



# 2017 Results and Investor Update

18th August 2017



# Who we are

- Goldfields Money is a 35-year-old trusted and progressive financial institution listed on the Australian Securities Exchange (ASX:GMV)
- Goldfields Money is an APRA regulated Authorised Deposit-Taking Institution with deposits guaranteed by the Australian Government Deposit Guarantee Scheme
- Goldfields Money is customer focused and will soon launch a new banking platform aimed at delivering market leading banking services to new and existing customers in an era where banking has to evolve with the digital world
- We are a lean, agile team looking to grow our business in partnership with other progressive and like-minded businesses that need banking products to service their customer bases





# Always putting customers first

- Goldfields Money commissioned extensive market research to determine how to best service and connect with consumers, mortgage brokers and third-party businesses
- Consumers identified security, simplicity, honesty, transparency and value for money as key priorities and told us that having great online services was essential
- The survey found little recognition of the Goldfields Money brand as a financial institution outside of Kalgoorlie despite the Company's growth into Perth and other regions. This prompted the evolution of our brand strategy
- Our branches are here to stay and we are making exciting additions to our services toolbox to help meet all customer needs



We are focused on making customers happy

# Shhh...our brand relaunch is still a secret

- We want our new brand to support our growth ambitions, better connect with customers into the future and reflect a more sophisticated digital offering
- The move to a new brand is scheduled for later this financial year and will coincide with the deployment of the world's leading retail banking platform^ delivered in a SaaS model. This deployment is an Australian first and represents a major competitive advantage
- Our business has been built on a reputation for sensational service. We respect our past and the core values we demonstrate in honesty, transparency and making banking easy for our customers
- Now we want to make our services accessible to customers across Australia with digital banking 24/7 delivered by a brand built for today ... and ready for tomorrow ...



## The kid from Kalgoorlie is growing up

^Source: Gartner – 'Magic Quadrant for International Retail Core Banking, Don Free and Ethan Wang, Nov 2014

# A new era in banking and more growth

- Goldfields Money recognises that the future of banking is digital and that current and future generations of customers will demand quality digital services that are tailored to their needs
- Through our investment in new banking technology, we are creating a flexible platform to improve all of the services offered to our customers
- The brand initiative reflects the Company's enhanced capacity to personalise the customer experience and to customise banking products for sale by numerous distribution partners



Transparent Accessible Honest Easy



# A more sophisticated offering

- The rebrand and renaming is part of our wider strategy to service and build a stronger reputation with:
  - ✓ Consumers aged 24-35, who are considered digital natives, in addition to other age groups
  - ✓ Mortgage brokers, who are the gatekeepers to more than 50% of home loans in Australia
  - ✓ Australian businesses looking to form alliances to deliver tailored banking and financial services products under their own brand to their own customer base
  - ✓ International businesses looking to service consumers who have business interests in Australia
  - ✓ Fintech businesses looking to improve the user experience for customers in the banking industry



Energetic

Open

Ambitious

Thorough

# Where to for Goldfields Money

- Financial products and banking services are built on trust. Transparency between a customer and their bank is crucial
- We want to offer
  - ✓ The right products to the right customers at the right time in an easy to access, cost effective and largely self-serviced fashion
  - ✓ A seamless and consistent experience in our branches – as well as on the phone and online (by phone, tablet or desktop computer)
  - ✓ A better, smoother, safer and instant experience in everything from self-service account opening or loan origination, to all types of account engagement
- Quite simply we want to offer uncomplicated products that create real value for a range of customers, to provide our customers with quality service and to create value for our shareholders



It's your money, we get that....

# Innovative and competitive products

We offer a great range of products simply, including:

- Homes loans
- Car Loans
- Personal loans
- Business accounts
- Savings accounts
- Term deposits

All our products are offered at very competitive rates by local staff just as we have done for the past 35 years



**Looking for  
a home loan?**

Variable Rate p.a.*	Comparison Rate p.a.*
<b>3.89%</b>	<b>3.90%</b>



# Corporate overview

## Capital Structure

Shares	22,521,066
Last Share Price (15/08/2017)	\$1.05
Market Capitalisation	\$23.65m
52 week High / Low	\$1.07 / \$0.90
Unlisted Options:	
Ex price @ \$1.50 exp May 2019	4,500,000
Total Shareholders (15/08/2017)	1,837



## Top 10 Shareholders (as at 11/08/2017)

1. Trio C Pty Ltd / Firstmac	15.0%
2. Aura Funds Management Pty Ltd	14.3%
3. Aoyin Group Ltd	13.4%
4. Pioneer Credit Connect Pty Ltd	11.3%
5. JH Nominess Australia Pty Ltd	4.7%
6. Hosking Financial / Hosking SF	3.3%
7. Dreampoint Investments Pty Ltd	2.6%
8. BFA Pty Ltd	1.7%
9. Kemast Investments Pty Ltd	1.6%
10. Simon and Jennifer Lyons	1.1%



# 2017 Results



# Executive summary

Highlights for the year:

- Disciplined execution on strategy with GMY's transformation program well underway to provide a new platform to enable growth and productivity improvements
- Momentum was rebuilt in loan book growth while asset quality and credit performance remain robust
- Further geographical diversification was achieved
- Apple Pay and Android Pay successfully launched and rolled out to customers
- Core banking system project well advanced with delivery expected in FY2018
- New income streams established uncorrelated with the credit cycle and expected to grow moving forward
- Business with existing white label partners grew and new partners were introduced to our platform
- Strong growth in deposit book as a result of sound marketing efforts, and ability to grow the book further as needed

# Executive summary (cont'd)

The FY2017 result was significantly impacted by one-off costs associated with the implementation of a new banking platform (a necessary investment for our future growth) and work done on our rebranding strategy.

Despite this, the business achieved significant growth in assets and liabilities.

Headline Numbers FY2017:

- Statutory loss after tax for FY2017 \$996,456 (FY2016 loss of \$95,187)
- Total assets up 37.6% to \$215.2m
- New loans originated up 21.9%
- Total loans under management growth of 18.4%
- Deposits book growth of 40% to \$194.1m
- Net interest revenue down 11.4%
- Non-interest revenue up 191% to \$1.475m



# Financial performance

- Net interest revenue was lower reflecting the cost of funding higher deposit balances and a continued competitive low interest rate lending environment
- Strong growth in non-interest revenue expected to continue in FY18
- A number of one-off costs of CBS replacement and rebranding initiatives are reflected in total expenses
- Quality of credit portfolio remains strong with impaired assets decreasing to 0.29% of total loans and advances (FY2016 0.52%) and a collective provision of \$234k established during the year

	2017 \$000's	2016 \$000's	Change 2017 v 2016	
Net interest revenue	2,756	3,109	11%	▼
Non interest income	1,475	507	191%	▲
Total income	4,231	3,616	17%	▲
Impairment loss on loans	(283)	(50)	466%	▲
Other Expenses	(5,284)	(3,784)	40%	▲
Statutory loss after tax	(997)	(97)	928%	▲

# Financial performance (cont'd)

- Cash convenience agreement with Star Payments Systems increased to \$30m
- \$28.2m of new loans originated, greater engagement with brokers key to future growth
- NTA decrease reflecting loss for the period impacted by provision for contract termination and one-off costs
- NIM impacted by competitive pressure on new lending rates and cost of increase in deposit funds but offset by growth in non interest revenue

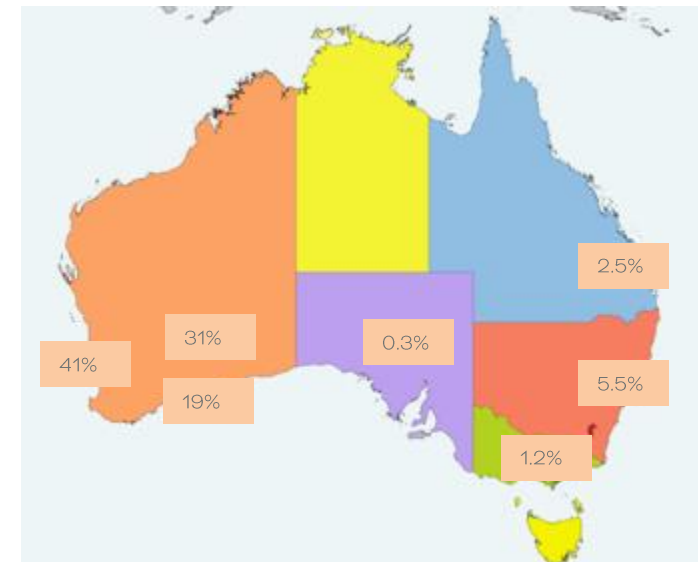
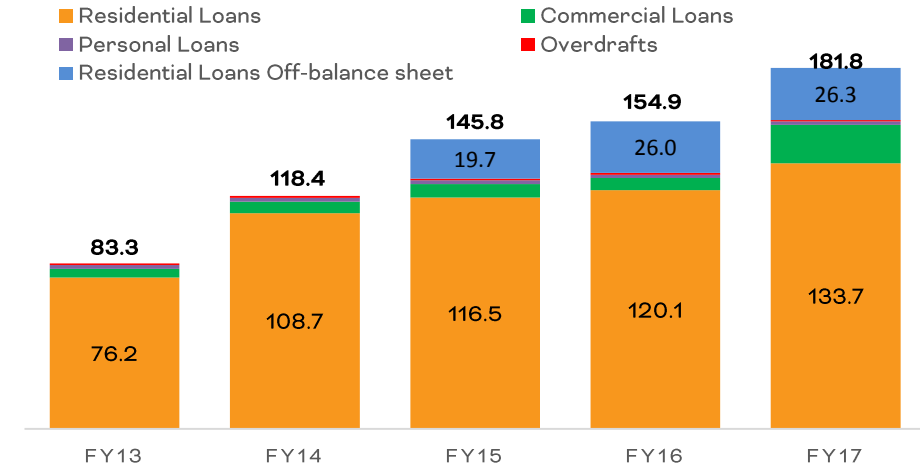
	2017 \$000's	2016 \$000's	Change 2017 v 2016	
Loans	157,044	128,799	22%	▲
Loans under management	183,400	154,834	18%	▲
Total assets	215,201	156,580	37%	▲
Deposits	194,134	138,665	40%	▲
Net tangible assets	214,751	156,355	37%	▲
Net tangible assets per share	\$0.88	\$0.92	(4%)	▼
Average Net interest margin	1.49%	1.98%	(25%)	▼



# Lending portfolio

- Net increase of \$28.2m in loans and advances resulting in 18.4% increase in loans under management
- Commenced an unsecured personal loan distribution arrangement with Pioneer Credit. Under this arrangement, Goldfields Money issues Pioneer Credit branded loans to Pioneer sourced customers
- \$34m remains available in off balance sheet funding providing further room for growth
- Continuing to expand mortgage broker distribution network and origination capability

The Loan Portfolio (\$M)

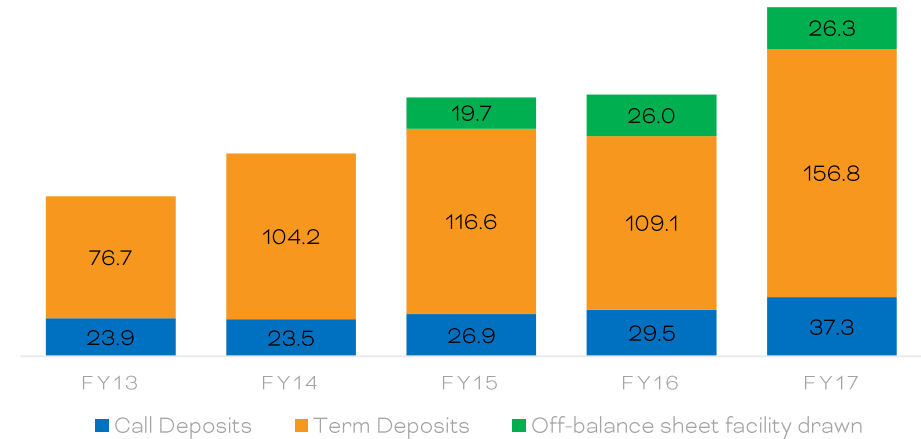


GMV continues to diversify its geographical spread and concentration of the lending portfolio

# Deposit portfolio growth

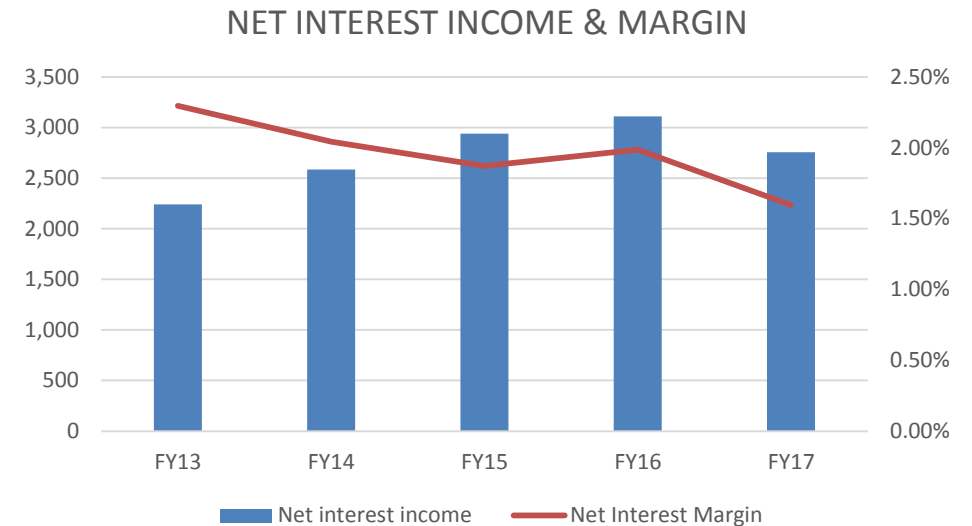
- Funding for our growth enhanced by capital raise. Ability to raise deposits remains strong
- Multiple third party distribution arrangements for sourcing new term deposits completed. Deposit growth strong - up 40%
- Goldfields Money now actively participates in a number of rate comparison websites which also increases our distribution footprint
- \$35.4 million of term deposits branded by Firstmac and issued by Goldfields Money under “white labelled” distribution agreement
- Further new “white labelled” partners to be added in FY2018

The Funding Mix (\$M)



# Net interest income & margin

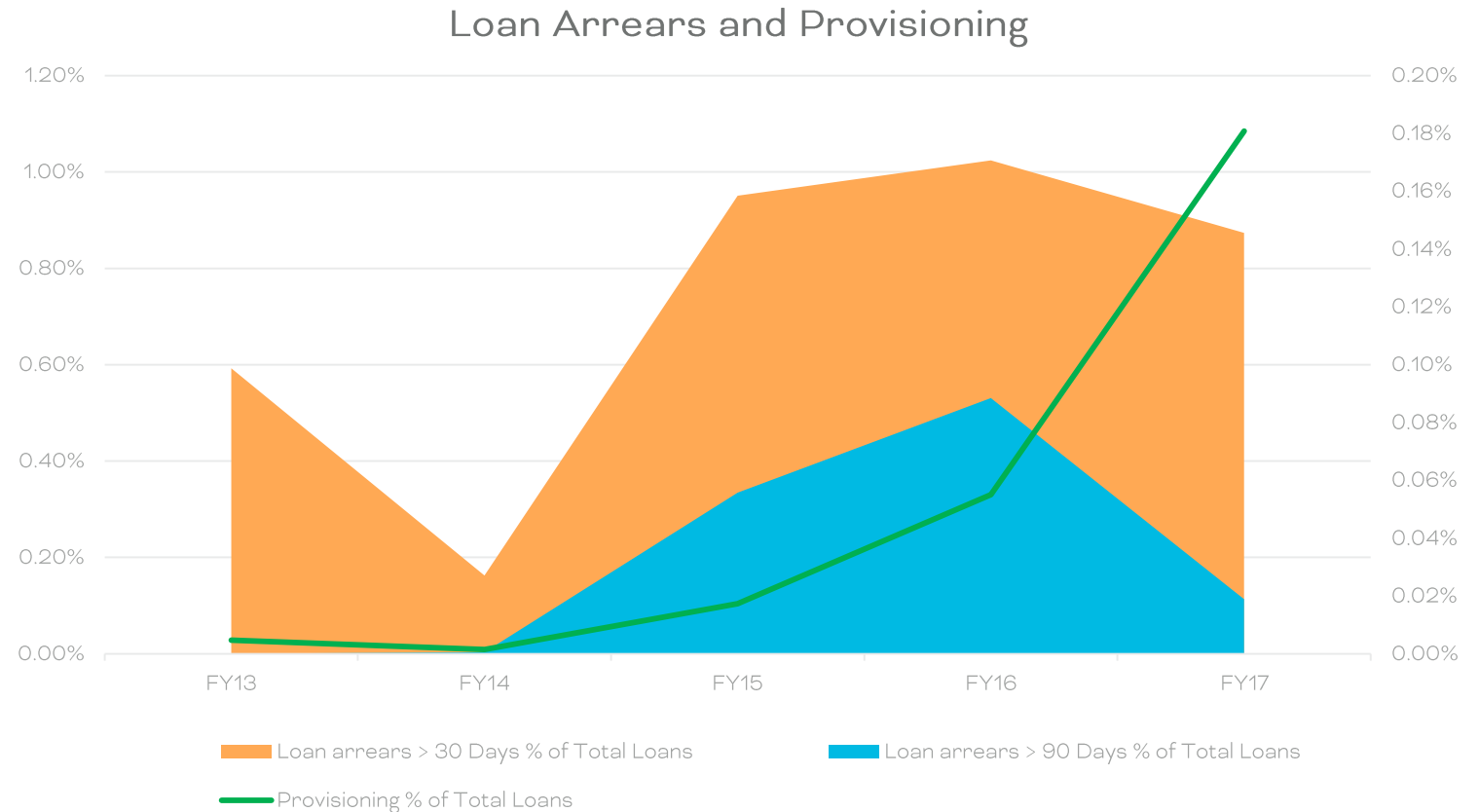
- Net interest margin compression due to price competition on residential mortgages and strong growth in higher cost term deposits
- Strong growth in deposits needed to fund ATM deployment
- Reduction in Net Interest Income outweighed by growth in Non Interest Income
- Growth in higher margin loans in Q4, FY17 results in higher weighted average interest rate at reporting date. Full benefit of this expected to flow through in FY18





# Asset quality & impairment

- Arrears as % of total loans stable at 0.51%
- Year-on-year reduction in impaired assets 32%
- \$27k write off represents first mortgage loss in 7 years
- Specific provisions fully utilised post balance date with completion of 2 mortgagee sales
- Collective provision of \$234,000 established





# Board and Senior Management

# Our board



## Peter Wallace CHAIRMAN

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 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 NON EXECUTIVE DIRECTOR

Derek La Ferla was elected as a Director in November 2015. He has over 30 years' experience as a Corporate Lawyer and Company Director. He is a Non-executive Director of Sandfire Resources NL, Veris Limited and Threat Protect Limited and is a member of the AICD Council (WA Division). He has held senior positions with some of Australia's leading law firms and Derek is a Partner with leading Western Australian firm, Lavan. Previously a Director of the listed company, Katana Capital Limited. Derek is also a Fellow of the Australian Institute of Company Directors.

Derek is Chair of the Audit Committee and is also a member of the Risk and is also a member of the Risk & Compliance Committee and the Remuneration Committee.



## Keith John NON EXECUTIVE DIRECTOR

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 the 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, Midbridge Investments Pty Ltd and Box International Pty Ltd, publisher of the leading Australian luxury magazine 'Box Magazine'.



# Our board (cont'd)



## Peter Hall NON EXECUTIVE DIRECTOR

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 NON EXECUTIVE DIRECTOR

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 team



## Simon Lyons CEO

Simon is an ex Army Officer and 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. He was promoted to Division Director for Macquarie and transferred to a national role as Head of Broking (Distribution and Development), largely working 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 and is focussed on growing the business to make it a leading provider of banking and financial services for Australian based customers.



## Malcolm Cowell CFO & COMPANY SECRETARY

Malcolm was appointed as CFO and Company Secretary in February 2017. Whilst new to the role Malcom has extensive financial experience across a number of industries, most recently as an Audit Director at KPMG in Perth. Prior to joining KPMG in 2001, Mr Cowell was a Credit Analyst at the Commonwealth Bank. He has acted as an auditor to companies listed on the ASX, and the Toronto Stock Exchange over a distinguished career. His experience spans financial statement audits and regulatory audits, including compliance plans, Australian Financial Services License, ASX/ACH internal controls and annual returns, SIS compliance and APRA Prudential Standards (ADIs and superannuation funds), managed discretionary accounts, investor directed portfolio services as well as native title trusts. Importantly for Goldfields Money as we go through our process of change, Malcolm has successfully delivered several advisory engagements which include credit risk reviews, regulator prudential review preparation, internal control effectiveness, unit pricing, IT system implementation project governance, accounting advice and transaction support.



## Steve Ellis HEAD OF RISK & COMPLIANCE

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. Steve 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, Perth Western Australia after studying a double major in Banking and Finance. Other areas of study over his career include the Securities Institute of Australia whilst in Perth, the Master of Applied Finance course at Macquarie University in Sydney..



Let's chat...

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