



Investor Presentation

November 2015

Positioned for growth in the Marketplace Lending sector

Corporate Overview	
ASX Code	DM1
Market Capitalisation (\$0.10)	\$26.6m
Cash as at 30 October 2015	\$5.5m
52 week SP range (listed July 2015)	0.09 - 0.20
Shares on issue (including escrowed)	266,099,375
Non-escrowed shares	118,671,036

DirectMoney is Australia's only listed Marketplace Lender

- DirectMoney (DM) began trading as a listed ASX company on July 13th 2015 after commencing lending in October 2014
- New type of technology-driven financial intermediary offering unsecured personal loans and investment products with attractive risk adjusted returns
- DM manages its business via a cloud-based loan application, assessment and administration platform
- DM employs capital from its own equity-funded balance sheet to write unsecured, personal loans to Australian consumers
- DM then sells loans to the DirectMoney Personal Loan Fund and various institutional investors after a ~30 day seasoning period
- Credit risk is passed through to loan investors – DM does not borrow to lend
- DM employs risk-based loan pricing – good credit priced below major lenders
- DM sources loans from partners (brokers, introducers) and via direct online channels
- DM holds both an AFSL and an ACL

DirectMoney's executive team and Board have depth of experience in the key disciplines of:

- Banking, broking and funds management
- Technology, architecture and digital marketing
- Governance, risk and credit management

Steven Porges – Executive Chairman:

Prior to joining DirectMoney, Stephen was CEO at SAI Global. He was CEO of Aussie Home Loans between 2008 to 2013, where they were awarded Mortgage Broker of the Year for each year of his tenure. Stephen has over 20 years experience in international banking, stockbroking and investment banking across most significant global capital markets.

David Doust – Founder:

David is an entrepreneur specialising in financial services with significant experience in Australia and the USA. Whilst living in California, he founded several Silicon Valley technology startups and designed an innovative fund concept based on residential property equity. David has also held a number of senior roles with Moveit, IAC Limited, a subsidiary of Citibank in Australia and Peat Marwick Mitchell (now KPMG).

Peter Beaumont – Chief Executive Officer:

Peter is a senior business executive with over twenty five years experience in global banking, finance and project delivery via leading international investment banks Citibank, UBS AG, Bank of America Merrill Lynch and ABN AMRO. Peter brings a highly developed, broad skill base to DirectMoney specialising in customer acquisition, business leadership and transitioning high volume financial products from traditional channels to online.

David Russell – Chief Information Officer:

David is a software engineer with over 15 years experience across a variety of industry sectors. He spent eight years with IRESS working on real time trading systems and internal software tools. He has also consulted to growing technology firms such as Catch Group, Rockend Technology and CMYKHub.

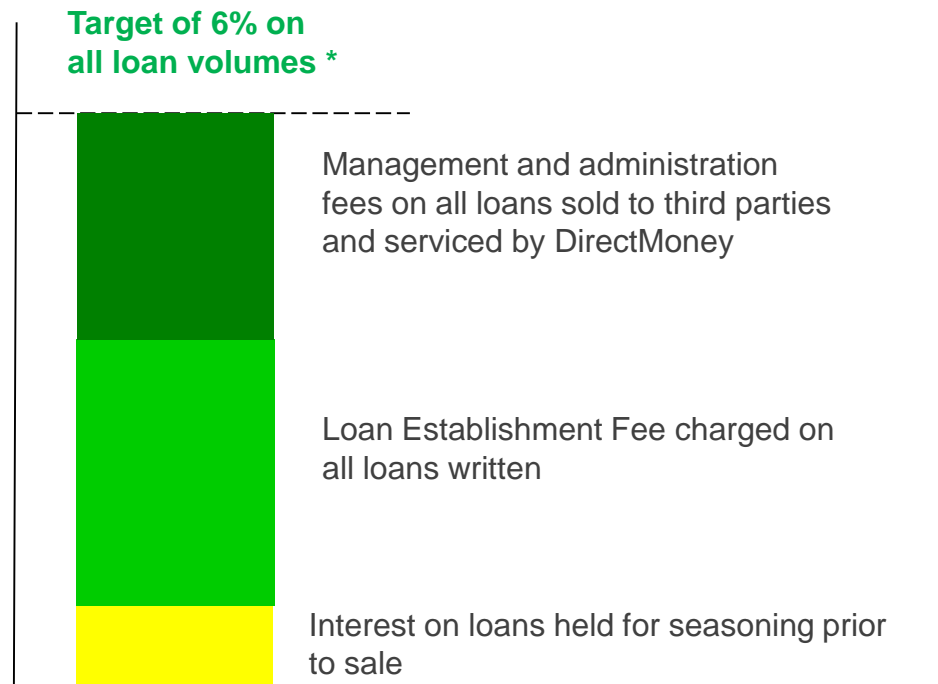
Revenue

DirectMoney seeks to earn approx. **6%** of the value of all loans we write. The **6%** accrues via interest earned on loans held in the warehouse, management fees and loan establishment fees.

Management fees are earned on the balance of loans sold to third parties. Loan establishment fees are recognised at time of loan sale to these third parties

Loan origination

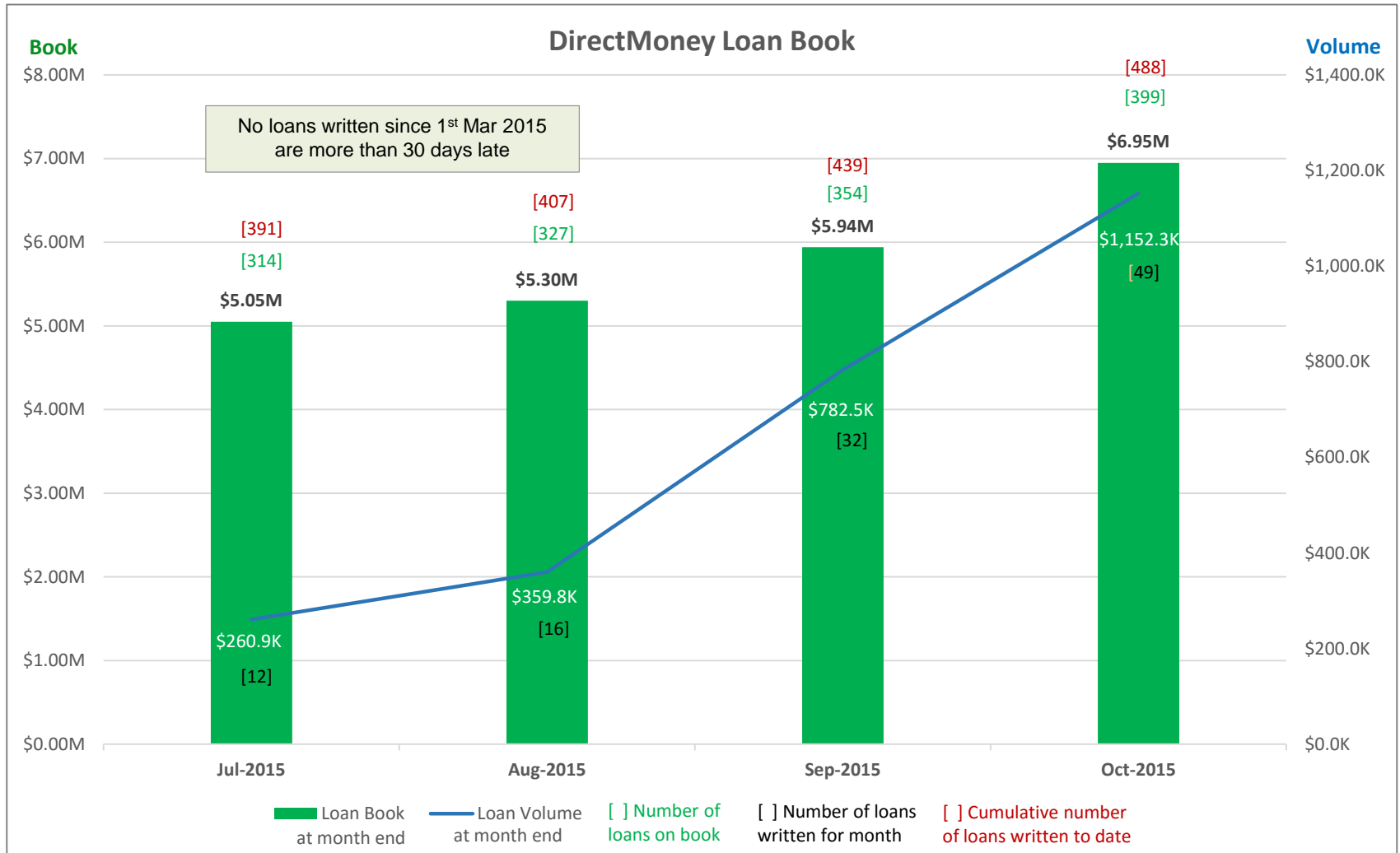
- Loans applications are received online either via website or via accredited brokers
- DirectMoney's broker aggregator partners include **AFG, Finsure, LoanMarket, NFC** and **Smartline** – a total network of over 4,500 brokers
- A wide range of referral and partnership channels remain open and largely unexplored at this time



* Not to scale

Loan Amounts	\$5,000 - \$35,000
Loan Terms	3 or 5 years
Headline Interest Rates	Fixed rates, from 8.5% p.a. up to 18.5% (as at the date of this document)
Comparison Rates	From 9.33% p.a. (calculated on \$30,000 over 5 years)
Establishment Fee	\$575
Repayment Frequency	Loans are fully amortising with equal monthly payments debited directly from borrowers nominated account
Redraws	Allowed subject to submission of new application and approval
Loan Purpose	Any worthwhile purpose including: Debt Consolidation, Gap Finance, New/Used Vehicle, Home Furnishing/Renovation, Travel, Wedding, Other
Annual Fee, Account Administration Fee, Early/Extra Repayment Fee, Early Exit Fee	Nil
Late Payment Fee	\$25
Payment Dishonour Fee	\$2.75

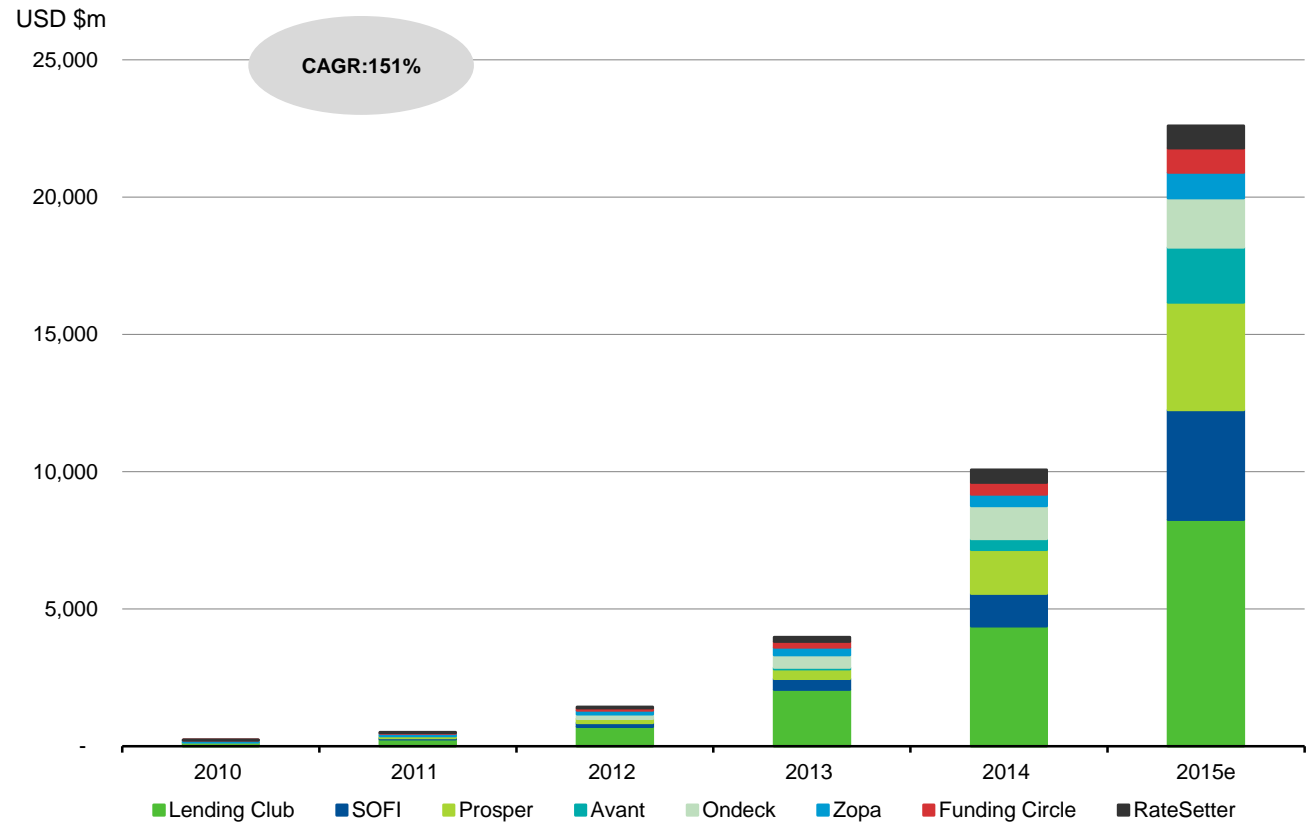
* Applicable to direct channel; prices accurate at time of publication



Global Marketplace Lending Growth

\$23bn of volume via 8 of the leading US & UK Marketplace Lending (MPL) platforms in 2015e* : 100x growth in 5 years

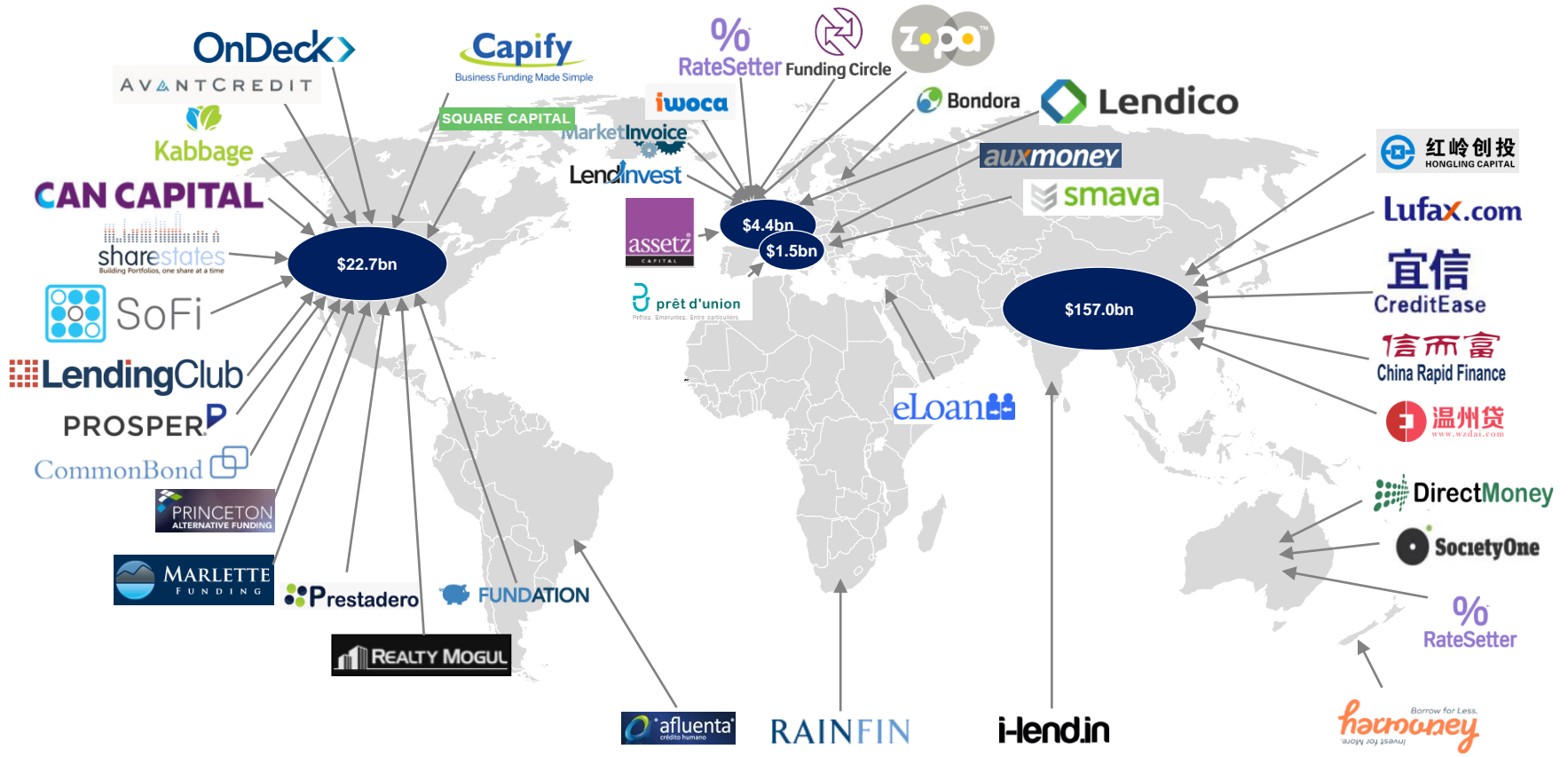
P2P volumes have grown at 151% CAGR since 2010



Source: Liberum Capital & AltFi Data, MPL Company websites

Marketplace Lending is a global phenomenon – largest markets: China, US, and UK

\$ = 2015e annual gross volume



Source: www.WDZJ.com, AltFi Data, Company websites

3 key drivers underpinning sector long term sustainability...

1
Online credit data as good/
better than bank data

- Ongoing unbundling of credit info ecosystem
- Online social data sources
- Enhanced credit data via Fin-Tech innovation



2
60% relative cost efficiency
for smaller loan amounts

- Online Direct lenders (ODLs) are 60% more efficient than traditional lenders

Traditional Lender
Operating expense: 5-7%

Reserve Requirements
Branch Infrastructure
Customer Acquisition
Underwriting
Origination
Servicing

Marketplace Lenders
Operating expense: 2-3%

Technology and business model drive costs down

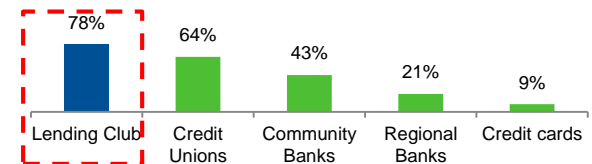


Customer Acquisition
Underwriting
Origination
Servicing

3
Improved User Experience

- MPLs are using technology to drive convenience and better user experience=> better Net Promoter Scores

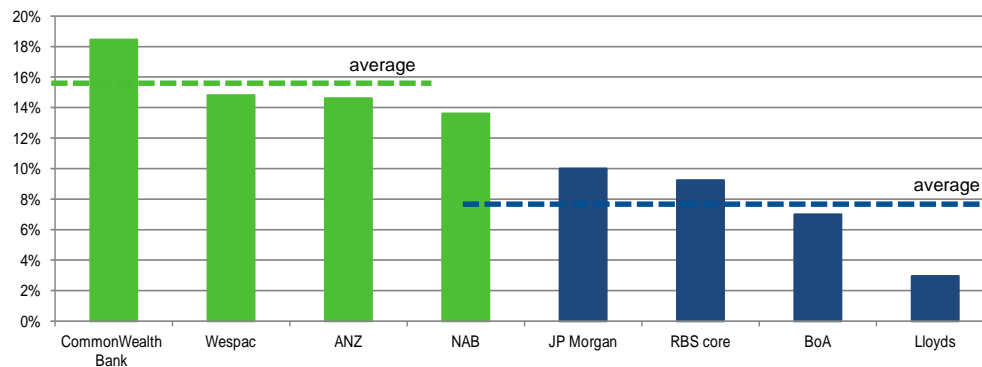
Average net promoter score (NPS) – 1Q2015



Big 4 Australian banks are vulnerable to disruption

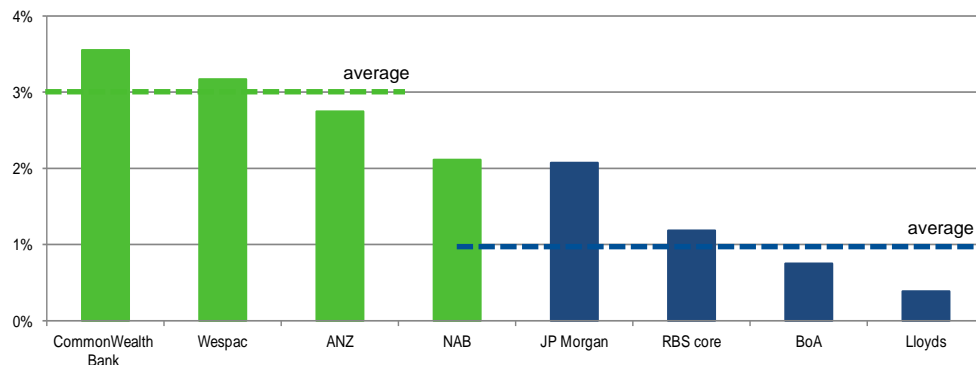
- Australian banks currently enjoy an oligopoly with an average RoE of **15.4%** in 2012/13 (international peers well below **10%**)
 - Unsecured consumer credit volume: **~\$90b pa**
 - charging above average rates and fees
 - unsecured consumer lending is **3%** assets and **16%** of profits
 - however ...personal lending volumes are falling under tighter prudential rules

Average RoE between 2012-2013



Source: RBA / AFR

Average PBT as % of RWA between 2012-2013

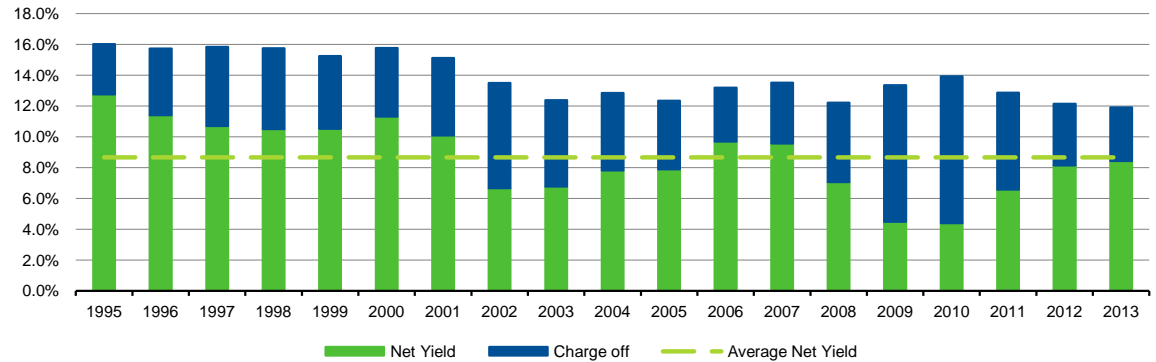


Source: Liberum

- In Australia since 2007:
 - the average net yield on Consumer loans is **10.9%**
 - with a trough annual return of **8.0%**
- Consumer finance returns are less volatile than SME

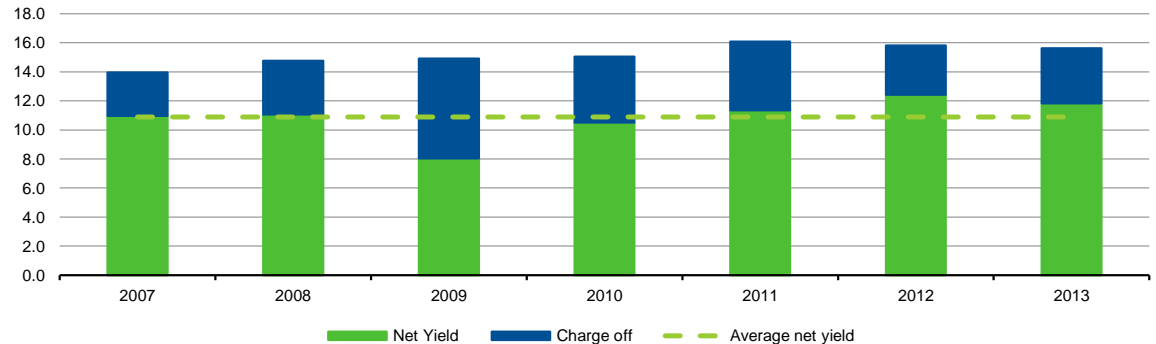
Consumer Finance Loans – attractive asset class ‘through-the-cycle’ in US, Australia (and elsewhere)

US Credit Card Historic Net Yields- Annual %



Source: Liberum, Bloomberg, Federal Reserve

Australia Consumer Loans: Historic Net Yield – Annual %

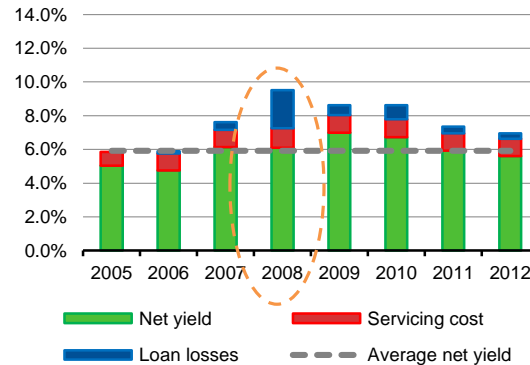


Source: RBA, Australia bank company data, Liberum estimates

ZOPA returns: surprisingly resilient through global financial crisis

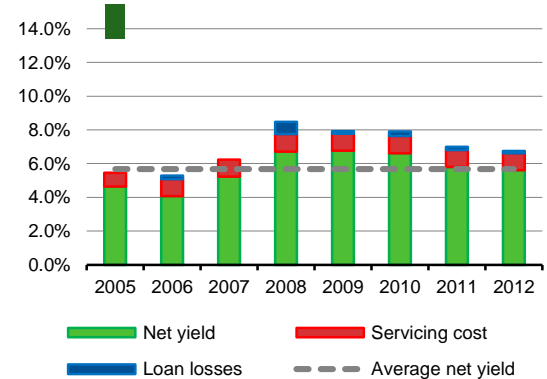
- ZOPA one of the few Online Direct Lenders to have operated through the financial crisis
- The worst annual cohort, 2008, had annualised loan losses of 2.3% and an average net yield of 5.9%; the worst credit grade (C1) had loan losses of 4.3% and a net yield of 5.6%

Zopa annual returns by cohort % all credit grades



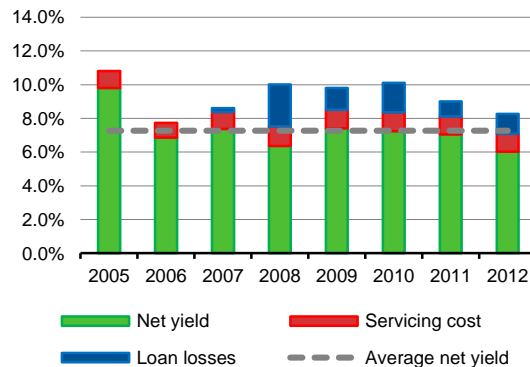
Source: ZOPA data

Zopa annual returns by cohort % A+ credit grade



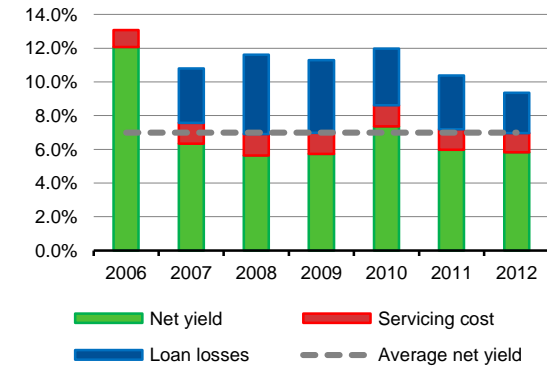
Source: ZOPA data

Zopa annual returns by cohort % B credit grade



Source: ZOPA data

Zopa annual returns by cohort % C1 credit grade



Source: ZOPA data