



Credit Corp Group

Market Update

26 April 2022

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BUILDING MOMENTUM



Leadership across separate markets comprising the credit impaired consumer segment...

ANALYTICS & DISCIPLINE OPERATIONAL EXCELLENCE SUSTAINABILITY & COMPLIANCE

Australian / NZ debt buying

- Large 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

- High asset turnover ¹
- Low cost to collect ²
- High performing on-shore and off-shore platforms
- Strong 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
- High level of efficiency

- No adverse orders or undertakings
- Low dispute rate
- \$1.5b in ongoing repayment arrangements

- Low regulator complaint rate
- Strong client audit outcomes

- APRs below cap applicable to mainstream credit
- Regulatory upside - no 'payday loans'
- Lower 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%

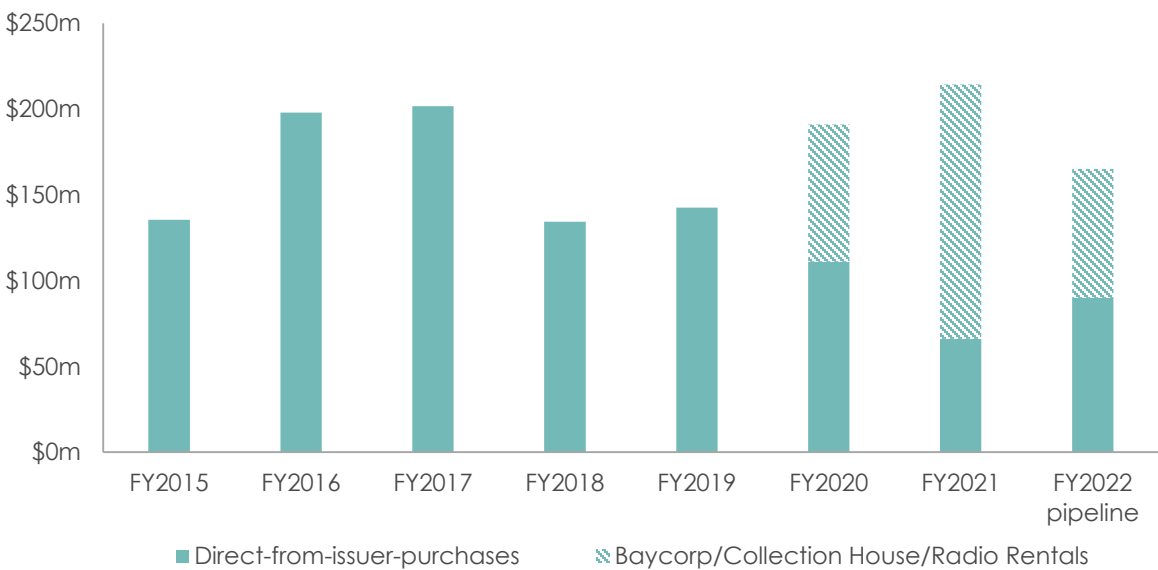
... has provided flexibility to adapt to challenging market conditions

Business segment	Market conditions	Response
AUS/NZ debt buying	<ul style="list-style-type: none">▪ Reduced direct from issuer sale volumes▪ Limited indications of a recovery	<ul style="list-style-type: none">▪ Apply differentiated sustainability and compliance position to maximize share in a diminished market▪ Secondary and one-off purchases to offset short-term impact (Baycorp, Collection House, Radio Rentals)▪ Maintain pricing discipline
US debt buying	<ul style="list-style-type: none">▪ Reduced direct from issuer sale volumes▪ Signs of a recovery▪ Tight labour market conditions	<ul style="list-style-type: none">▪ Increase share to grow investment▪ Purchase in excess of existing headcount capacity and implement strategies to preserve asset returns▪ Maintain pricing discipline
AUS/NZ consumer lending	<ul style="list-style-type: none">▪ Recovery in cash loan demand▪ Low arrears and losses	<ul style="list-style-type: none">▪ Increase advertising to capture opportunity▪ Revert to pre-COVID credit settings

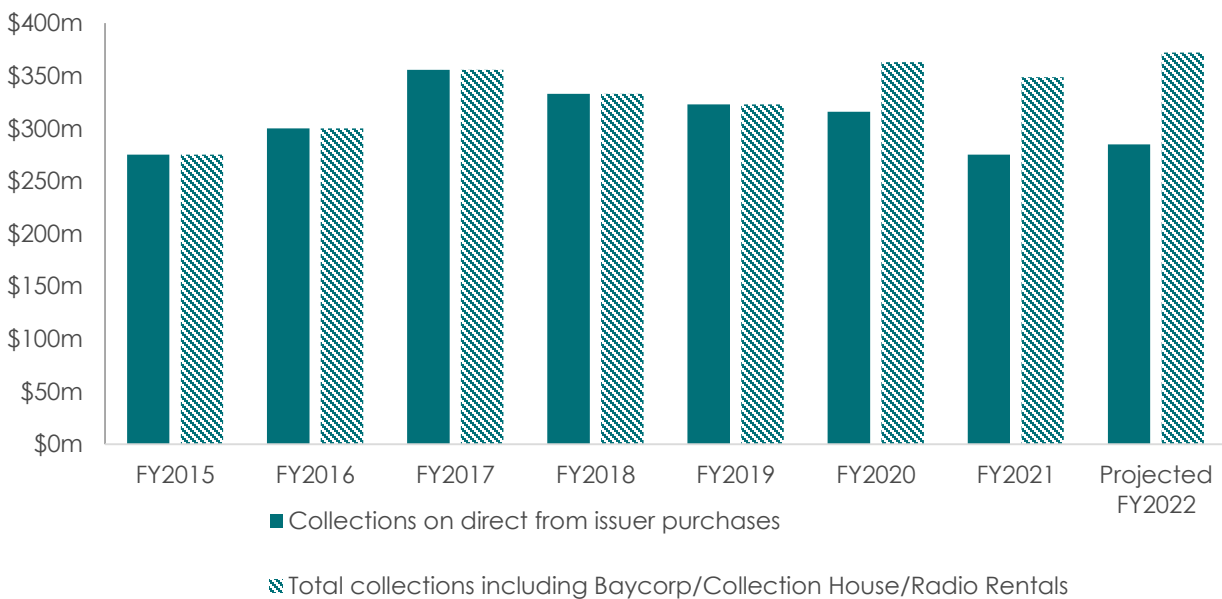
Reduced direct from issuer sale volumes are impacting AUS/NZ collections...

- Direct from issuer volumes averaging 55 per cent of pre-COVID 5 year average
- One-offs have filled the gap
- Acquired payment arrangements now running off

AUS/NZ PDL INVESTMENT



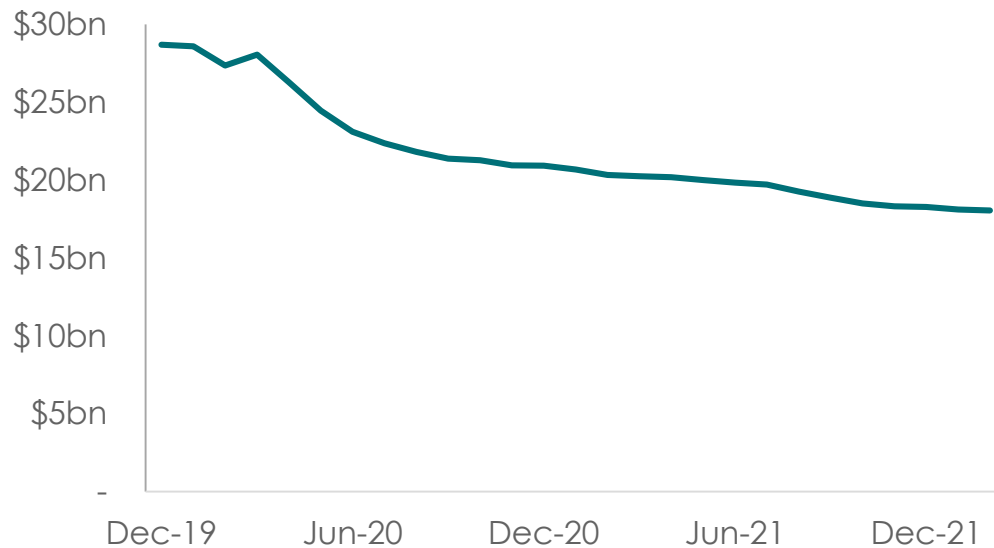
AUS/NZ COLLECTIONS



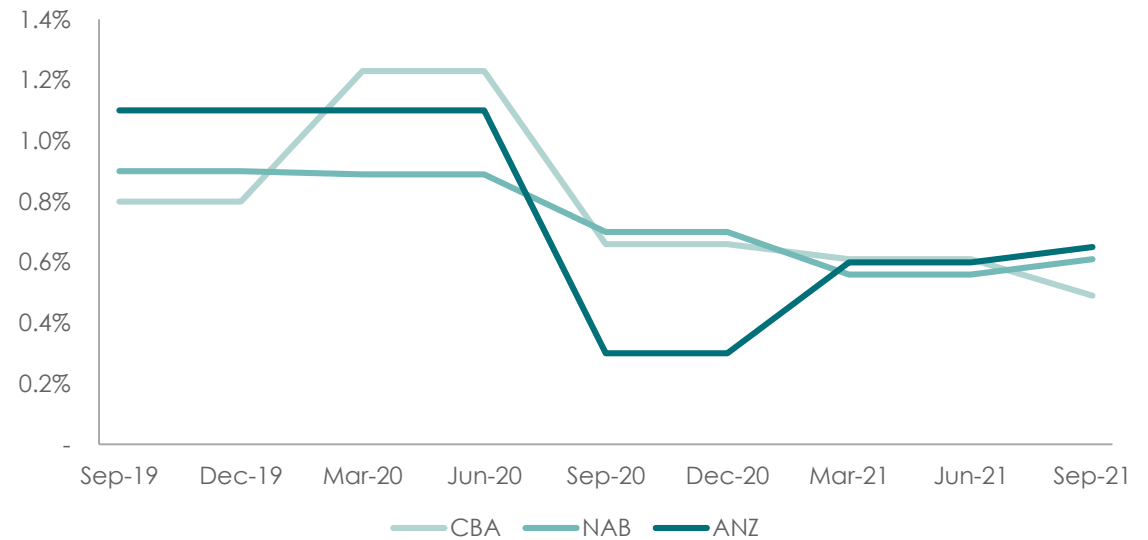
... and the data does not suggest a recovery in AUS/NZ sale volumes

- Unsecured credit balances 36 per cent down on pre-COVID levels
- Loss rates remain at historic lows

AUS INTEREST BEARING CONSUMER CREDIT CARD BALANCES ¹



AUS BANK CREDIT CARD 90+ DAYS PAST DUE RATES ²



1. RBA interest bearing consumer credit card balances from C1 (<https://www.rba.gov.au/statistics/tables/>)

2. AUS bank credit card 90+ days past due from: ANZ - <https://www.anz.com/content/dam/anzcom/shareholder/2021-FY-results-investor-discussion-pack.pdf>,

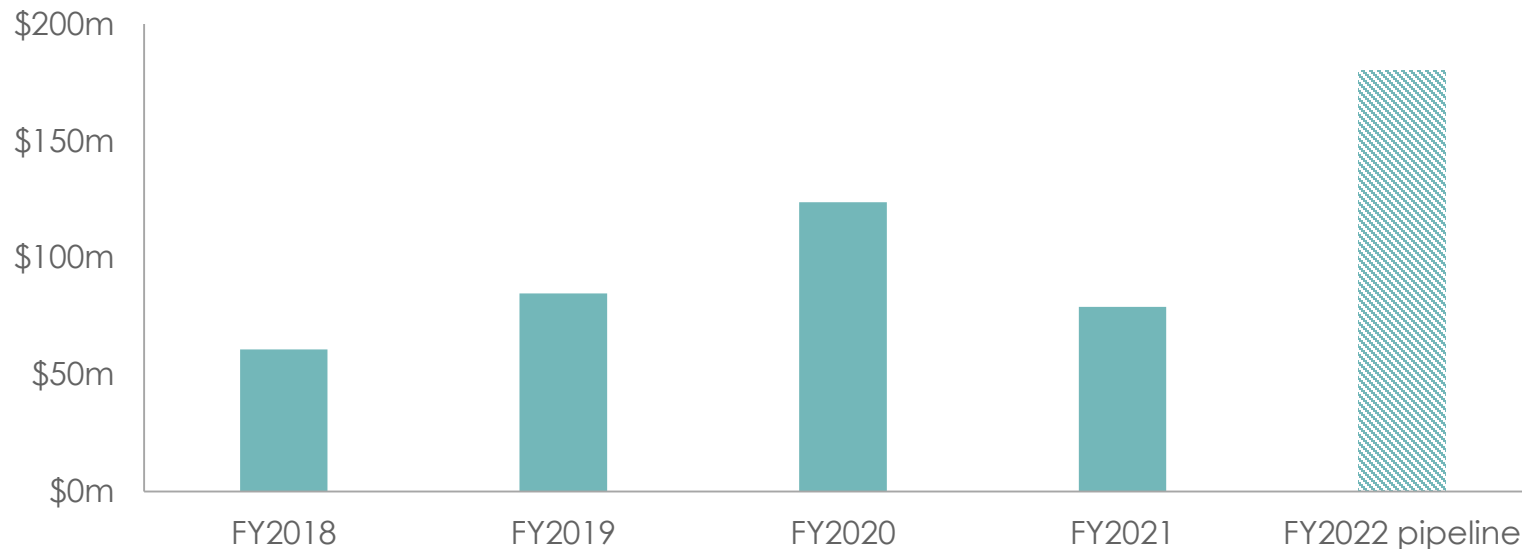
CBA - <https://www.commbank.com.au/content/dam/commbank-assets/investors/docs/results/1h22/Investor-Presentation-February-2022.pdf>

NAB - <https://www.nab.com.au/content/dam/nab/documents/reports/corporate/2021-investor-presentation.pdf>

Increased share is driving US investment growth ...

- ➡ Initial 50 per cent reduction in charge-off volumes due to pandemic ¹
- Additional allocation from existing sale clients supplemented with new relationships

US PURCHASING (A\$m)



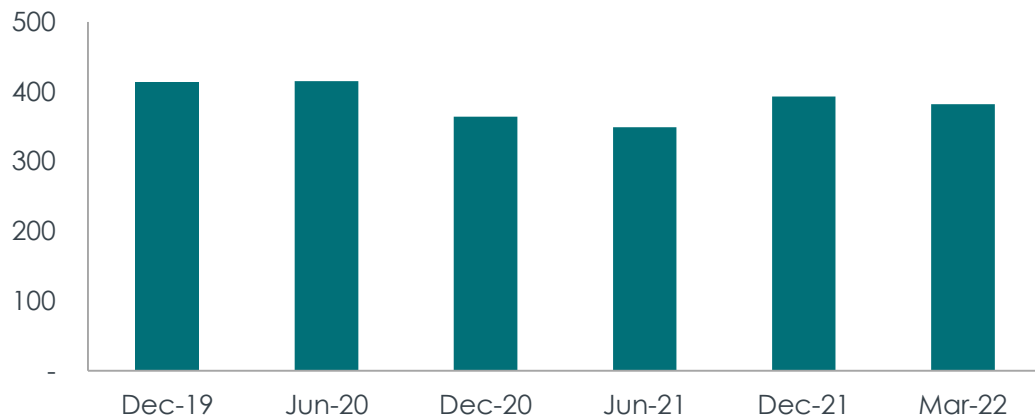
1. Investment by publicly traded US debt buyers bottomed at 50 per cent below pre-pandemic levels in Q1, 2021. Portfolio Recovery Associates (NASDAQ: PRAA) described their market share in that period as 'stable' in their earnings call implying a 50 per cent reduction in market volume.

... and will drive earnings growth

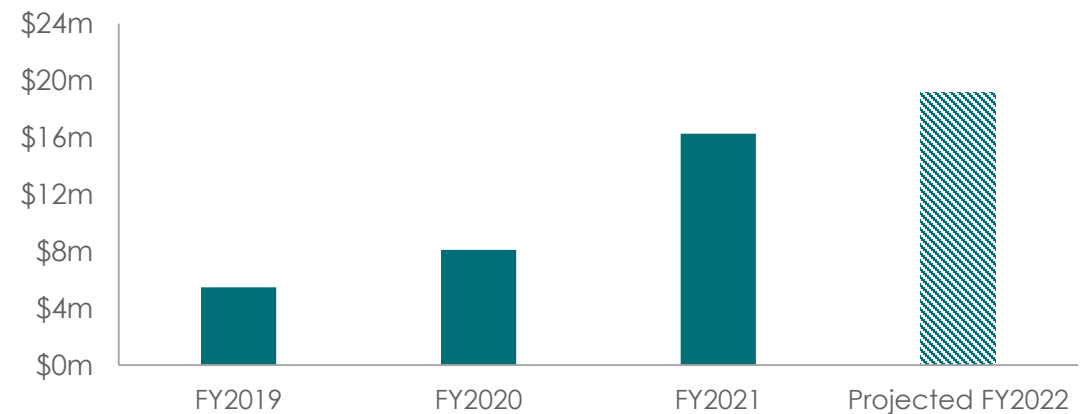


- Labour market challenges are suppressing the conversion of purchasing into earnings in the current year
- Measures in place:
 - Philippines shift to commence in July-22
 - Improved analytics to identify accounts for legal outsourcing
 - Increased use of digital collections
 - Improved recruitment

US OPERATIONS HEADCOUNT

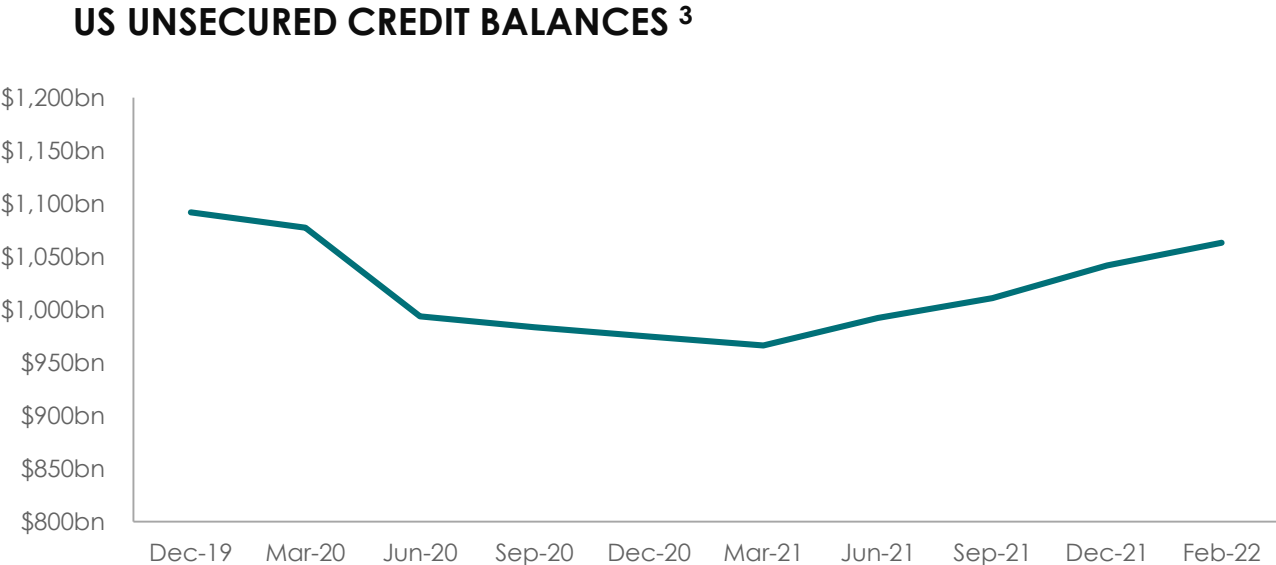
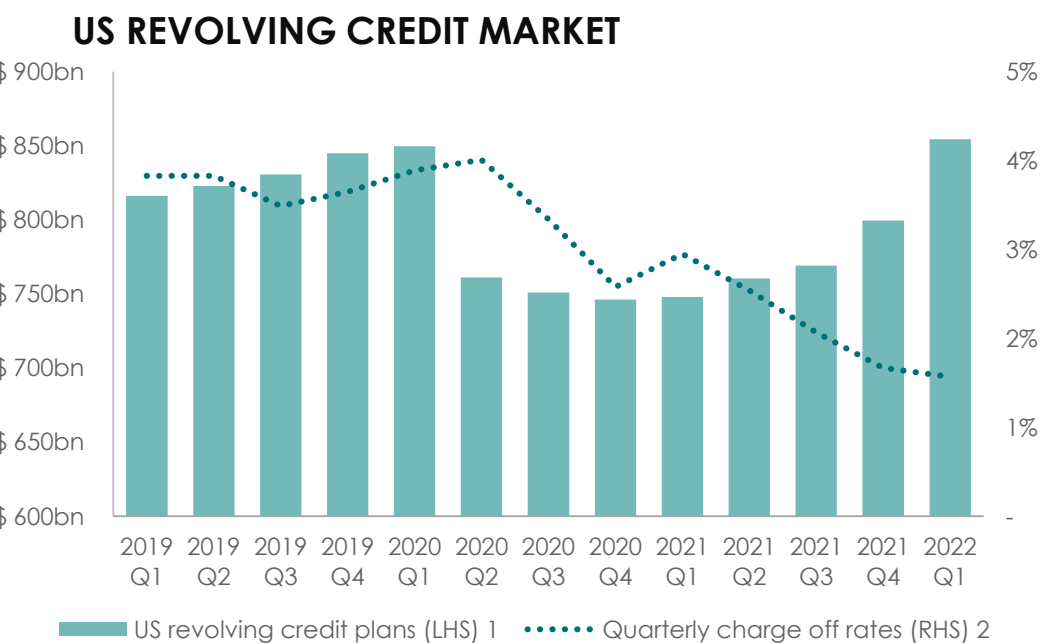


US NPAT (A\$m)



Strong signs of increased US PDL supply

- Unsecured credit balances now recovered to pre-COVID levels
- Purchase volumes on some forward flows have already increased by 15 per cent in recent months

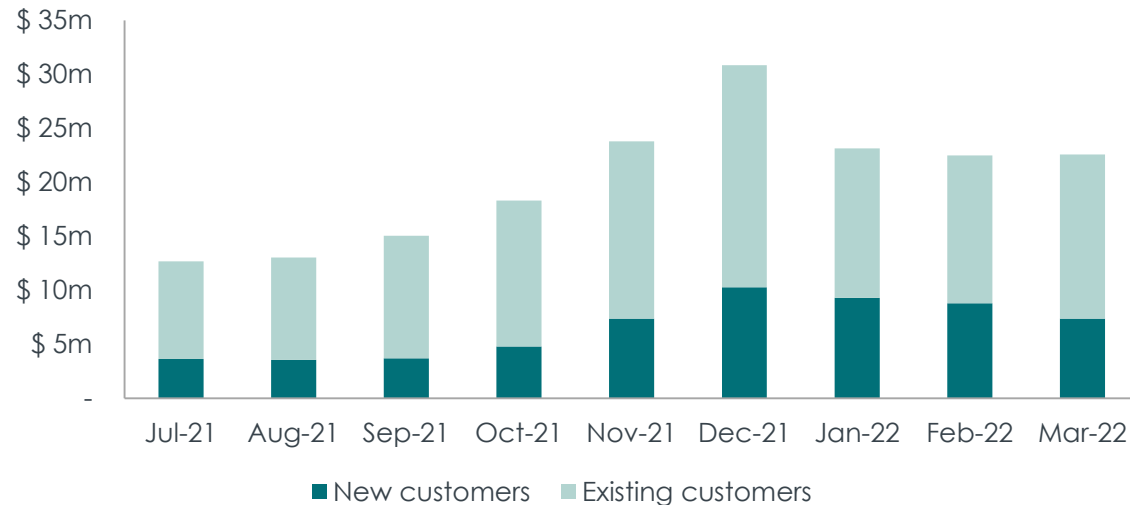


1. Total Revolving Credit Outstanding, Federal Reserve Economic Data (<https://fred.stlouisfed.org/series/CCLACBW027SBOG>)
2. Charge-Off Rate on Credit Card Loans, All Commercial Banks, Federal Reserve Economic Data (<https://fred.stlouisfed.org/series/CORCCACBN>)
3. US outstanding unsecured credit balances (<https://www.federalreserve.gov/releases/g19/current/>)

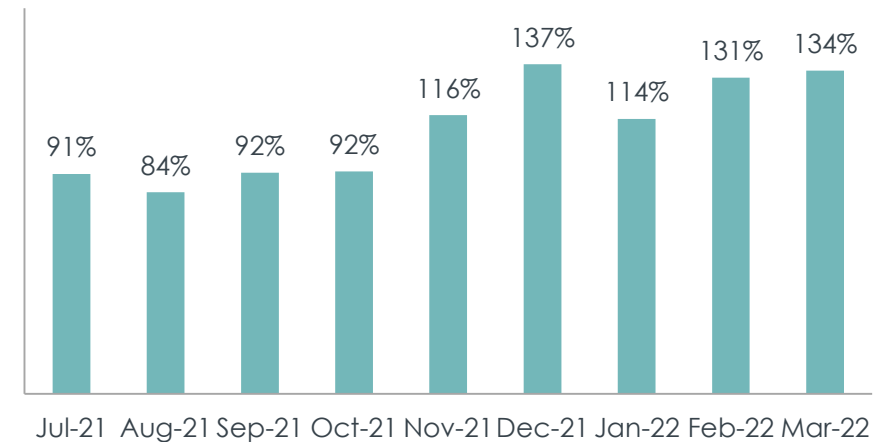
Loan volume now exceeding pre-pandemic levels ...

- Strong recovery from Nov-21
 - Credit settings at pre-COVID levels
 - Increased new and returning customer volume
- 'Above-the-line' advertising resumed for the June quarter to capture the opportunity

CONSUMER LENDING SETTLEMENTS (NEW AND RETURNING)



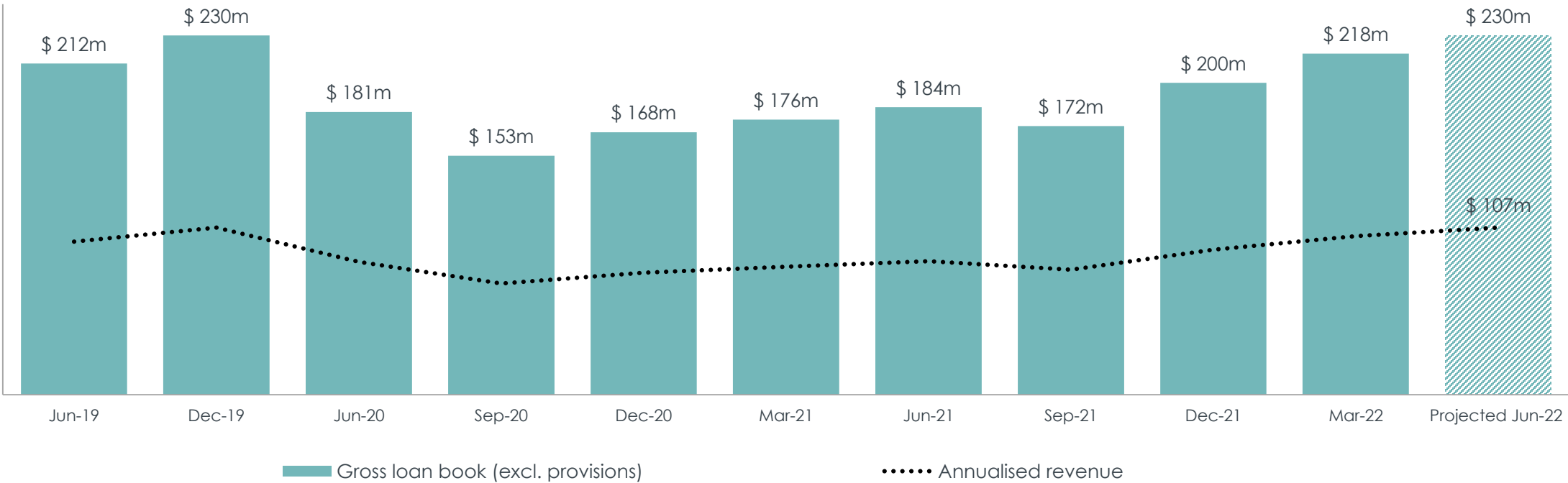
LENDING VOLUMES INDEXED TO PRE-COVID COMPARATIVE PERIOD ¹



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

... driving the book towards its pre-COVID peak

CONSUMER LENDING BOOK AND REVENUE



FY2022 net lending and ledger investment guidance upgraded

FY2022 guidance

	23 Feb 2022	Upgraded 26 Apr 2022
Ledger investment	\$320 - \$330 million	\$345 - \$355 million
Net lending	\$45 - \$55 million	\$70 - \$75 million
NPAT	\$92 - \$97 million ¹	\$92 - \$97 million ¹
EPS (basic)	137 - 144 cents ¹	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: Pricing discipline and accuracy

Appendix 2: Collections life cycle

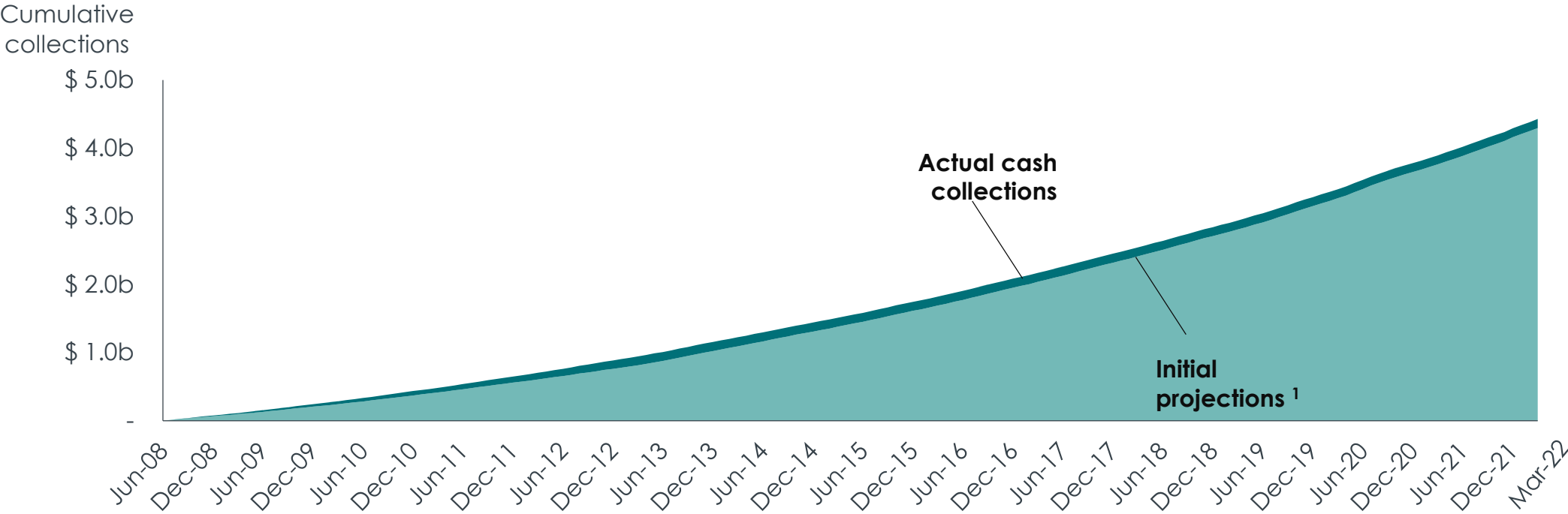
Appendix 3: Productivity

Appendix 4: Payers base

Appendix 5: Operational and total headcount

Pricing discipline and accuracy

PRICING DISCIPLINE AND ACCURACY

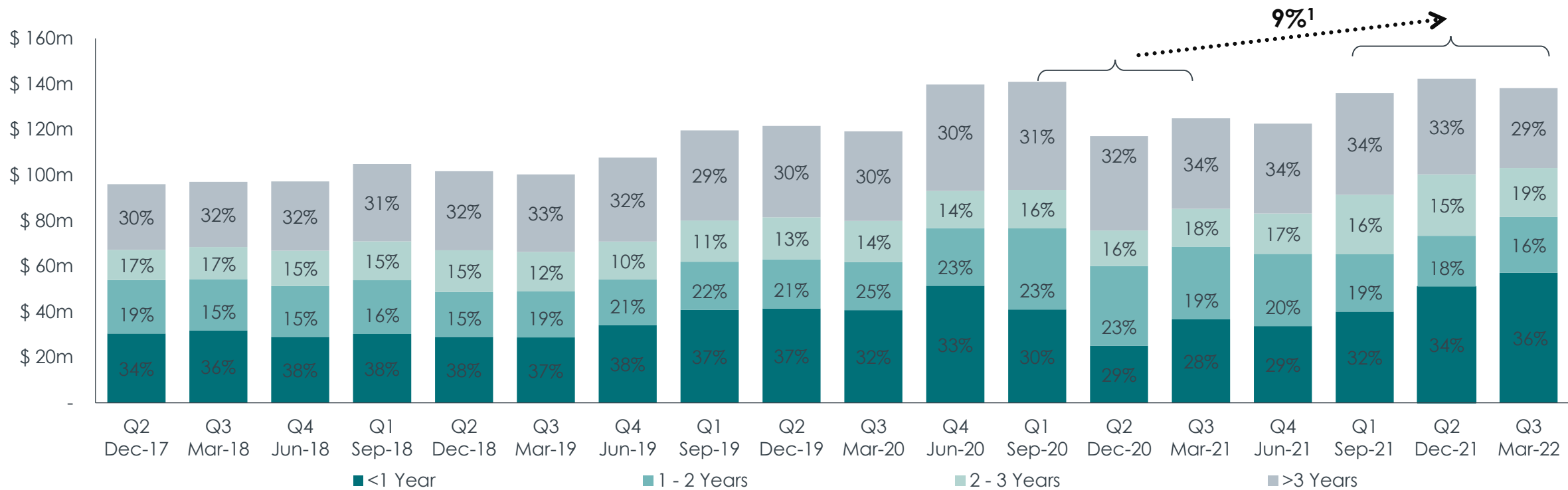


1. For all PDLs held at June 2008, initial projections represent the forecast at June 2008

APPENDIX 2

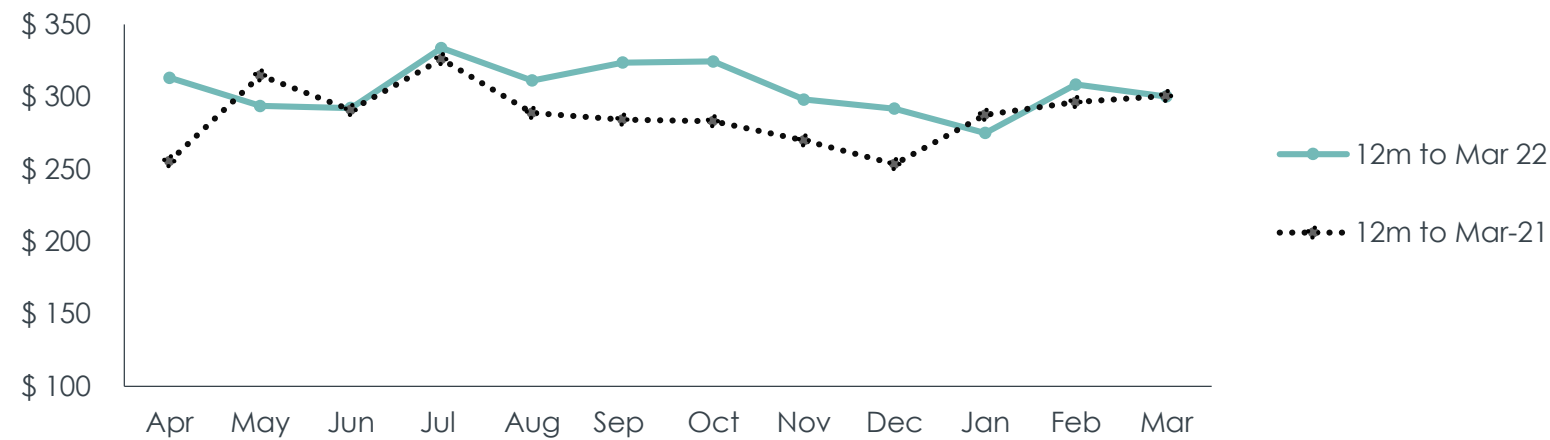
Collections life cycle

PDL COLLECTIONS BY VINTAGE



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

PDL COLLECTIONS PER HOUR



1

YTD Mar-22 average

FY2022: \$307

FY2021: \$288 ¹

1. Prior year restated for FY2022 YTD average exchange rate

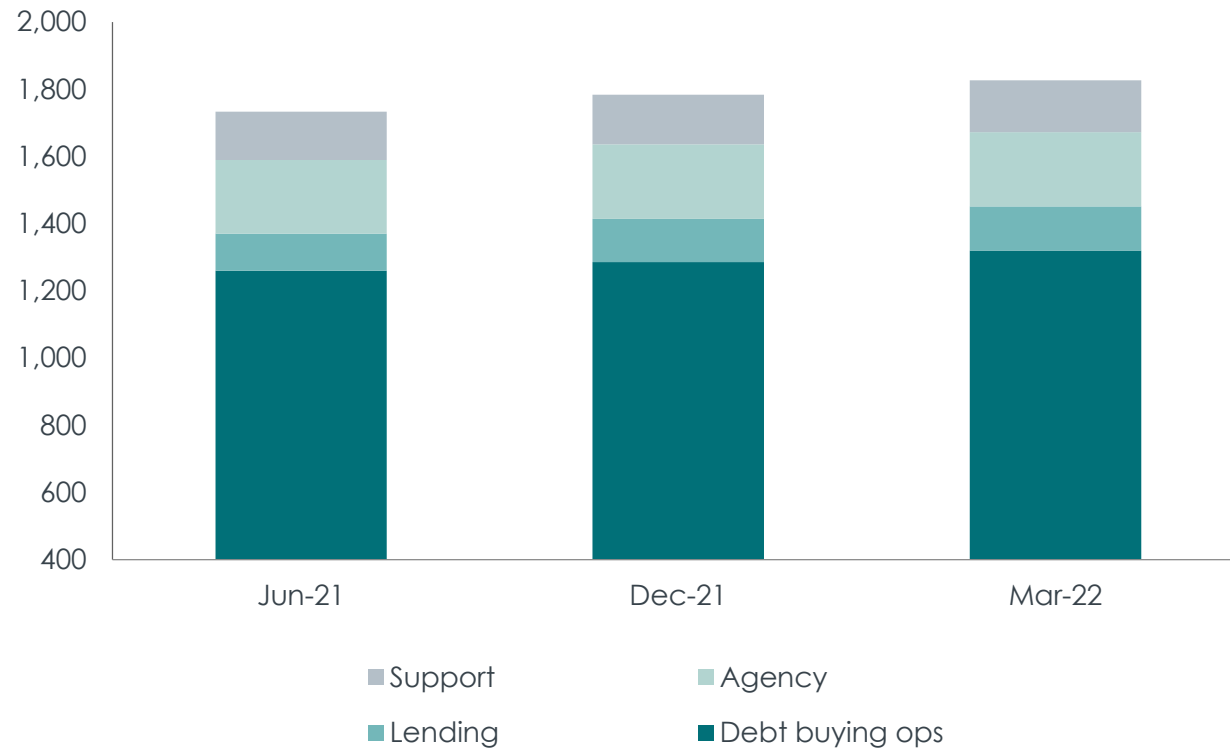
Payers base

PORTFOLIO SUMMARY: AU/NZ DEBT BUYING ONLY

Total portfolio	Jun-19	Dec-19	Jun-20	Dec-20	Jun-21	Dec-21	Mar-22
Face value	\$6.4b	\$7.8b	\$7.7b	\$8.6b	\$8.5b	\$7.9b	\$7.7b
Number of accounts	786,000	1,268,000	1,193,000	1,392,000	1,326,000	1,252,000	1,185,000
Payment arrangements							
Face value	\$1,300m	\$1,400m	\$1,350m	\$1,550m	\$1,600m	\$1,555m	\$1,490m
Number of accounts	157,000	200,000	195,000	219,000	217,000	243,000	235,000
% of PDL collections	78%	81%	73%	82%	83%	84%	83%

Operational and total headcount

PERIOD END HEADCOUNT (FTE)



PERIOD END HEADCOUNT (FTE)

	Dec-20	Jun-21	Dec-21	Mar-22
Debt buying operations	1,281	1,261	1,285	1,319
Agency	222	218	223	222
Lending	110	111	129	132
Support	137	143	147	154
Total	1,750	1,733	1,783	1,827 ¹
Support %	8%	8%	8%	8%

1. Includes ex-Radio Rentals staff