



DirectMoney

Investor Update

21st March 2016

Peter Beaumont / Chief Executive Officer

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DirectMoney, Australia's only listed marketplace lender

What do we do?

- ✓ We are a highly disruptive, technology-enabled, financial intermediary. We write three and five year unsecured personal loans in amounts of \$5,000 to \$35,000 to Australian consumers with good credit. We then on-sell these loans to retail, wholesale and institutional investors
- ✓ We seek to take business away from the banks by offering consumers a better, cheaper borrowing experience and, at the same time, offering attractive interest rates to loan buyers
- ✓ We manage our business via a predominantly on-line loan application, assessment and administration platform
- ✓ We are growing upon the success of global marketplace lending businesses such as Lending Club (NYSE: LC)

“ Our VISION is to become Australia's most respected and innovative marketplace lender accounting for a growing share of the ~\$90 billion unsecured consumer credit market and with \$500 million of personal loan assets under management ”



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What is the opportunity?

We have an enormous opportunity to expand our personal lending business

- ✓ Attractive interest rates, lower than major lenders
- ✓ 100% online, easy to apply
- ✓ No exit fees
- ✓ Fast efficient assessment
- ✓ Expanding loan origination channels
- ✓ Strong scalable credit process

Source

1. & 2. ABS, Pro rata of Dec 2015 monthly series released Feb 2016

3. ASIC MoneySmart website, "Credit Card Debt clock"

4. Asia Pacific Alternative Finance Benchmarking report, KPMG et al, March 2016



Not to Scale

DirectMoney, Australia's only listed marketplace lender

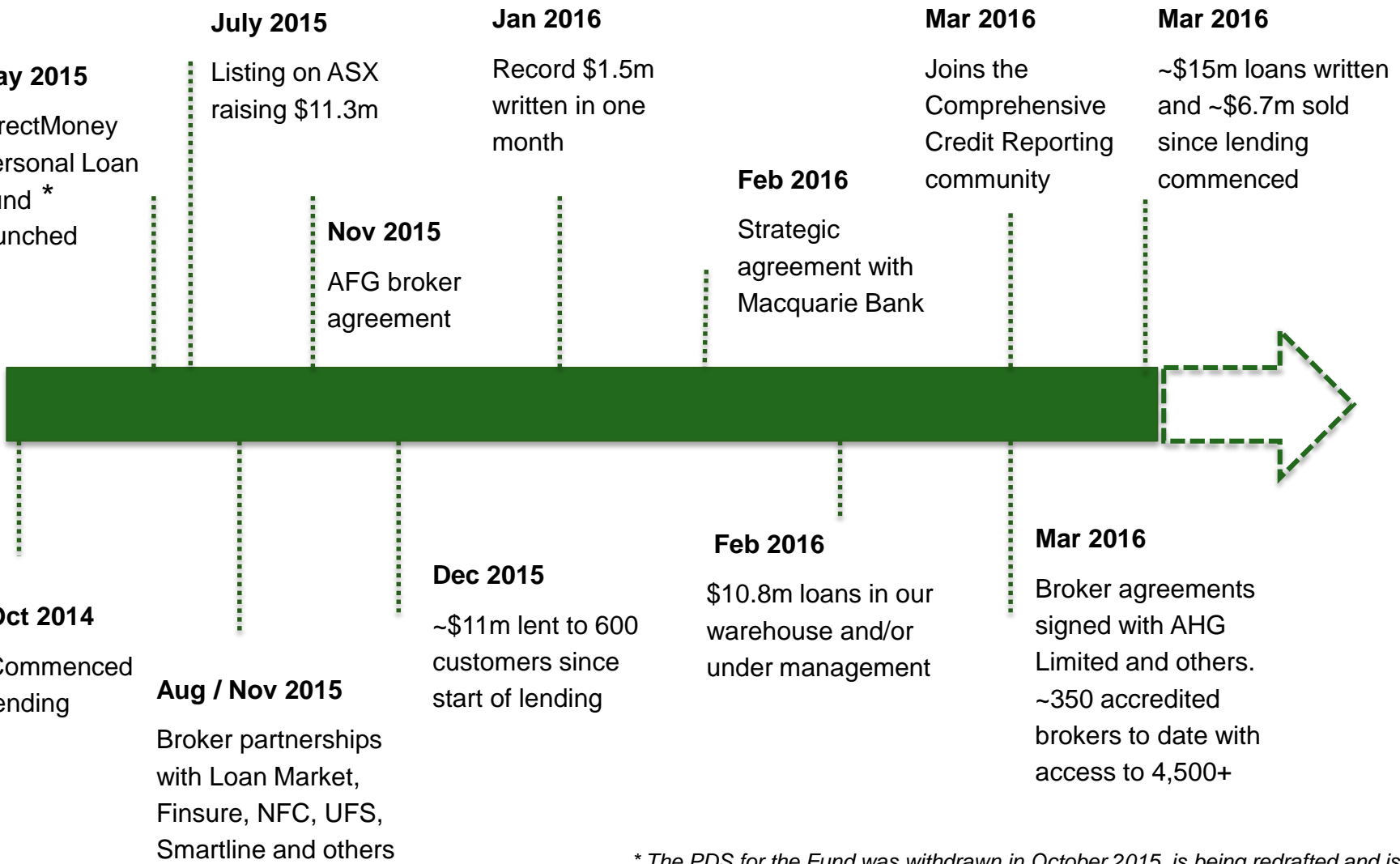
- ✓ DirectMoney (ASX: DM1) raised \$11.3 million @ 20c and began trading on the ASX in July 2015 after commencing lending in October 2014
- ✓ Significant increase in month on month loan volumes through the period, \$1.25 million lent in Dec 2015 with ~\$11 million lent since lending commenced to ~600 customers as at 31 Dec 15
- ✓ Record month of \$1.5 m written in Jan 2016. Current loans in our warehouse or under management total ~\$10.8 million at end Feb 2016. Loan origination being driven by partnerships with broker aggregators and direct online channel marketing
- ✓ Strategic agreement with Macquarie Bank includes sale of \$5 million of loans and ongoing advice regarding future securitization / loan sale programs

“ Our MISSION is to connect borrowers and investors by leveraging technology to offer competitively priced loans and provide attractive loan investment products for retail and institutional investors ”



Milestones being achieved

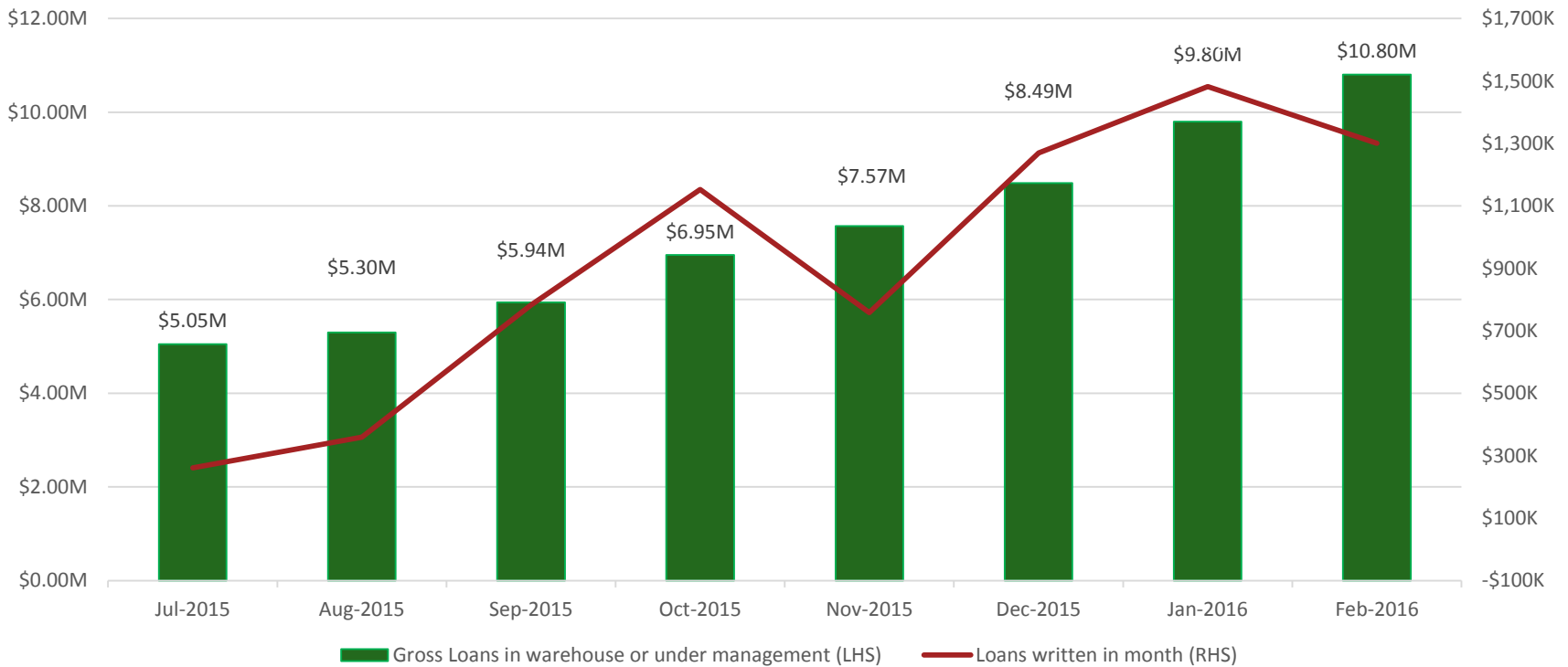
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** The PDS for the Fund was withdrawn in October 2015, is being redrafted and is expected to be available in March 2016*

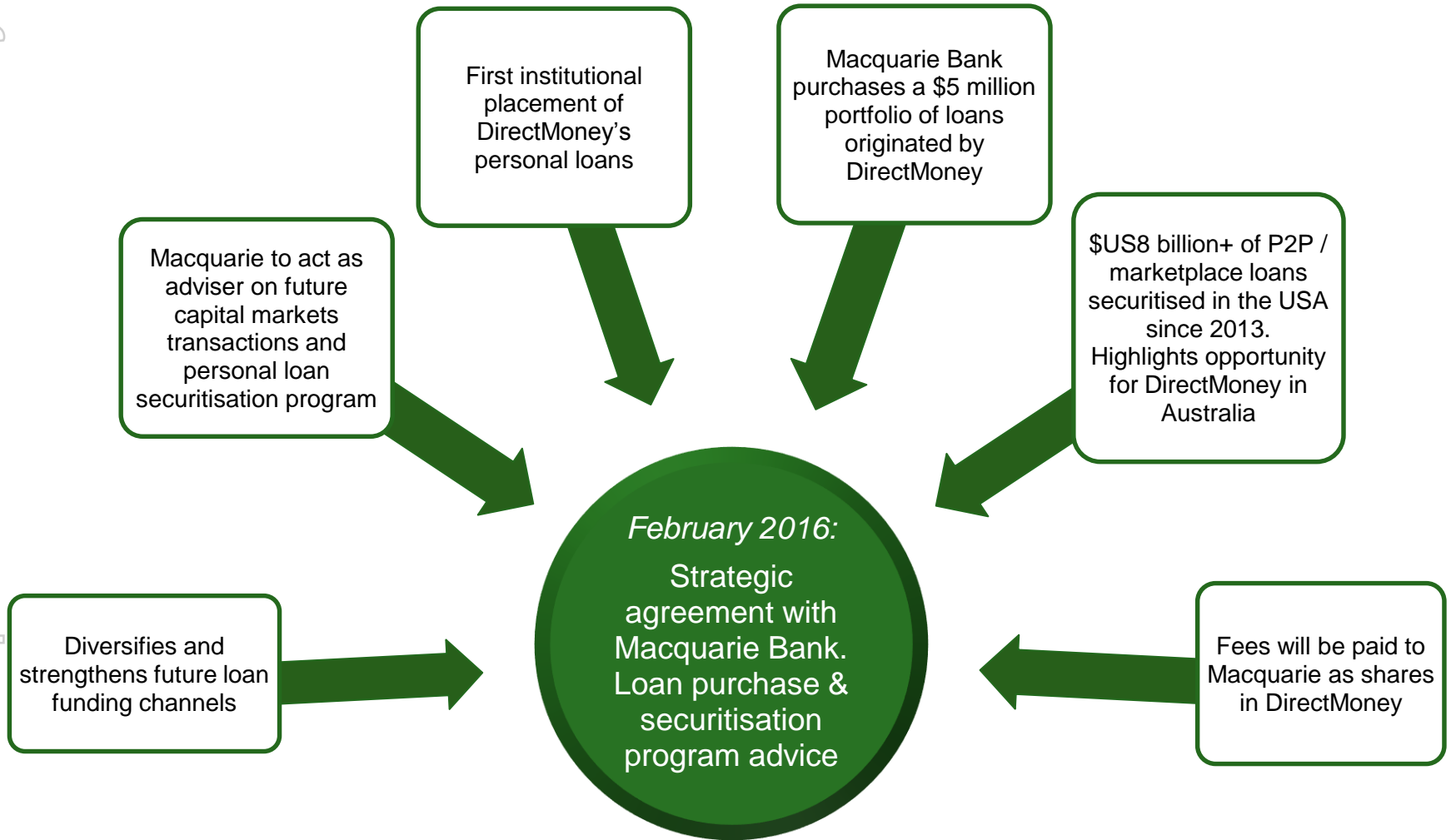
Loan volumes and AUM growing

- ✓ Monthly loan volumes trending steadily higher
- ✓ Loans in warehouse or under management total \$10.8m end February
- ✓ Written ~720 loans worth \$13.7m end February
- ✓ Average interest rate on loans since Oct 2014 ~13%
- ✓ No defaults on loans written in FY 2016, strengthened, audited credit process
- ✓ ~\$45,667 w/o in H1 FY 2016 on prior period loans



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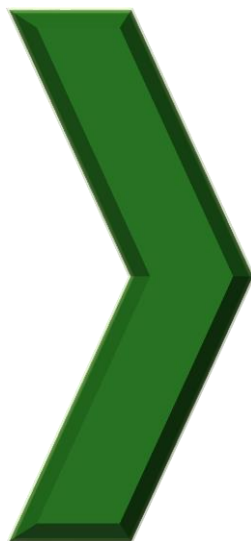
DirectMoney seeks to capture a rising share of the value of each loan written and subsequently sold via:

- Interest earned on loans held in on-balance sheet warehouse
- Loan establishment fees charged to borrowers
- Loan servicing and management fees paid by loan buyers
- Return on investments in future loan securitisation structures

Loan Origination

Loan applications are received 100% online either via our website (direct channel), accredited brokers (broker channel) or referrers (referrer channel)

- Broker Aggregator partners include **AFG, Finsure, LoanMarket, NFC, UFS, Smartline** and a number of smaller, specialist firms
- 350+ brokers accredited to date and access to a network +4,500
- DirectMoney employs a variety of mass media and digital marketing strategies to acquire direct applications



Loan Sales

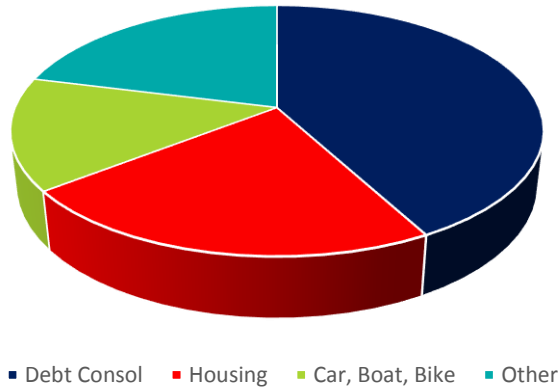
DirectMoney has access to various loan sale channels including;

- **DirectMoney Personal Loan Fund:** A retail MIS with independent RE which can purchase DirectMoney loans. An updated PDS for the Fund is about to be re-released to investors
- **Securitisation:** DirectMoney is developing a securitisation program for DirectMoney-originated personal loans
- **Sale of whole loans:** Sale of loans to institutional investors in Australian and abroad

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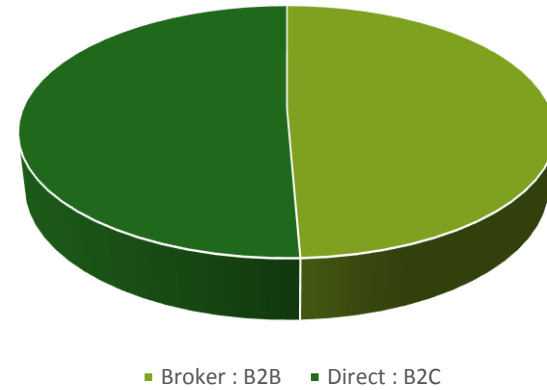
Two strong loan origination channels. Our broker channel contributes an increasing share of loan volumes, ~50% of Q2 FY 2016. Debt consolidation and housing remain the primary loan purposes

Loan Purpose

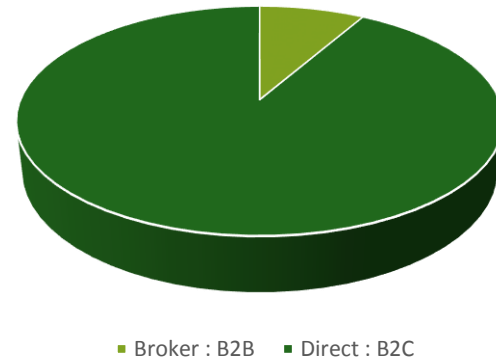
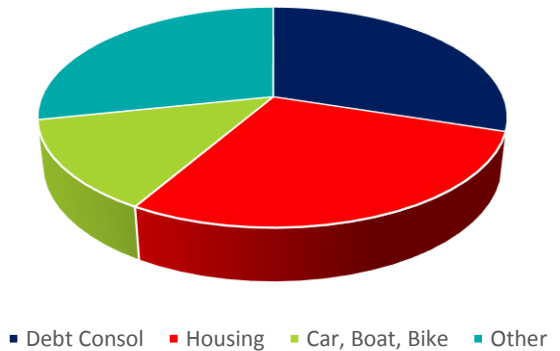


Q2 FY 2016
152 loans

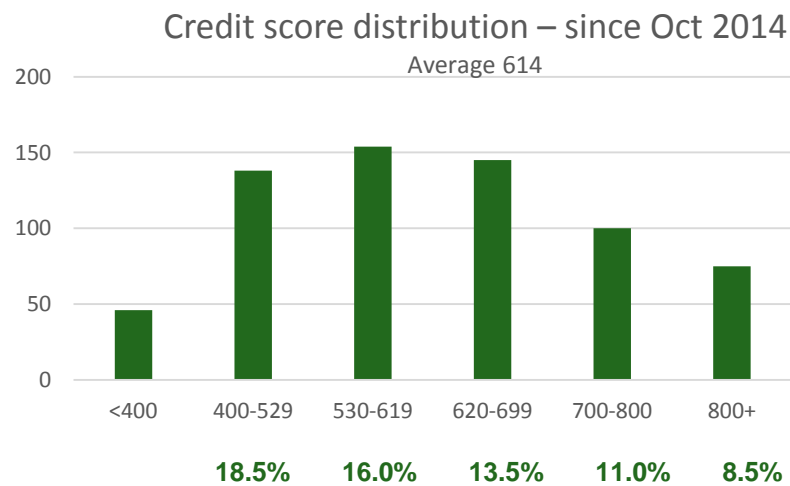
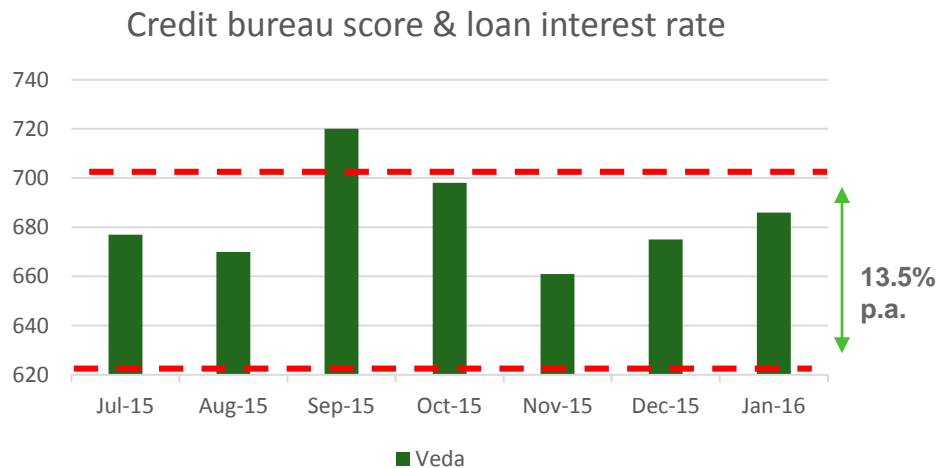
Channel split



Q1 FY 2016
60 loans



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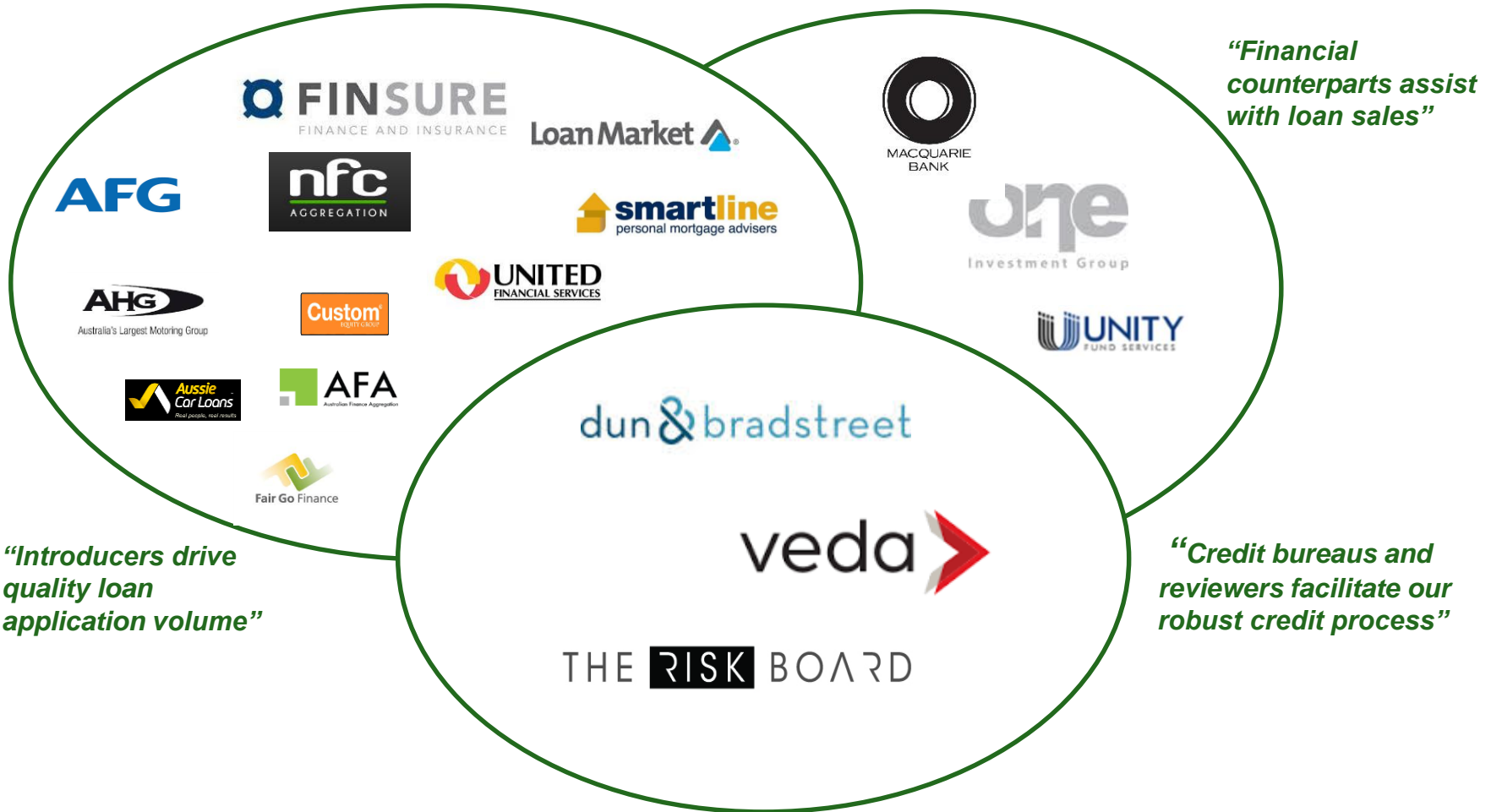


- ✓ **Loan interest rates are “risk-based” and based on applicant’s credit bureau score and profile ***
- ✓ The credit strength of the portfolio is reflected in credit bureau scores* averaging ~**680** in FY 2016
- ✓ We seek to find a “sweet spot” for portfolio gross returns and average credit score
- ✓ Preparing to join the Comprehensive Credit Reporting community, further enhancing credit assessment
- ✓ The average credit score of all loans written in FY 2016 is above the portfolio average reflecting increased focus on credit quality
- ✓ No lending to applicants with a credit bureau score below 400

* VedaScore Consumer 1.1 (Negative), Unweighted

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We continue to grow our ecosystem of well credentialed counterparties and supporters across key disciplines



	H1 FY 16	H1 FY 15
Revenue	409,320	70,586
% growth	480%	n/a
Reported NPAT	(5,287,506)	(2,046,844)
<i>Listing & one-off related expenses</i>	(3,647,485)	n/a
<i>Staff costs</i>	(1,007,372)	(300,155)
As at end	31 Dec 15	31 Dec 14
Loan Assets¹	7,559,610	4,412,187
Total Assets	11,463,311	4,787,059
Cash	3,313,985	131,856

- ✓ Revenue growth reflects interest earned on a growing loan warehouse and fees on loans sold and under management
- ✓ DirectMoney's one-off listing costs of ~\$3.6 million contributed significantly to the loss for the period
- ✓ Loan assets have grown ~70% on corresponding period
- ✓ Cash at bank available to meet discretionary lending demands and operating costs
- ✓ Subsequent to the period H1 FY 2016 DirectMoney sold \$5 million of loans to Macquarie Bank on which servicing fees are earned

1. Loan receivables held on balance sheet. Excludes the value of upfront loan establishment fees and broker origination fees that are included as part of the contracted borrowed amount

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

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

Stephen 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 management experience and a 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 Company, Rockend Technology and CMYKHub.

- ✓ **Large, attractive, addressable market ripe for disruption** – ~\$90 billion consumer credit market, including ~\$32 billion in rolling credit card balances and ~\$50 billion of fixed rate, non-revolving credit, with Australian banks continuing to earn a very wide net interest rate margin
- ✓ **Established, listed early mover** – We are a listed entity with a disruptive business model that has traction
- ✓ **Strategic agreement with Macquarie Bank** – Immediate sale of \$5 million of loans and advice regarding securitisation of loans into the future
- ✓ **Diverse loan origination channels** – Agreement with major independent broker aggregators providing access to 4,500+ brokers, referrals via point-of-sale merchants & direct online marketing
- ✓ **Diverse loan sale channels** – Securitization, institutional agreements and retail fund all are potential avenues for future loan sales
- ✓ **Experienced management team** – Team has decades of experience in the key disciplines essential to our success
- ✓ **Proprietary technology platform** – We are not hostage to the timelines of third party consultants and IT developers
- ✓ **Strong credit focus** – We understand that a robust, efficient and fully compliant credit process is fundamental to our business

Share details	
ASX Code	DM1
Market Capitalisation (\$0.09)	\$24.5m
52 week SP range (listed July 2015)	0.07 - 0.20
Shares on issue (incl. escrowed)	271,954,175
Escrowed shares	139,439,653
Performance Rights	27,175,000



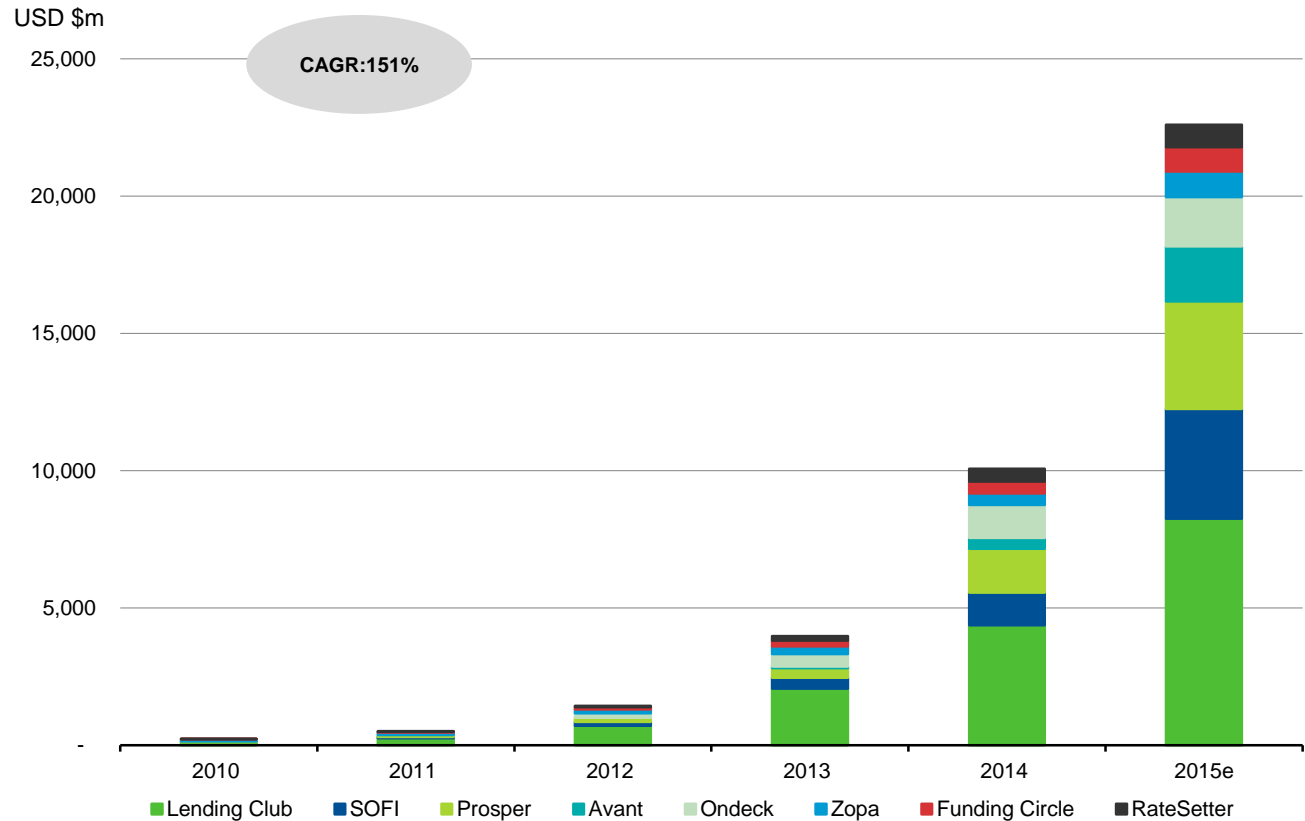
Major Shareholders	
Adcock Private Equity Pty Limited	23.04%
David Doust & Shirley Doust	10.65%
Greig Holdings P/L	8.46%
Bubblydays Pty Ltd	7.36%
Gambold Retirement	7.08%
P2P Global Investments	4.41%
JP Morgan Nominees Australia	3.67%
Citicorp Nominees	3.54%
OzBiz Consulting	2.60%
Liberum Capital	2.36%
Macquarie Bank Limited	2.15%
CS Fourth Nominess	1.42%
D Marshall / D Russell	2.84%

* All data as at 15th March 2016

The following slides provide an overview of the global marketplace lending sector

This material was presented by Liberum at the European “LendIt” conference in October 2015

\$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

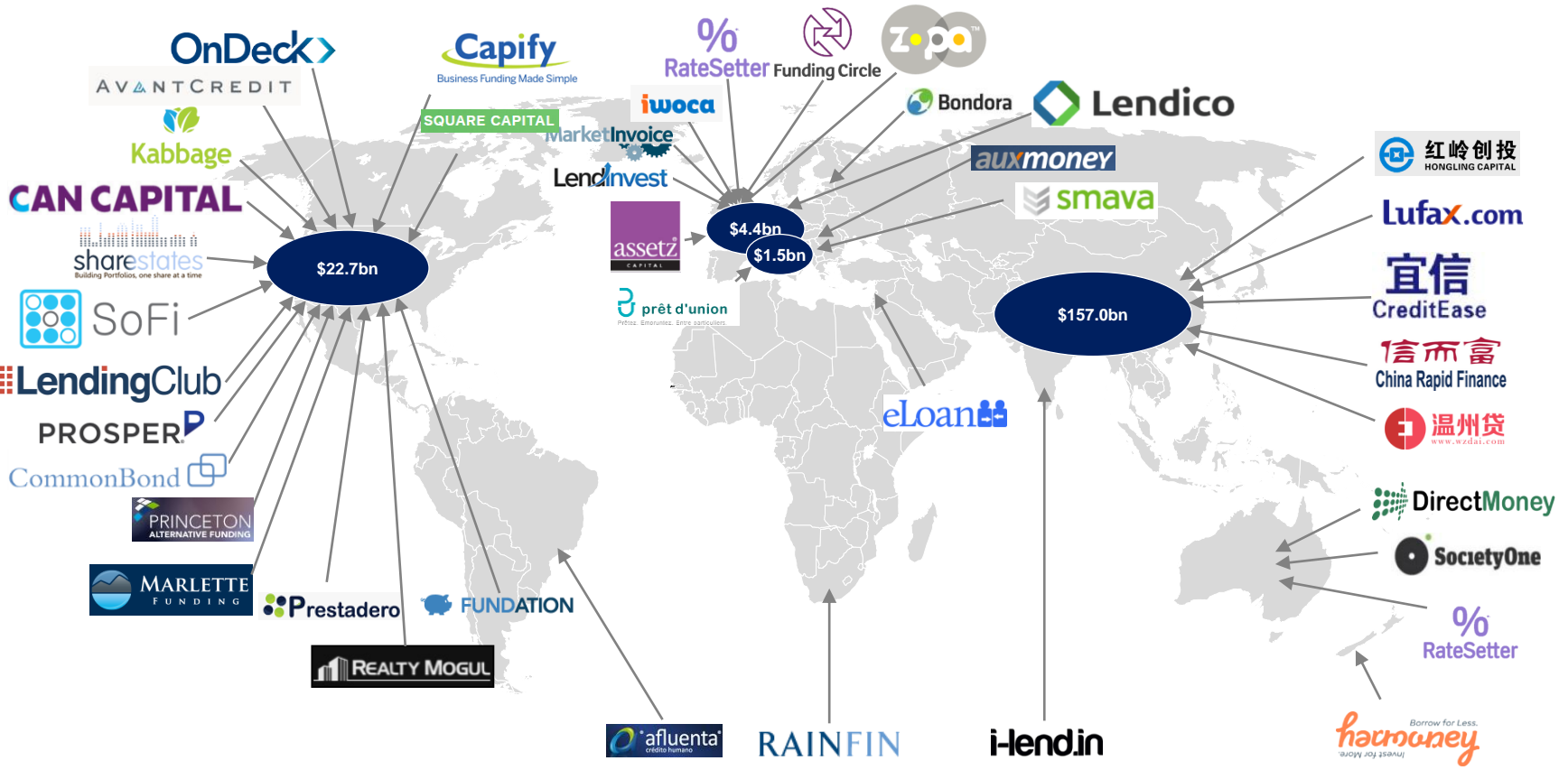
Source: Liberum Capital & AltFi Data, MPL Company websites

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

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\$ = 2015e annual gross volume



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

3 key drivers underpinning sector long term sustainability...

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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 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



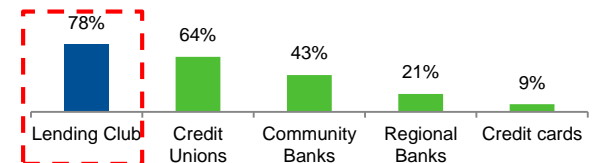
Customer Acquisition
Underwriting
Origination
Servicing

3

Improved User Experience

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

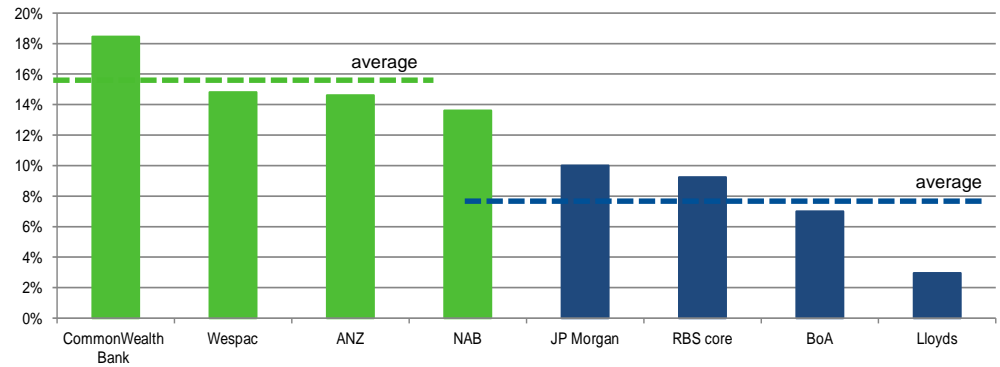
Average net promoter score (NPS) – 1Q2015



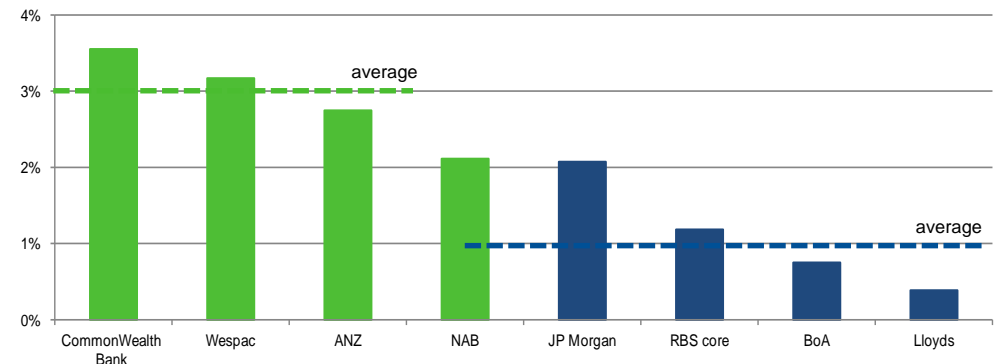
Big 4 Australian banks are vulnerable to disruption

- 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



Average PBT as % of RWA between 2012-2013



Source: RBA / AFR

Source: Liberum

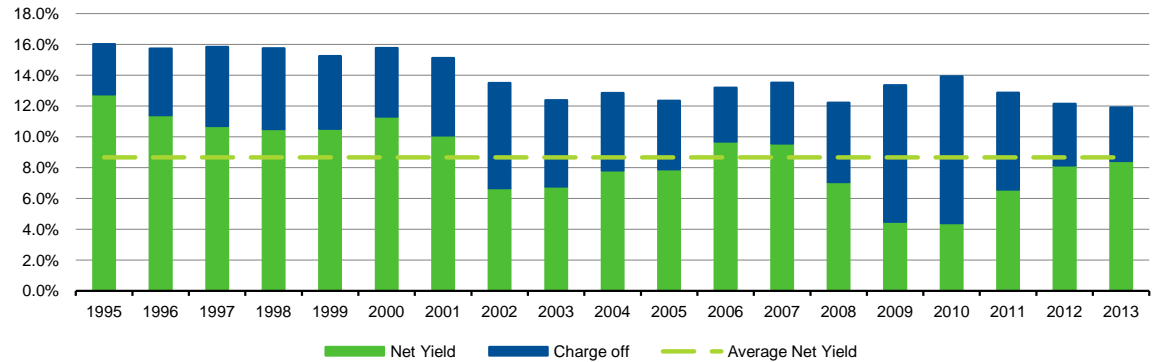
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Consumer Finance Loans – attractive asset class ‘through-the-cycle’ in US, Australia (and elsewhere)

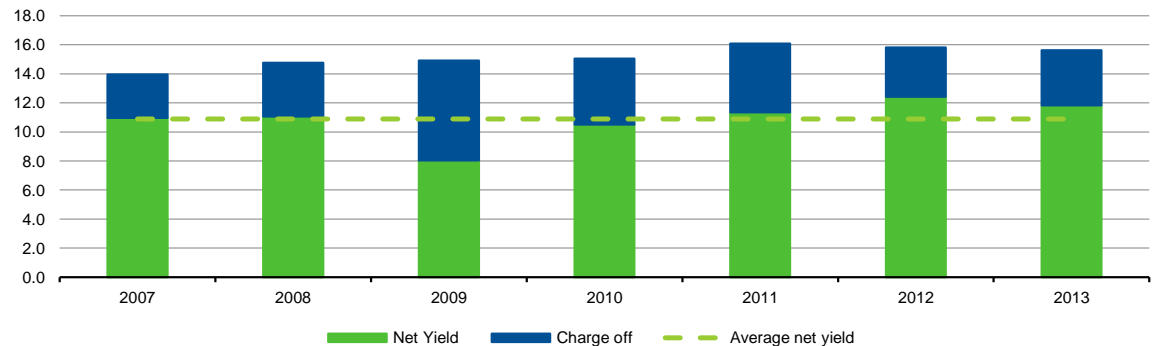
- In Australia since 2007:
 - the average net yield on Consumer loans is **10.9%**
 - with a trough annual return of **8.0%**
- Consumer finance returns are less volatile than SME

US Credit Card Historic Net Yields- Annual %



Source: Liberum, Bloomberg, Federal Reserve

Australia Consumer Loans: Historic Net Yield – Annual %



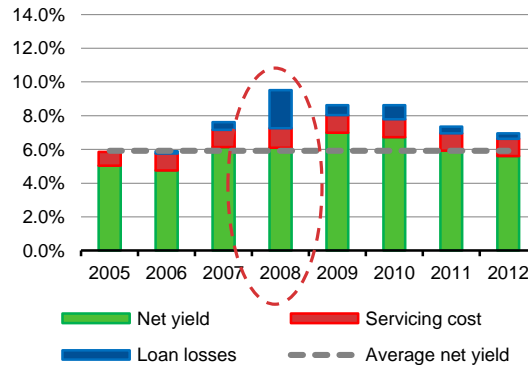
Source: RBA, Australia bank company data, Liberum estimates

ZOPA returns: surprisingly resilient through global financial crisis

ZOPA was one of the few Online Direct Lenders to have operated through the financial crisis

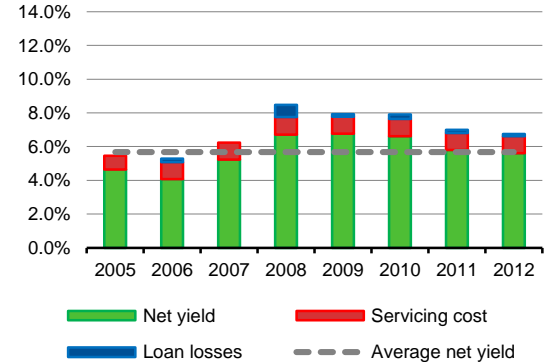
The worst annual cohort, 2008, had annualised loan losses of 2.3% and an average net yield of 5.9%; the worst credit grade (C1) had loan losses of 4.3% and a net yield of 5.6%

Zopa annual returns by cohort % all credit grades



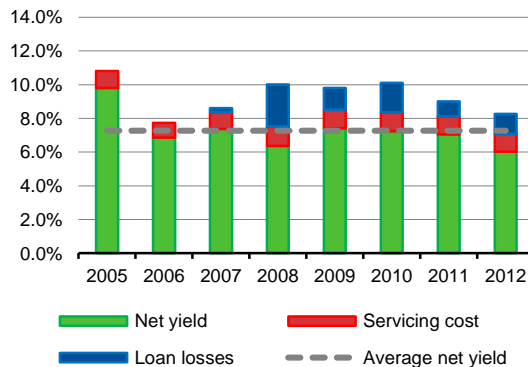
Source: ZOPA data

Zopa annual returns by cohort % A* credit grade



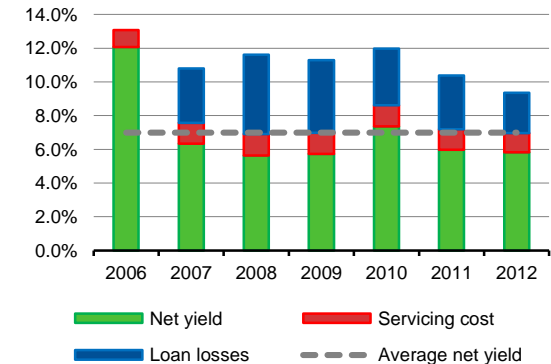
Source: ZOPA data

Zopa annual returns by cohort % B credit grade



Source: ZOPA data

Zopa annual returns by cohort % C1 credit grade



Source: ZOPA data