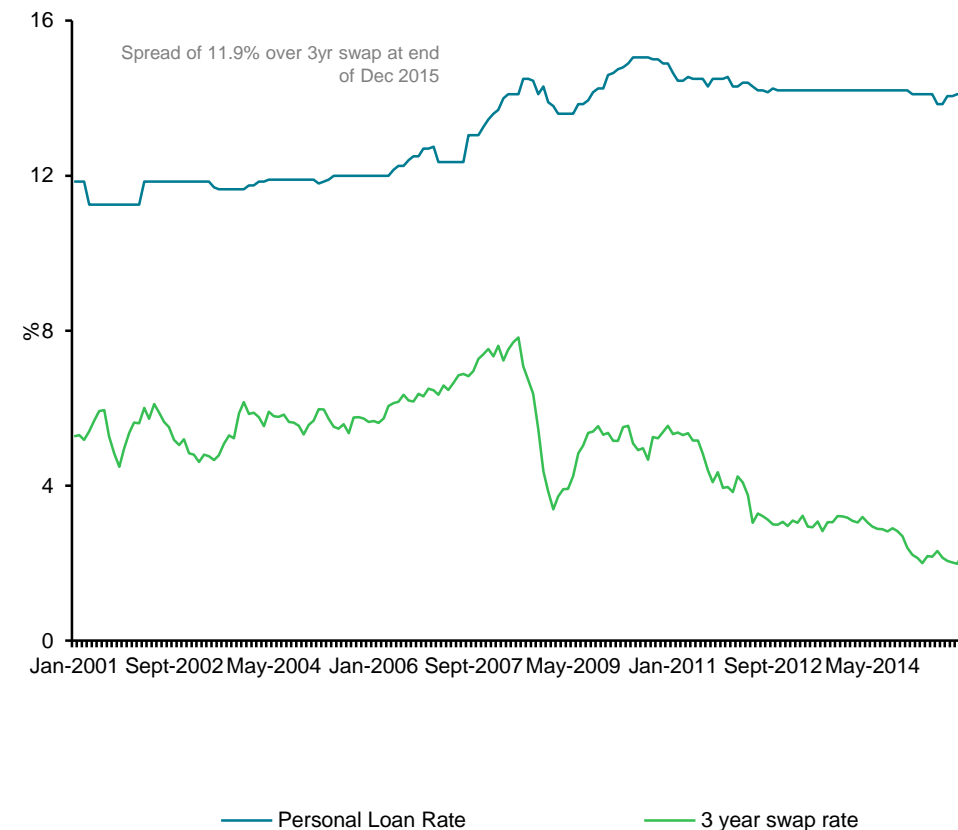
Measured and Sustainable Growth – Unsecured Loans and Secured Livestock Loans



SocietyOne Asset Classes

Unsecured Personal Loans – Margins worth pursuing

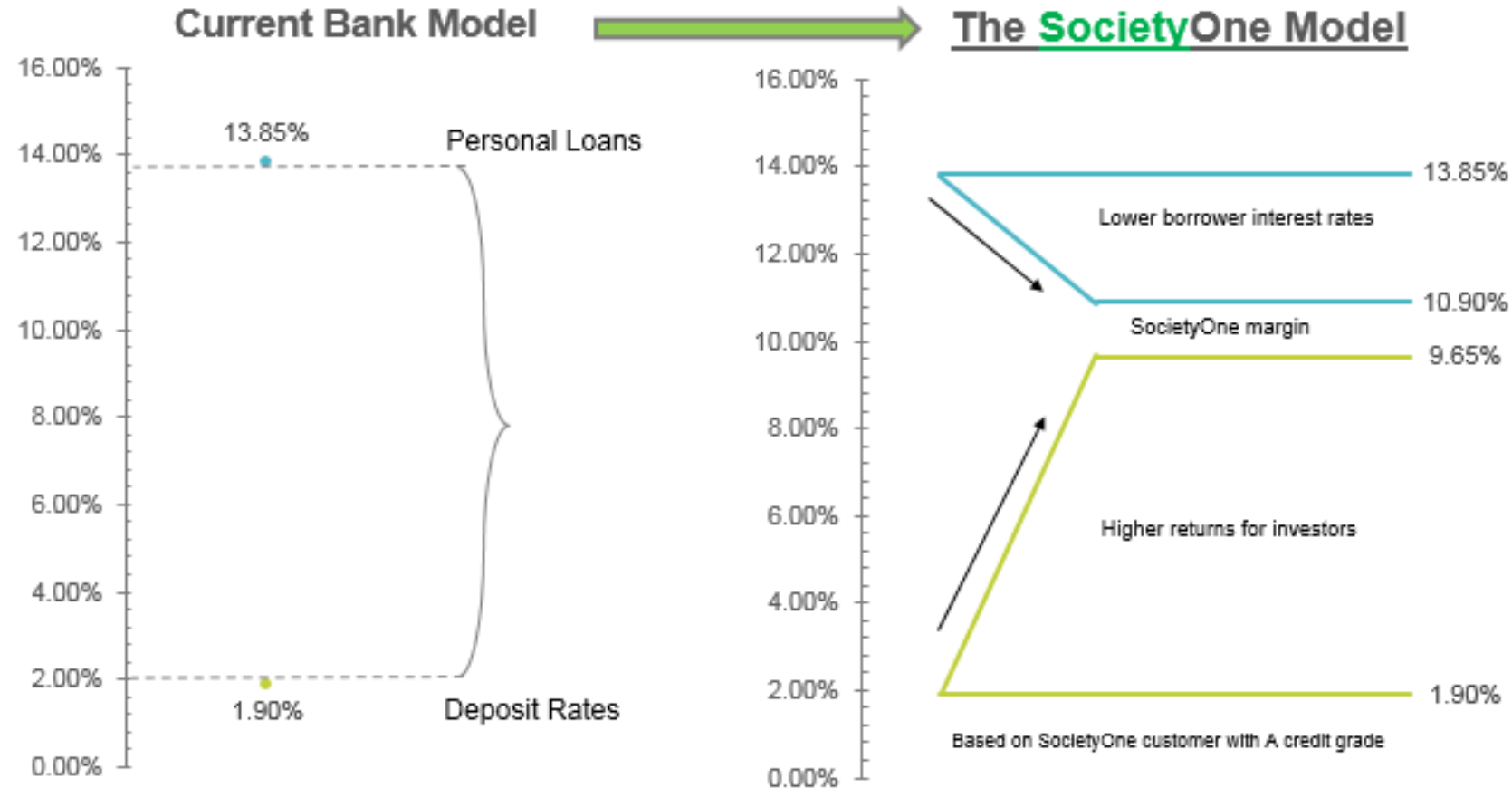
- Personal finance market in Australia is app.an A\$100bn market
- Personal loan lending rates have increased despite the downward trend in the underlying base rates (3 year swap rate)
- This trend in the personal loan lending rate has resulted in an unprecedented increase in spread for lenders
- No material benefits have flowed through to the borrowers
- **Peer-to-peer lending offers a compelling solution to these borrowers and allows investors direct access to an asset class previously locked up by the current participants**
- **95% of SocietyOne investors have experienced an Effective Annual Return* > 8% p.a. since January 2013**



The Effective Annualised Return (EAR) calculation is also known as effective annual interest rate method and is used as a consistent measure of comparing different interest rates. EAR includes the effects of intra-year compounding and is the annualised return on a loan restated from its nominal interest rate. It assumes that principal and interest payments are immediately reinvested and therefore the interest rate is compounded and payable in arrears. SocietyOne's EAR calculation reflects only actual cash payments received and does not incorporate future looking projections of performance. As EAR is traditionally used to compare the annual interest rates between investments with different compounding terms during the year, SocietyOne believes it can provide loan investors with a more accurate way of calculating total investment returns as opposed to considering only the stated interest rate on a loan.

SocietyOne Asset Classes

Unsecured Personal Loans – Majority of margin shared between borrower and investors

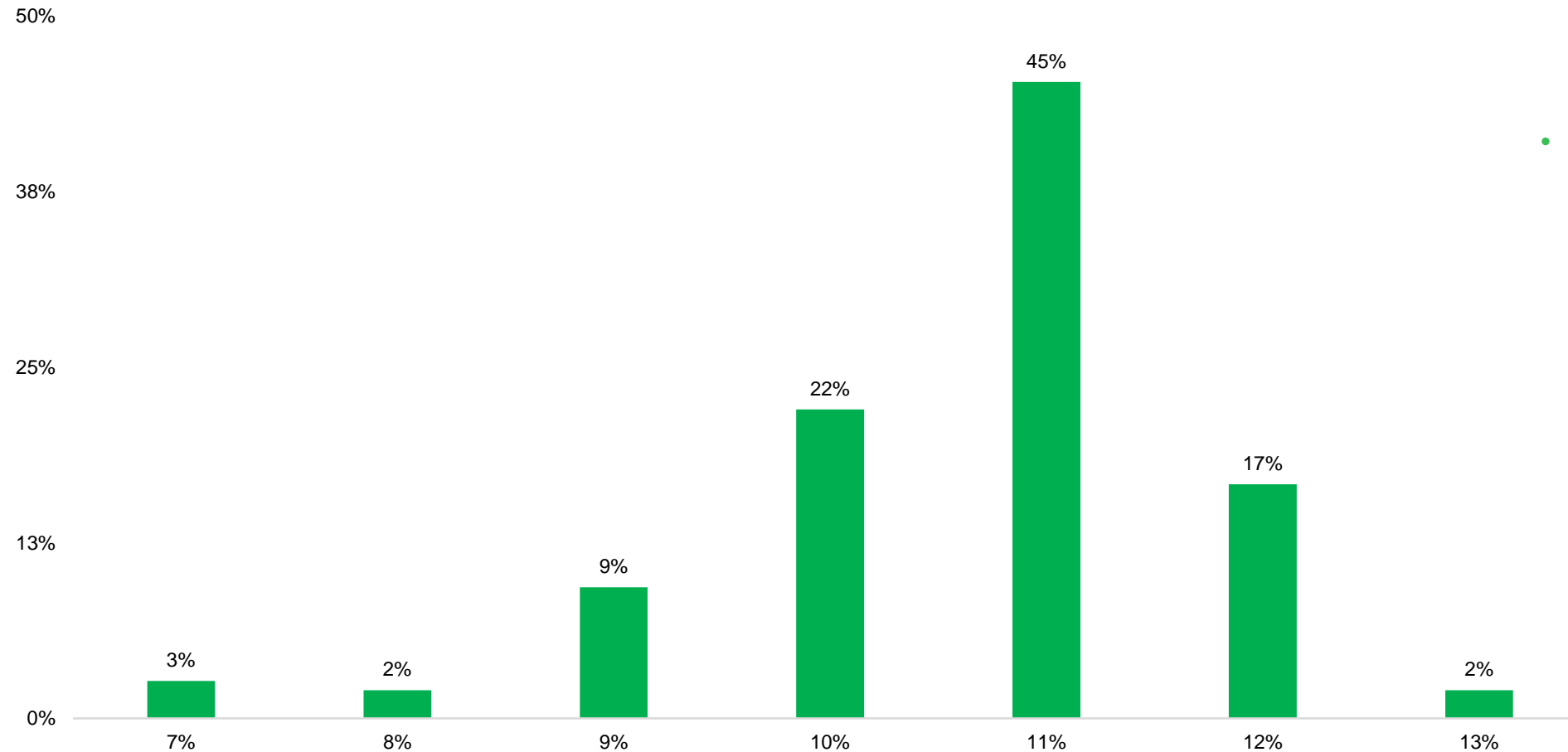


- Bank net interest margins of 12% on personal loans and up to 15% on credit cards
- The most profitable part of the book – 4% of the balance sheet and generating 16% NPAT

SocietyOne Asset Classes

Unsecured Personal Loans - Investor Returns Distribution since Jan 2013

Distribution of Investor Returns since 2013



- Returns shown are the midpoint and include returns up to 50bp either way e.g. 7% includes returns from 6.5% to 7.49%

Rates above are the Effective Annualised Return (EAR) as published on the SocietyOne website

SocietyOne Investors

Type of Investors

- SMSF
- Fund Managers
- Annuity Product Manufacturers
- Banks
- Credit Unions
- HNW's

10% -15% of Investors SMSF

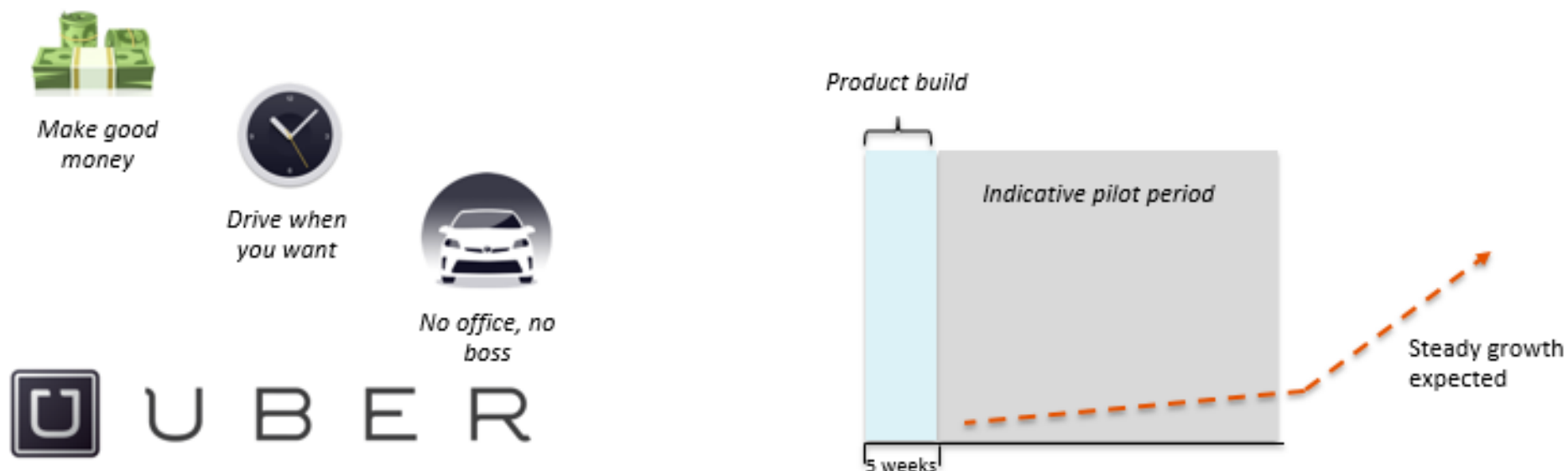
70% of investors reinvest P&I

8 Credit Unions Funding
Personal Loans

3 Credit Unions partnering
beyond just funding loans

Case study

Our strategic partnership with Uber



Key elements

- **New product** launched from concept in 5 weeks
- **Targeted approach:** niche focus on selected Uber drivers that require a complying car upgrade
- **Focus on overall borrower proposition** where the Uber marketplace enables drivers to quickly and simply setup an income stream around their lifestyle
- **Attractive investor value proposition** by offering a new asset class with strong returns and low volatility in an industry of interest

Case study

Our strategic partnership with Veda



Credit Score Ticker

- 50,000+ applicants on launch

Kochie's
CREDIT SCORES
GIVEAWAY



GET YOURS TODAY



Key elements

- **Joint venture** between SocietyOne and Veda empowering everyday Australians to negotiate better credit terms
- **Focused on borrower value proposition** that is unique and the first of its kind in Australia
- **Simple online experience** that takes no more than 2 minutes

Global Perspective



An Evolution of Models and Definitions



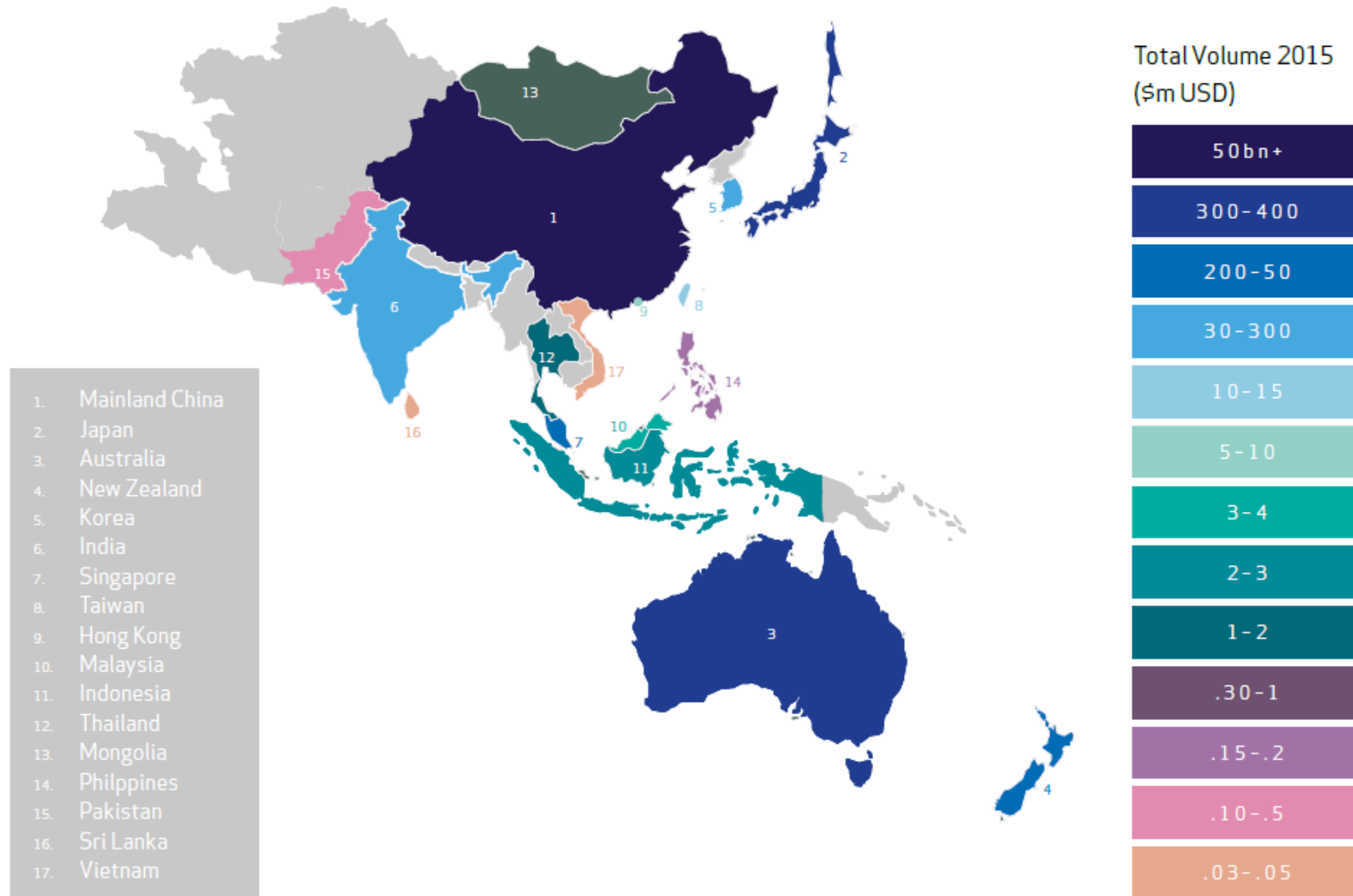
Online Alternative Finance

A Global Perspective

- UK and US the largest developed markets operating for circa 10 years
- UK is approx. 80% of European Volumes
- FCA and UK government have been strong supporters of the sector in the UK.
- UK & US markets are dominated by consumer lending with business lending growing considerably
- British Business Bank funds 10% of every loan on the three main UK SME platforms, encouraging lending to SME's in a post GFC vacuum
- China is reported to have over \$100B in originations in a largely unregulated market
- Asia – Pacific (ex China) has been behind the curve in comparison

Asia Pacific Platforms

All Online Alternative Finance by Value (\$2015) – China First with a long gap to the peloton



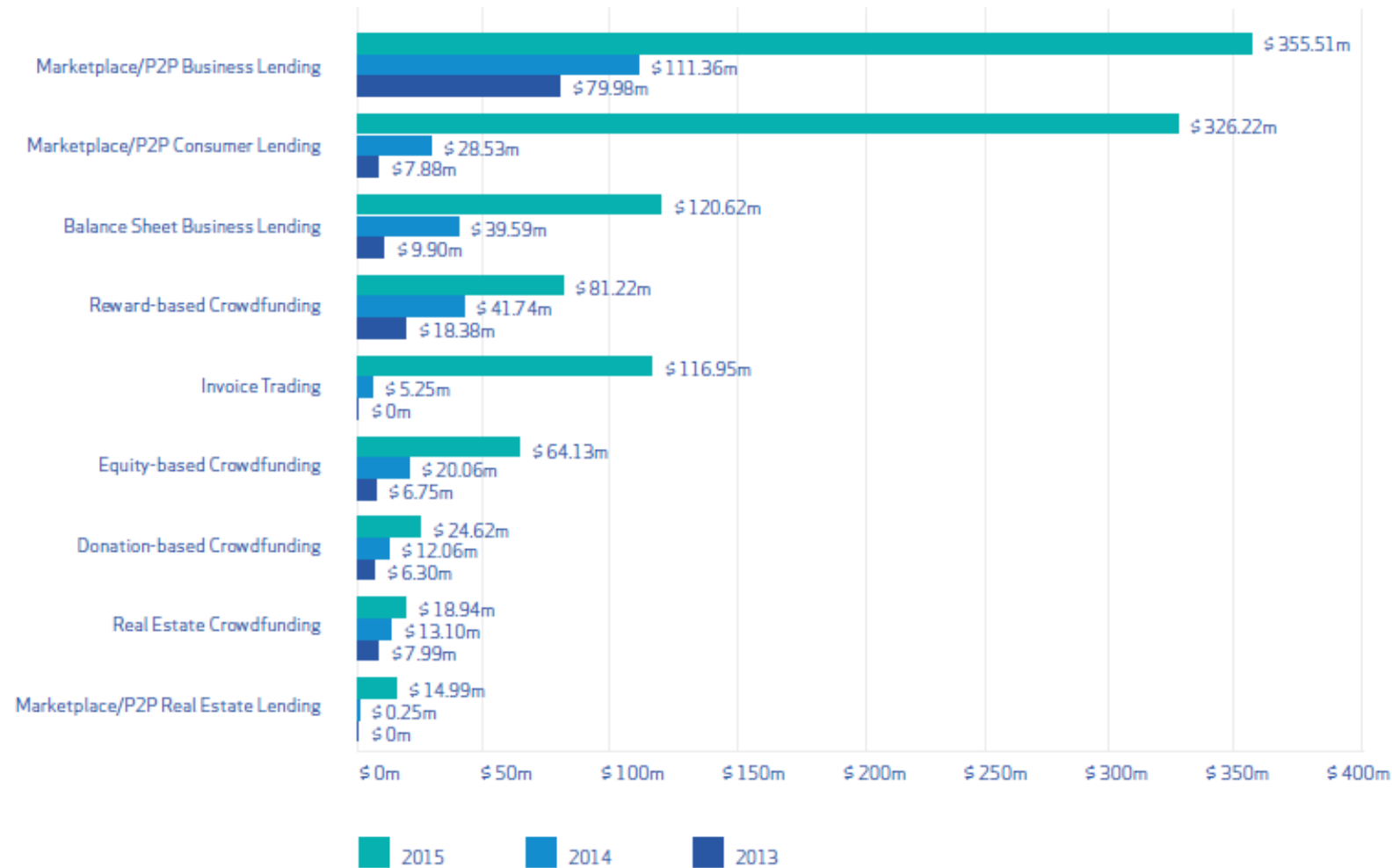
The platforms include lending, crowd sourced equity, donations and reward platforms.

It also includes pseudo platforms that fund from their own balance sheet or warehoused facilities

In Australia, SocietyOne is the largest platform with circa \$100M in originations

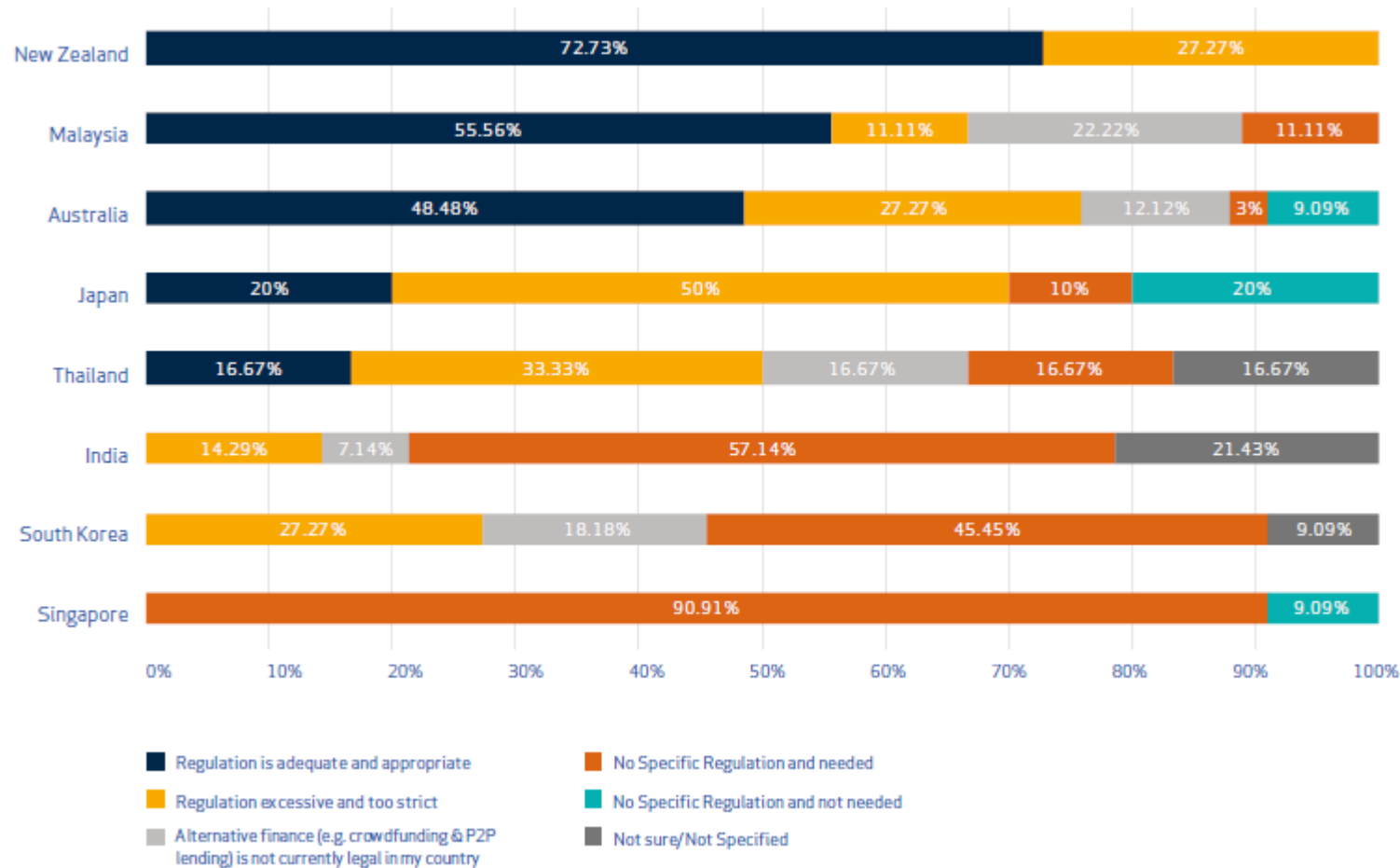
Source: The Asia Pacific Alternative Finance Benchmark Report March 2016 by University of Sydney Business School, University of Cambridge Judge Business School and Tsinghua University

Asia-Pacific Region (excluding China) Market Volumes by Alternative Finance Model 2015 (USD)



Significant growth in 2015 across Asia Pacific from a low base.

Asia-Pacific (excluding China) National Industry Perceptions of Existing National Regulation



New Zealand government has introduced early regulations specific to the sector

ASIC have been working with the sector with regard regulation and structure. Investment structures have worked within existing frameworks with some relief provided where needed.

ASIC released its guidelines for marketplace lenders in March 2016 to support consumer choice and provide operational guidance

SocietyOne holds an ACL and operates under an AFSL.