

MoneyMe Limited (ASX: MME)

ASX Announcement

17 November 2020

MoneyMe delivers further funding cost reductions to drive high growth

MoneyMe Limited (ASX: MME) (“MoneyMe” or “Group”), is pleased to announce that it has refinanced its funding facilities to further drive significant balance sheet growth.

Highlights

- **Debt funding costs have reduced to 4.8%** from today following the refinancing of the Velocity warehouse facility and the AOFM’s investment into the new Major Bank warehouse facility.
- **Customer base to be expanded** to target higher loan transaction value and higher quality customers with lower personal loan pricing.
- **Strong origination growth momentum is continuing** with an 8% increase on prior month originations. Further, the month of October saw the highest level of originations since January 2020.

Debt funding costs have reduced to 4.8%

The Group has now realised a reduction in funding costs from 11.4% at 30 June 2020 to 4.8% for November 2020 following yesterday’s inclusion of AOFM mezzanine funding into the new Major Bank warehouse and the refinancing of the Velocity warehouse.

The AOFM’s funding commitment in the Major Bank warehouse facility is \$58m, increasing the Group’s total funding capacity to \$217m after allowing for the refinancing of the Velocity warehouse facility. The initial facility funding limit for the new Major Bank warehouse facility has been set to provide an appropriate balance between funding capacity and cost. It is expected that the limit will be increased significantly over time in line with loan asset growth.

Customer base to be expanded

The Group has leveraged its risk based pricing model to selectively lower personal loan product pricing to support growing the customer base, target higher value customers and higher loan transaction values. This follows the Group’s decision to increase the maximum personal loan amount to \$50,000 in September.

The Group’s Net Interest Margin is maintained following the pricing reductions due to corresponding reductions in the cost of funding. The pricing change is expected to increase

originations from higher credit quality consumers in particular and as a result the Group's portfolio average Equifax score is expected to continue to increase.

Strong origination growth momentum is continuing

Originations were 8% up in October 2020 compared to September 2020 to \$19.3m. This is the highest level of originations since January 2020 and follows the 30% increase in originations in September 2020 compared to August 2020. The strong origination and gross loan book growth continues to be achieved while maintaining tightened underwriting parameters to reflect the COVID-19 environment.

The closing gross loan book was \$145.1 million as at 31 October 2020, a 30% increase to October 2019 of \$111.9 million. The loan book is expected to grow significantly during the financial year, supported by more competitive pricing, wider product offers, recent product innovations such as PayAnyOne and MoneyMe+, and an improving trading environment.

Clayton Howes, MoneyMe's Managing Director and Chief Executive Officer said:

“Fully realising the step change reduction in its cost of funding is a truly fantastic and exciting landmark achievement for the MoneyMe Group. We welcome the AOFM as a mezzanine debt investor and look forward to fully leveraging the lower cost of funds and capacity from the new Major Bank warehouse funding facility to further grow and diversify our balance sheet to meet the needs of Generation Now.”

Authorised on behalf of the MoneyMe Board and Disclosure Committee by:
Clayton Howes
CEO & Managing Director

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About MoneyMe

MoneyMe is a digital credit business leveraging technology (the Horizon Technology Platform) and analytics to deliver highly automated innovative products and customer experiences.

We originate personal loans, revolving credit and interest-free products, for credit approved customers who are seeking simplicity, convenience and flexibility.

Our technology platform enables applications to be completed within approximately five minutes and funds to be disbursed, or credit limits to be available, to the customer shortly after approval.