



Credit Corp Group

Market Update

29 April 2021

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Continued leadership in the credit-impaired consumer segment ...

ANALYTICS & DISCIPLINE

Australian / NZ debt buying

- Largest database
- History of pricing accuracy
- Purchasing levels vary inversely with pricing

USA debt buying

- Adapted knowledge to US environment
- Large market opportunity
- Diversified purchasing across major sellers

Australian / NZ lending

- Leverage knowledge of consumer
- Up-front loss provisioning
- Analytical monitoring
- Unique statistical underwriting

OPERATIONAL EXCELLENCE

- Highest asset turnover ¹
- Lowest cost to collect ²
- High performing on-shore and off-shore platforms
- Leading technology and use of data

- Significant growth in productive capacity with opening of second site
- Emphasis on payment arrangements and a lower proportion of litigated outcomes

- Automated decisioning
- Collection strength
- Unmatched efficiency

SUSTAINABILITY & COMPLIANCE

- No adverse orders or undertakings
- Low dispute rate
- \$1.6b in ongoing repayment arrangements

- Low regulator complaint rate
- Strong client audit outcomes

- APRs below cap applicable to mainstream credit
- Regulatory upside - no 'payday loans'
- Superior pricing disrupting the market

Target

Long-term growth

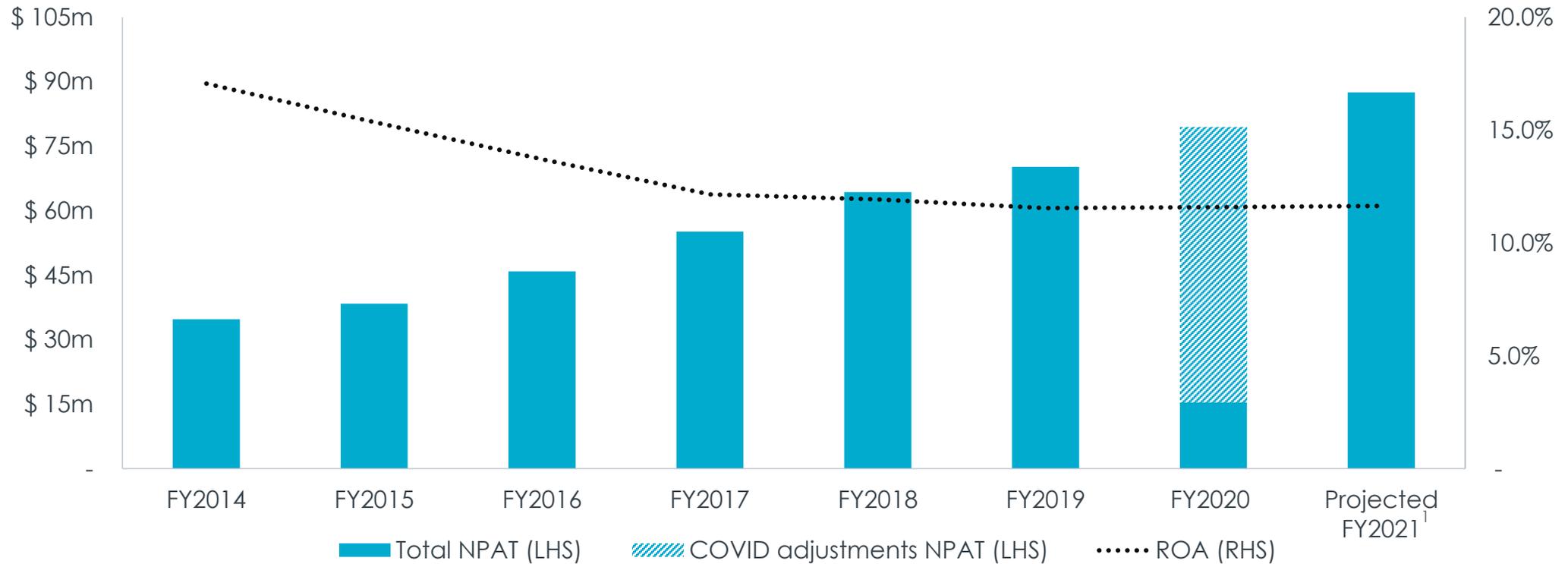
ROE 16% - 18%

Low gearing

1. H1 FY2021 ratio of cash collections from PDLs to average PDL carrying value in Australian Debt Ledger Purchasing segment of 1.2x
2. H1 FY2021 ratio of cash costs of the Australian Debt Ledger Purchasing segment to collections of 35%

... delivered a return to pre-COVID growth trajectory ...

NPAT AND RETURN ON ASSETS



1. Midpoint of revised FY2021 guidance

... despite challenging debt buying market conditions

- ➔
 - Temporary reduction in market sale volumes
 - Sale volumes below pre-COVID levels by approx. 50% in both AUS/NZ and US
 - Key drivers:
 - Run-off in unsecured credit balances ^{1,2} due to stimulus / forbearance and constrained spending options
 - Forbearance delaying charge-off ³

- ➔
 - Early indications of a recovery in sale volumes
 - A major AUS bank forward flow volume was up by 50% on run-rate in April
 - Strong US credit growth rebound ⁴

1. 20.7% reduction in credit card balances outstanding from Feb-20 to Feb-21. Source: Reserve Bank of Australia Credit and Charge Cards C1

2. 11.2% reduction in revolving card balances from Feb-20 to Feb-21. Source: Federal Reserve Consumer Credit Outstanding data series G19

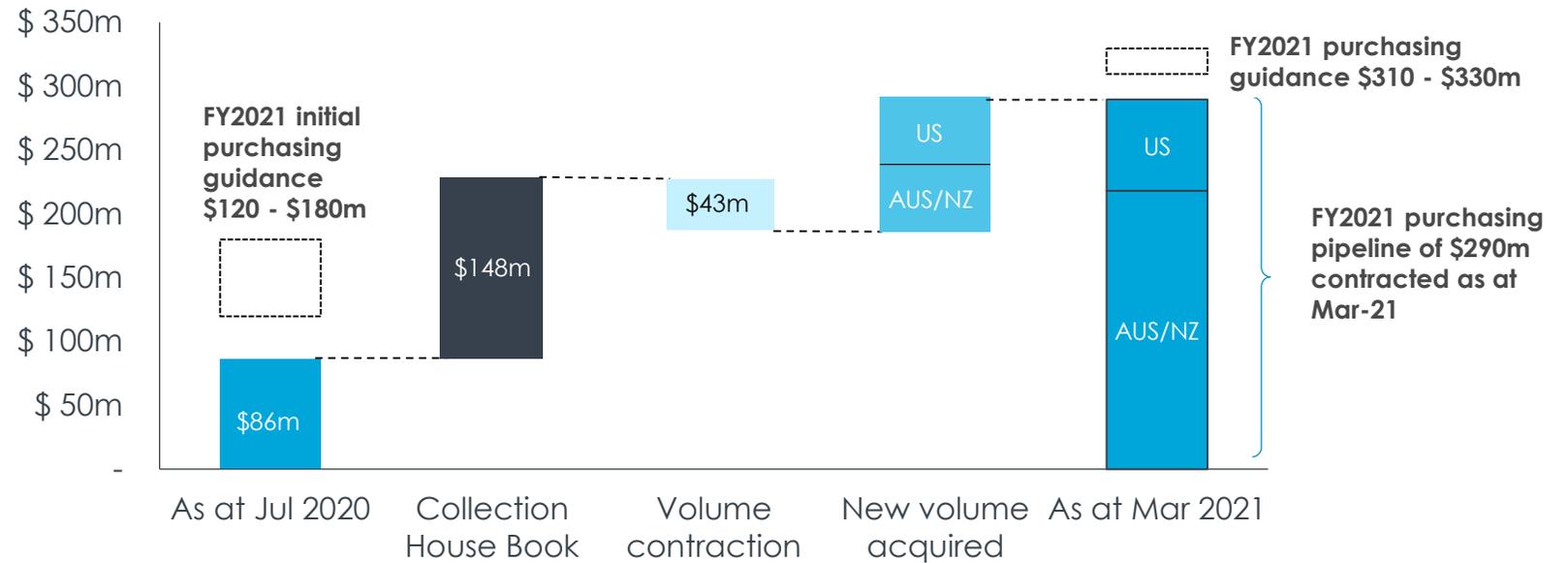
3. Charge off rates 30% lower in Q4 2020 (2.62%) versus Q4 2019 (3.75%). Source: Federal Reserve Charge-Off and Delinquency Rates on Loans at Commercial Banks data series

4. 0.8% increase in revolving card balances from Jan-21 to Feb-21 after reducing over the previous 11 months. Source: Federal Reserve Consumer Credit Outstanding data series G19

We remain very competitive in all our debt buying markets ...

- Strong outcomes in the US where we are a comparatively smaller part of the market
- Sustained share in AUS/NZ

FY2021 PURCHASING PIPELINE



... due to strong operational outcomes ...

- 
 - AUS/NZ in line with ingoing expectations
 - Collection House book performing to pro-forma
 - Total collections tracking to expected softening as stimulus/forbearance has been withdrawn
- 
 - US performance strong
 - Solid H1 operational results
 - Now supplemented by new government stimulus

AUS/NZ debt buying



	YTD Mar FY2021	Δ YTD Mar FY2020
Collections	\$267m	1%
Productivity	\$293 per hour	11%
Operations headcount ¹	928	(9%)
Payers book ¹	\$1,600m	12%

US debt buying



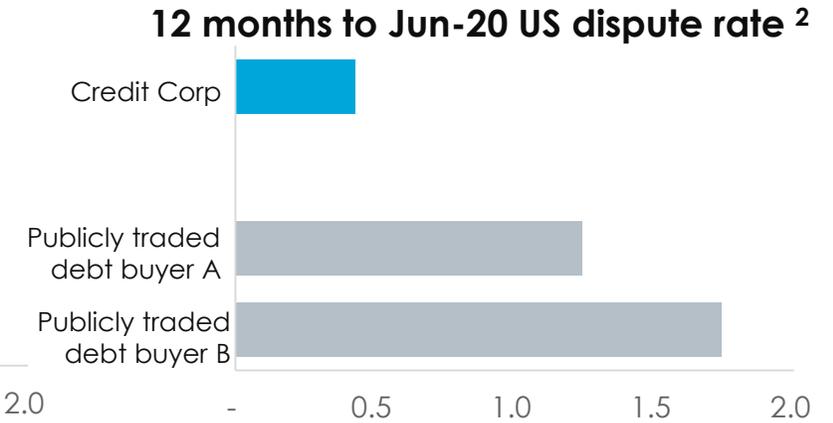
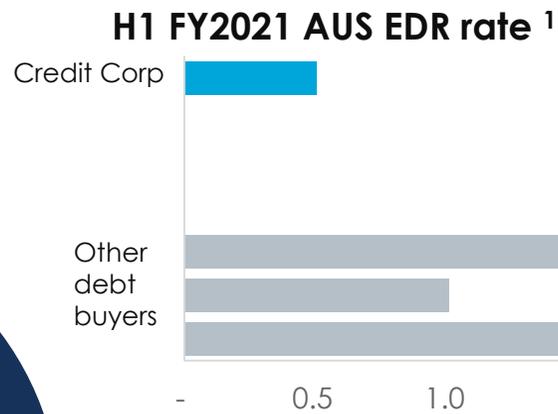
	YTD Mar FY2021	Δ YTD Mar FY2020 ²
Collections	\$105m	30%
Productivity	\$281 per hour	33%
Operations headcount ¹	351	(20%)
Payers book ¹	\$250m	17%

1. As at March 2021

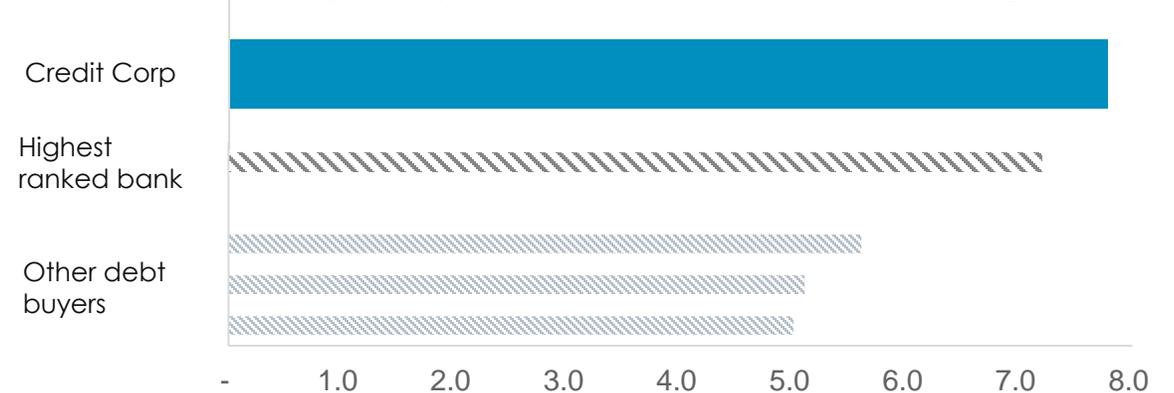
2. Prior year collections adjusted for the FY2021 average exchange rate

... and recognised compliance leadership ...

- Continued industry leadership
 - Lowest EDR rate ¹ in AUS and low US dispute rate ²
 - Highest rating from consumer stakeholders
 - No regulatory actions
- Leading approach to hardship
- Compliance and sustainability critical for continued sale in present conditions



Rating of banks & debt buyers by financial counsellors in 2019 ³ (score out of 10)



1. No. of complaints reported by External Dispute Resolution (EDR) provider (The Australian Financial Complaints Authority) for the 6 month period to December-2020 divided by total annual PDL collections expressed in millions of dollars

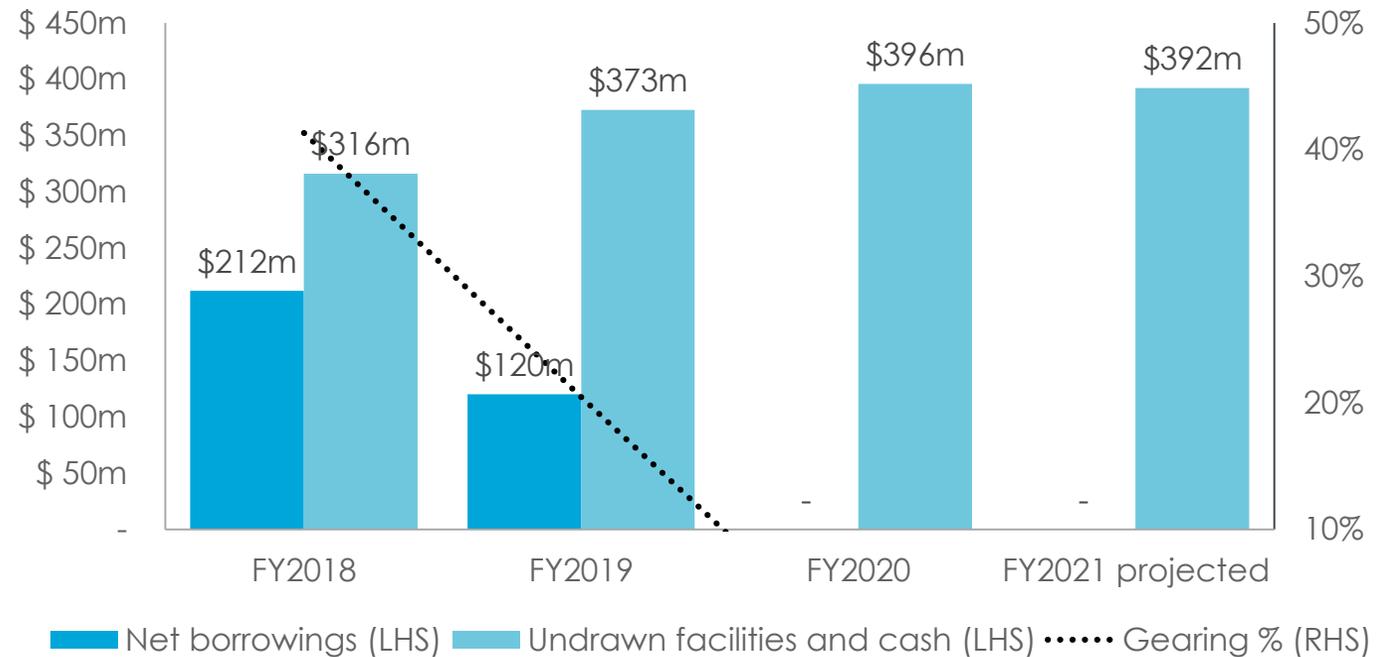
2. Complaint metrics from Consumer Financial Protection Bureau (CFPB) database for the 12 months to Jun-2020 divided by reported collections
https://www.consumerfinance.gov/data-research/consumer-complaints/search/?from=0&searchField=all&searchText=&size=25&sort=created_date_desc

3. Financial Counselling Australia: Rank the banks and other creditors survey 2019 - Rating of response to consumer hardship, July 2020, pages 7 and 19

... with the capacity to increase investment as opportunities arise

- Cash and undrawn lines of ~\$400 million, representing substantial investment capacity
- Corporate banking facility extended for a further two years, now expiring in 2024 and 2025
- Total limit reduced by \$63 million, lowering the company's undrawn banking facilities to \$312 million
- Reduced limit reflects:
 - Management of surplus capital
 - Planned funding diversification

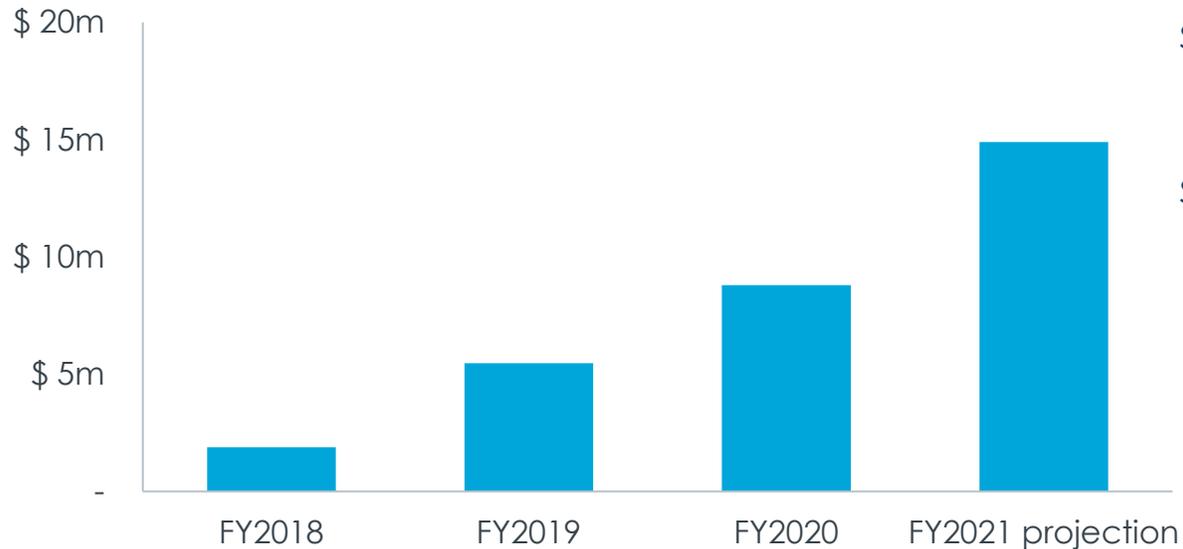
FACILITY HEADROOM AND GEARING



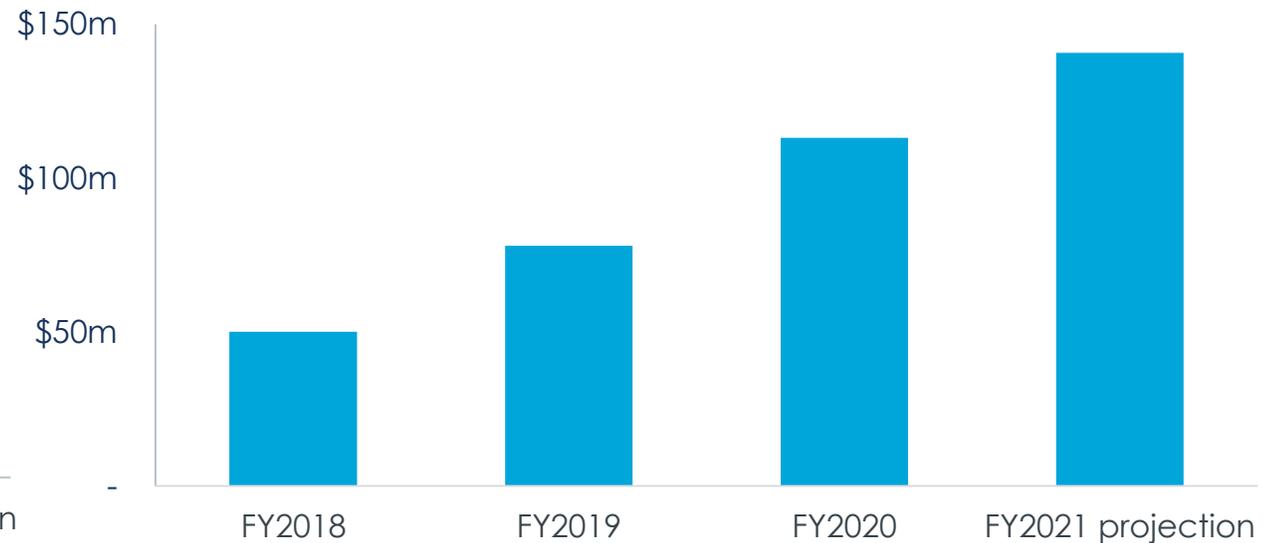
The US is driving current year growth ...

- Ongoing investment and operational improvement are driving earnings

US NPAT (A\$m)



US COLLECTIONS (A\$m) ¹



1. Prior year collections adjusted for the FY2021 average exchange rate

... and is positioned to contribute into the future

- ➔
 - Already the 6th largest debt buyer in the US market
 - On all but one major credit issuer debt buyer panel
 - Fit-out of Washington State will take capacity to ~700 seats and support A\$200+ million of annual purchasing
 - Very competitive operational platform with scope for further improvement

	Asset turnover ⁴	Cost to collect
CCP ¹	0.9	35.8%
ECPG ²	1.0	37.4%
PRAA ³	0.8	35.7%

1. Mar-21 YTD CCP US debt buying segment only

2. FY2020 for US debt buying. Encore Capital Group (NASDAQ: ECPG) is a US-listed global debt buyer

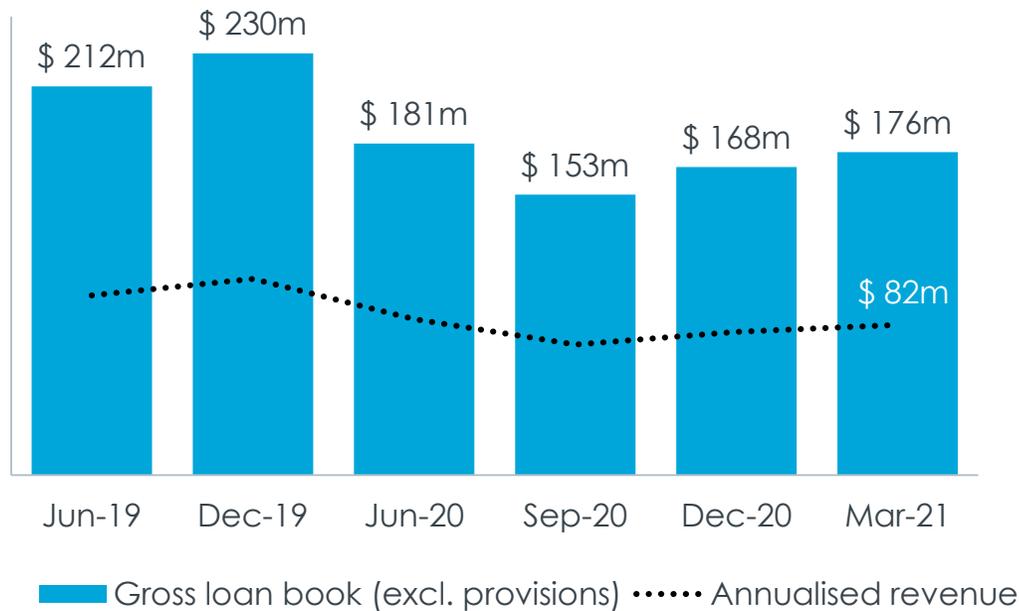
3. FY2020 blended rate (includes US, Europe and Insolvency). Portfolio Recovery Associates Group (NASDAQ: PRAA) is a US-listed global debt buyer

4. Ratio of cash collections from PDLs to average PDL carrying value (CCP: FY2021 March YTD US debt buying segment only and ECPG / PRAA FY2020 cash collections from US debt buying)

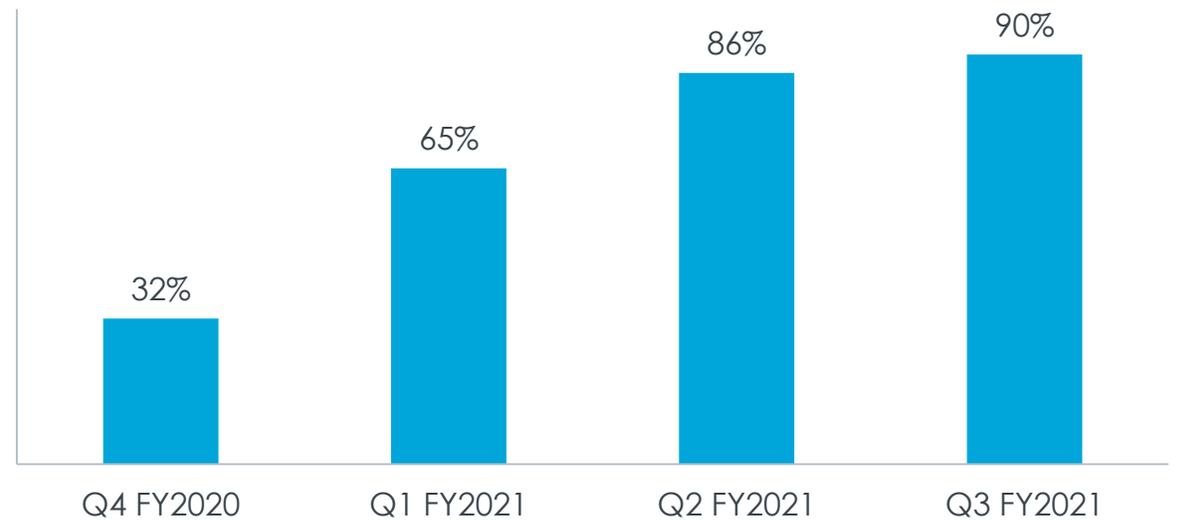
Consumer lending volumes have recovered ...

- Book has re-grown following the high levels of prepayment in the Jun-20 and Sep-20 quarters

CONSUMER LENDING BOOK AND REVENUE



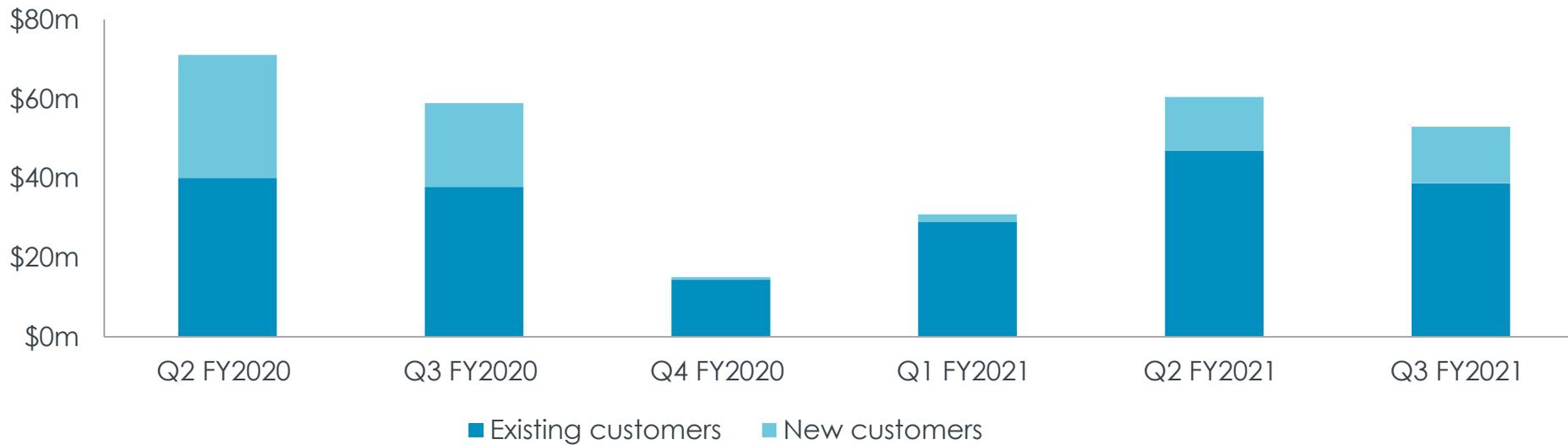
LENDING VOLUMES BY QUARTER INDEXED TO PRIOR COMPARATIVE PERIOD



... driven by existing customers

- 
 Net lending guidance increased from \$5 - \$10m to \$10 - \$20m

LOAN VOLUME (\$ DISBURSED)



We remain on track for a strong result in FY2021

FY2021 guidance

	Revised Apr 2021	Revised Feb 2021
PDL investment	\$310 - \$330m	\$310 - \$330m
Net lending	\$10 - \$20m	\$5 - \$10m
NPAT	\$85 - \$90m	\$85 - \$90m
EPS (basic)	126 - 134 cents	126 - 134 cents



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Questions



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Appendices: Key Operating Metrics

Appendix 1: Pricing discipline and accuracy

Appendix 2: Collections life cycle

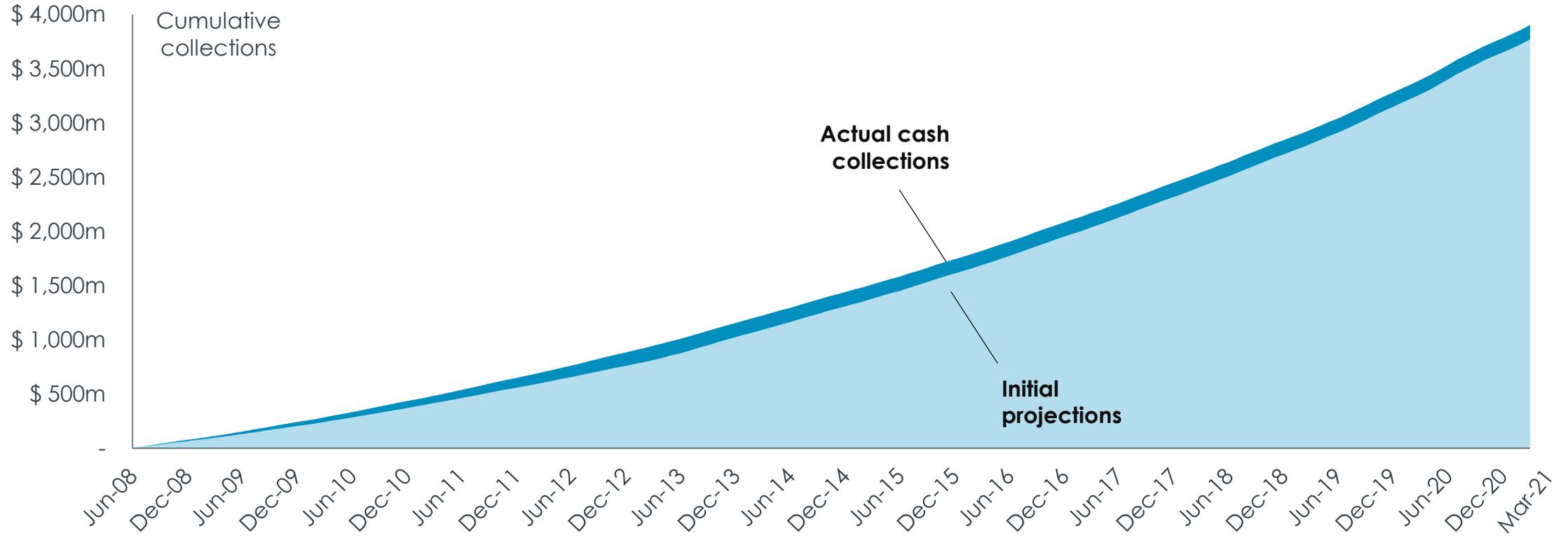
Appendix 3: Productivity

Appendix 4: Payers base

Appendix 5: Operational and total headcount

Pricing discipline and accuracy

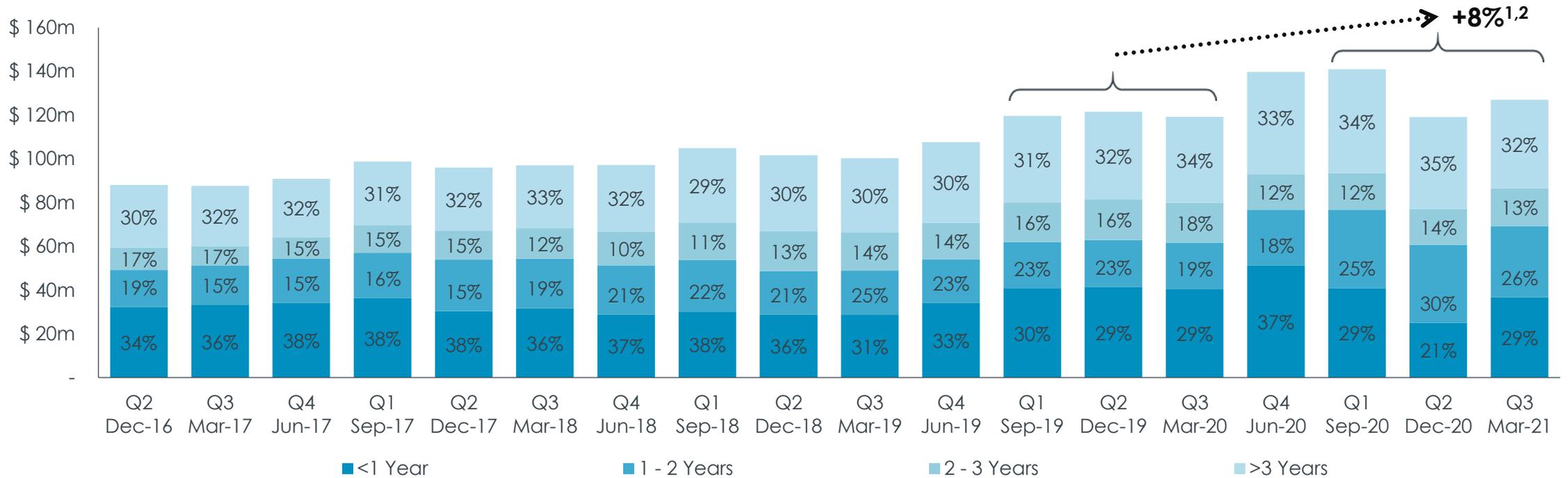
PRICING DISCIPLINE AND ACCURACY



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

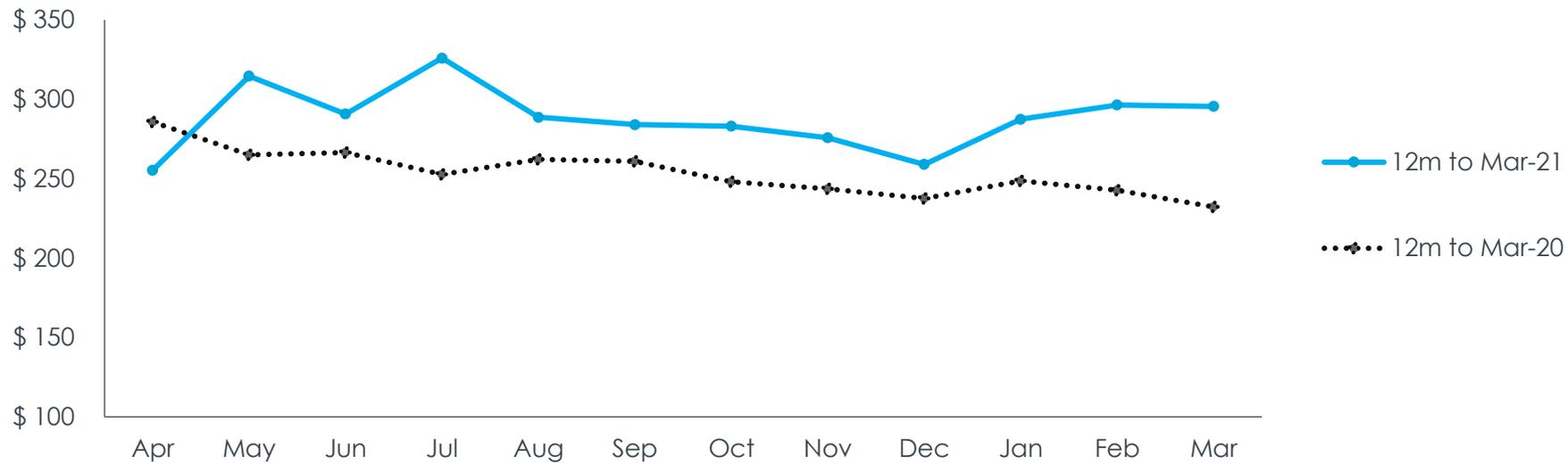
Collections life cycle

PDL COLLECTIONS BY VINTAGE



1. 8% growth from YTD Q3 FY2020 vs. YTD Q3 FY2021
 2. Prior year collections adjusted for the FY2021 average exchange rate

PDL COLLECTIONS PER HOUR



March YTD

FY2021: \$288

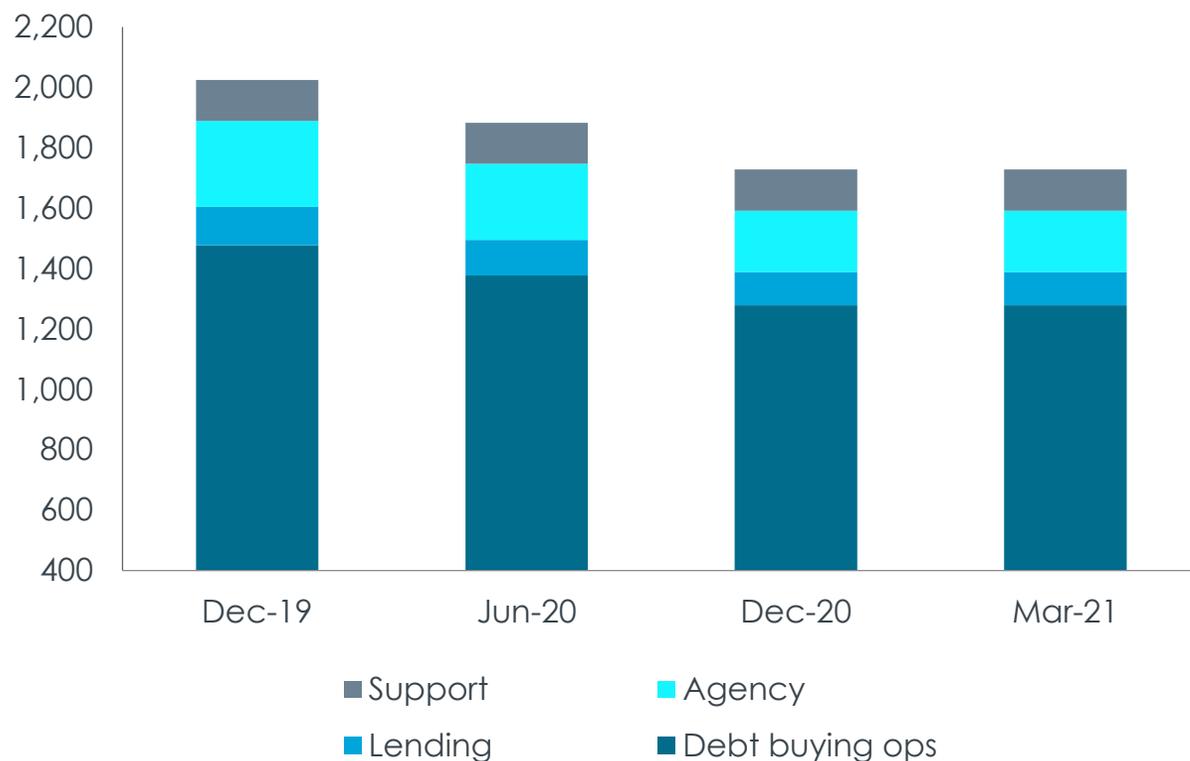
FY2020: \$248

PORTFOLIO SUMMARY: AUS/NZ DEBT BUYING ONLY

Total portfolio	Dec-17	Jun-18	Dec-18	Jun-19	Dec-19	Jun-20	Dec-20	Mar-21
Face value	\$5.9b	\$6.0b	\$6.2b	\$6.4b	\$7.8b	\$7.7b	\$8.6b	\$8.6b
Number of accounts	710,000	710,000	753,000	786,000	1,268,000	1,193,000	1,392,000	1,356,000
Payment arrangements								
Face value	\$1,300m	\$1,300m	\$1,300m	\$1,300m	\$1,400m	\$1,350m	\$1,550m	\$1,600m
Number of accounts	153,000	157,000	154,000	157,000	200,000	195,000	219,000	221,000
% of PDL collections	78%	81%	79%	78%	81%	73%	82%	81%

Operational and total headcount

PERIOD END HEADCOUNT (FTE)



PERIOD END HEADCOUNT (FTE)

	Dec-19 ¹	Jun-20	Dec-20	Mar-21
Debt buying operations	1,455	1,378	1,281	1,279
Agency	281	251	222	203
Lending	126	118	110	110
Support	133	135	137	137
Total	1,995	1,882	1,750	1,729
Support %	7%	7%	8%	8%

1. Reflects Baycorp acquisition in August 2019