



goldfields  
MONEY



ANNUAL RESULTS 2016

Local banking  
made easy

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# CONTENTS

**1**

**FY'2016 FINANCIAL RESULTS OVERVIEW**

**2**

**COMPANY UPDATE & PRIORITIES FOR THE YEAR  
AHEAD**

# INVESTOR PRESENTATION

1

## **FY'2016 FINANCIAL RESULTS OVERVIEW**

# FINANCIAL RESULTS SUMMARY



**Statutory net loss after tax \$95,187.**



**Result impacted by \$357,395 restructure costs (termination payments and recruitment costs of new management team).**



**Net interest revenue growth of 6% on FY'2015.**



**New loans originated during the year of \$24.6m.**



**Loans under management growth of 6% on FY'2015.**



**Capital raising proceeds of \$2.115m and regulatory capital ratio at 20.92%.**



**Loan arrears greater than 90 days at 30 June 2016 of 0.53% of loan book.**

# FINANCIAL PERFORMANCE

	FY'2016 (\$000's)	FY'2015 (\$000's)	Change (FY'2016 v FY'2015)	
Net interest revenue	3,110	2,940	6%	▲
Non interest income	508	404	26%	▲
Total income	3,618	3,344	8%	▲
Impairment loss/(gains)	50	20	150%	▲
Operating Expenses	3,784	3,234	17%	▲
Statutory (loss)/profit after tax	(95)	140	168%	▼

- Operating expenses includes \$357,395 in relation to management team restructure costs.
- Excluding impact of the management restructure costs net profit after tax for FY'2016 would have been \$155,000.
- Impairment provisioning increased in line with arrears levels, up from historic lows but generally in line with other similar lenders.

# FINANCIAL PERFORMANCE

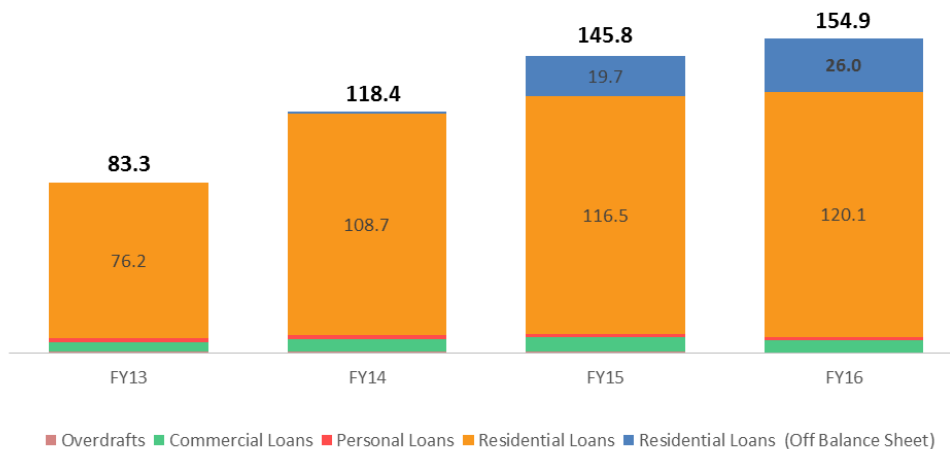
	FY'2016 (\$'000's)	FY'2015 (\$'000's)	Change (FY'2016 v FY'2015)	
Loans	128,799	126,041	2%	▲
Loans under management	154,834	145,791	6%	▲
Total assets	156,580	158,984	1%	▲
Deposits	138,665	143,214	3%	▼
Net tangible assets	16,643	14,724	13%	▲
Net tangible assets per share	0.92	0.94	2%	▼
Capital adequacy ratio	20.92%	19.20%	1.72%	▲
Average Net interest margin	1.98%	1.87%	0.11%	▲

- Additional \$2.115m in proceeds from issue of new capital during period
- Capital raising completed at a 12.5% premium to share price at the time
- Reduction in deposit funding due to run off of excess liquidity at June 2015
- NIM likely to remain under pressure as rates fall further

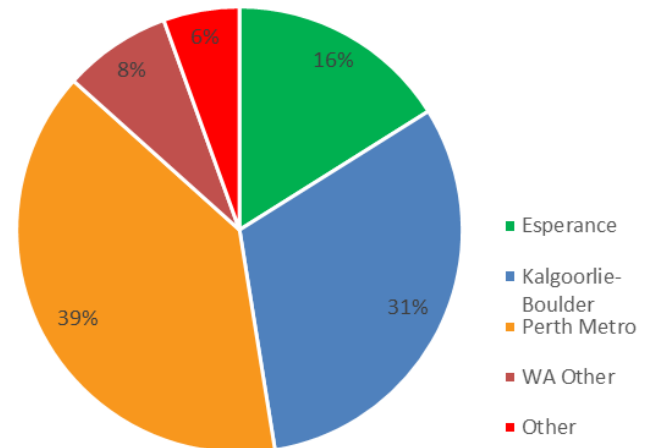
# LOAN PORTFOLIO GROWTH

- \$24.6m of new loans funded during the years resulting in 6% increase in loans under management
- Continued use of off-balance sheet funding facility
- Still have \$35m available in off balance sheet funding
- Increased the diversification of the loan book now >53% being from non-WA Goldfields region (Kalgoorlie-Boulder & Esperance)
- Broadened scope and capacity to grow personal loan portfolio

THE LOAN PORTFOLIO (\$M)



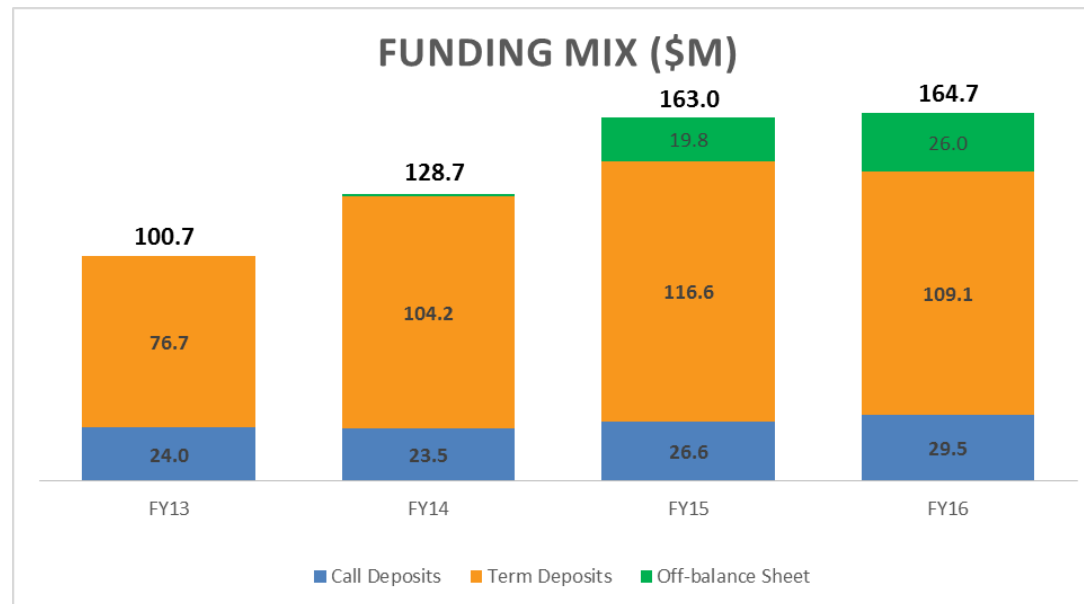
Loans under management by location





# DEPOSIT PORTFOLIO GROWTH

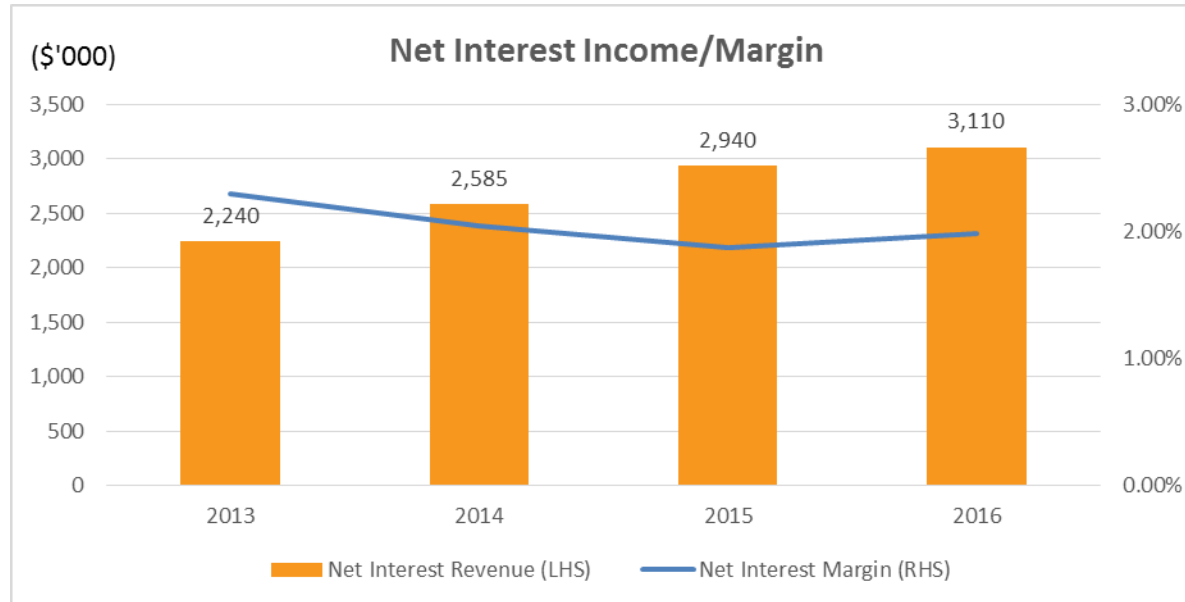
- Off-balance sheet funding facility used for new lending growth
- Continued use of off-balance sheet funding facility enabling future growth and now have additional on balance sheet funding capacity
- Opportunities for growth of at call deposits
- Regulatory changes expected to increase sector demand for retail deposit in near term



# IMPROVED NET INTEREST MARGIN

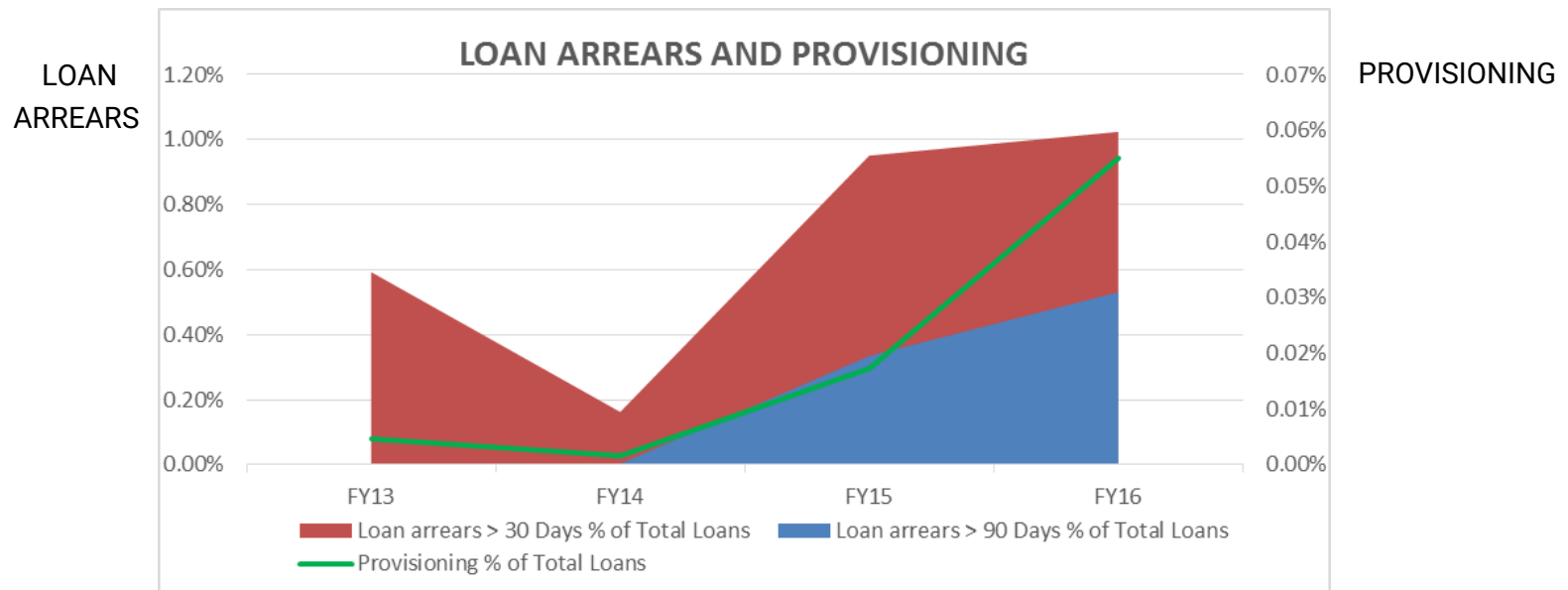


- NIM improved due to stable deposit funding costs for most of FY'2016 and increase in variable rates made in December 2015
- Reductions to variable rates in May and August 2016 likely to put some pressure on NIM due to lag in re-pricing of term deposit funding
- The business expects to continue to increase the net interest income in 2016/17



# ASSET QUALITY & IMPAIRMENT

- Loans in arrears greater than 90 days up slightly to 1.02% in FY16
- Impairment provisioning increased in line with arrears levels
- Arrears have increased from historical lows in prior years but remains broadly in line with most lenders
- Early signs of greater stability in real estate prices in the Goldfields region in WA as a result of the higher A\$ gold price and increased business activity in region



# INVESTOR PRESENTATION

2

## **CORPORATE UPDATE & PRIORITIES FOR THE YEAR AHEAD**

# CORPORATE OVERVIEW

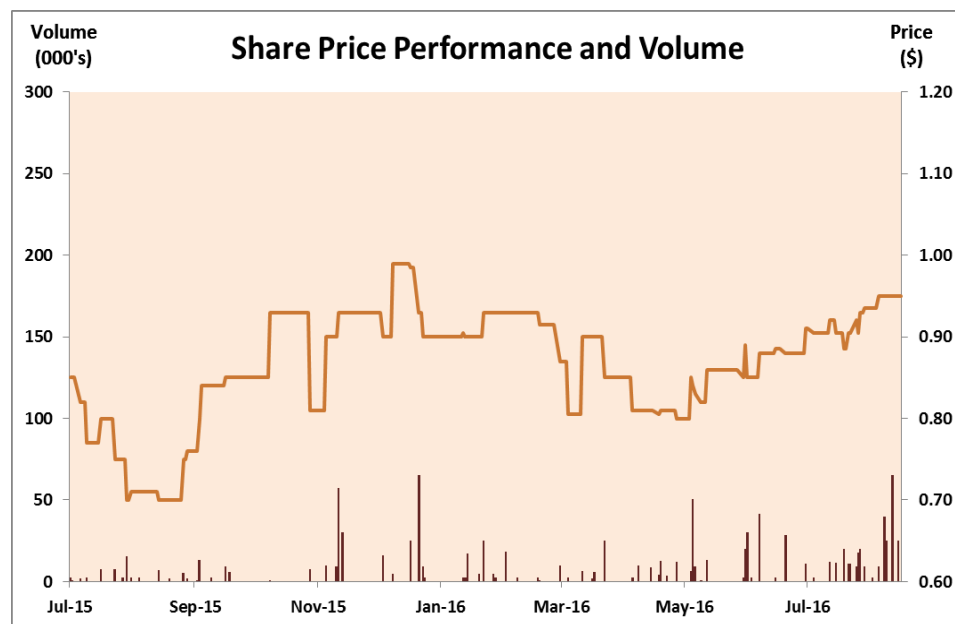


## Capital Structure

Shares	18,016,853
Last Share Price (16/08/2016)	\$0.95
Market Capitalisation	\$17.116m
52 week High / Low	\$0.99 / \$0.70
Unlisted Options:	
Ex price @ \$1.50 exp May 2019	4,500,000
Total Shareholders (16/08/2016)	1,881

## Top 10 Shareholders (as at 16 August 2016)

1.	Financial Project of Australia	15.0%
2.	Pioneer Credit Connect Pty Ltd	14.1%
3.	Trio C Pty Ltd	13.0%
4.	Aura Special Opps Fund VIII	6.7%
5.	Dreampoint Investments Pty Ltd	3.2%
6.	D2MX Pty Ltd	2.4%
7.	B F A Pty Ltd	2.2%
8.	Azure Capital Ltd	2.1%
9.	Kemast Investments Pty Ltd	1.9%
10.	The Nationale Superannuation Fund	1.9%



# BOARD RENEWAL COMPLETED



Peter Wallace has served as a Director since August 2014 and was elected Chairman in October 2015. Prior to his retirement in 2007, Peter was the Head of Corporate (Western Australia) for Bell Potter Securities Ltd, Australia's largest retail broking house. He has directed capital raising for several large publicly listed companies as well as provided a variety of corporate advisory services to a wide range of companies, both private and publicly owned. Over the past 25 years he has also held executive management positions with Westpac Banking Corporation, Challenge Bank Ltd and National Australia Bank Ltd. Peter has considerable public company experience having held directorships previously with RuralAus Investments Ltd, Tethyan Copper Ltd, and Decmil Engineering Ltd. He is currently a director of Neptune Marine Services Limited and Katana Investments Limited. Peter is a Senior Fellow of the Financial Services Institute of Australia, a Fellow of the Australian Institute of Company Directors and an Associate Fellow of the Australian Institute of Management



Derek La Ferla was elected as a Director in November 2015. With 30 years experience as a corporate lawyer and Company Director, he has held senior positions with some of Australia's leading law firms. Currently, Derek is a Partner with leading Western Australian firm, Lavan Legal, in the firm's Corporate Advisory Group (which includes mining and resources). Derek is a member of the firm's Advisory Board and previously served on the Norton Rose Australia National Board (while the firm was known as Deacons) and he also serves as the Chairman of OTOC Limited, Sandfire Limited, Cashmere Iron Limited and Threat Protect Australia Limited. Previously a Director of the listed company, Katana Capital Limited, Derek is a Fellow of the Australian Institute of Company Directors and a member of the AICD Council (WA Division).



Keith John is the Founder and Managing Director of ASX listed financial services provider Pioneer Credit Limited (ASX: PNC) and has over 20 years experience in the receivables management industry. Developing innovative ideas and solutions - Keith was the first non-national to open a receivables management business in Malaysia in 1999, and has received numerous awards in recognition of his business achievements and acumen. These include in 2006 recognition of Pioneer Credit in the BRW Fast 200 at number 26, an award which showcased Australia's fastest growing businesses. Keith was also acknowledged as a winner of the WABN '40 Under 40' Award which recognises Western Australia's young business leaders. Keith is a former director of ACA International Inc (the US based representative body of the receivables management industry worldwide) and TCM Group International Inc (the largest independent network of affiliated agents in the world). Keith is a Director of the peak industry body of the Debt Purchase Industry in Australia, Australian Collectors & Debt Buyers Association Limited, of Midbridge Investments Pty Ltd and Box International Pty Ltd, publisher of the leading Australian luxury magazine 'Box Magazine'

# BOARD RENEWAL COMPLETED



Peter Hall was elected as a Director in November 2015 and is an experienced financial services industry professional. Previous Board and industry appointments include: Non Executive Director of BLSSA Pty Ltd (the licensing Board for Advantedge Financial Services, a NAB subsidiary), Chair of the CoreLogic RP Data sponsored Residential Valuation Industry Advisory Group, Ministerial Advisory Board Member for NSW Housing Minister and Chairman and Council Member of the Lenders Mortgage Insurance sub-committee. Peter has also held the senior executive position of Country Executive of Genworth Financial Aust. & NZ and was also Managing Director of Genworth Financial Mortgage Insurance Aust. & NZ.

Peter holds a Graduate Diploma of Management, has completed Executive Management Programs at GE's global management college, is a Fellow of the Australian Institute of Company Directors, an Associate Fellow of the Australian Institute of Management, a Senior Associate of the Financial Services Institute of Australia and has received a Distinguished Service Award from the Australian Securitisation Forum.

Peter is the Chair of the Risk & Compliance Committee and is also a member of the Audit Committee and Credit Committee.



James Austin was appointed a Director in November 2013. He is currently the CFO of Firstmac Limited, one of Australia's largest non-bank lenders, a role he has held since 2005. Mr Austin studied at Queensland University of Technology where he obtained his Bachelor of Business (Accounting) and is a member of the Institute of Chartered Accountants. Mr Austin gained international finance experience while working for CSFB and Abbey National London in London.

Upon returning to Australia, James worked for HSBC in Sydney for three years before being promoted to Chief Operating Officer at HSBC Japan, where he stayed for a further six years. James managed the acquisition and integration of HSBC's \$2.2 billion residential mortgage portfolio in 2006 for Firstmac and has overseen the issuance of more than \$7 billion of RMBS.

James is a member of the Audit Committee and Credit Committee.

# MANAGEMENT RESTRUCTURED



## **Simon Lyons - New Chief Executive Officer**

Simon is an ex Army officer, but has been involved in the day to day management of financial services businesses for the last 20 years. He began his business career at Porter Western Limited as a stockbroker in 1994 and was a Director and shareholder of Porter Western when the business was sold to Macquarie Bank in 1999.

With the business under new ownership, Simon became the State Manager for Macquarie Bank in Perth where he was promoted to Division Director for Macquarie and transferred to a national role as Head of Broking (Distribution and Development), largely based out of Sydney. In 2005 Simon became the Head of Macquarie Private Wealth - Asia and spent several years working in Asia and India establishing or acquiring wealth management businesses for Macquarie Bank.

Since leaving Macquarie Bank in 2008, Simon has established and managed wealth management businesses to service clients looking for stockbroking or fixed income investments (bonds and term deposits). Simon is committed to building upon Goldfields Money's terrific reputation for service, growing the business to become a leading provider of banking and financial services for Western Australian clients.

## **Michael Verkuylen - Experienced Chief Financial Officer and Company Secretary**

Mr Verkuylen was appointed as company secretary on 25 June 2012 and is also the Chief Financial Officer. He is a Chartered Accountant with over 10 years experience in the banking and financial services sector. Mr Verkuylen previously held a senior position with a major international accounting firm and is a graduate member of the Governance Institute of Australia.

## **Steve Ellis - New Risk and Compliance Manager**

Steve joined Goldfields Money Limited in July 2016 as the Risk and Compliance Manager. Steve has over 20 year's commercial experience across banking, financial services and asset management firms. He started his career at the Reserve Bank of Australia in Bank Supervision, before working for the newly formed APRA. Since then Steve has developed a solid background in risk management, having held senior positions at St George Bank (market risk management), Abbey National Bank (credit portfolio management), Commonwealth Bank (derivative pricing and potential counterparty exposure management), RAB Capital London (hedge fund Chief Risk Officer) and most recently at Baker Steel Capital Managers (Senior Fund Manager). Steve also has commercial experience in developing and implementing new products and platforms aimed at the retail market in Europe. Steve received his Commerce Degree at Curtin University after studying a double major in Banking and Finance. He also studied a Master of Applied Finance from Macquarie University in Sydney, and has completed an Investment Management Certificate in London and sat a licensing exam for Securities and Futures Intermediaries in Hong Kong.



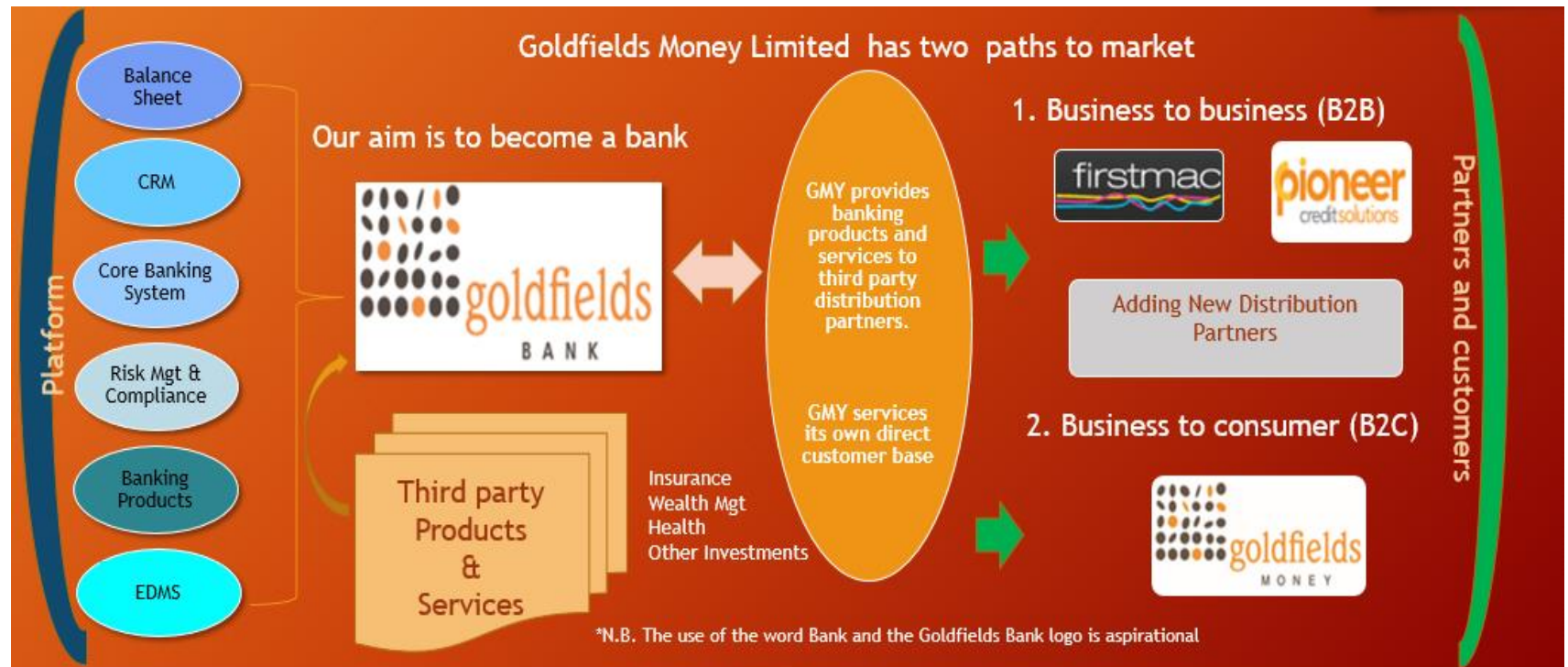
# WHAT WE DO AND WHERE WE ARE GOING



Goldfields Money Limited is an Authorised Deposit-taking Institution (ADI) regulated by Australian Prudential Regulation Authority (APRA). We are currently the only Western Australian headquartered and ASX-listed ADI.

We distribute banking products and services to non bank third parties for their customers and also to our own direct customers.

Our aim is to become a bank that is recognised as the most valued financial services provider to our strategic partners and our mutual customers.



# Priorities for 2016/17



**The management team priorities for 2016/2017 are to:**

- Improve the Goldfields Money banking platform
  - Enhance capability of the core banking system
  - Digitise the business through revamped website and enabling straight through processing
- Create a better standard in customer experience for both our direct and B2B customers
  - Simplify products and forms
  - Enable access to our business solutions through multiple channels – branch, web, mobile.
  - Engage new technology solution for electronic lodgement of direct and broker sourced application forms
- Improve our financial performance across all measures
  - Optimise capital allocation
  - Fully deploy available capital
  - Reduce cost to income ratio
- Create a first class workforce
  - Addition of new Chief Technology Officer position - recruitment for role is now complete
  - Improve efficiency across the business
  - Grow distribution base and volume of products delivered without additional staff
- Further develop our B2B business
  - Build on existing collaborative partnerships
  - Add new distribution partners
  - Develop SME capability
  - Provide more product to market through FinTech partnerships
- Grow our own direct sales model
  - Increase customer numbers
  - Get on more mortgage broker aggregator panels
  - Utilise direct electronic lodgement of application forms and straight through processing
  - Better use of digital marketing and enhancement of content via website
  - More consistent marketing and greater focus on business development activity
  - Improve PR and community engagement



For more information email  
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or contact us today TOLL FREE on  
**1300 GO 4 GOLD**

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