



22 August 2014

ASX MEDIA RELEASE

Goldfields Money Limited (ASX: GMY) increases lending portfolio 41% and reports year-end profit of \$201,204

HIGHLIGHTS FOR THE YEAR ENDED 30 JUNE 2014

- **Growth strategy continues to yield promising outcomes**
- **Lending portfolio growth of \$34m for the period or 41% increase, compared to system growth of 5.1%**
- **Net interest income growth of 15% for the year, despite falling interest rate environment**
- **\$48m in new loans funded during year**
- **Statutory Net Profit after tax of \$201,204**

Goldfields Money Limited ("Goldfields Money") is pleased to release the financial results for the year ended 30 June 2014. Since demutualising in May 2012, the Company has increased its lending portfolio from \$49m to \$117m. The Company continues the journey toward achieving critical scale through the implementation of its growth strategy which has been consistent throughout a period of low national credit growth. As a result of this growth, net interest income has increased 15%. Net Profit After Tax (NPAT) for the year of \$201,204 slightly higher than the corresponding period of \$196,709.

Commenting on the performance to date and the continuing outlook, Mr David Holden, Managing Director said "Goldfields Money's objective to grow profitably remains intact; the growth in the company's banking book builds the financial foundations required to be able to leverage strategic opportunities as part of the Company's next phase of growth in order to increase earnings."

"Stronger lending results and a lowering in the cost of funds contributed to a second half net profit of \$131,802 compared to \$69,402 in the first half. We are very focussed on building earnings momentum through achieving scale, enhanced productivity and operating efficiency" said Mr Holden.

In July 2014, the Board also re-assessed the Company's minimum capital requirement for regulatory purposes, lowering it from 20% to 18%. This follows a robust assessment of the Company's risk profile. Lowering the minimum capital requirement will provide the Company with additional capacity to continue its lending growth objectives.

In August 2014, the Company executed an agreement with an Australian Bank to provide Goldfields Money with a \$25m portfolio funding facility. This facility will allow the Company to originate and



manage loans, with eligible loans funded by the facility to be recognised “off-balance sheet” for accounting and regulatory purposes. It provides flexibility for capital and liquidity management as well as the ability to increase return on equity.

The weighted average Loan to Valuation Ratio (LVR) in the lending portfolio is approximately 65% (FY’2013: 63%). The credit risk appetite remains conservative and the lending portfolio remains well secured and of a high quality. Loans greater than 90 days in arrears at 30 June 2014 were 0.2% of the portfolio. Consistent with our aims to diversify geographic concentration risk, some 48% (FY’2013: 41%) of the total loan portfolio has been sourced outside of the Goldfields regions, including Perth.

As announced to the ASX on 11 August 2014, the Board appointed Mr Peter Wallace as a director. Mr Wallace has a strong and extensive track record in banking and financial services, having previously held executive positions with Australian Banks and a retail broking house. An experienced director, Mr Wallace is currently a director of Neptune Marine Services Limited, HBF Health Funds Incorporated and Katana Investments Limited.

The strategic plan has also been revised during the year. Our vision to create a significant Australian Banking Institution remains with the objective to deliver satisfactory and sustainable returns in the long term. This strategy includes 3 core objectives of:

1. Develop and implement a transaction account deposit offering to be leveraged via third parties to provide scale in lower cost funding.
2. Implement Operational Excellence across Goldfields Money to enhance operational efficiency and productivity.
3. Identification of acquisition opportunities and Investment in strategic partner(s) to significantly enhance capability, size and financial strength to realise shareholder value.

Commenting on the outlook for the 2015 financial year, Mr Holden said “We remain confident in our ability to continue the growth trajectory whilst managing our key credit, liquidity, capital, operational and market risks. The record low interest rate environment is encouraging credit growth and construction activity however it is combined with an intense competition for market share dominated by the larger banks. However, in such an environment comes great opportunity. Goldfields Money will continue to price our products competitively and establish and build on strategic relationships which can be leveraged by the Company to support ongoing and increasing profitable growth.”

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Media Enquires

David Holden, Managing Director, 0418 946287

**About Goldfields Money Limited**

Goldfields Money Limited is an Authorised Deposit-taking Institution regulated by Australian Prudential Regulation Authority (APRA). Established in 1982 as Goldfields Credit Union, the Company demutualised and listed on the Australian Securities Exchange in May 2012. Goldfields Money is currently the only Western Australian headquartered and ASX-listed Authorised Deposit-taking Institution.