

Annual General Meeting

4 November 2019



Credit Corp Group



Donald McLay, Chairman

Annual General Meeting

FY20 Performance Update



Credit Corp Group

Thomas Beregi, CEO
Michael Eadie, CFO

Leadership in the credit-impaired consumer segment ...

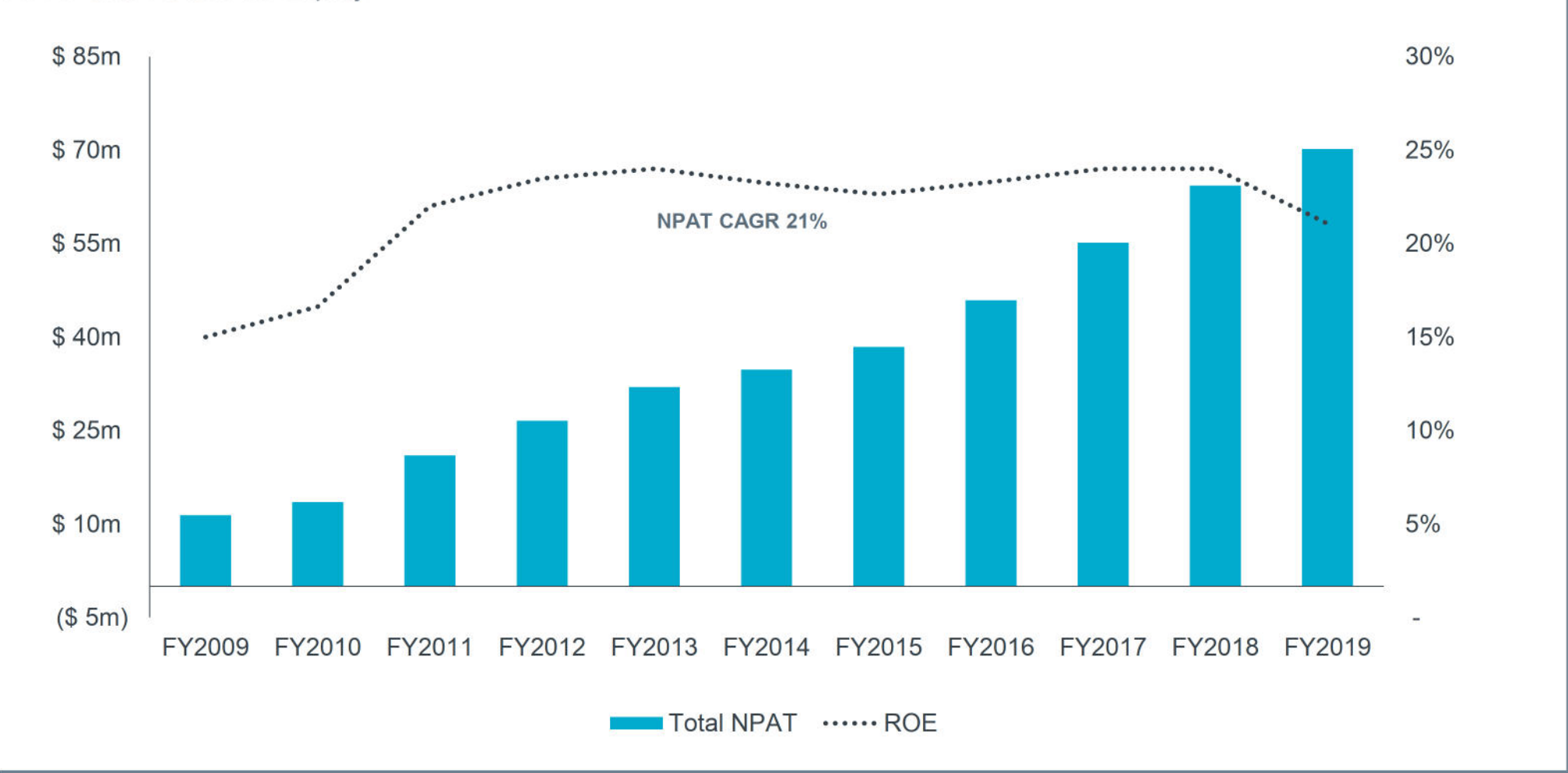
ANALYTICS & DISCIPLINE	OPERATIONAL EXCELLENCE	SUSTAINABILITY & COMPLIANCE	<ul style="list-style-type: none">• Long-term growth• ROE 16% - 18%• Low gearing
Australian / NZ debt buying <ul style="list-style-type: none">• Largest database• History of pricing accuracy• Purchasing levels vary inversely with pricing	<ul style="list-style-type: none">• Highest asset turnover ¹• Lowest cost to collect ²• High performing on-shore and off-shore platforms• Leading technology and use of data	<ul style="list-style-type: none">• No adverse orders or undertakings• Low complaint rate• \$1.4bn in ongoing repayment arrangements	
Australian / NZ lending <ul style="list-style-type: none">• Leverage knowledge of consumer• Up-front loss provisioning• Analytical monitoring• Unique statistical underwriting	<ul style="list-style-type: none">• Automated decisioning• Collection strength• Unmatched efficiency	<ul style="list-style-type: none">• APRs below cap applicable to mainstream credit• Regulatory upside - no 'payday loans'• Superior pricing disrupting the market	
USA debt buying <ul style="list-style-type: none">• Adapted knowledge to US environment• Large market opportunity• Diversified purchasing across major sellers	<ul style="list-style-type: none">• Productivity up by over 30% p.a. over 2 years• Emphasis on payment arrangements and a lower proportion of litigated outcomes	<ul style="list-style-type: none">• Low regulator complaint rate• Strong client audit outcomes	

1. FY19 ratio of cash collections from PDLs to average PDL carrying value in Australia/NZ debt buying operation of 1.2x

2. FY19 ratio of cash costs of the Debt Ledger Purchasing segment to collections of 34%

...has delivered sustained growth and returns...

NPAT and Return on Equity



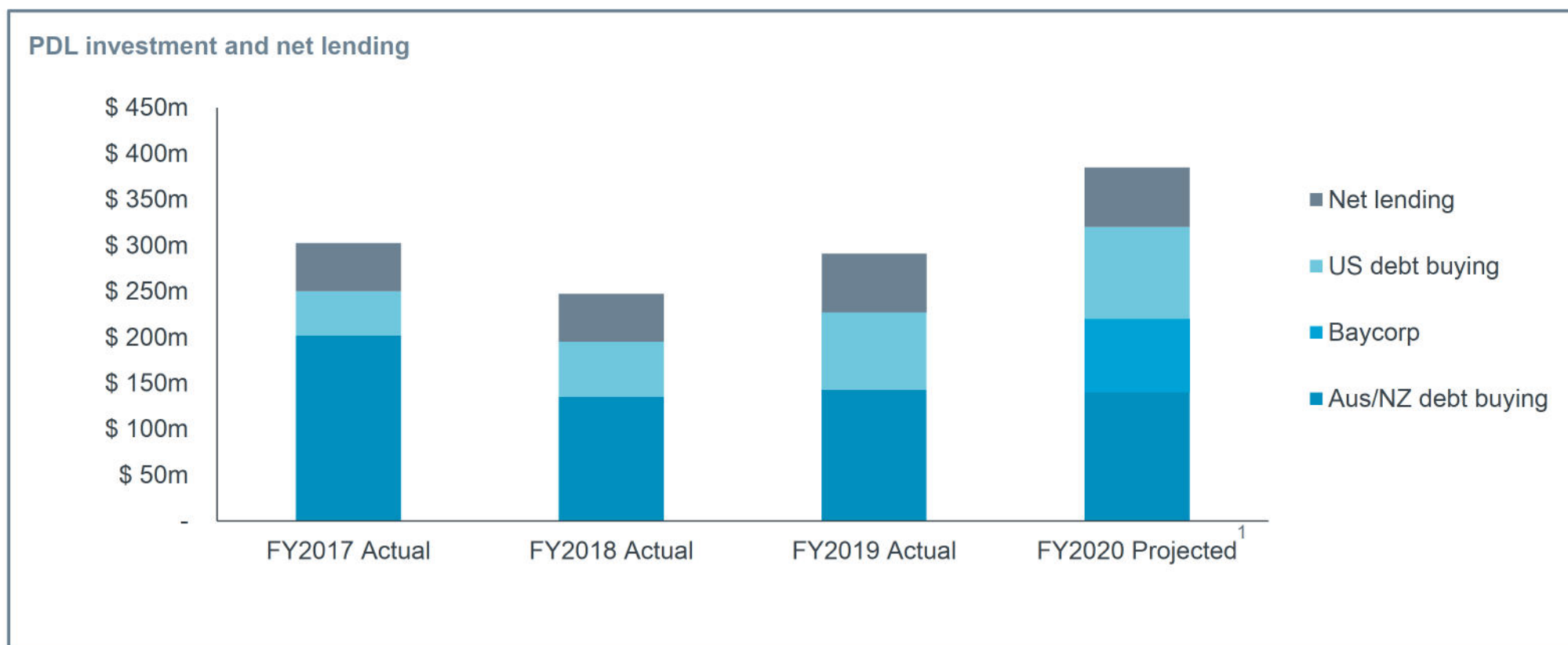
...while positioning CCP to seize opportunity across all segments

Segment	Market conditions	Credit Corp positioning
Aus/NZ debt buying	<ul style="list-style-type: none">• Increased issuer compliance sensitivity• Competitors showing signs of stress• Reduced capital availability to sector	<ul style="list-style-type: none">• Further reduction in EDR ¹ complaint rate in FY2019• Baycorp acquisition• Market share gains• Substantial capital headroom to seize opportunities
Aus/NZ consumer lending	<ul style="list-style-type: none">• Strong consumer demand for credit• Increased focus on responsible lending evidenced in tighter prime lending standards	<ul style="list-style-type: none">• New customer growth• Improved underwriting process• Auto pilot expanded to provide a broker-originated loan offering
US debt buying	<ul style="list-style-type: none">• Market conditions remain favourable with higher levels of charge-offs• Process of finalising new industry regulations now underway	<ul style="list-style-type: none">• Purchasing run rate of \$100m p.a.• Existing Salt Lake City, UT site full• Second site near Seattle, WA, opened in October

1. External Dispute Resolution (EDR)

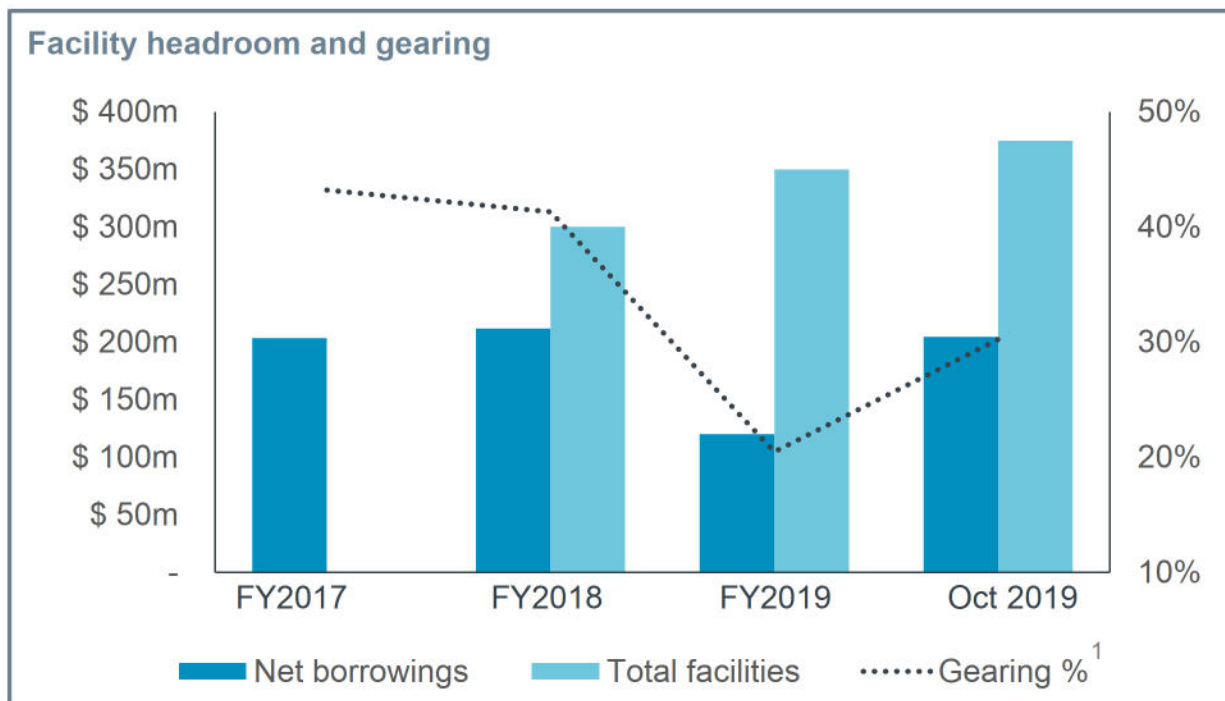
Continued step-up in investment...

- Baycorp and recent Aus/NZ debt buying wins mark a return to core business investment growth
- Strong growth in US debt buying and net lending



1. Represents the high-end of the investment guidance

... and substantial capital headroom to fund a further step-up in investment ...



- Facility limits increased to \$375m maturing in 2022 and 2023
- 3 banks now in corporate banking syndicate
- Debt headroom expected to increase to ~\$200m by Jun-20

1. Calculated as net borrowings as a proportion of PDL and net consumer loan book carrying value.

The Baycorp acquisition is on track ...

- Business case financial outcomes are on track to be achieved
- Integration progressing ahead of pro-forma:
 - Annualised cost savings of \$11m achieved
 - Majority of purchased debts now migrated to CCP operation
 - Both Aus and NZ agency operations are now profitable
- Additional NZ purchasing opportunities secured

... and is contributing to a strong operational performance

Pricing accuracy and returns on track

- Total cumulative collections above aggregate pricing expectations
- Total collections up 17% over the pc¹
- Aus/NZ collections tracking at record levels, 9% over the pc¹

(Refer to Appendices A and B)

Arrangement book growth (Aus/NZ)

- Face value of accounts under arrangement at a record level of \$1.4bn at Oct-19
- Payments under arrangement represent 77% of collections

(Refer to Appendix D)

Efficiency

- Productivity up by 8% over the pc¹

(Refer to Appendix C)

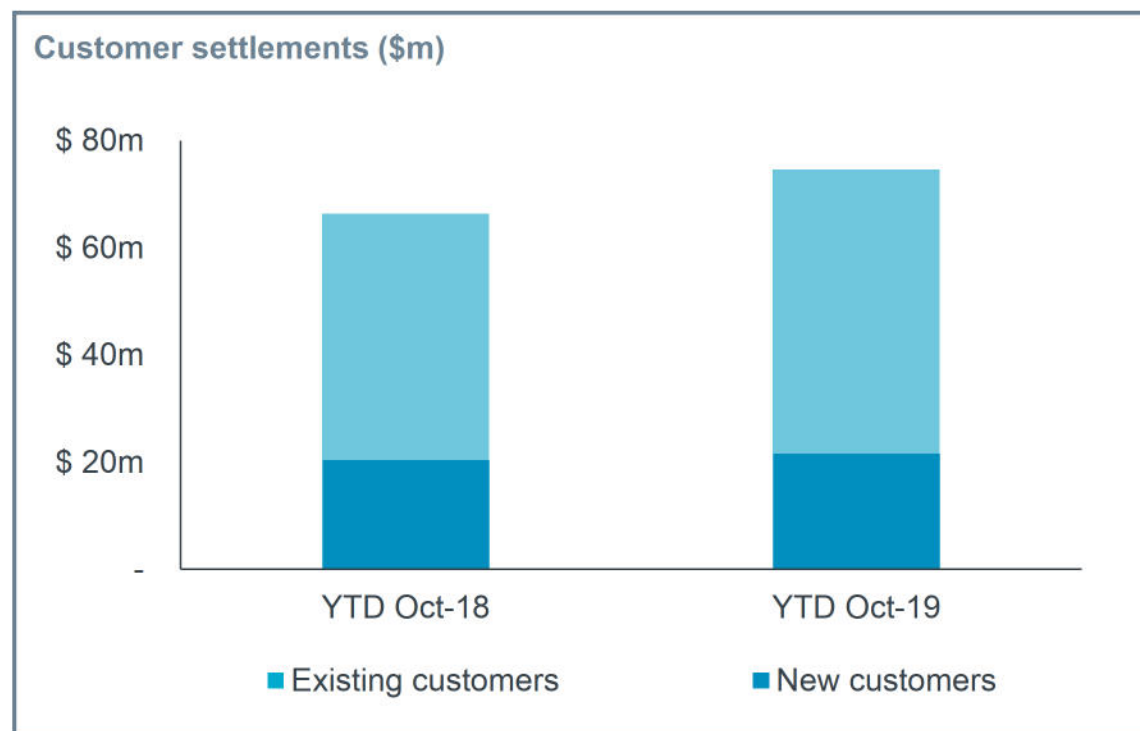
Continuous improvement focus

- Continued focus on improved conversion from customer contact
- Technological and analytical enhancements
 - Self-service customer portal now delivering 8% of Aus/NZ collections
 - Optimisation of dialler technology to maximise contact rates

1. Year-to-date to October FY2020 versus year-to-date to October FY2019.

Continued lending growth ...

- Despite unexpectedly strong growth in the prior year:
 - Total settlements up by 14% over pc¹
 - New customer settlements up 6% over pc¹
- Strong consumer proposition supports customer acquisition and retention ²

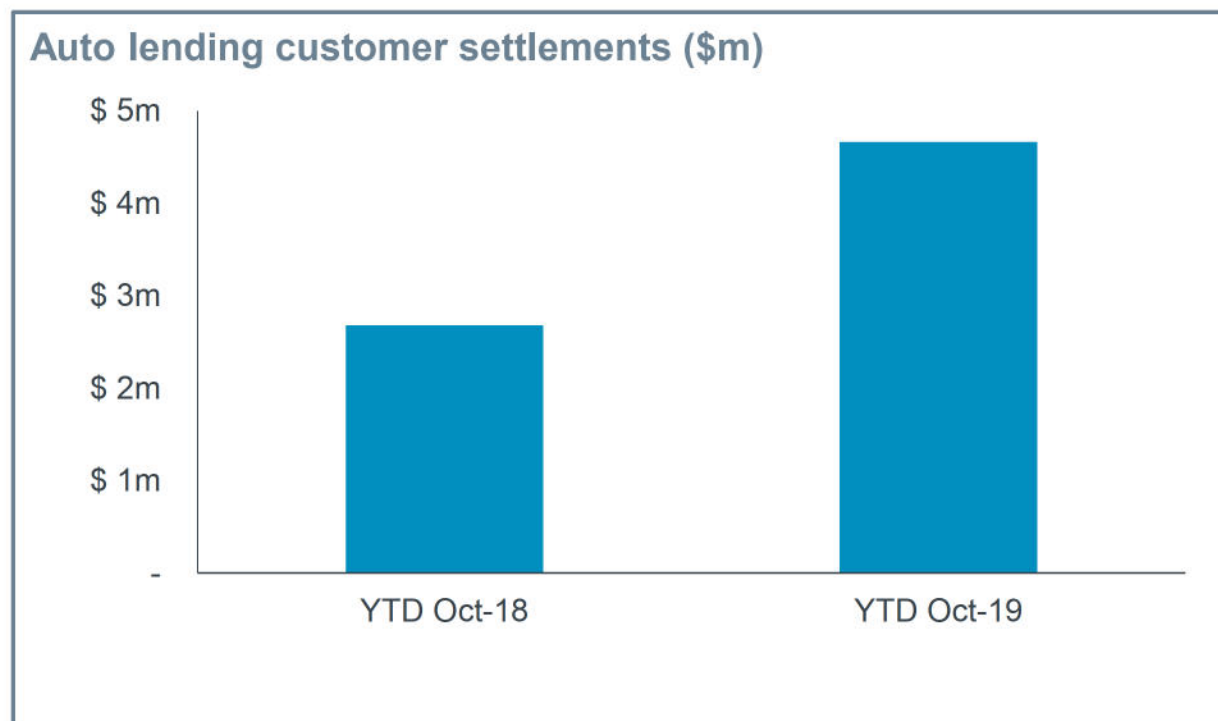


1. Year-to-date to October FY2020 versus year-to-date to October FY2019.

2. Refer Appendix E.

...and the auto loan pilot is progressing strongly

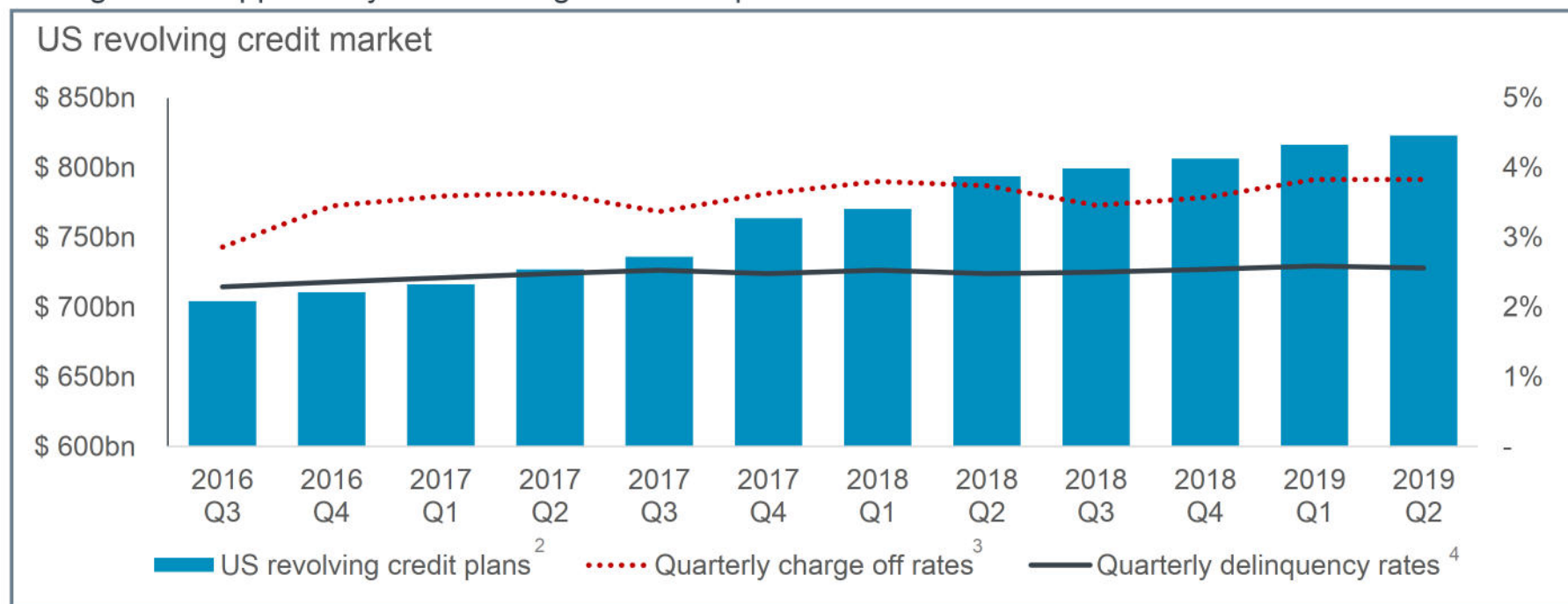
- Auto volumes up by over 72% on the pcp ¹
 - Finance-only product now accounts for half of volume
 - Arrears and losses trending satisfactorily



1. Year-to-date to October FY2020 versus year-to-date to October FY2019.

US debt buying market remains a substantial opportunity ...

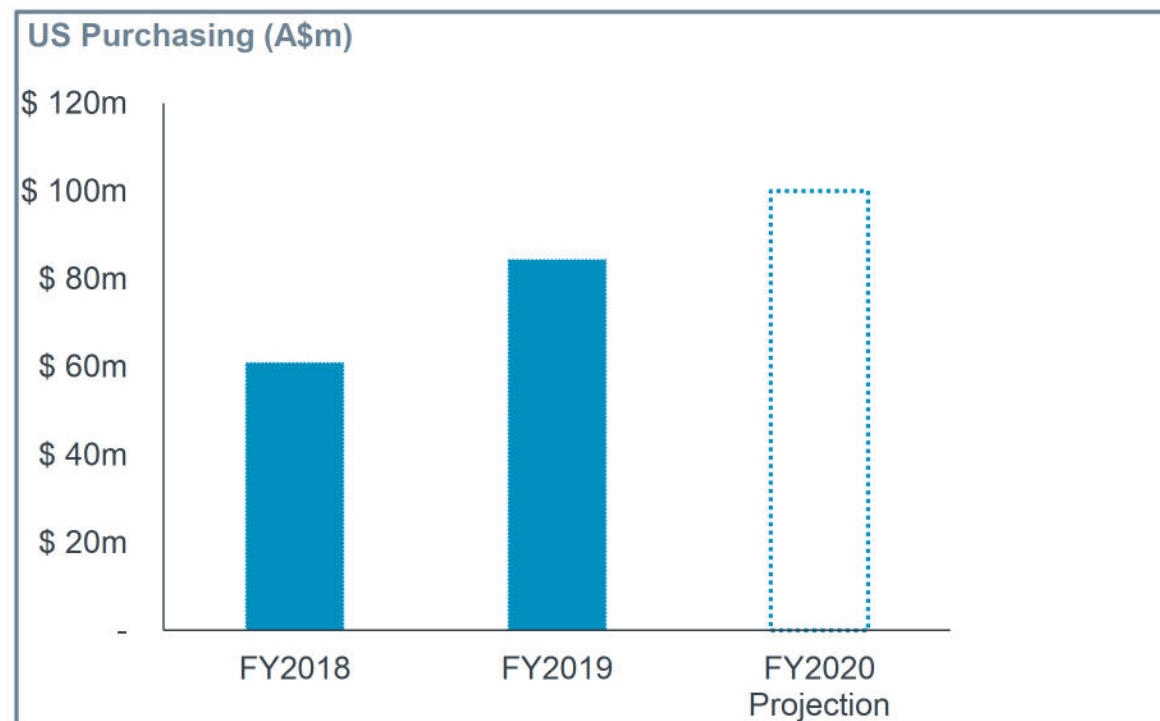
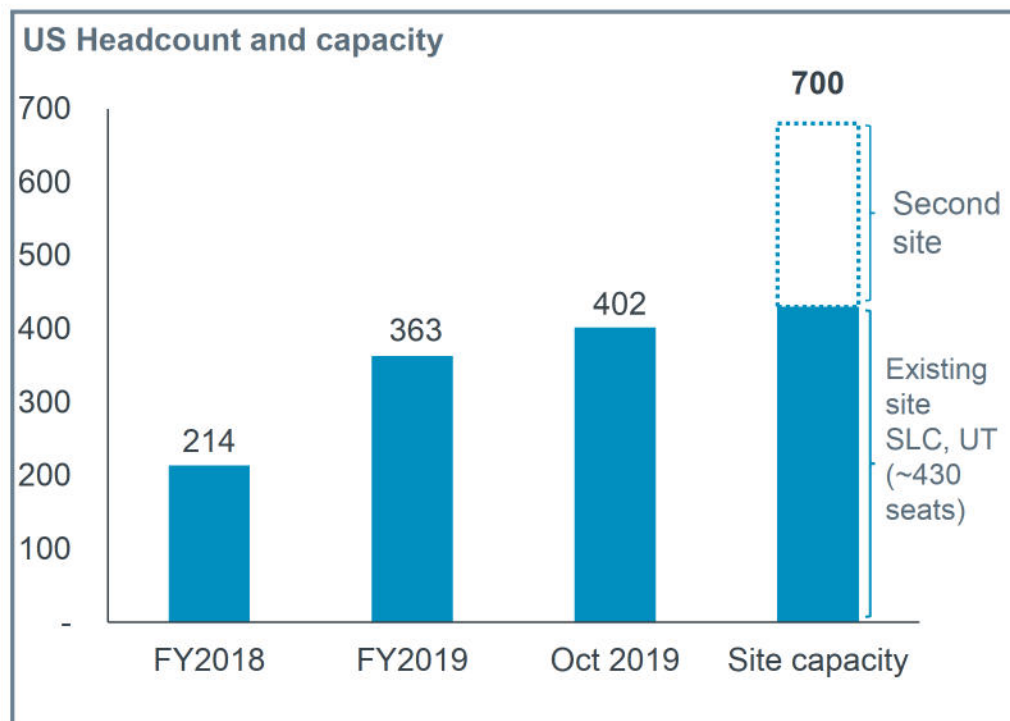
- Market conditions remain favourable:
 - No signs of pricing pressure despite growing competitor purchasing ¹
 - Continued growth in unsecured credit and charge-off rates
- Significant opportunity for CCP to grow from a position of minimal market share



1. Portfolio Recovery associates (NASDAQ: PRAA) in its Form 10-K and earnings call on 28/2/19 disclosed record core US investment of US\$657m in 2018, an increase of 23% on 2017 and reported that the US market has 'good supply and good returns and is a pretty rational buying environment'. Encore Capital Group (NASDAQ: ECPG) in its Form 10-K and earnings call on 27/2/19 disclosed record US investment of US\$638m in 2018, an increase of 19% on 2018 and reported that the 'debt purchasing market has been favourable for some time' and an expectation 'that a much better market for buying portfolios is yet to come' referencing that the Federal Reserve reported revolving credit aggregate outstanding balance reached an all-time high in December 2018 of US\$1.04 trillion.
2. Total Revolving Credit Outstanding, Federal Reserve Economic Data (<https://fred.stlouisfed.org/graph/?g=KHD>)
3. Charge-Off Rate on Credit Card Loans, All Commercial Banks, Federal Reserve Economic Data (<https://fred.stlouisfed.org/series/CORCCACBN>)
4. Delinquency Rates on Credit Card Loans, All Banks, Federal Reserve Economic Data (<https://www.federalreserve.gov/releases/chargeoff/delallsa.htm>)

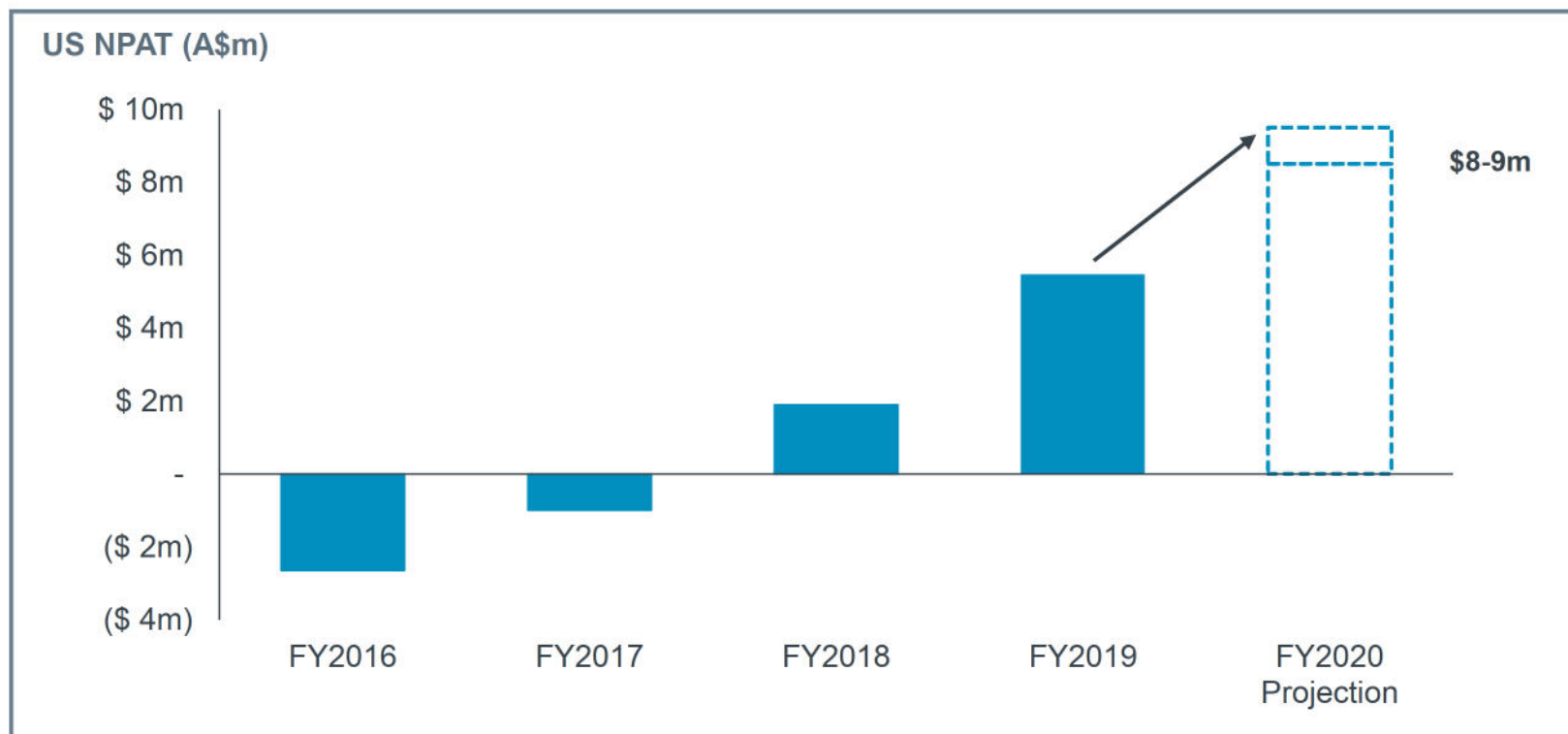
... and expanding productive capacity is allowing investment to step up ...

- Salt Lake City site is now at practical capacity of ~400 heads
- Second office located near Seattle, WA with ultimate capacity of ~300 seats opened in October
- Investment run-rate reflects >A\$100m of annualised purchasing
 - YTD October FY2019 purchasing of A\$29m is 39% higher than the pcp



... producing a strong earnings outlook for the US

- Earnings will grow >50% in FY2020 despite the impact of rapid recruitment and the new office opening
- A further step-up in earnings growth expected for FY2021



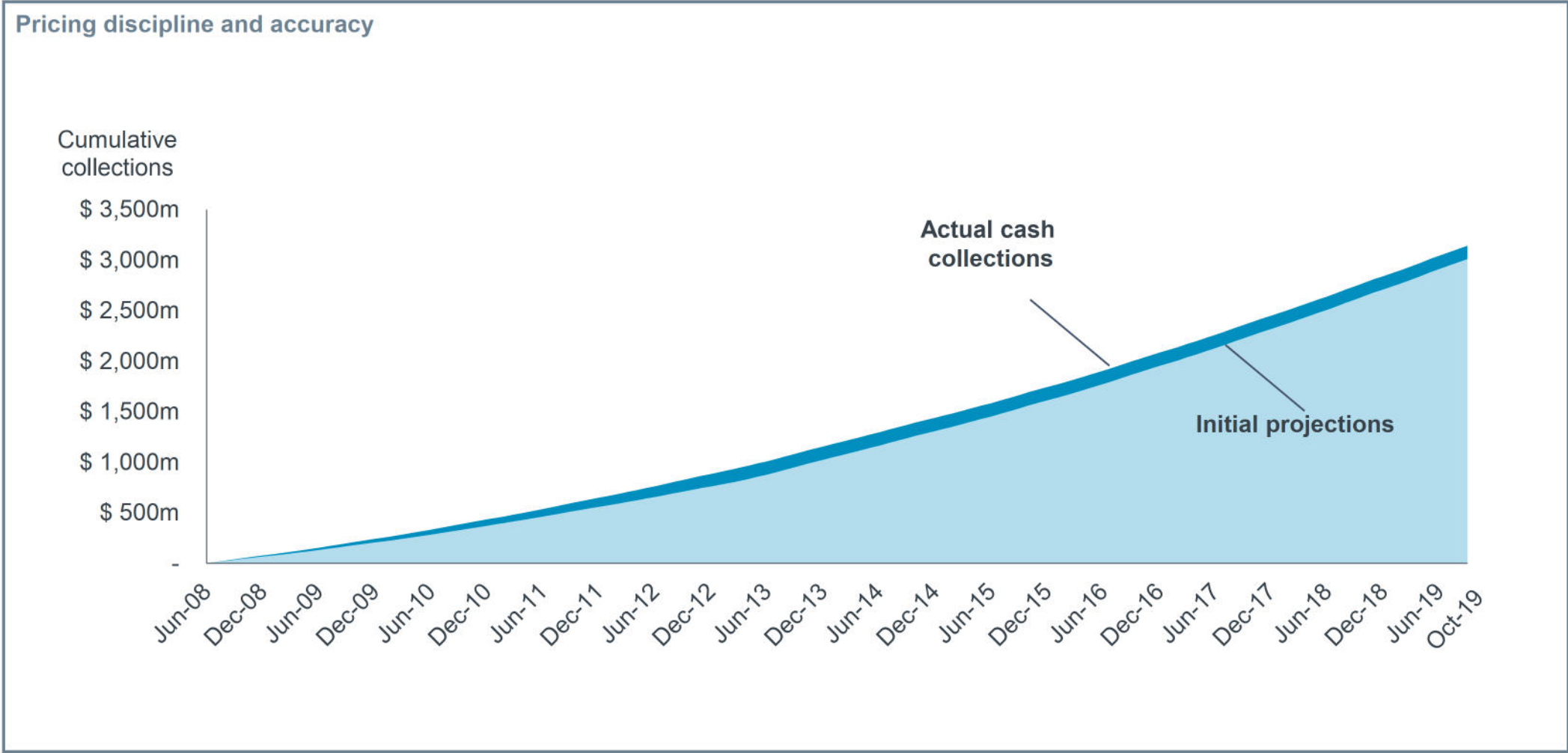
Guidance of 15% to 18% growth in NPAT maintained

	Revised guidance Aug 2019
PDL acquisitions	\$300 - \$320m
Net lending	\$60 - \$65m
NPAT	\$81 - \$83m
EPS (basic)	149 - 151 cents

Appendix | Key operating metrics

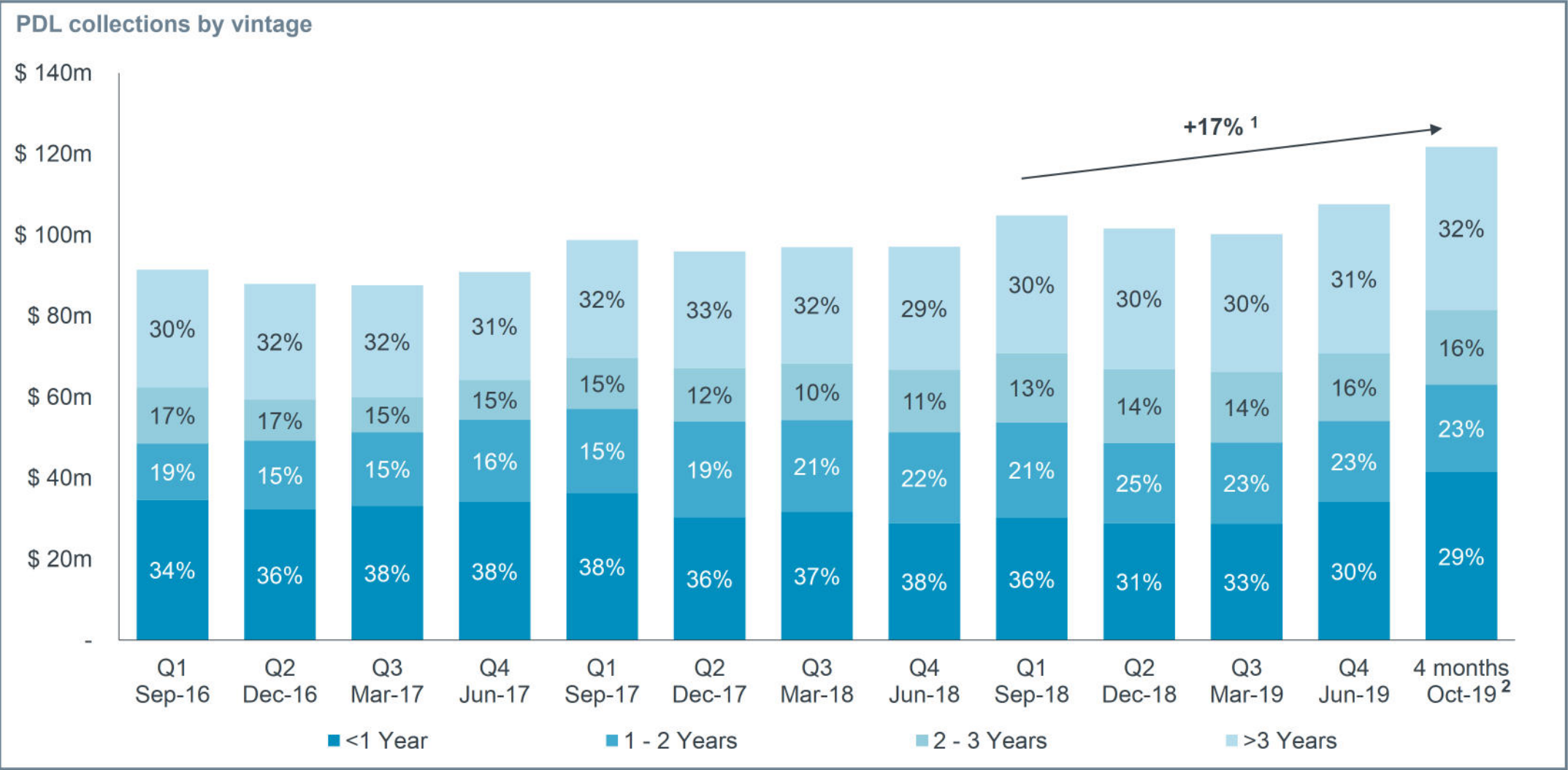


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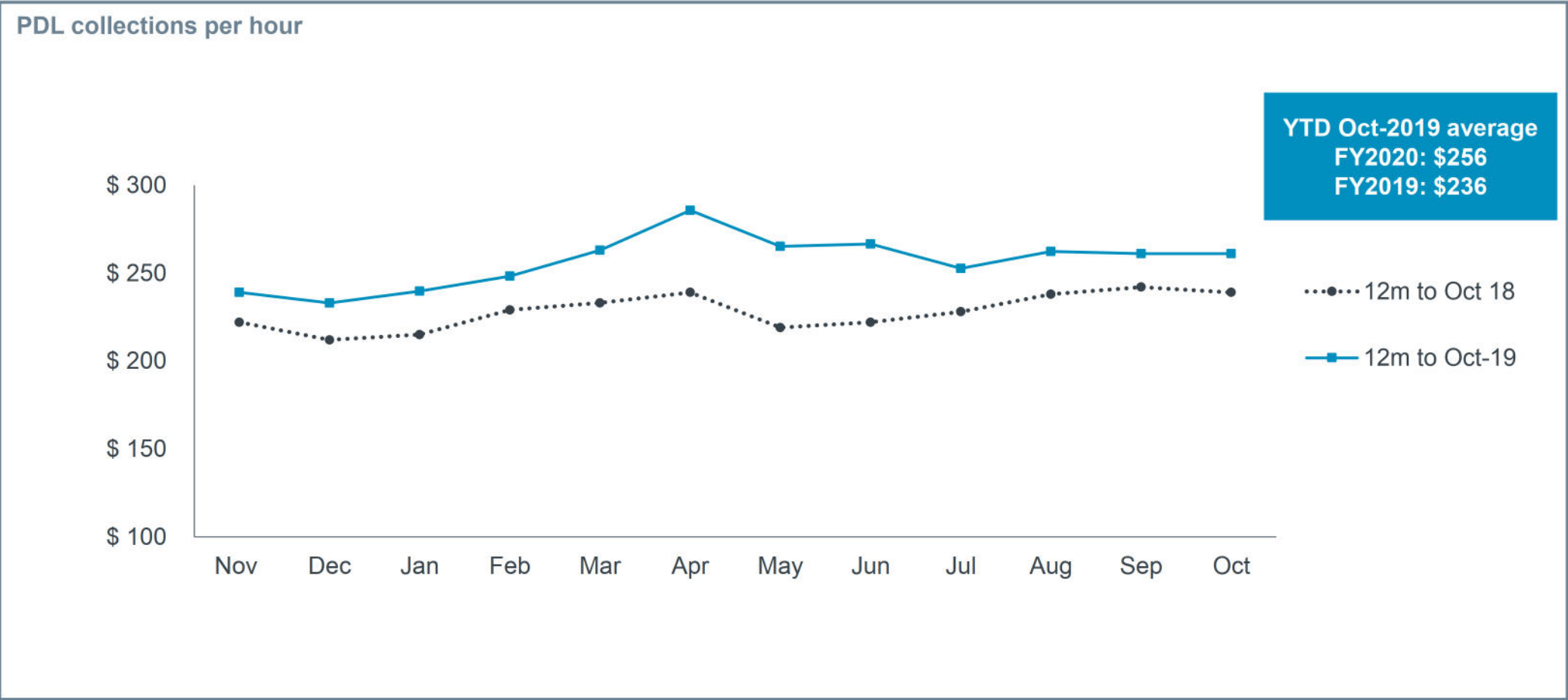


* For all PDLs held at June 2008, initial projections represent the forecast at June 2008

Appendix B | Collections life cycle



1. 17% PDL collections growth on pcp (YTD Oct FY2020 vs. YTD Oct FY2019)
2. Pro-rated to a quarterly average



Portfolio summary - Aus/NZ debt buying only

Total portfolio	Dec-17	Jun-18	Dec-18	Jun-19	Oct 19
Face value	\$5.9b	\$6.0b	\$6.2b	\$6.4b	\$7.9b
Number of accounts	710,000	710,000	753,000	786,000	1,292,000
Payment arrangements					
Face value	\$1,300m	\$1,300m	\$1,300m	\$1,300m	\$1,400m
Number of accounts	153,000	157,000	154,000	157,000	192,000
% of PDL collections	78%	81%	79%	78%	77%

Appendix E | Superior consumer lending proposition

- Most sustainable product in the segment
 - Priced below mainstream pricing cap
 - Cheaper than competitors
 - Cheaper than not for profit alternative
- Unaffected by recommendations from recent senate inquiry

	Price ¹	Credit Corp cheaper by
Credit Corp Wallet Wizard	\$148	-
Typical cash loan competitor	\$440	66%
Not for profit alternative	\$220	33%

1. Total interest and fees based on a \$1,000 loan over a 6 month duration