



Credit Corp Group

H1 FY2022 RESULTS

1 February 2022

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**BUILDING
MOMENTUM**



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

US 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 productive capacity across two sites
- 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

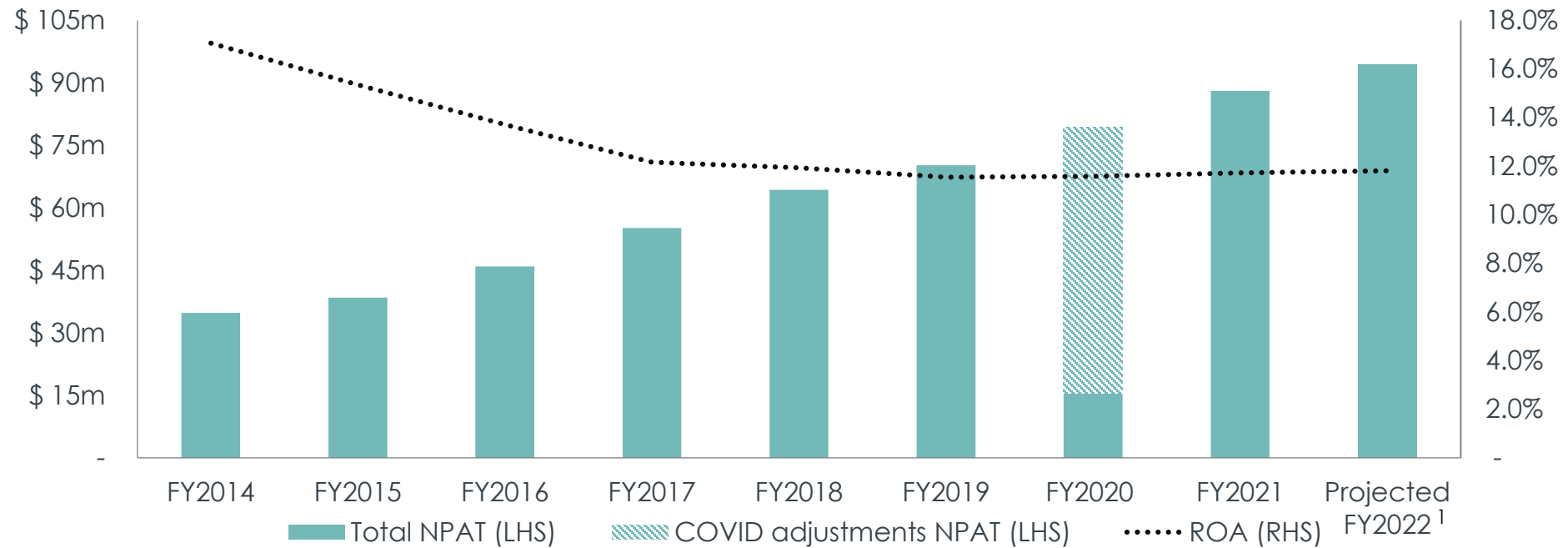
ROE 16% - 18%

Low gearing

1. H1 FY2022 ratio of cash collections from PDLs to average PDL carrying value in Australian Debt Ledger Purchasing segment of 1.2x
2. H1 FY2022 cash costs as a proportion of collections in the Australian Debt Ledger Purchasing segment of 35%

... has delivered sustained growth ...

NPAT AND RETURN ON ASSETS



1. Midpoint of FY2022 NPAT guidance

... and a solid start to the year ...

8%

growth in NPAT

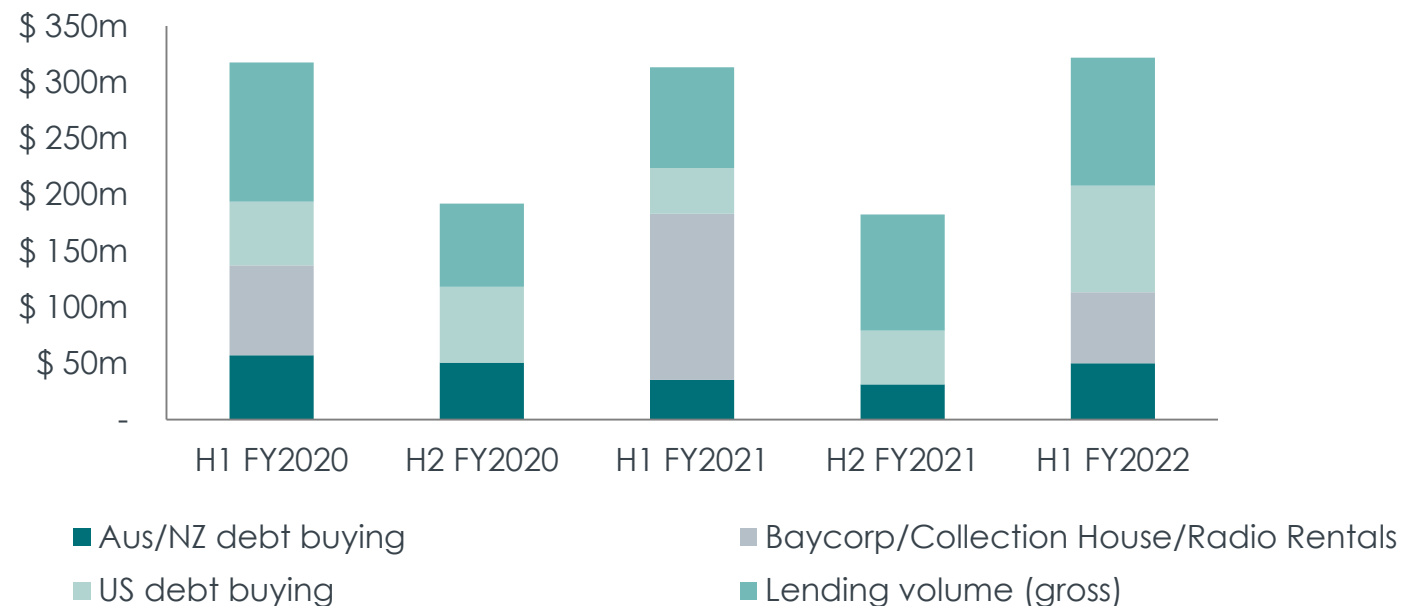
	H1 FY2021	H1 FY2022	Var %
AU/NZ debt buying	\$113.3m	\$118.8m	5%
US debt buying	\$37.3m	\$42.8m	15%
AU/NZ lending	\$37.4m	\$42.3m	13%
Revenue total	\$188.0m	\$203.9m	8%
AU/NZ debt buying	\$27.5m	\$29.0m	5%
US debt buying	\$8.0m	\$10.5m	31%
AU/NZ lending	\$6.7m	\$6.2m	(7%)
NPAT total ¹	\$42.3m	\$45.7m	8%
EPS (basic) ¹	62.8 c	67.7 c	8%
Dividend	36.0c	38.0c	6%

1. Statutory NPAT of \$50.2 million and EPS of 74.4 cents includes \$4.5 million US Paycheck Protection Program (PPP) loan forgiveness which occurred in H1 FY2022

... with record investment to support ongoing growth ...

- Record half-year investment (including the Radio Rentals book) in challenging conditions
- Highest Aus/NZ direct from issuer purchasing since pre-pandemic
- Strong recovery in lending volumes late in the period

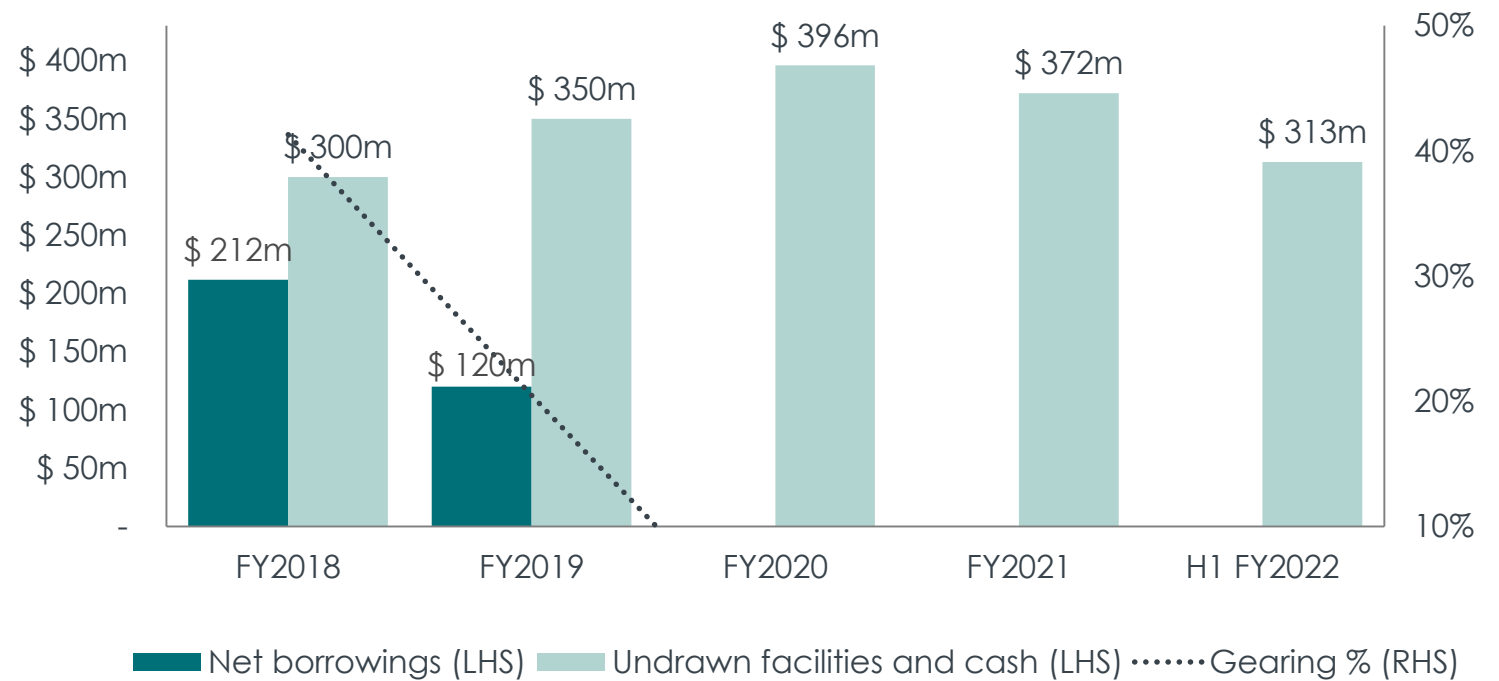
PDL INVESTMENT AND LENDING VOLUME



... and the financial capacity to seize investment opportunity

- Undrawn debt headroom intact despite record half-year

FACILITY HEADROOM AND GEARING



Solid debt buying operations metrics ...



- Strong Aus/NZ collections despite rolling over prior year stimulus
- Solid US result impacted by labour market conditions in the first quarter
 - Growth in operational capacity from Sep-21

AU/NZ debt buying



	H1 FY2022	Δ H1 2021 ¹
Collections ³	\$191m	6%
Productivity	\$305 per hour	5%
Operations headcount ²	911	(2%)
Payers book ²	\$1,555m	1%

US debt buying

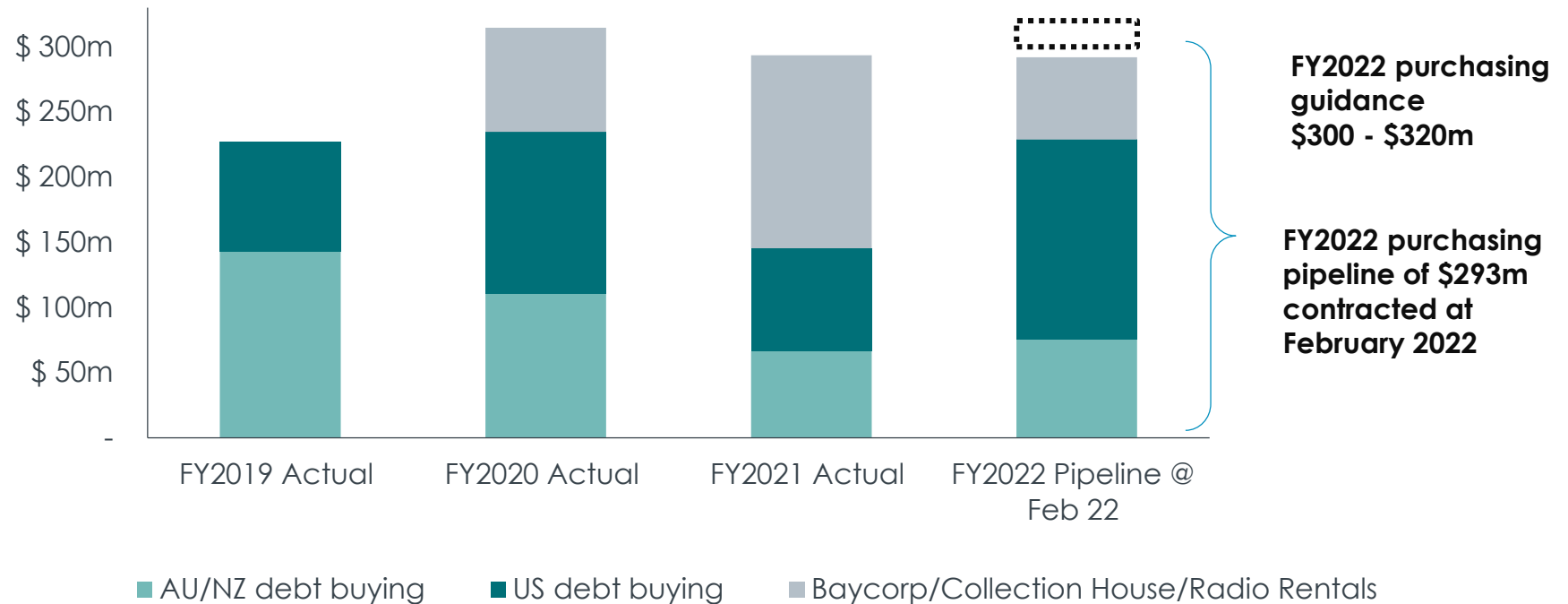


	H1 FY2022	Δ H1 2021 ¹
Collections	\$81m	15%
Productivity	\$335 per hour	28%
Operations headcount ²	374	6%
Payers book ²	\$253m	14%

1. Constant currency basis
2. As at December 2021
3. Includes initial Radio Rentals receipts

... have contributed to a strong PDL investment outlook

PDL INVESTMENT



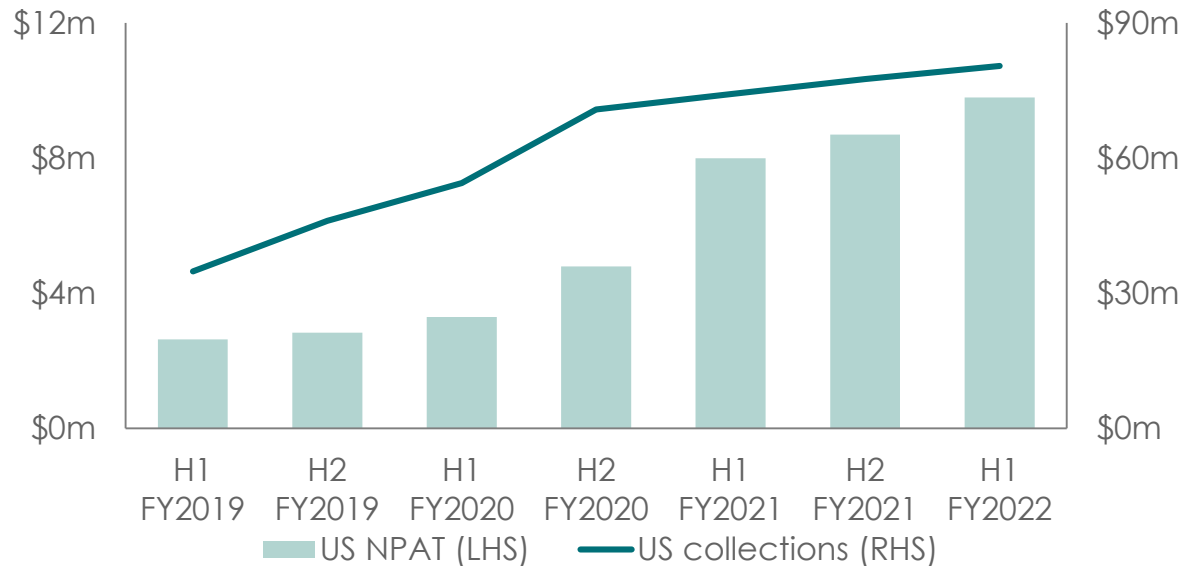
- On track for record investment in challenging market conditions

US NPAT growth driven by purchasing ...

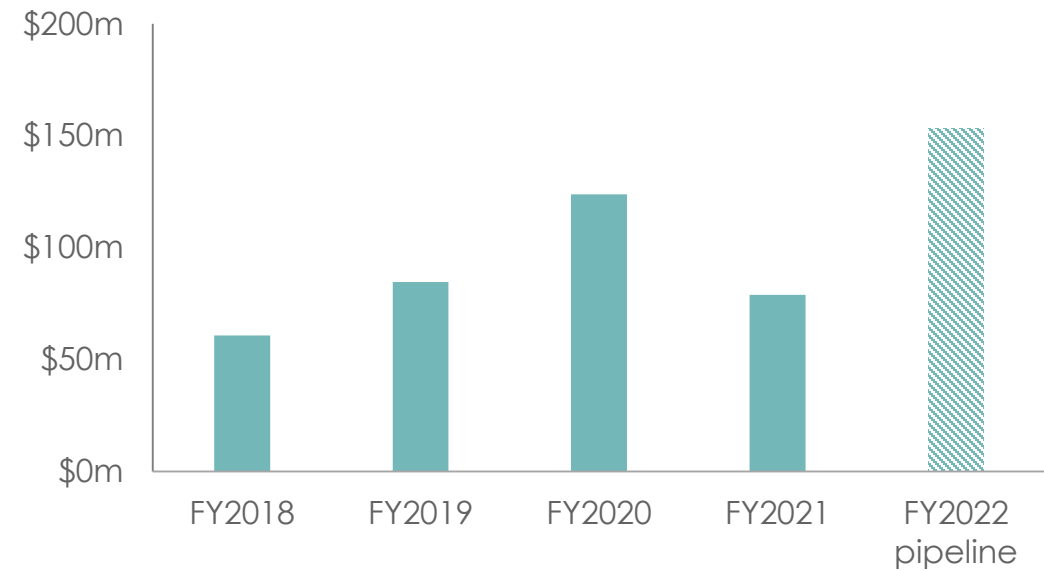


- PDL supply remains tight
- Elevated purchasing reflects increased share and new relationships

US NPAT and US COLLECTIONS (A\$m)



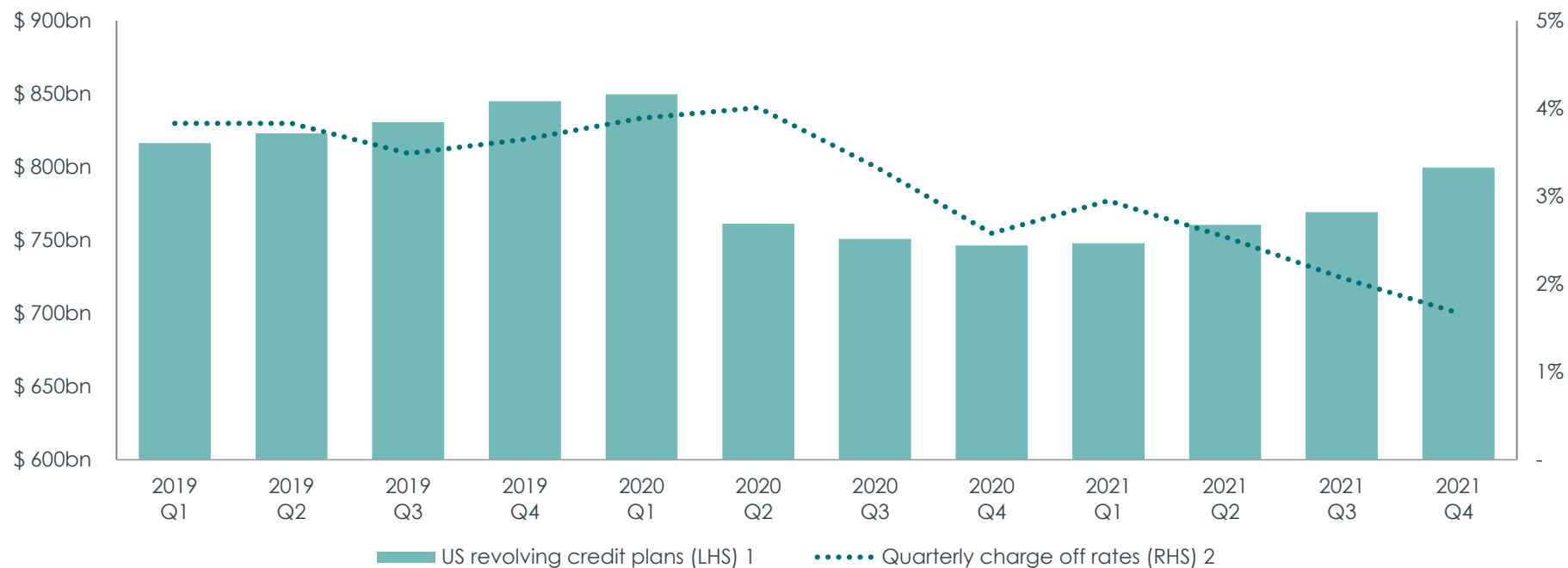
US PURCHASING (A\$m)



... with a positive outlook for supply ...

- US unsecured credit balance recovery accelerating, which should increase PDL supply in the medium term

US REVOLVING CREDIT MARKET



1. Total Revolving Credit Outstanding, Federal Reserve Economic Data (<https://fred.stlouisfed.org/graph/?g=KHD>)
2. Charge-Off Rate on Credit Card Loans, All Commercial Banks, Federal Reserve Economic Data (<https://fred.stlouisfed.org/series/CORCCACBN>)

... supported by Credit Corp's competitive platform



- Key efficiency and effectiveness metrics continue to benchmark strongly against US publicly traded debt buyers

	Asset turnover ⁴	Cost to collect
CCP	0.9	34.5% ¹
ECPG	1.1	33.7% ²
PRAA	0.9	34.4% ³

1. H1 FY2022 CCP US debt buying segment only

2. Calculated based on 12 month period to Sep 21 for US debt buying. Encore Capital Group (NASDAQ: ECPG) is a US-listed global debt buyer

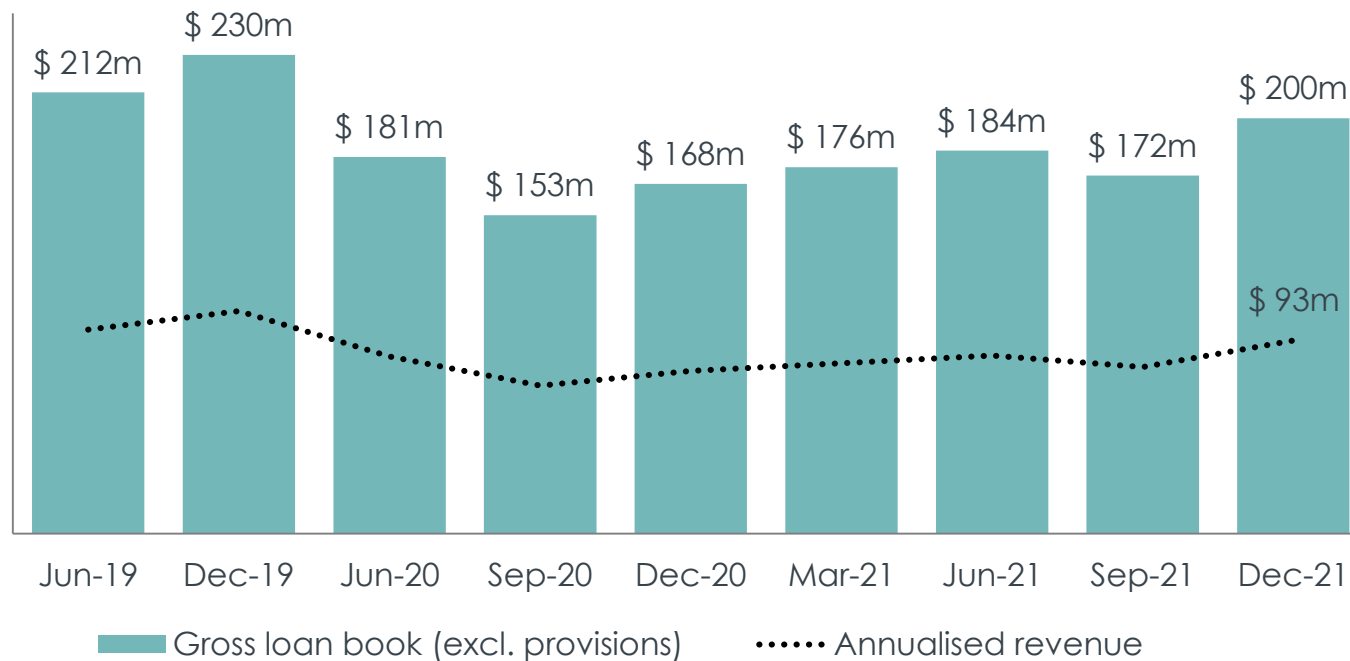
3. Calculated based on 12 month period to Sep 21 blended rate (includes US, Europe and Insolvency). Portfolio Recovery Associates Group (NASDAQ: PRAA) is a US-listed global debt buyer

4. Ratio of cash collections from PDLs to average PDL carrying value (CCP: cash collections based on 12 month period to Dec 21 for US debt buying segment only. ECPG / PRAA cash collections based on 12 month period to Sep 21 for US debt buying only)

An acceleration in lending volume ...

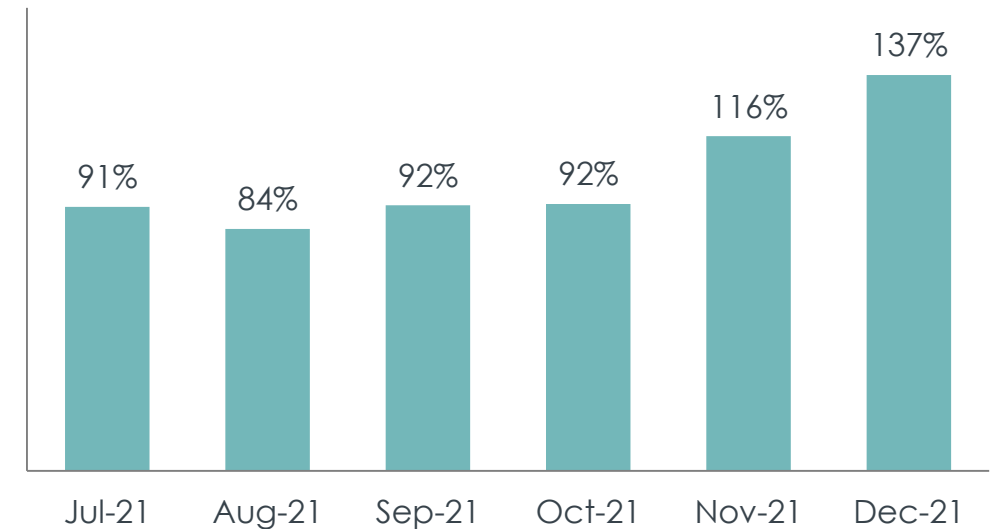
- Record monthly volume in December produced the highest loan book balance since pre-pandemic

CONSUMER LENDING BOOK AND REVENUE



1. All months indexed against 2019, as 2020 was COVID-impacted

LENDING VOLUMES INDEXED TO PRE-COVID COMPARATIVE PERIOD ¹

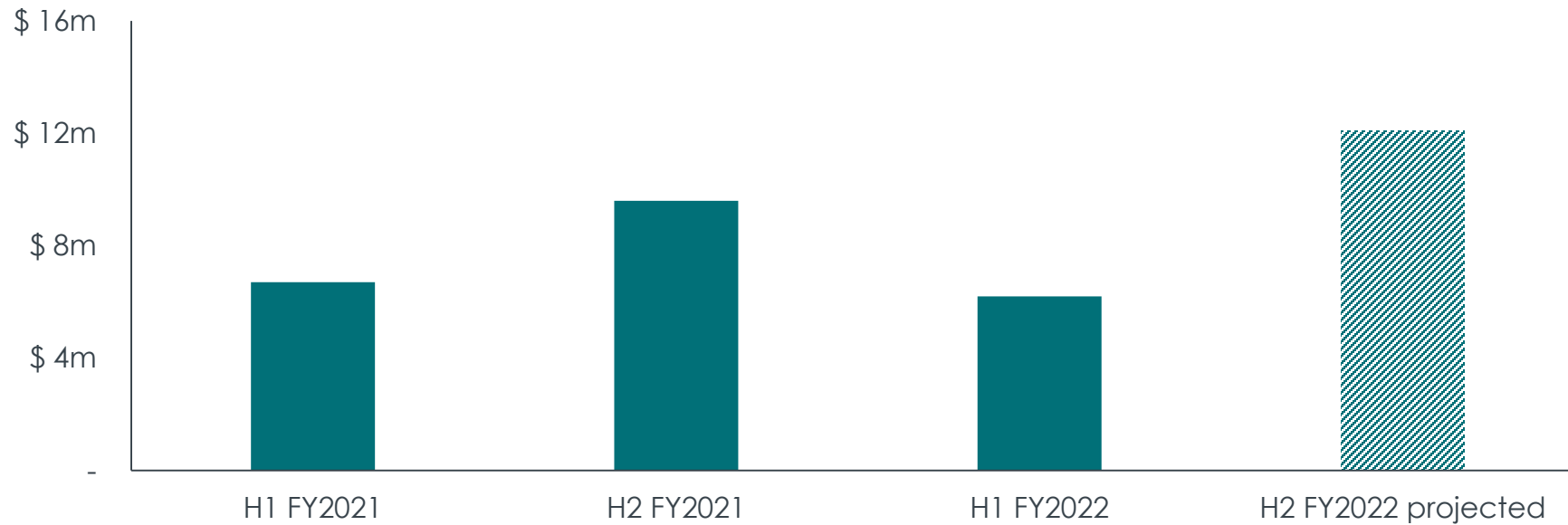


... has impacted first half lending NPAT







- Up front provisioning has suppressed segment NPAT
- Second half NPAT to benefit from higher starting book

CONSUMER LENDING NPAT



Further activity to sustain long-term growth

US Consumer Lending	<ul style="list-style-type: none"> Cumulative loan volume of \$1 million to 31 Dec 2021 Pilot commenced in two states, expanding to seven over coming months (population: 50 million) 	
Auto Lending	<ul style="list-style-type: none"> Product relaunched in Q4 FY2021 Volume of \$11 million during H1 FY2022 Loan book of \$23 million as at Dec 2021 	
Buy Now Pay Later	<ul style="list-style-type: none"> ~300 merchants operational Strong pipeline of prospective merchants 	
Sale of goods by instalment	<ul style="list-style-type: none"> Transaction completed on 20 Dec 2021 Integration on schedule Planning for long term model nearing completion 	

On track for strong FY2022 earnings growth

FY2022 guidance

	Issued 30 Nov 2021	Upgraded 1 Feb 2022
Ledger investment	\$280 - \$300 million	\$300 - \$320 million
Net lending	\$45 - \$55 million	\$45 - \$55 million
NPAT	\$92 - \$97 million	\$92 - \$97 million ¹
EPS (basic)	137 - 144 cents	137 - 144 cents ¹

1. Excluding \$4.5 million US Paycheck Protection Program (PPP) loan forgiveness during H1 FY2022



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Appendices: Key Operating Metrics

Appendix 1: Operating cash flow and gearing

Appendix 2: Pricing discipline and accuracy

Appendix 3: Collections life cycle

Appendix 4: Productivity

Appendix 5: Payers base

Appendix 6: Operational and total headcount

Appendix 7: Industry leading compliance and sustainability

Operating cash flow and gearing

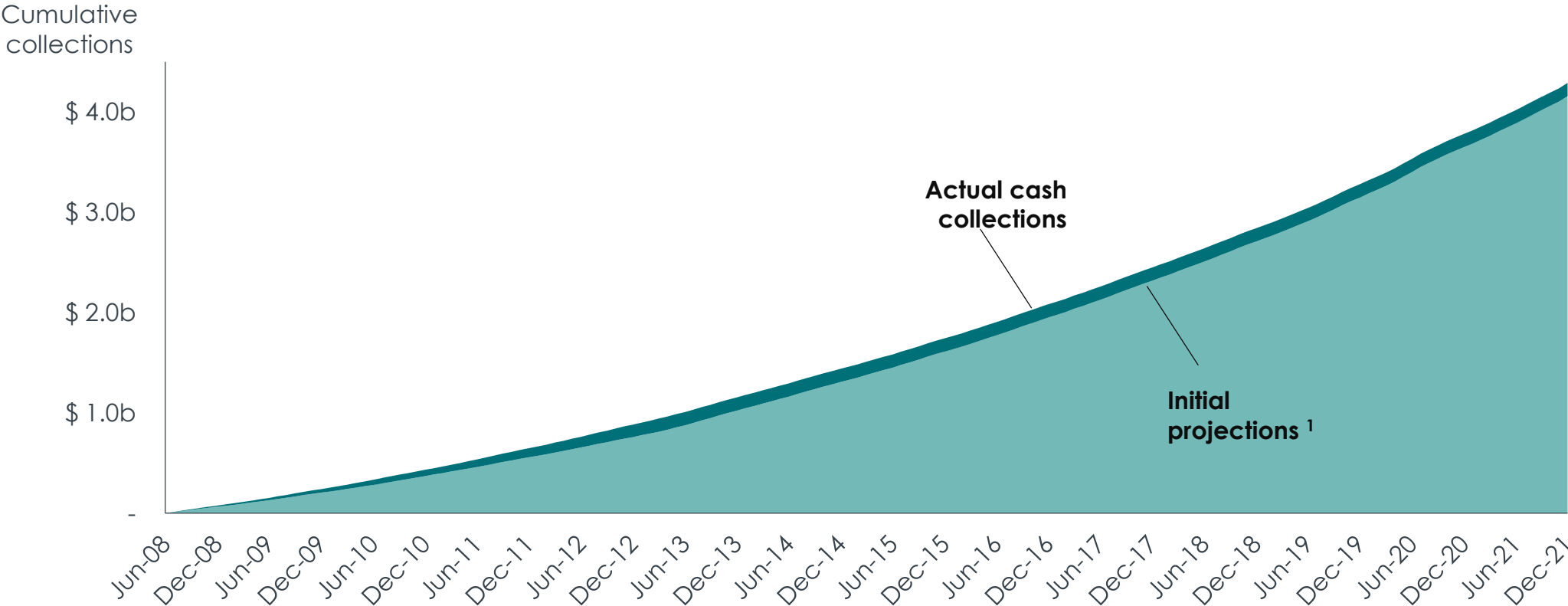
Operating cash flows and gearing	Jun 2020	Dec 2020	Jun 2021	Dec 2021
Operating cash flow	\$212.3m	\$196.1m	\$217.4m	\$221.8m
Tax payments	(\$7.8m)	(\$5.1m)	(\$22.4m)	(\$16.8m)
PDL acquisitions, net lending and capex	(\$94.1m)	(\$197.8m) ¹	(\$123.2m)	(\$238.0m) ²
Net operating (free) cash flow	\$110.4m	(\$6.8m)	\$71.8m	(\$33.0m)
PDL carrying value	\$422.6m	\$485.4m	\$467.3m	\$557.2m
Consumer loans net carrying value	\$137.3m	\$123.1m	\$135.2m	\$146.6m
Net cash / (borrowings)	\$26.2m	\$16.2m	\$61.7m	\$1.1m
Net borrowings/carrying value (%)	N/A	N/A	N/A	N/A

1. Includes outlay of \$146 million for acquisition of Collection House PDL book in Dec 2020

2. Includes outlay of \$63 million for acquisition of Radio Rentals assets in Dec 2021

Pricing discipline and accuracy

PRICING DISCIPLINE AND ACCURACY



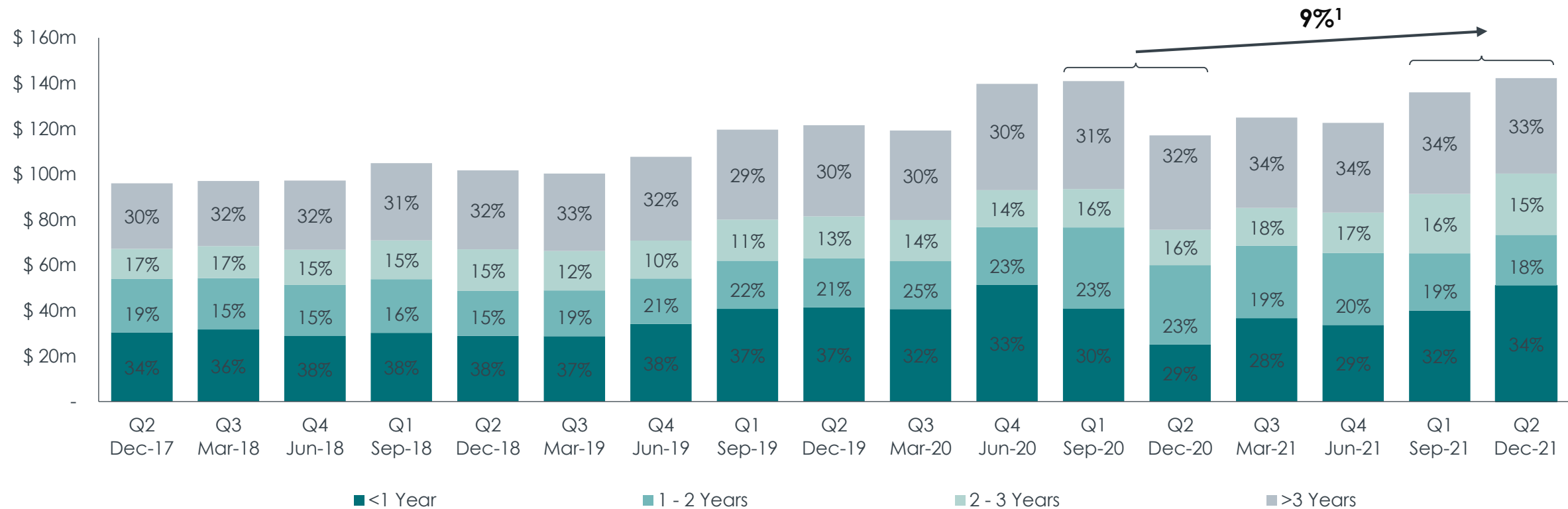
1. For all PDLs held at June 2008, initial projections represent the forecast at June 2008

APPENDIX 3

Collections life cycle

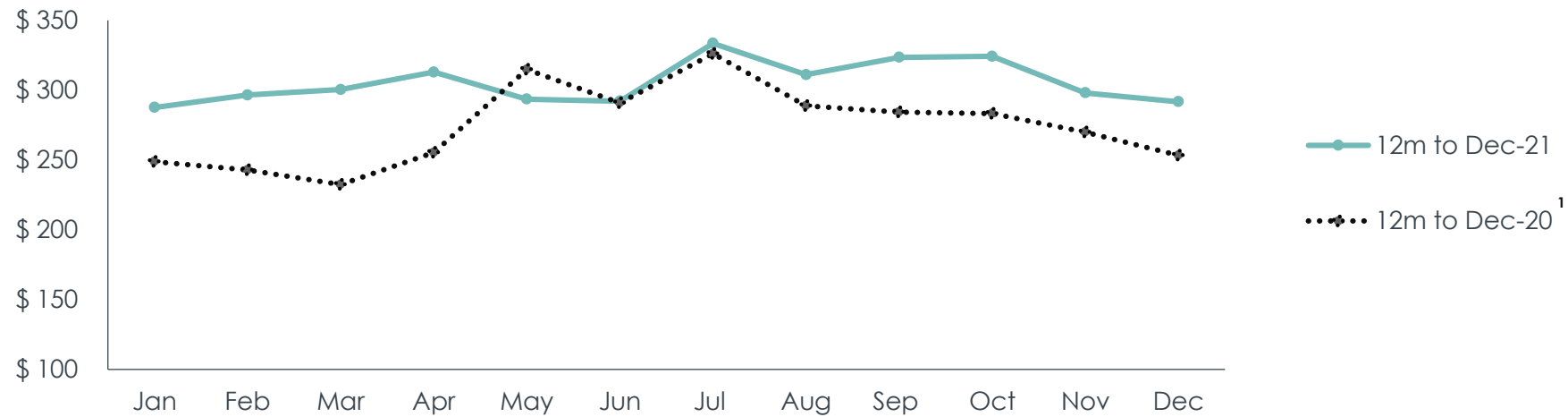
PDL COLLECTIONS BY VINTAGE

PDL collections by vintage



1. Prior years restated for FY2022 YTD average exchange rate for USD and NZD denominated collections

PDL COLLECTIONS PER HOUR



YTD Dec-21 average

FY2022: \$314

FY2021: \$284¹

1. Prior year restated for H1 FY2022 YTD average exchange rate

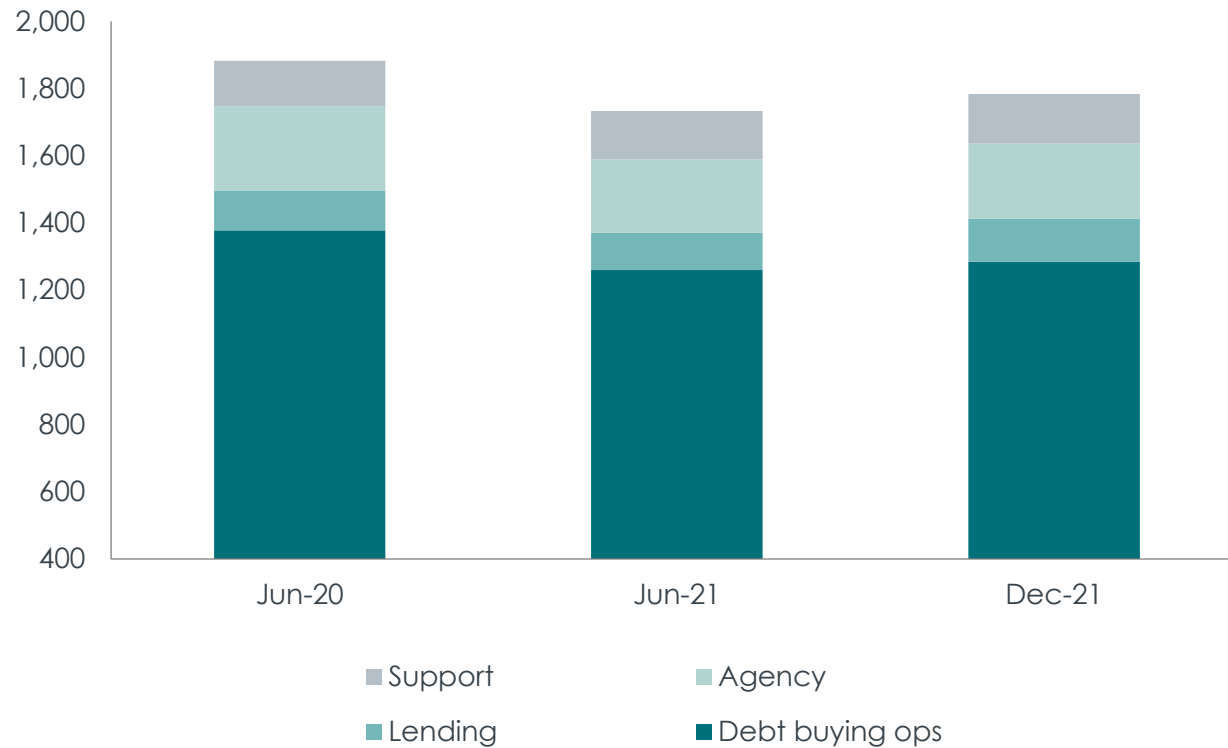
Payers base

PORTFOLIO SUMMARY: AU/NZ DEBT BUYING ONLY

Total portfolio	Jun-19	Dec-19	Jun-20	Dec-20	Jun-21	Dec-21
Face value	\$6.4b	\$7.8b	\$7.7b	\$8.6b	\$8.5b	\$8.1b
Number of accounts	786,000	1,268,000	1,193,000	1,392,000	1,326,000	1,252,000
Payment arrangements						
Face value	\$1,300m	\$1,400m	\$1,350m	\$1,550m	\$1,600m	\$1,555m
Number of accounts	157,000	200,000	195,000	219,000	217,000	243,000
% of PDL collections	78%	81%	73%	82%	83%	84%

Operational and total headcount

PERIOD END HEADCOUNT (FTE)



PERIOD END HEADCOUNT (FTE)

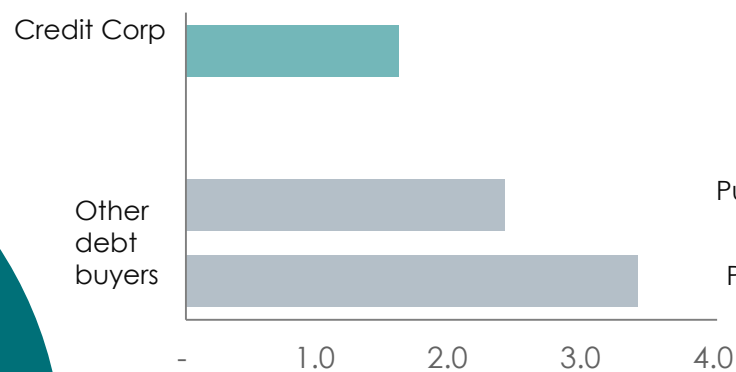
	Dec-20	Jun-21	Dec-21
Debt buying operations	1,281	1,261	1,285
Agency	222	218	223
Lending	110	111	129
Support	137	143	147
Total	1,750	1,733	1,783 ¹
Support %	8%	8%	8%

1. Excludes Radio Rentals staff on secondment

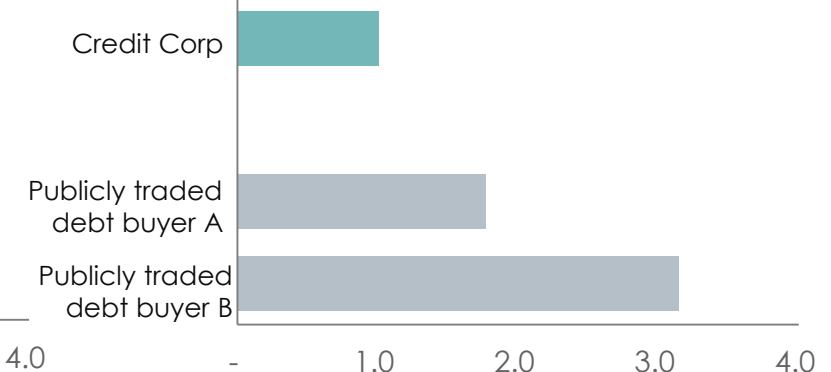
Industry leading compliance and sustainability

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

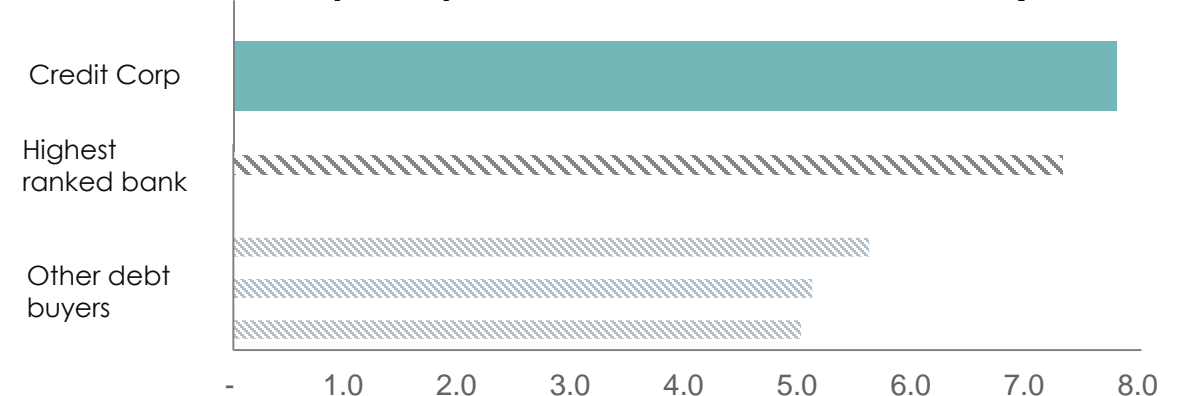
FY2021 AUS EDR rate ¹



12 months to Sep-21 US dispute rate ²



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 12 month period to Jun-21 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 Sep-2021 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