

12 February 2020



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Market Announcements Office
ASX Limited
Exchange Centre
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Dear Sir/Madam

Australian Competition and Consumer Commission (ACCC) Decision

Please see attached market release providing details of the ACCC decision relating to Australian Finance Group's proposed merger with Connective.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'Lisa Bevan', is positioned below the closing text.

Lisa Bevan
Company Secretary

CONTACT DETAILS

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AFG proposed merger with Connective - ACCC releases Statement of Issues

The Australian Competition and Consumer Commission today released a Statement of Issues (SOI) in relation to the proposed merger between Australian Finance Group and Connective.

The SOI seeks industry views and further information on certain competition issues that have arisen from the ACCC's market inquiries to date. The SOI is not a final decision. It provides the ACCC's preliminary views on the proposed acquisition.

AFG will continue to work with the ACCC and Connective to progress the proposed transaction through the ACCC process and is confident the issues raised can be addressed to the satisfaction of the ACCC.

AFG Chief Executive Officer David Bailey said: "We recognise the proposed AFG-Connective merger is an important transaction and always expected that the review process would take some time. We fully respect the ACCC's comprehensive approach to its robust regulatory approval process and look forward to engaging with the ACCC to address any remaining or outstanding concerns."

"We firmly believe there will be no substantial lessening of competition in any relevant market from AFG's merger with Connective. In fact, the proposed transaction will generate real benefits to consumers, with much greater choice for homebuyers. Mortgage brokers and lenders can expect greater investment in compliance and emerging technology, in turn providing further benefits for the customer."

"While we continue to engage with the ACCC and Connective on this approvals process, it is business as usual for AFG and we remain focused on delivering on our earnings diversification strategy."

As noted previously, the transaction is also subject to court approval (a non-customary condition). This process has begun, and a final decision is not currently anticipated until after the second half of FY20. AFG will keep shareholders informed as the approval process progresses in accordance with AFG's ASX continuous disclosure requirements.

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