

20 February 2015

## **ASX MEDIA RELEASE**

### **FINANCIAL RESULTS HALF YEAR ENDED 31 DECEMBER 2014**

- **Strong growth in the lending portfolio in recent years generating higher net interest income**
- **Net interest income growth of 22% for the six month period**
- **Loans under management growth of 13% for the six month period**
- **Commenced off-balance sheet funding arrangement**
- **Statutory net loss after tax of \$10,979 for the six month period resulting from previously announced impairment of software and associated costs of \$228,563**
- **Normalised net profit after tax of \$163,998 for the six month period<sup>1</sup>; an increase of 156% over the prior corresponding period.**

**Goldfields Money Limited** (“Goldfields Money”) is pleased to release the financial results for the half year ended 31 December 2014. Since demutualising in May 2012, the Company has more than doubled total assets from \$76m to \$158m. As noted before, achieving scale without a significant change to the risk profile is critical to ensuring the Company has a financial sound base for further growth opportunities and to execute its strategy. For the six months ended 31 December 2014, net interest income has increased 22% compared to the corresponding period last year.

During the period, the company recognised an impairment loss of \$178,625 in connection with software development costs. The full cost of the software which related to a new deposit channel offering was written down following a review of strategic priorities. In addition to the impairment loss, a provision of \$49,938 was also recognised for associated contractual obligations. This impairment and provision has largely attributed to the statutory net loss after tax of \$10,979. Excluding the impact of these items, normalised profit for the period was \$163,998. This compares to \$64,182 for the corresponding period last year.

Goldfields Money also commenced funding loans into a portfolio funding facility provided by an Australian Bank. The use of the facility is an important capital management tool which allows Goldfields Money to continue lending, with loans funded into the facility receiving capital relief for regulatory purposes. Goldfields Money will manage these loans and will continue to generate income on them going forward.

Commenting on the performance to date and the continuing outlook, Mr David Holden, Chief Executive Officer said “Although disappointed with the write off associated with the software we are pleased with

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<sup>1</sup> Refer to Directors’ Report, page 5 of the Interim Financial Report for 31 December 2014, for reconciliation between statutory and normalised results.



the normalised result for the six months ended 31 December 2014. We are continuing to focus on building capability and investing in the business to provide opportunities for strategic partnerships. Achieving the growth and scale in the lending book to date has contributed toward building a stronger earnings base. “

“Our strategy of differentiation through becoming a provider of financial products to non-ADI financial services providers and the ability to upscale through investment in strategic alliances and distribution arrangements provides unique opportunities” said Mr Holden.

The weighted average Loan to Valuation Ratio (LVR) in the lending portfolio is approximately 65% (FY'2014: 65%). The credit risk appetite remains conservative and the lending portfolio remains well secured and of a high quality. Loans greater than 30 and 90 days in arrears at 31 December 2014 were 1.0 and 0.66% respectively of the portfolio.

Commenting on the outlook for the remainder of the 2015 financial year, Mr Holden said “It is important we continue to grow loans under management to keep earnings momentum going. Notwithstanding the challenges in the current environment we expect to continue the recent lending activity levels for the remainder of FY2015. We are also very focussed on executing our strategic objectives with significant milestones expected in the second half, including upgrades to our core banking system and launching a transaction account offering via a third party.”

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**Media Enquires**

David Holden, Chief Executive Officer, 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.