

2 AUGUST 2022

FY22 **RESULTS**

Thomas Beregi
CEO

Michael Eadie
CFO



Credit Corp Group

Leadership of the credit impaired consumer segment ...

ANALYTICS & DISCIPLINE

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

OPERATIONAL EXCELLENCE

- 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

SUSTAINABILITY & COMPLIANCE

- Low dispute rate
- \$1.4b 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

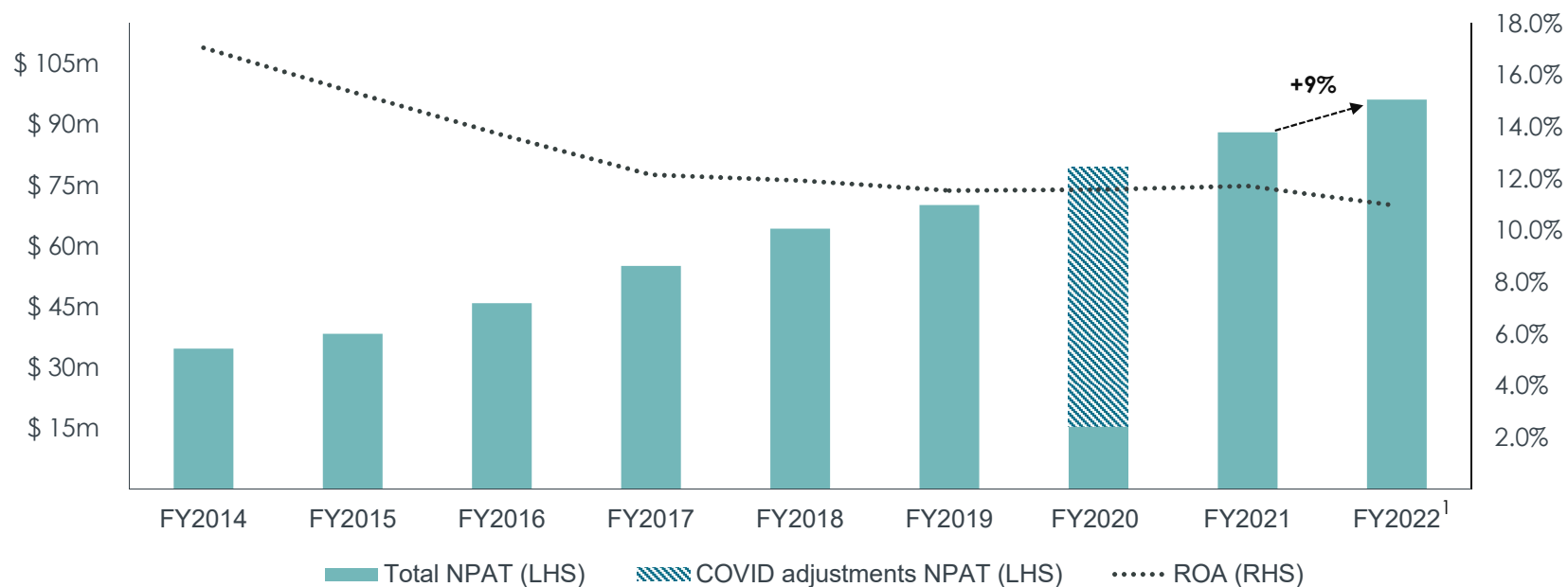
ROE 16% - 18%

Low gearing

1. FY2022 ratio of cash collections from PDLs to average PDL carrying value in Australian Debt Ledger Purchasing segment of 1.3x.
2. FY2022 cash costs as a proportion of collections in the Australian Debt Ledger Purchasing segment of 36%.

... has produced sustained earnings growth

NPAT AND RETURN ON ASSETS



1. FY2022 NPAT excludes \$4.5 million after-tax US Paycheck Protection Program (PPP) loan forgiveness.

Solid growth driven by US and lending ...

- AU/NZ debt buying run-off offset by Radio Rentals book acquisition

	FY2021	FY2022	Var %
AU/NZ debt buying	\$219.4m	\$229.9m	5%
US debt buying	\$76.5m	\$87.3m	14%
AU/NZ lending	\$78.9m	\$94.0m	19%
Revenue total	\$374.8m	\$411.2m	10%
AU/NZ debt buying	\$54.1m	\$55.0m	2%
US debt buying	\$17.7m	\$20.6m	16%
AU/NZ lending	\$16.3m	\$20.6m ¹	26%
NPAT total	\$88.1m	\$96.2m ²	9%
EPS (basic)	130.9c	142.2c ²	9%
Dividend	72.0c	74.0c	3%

1. Includes release of excess loan loss provision (\$10.1m NPAT impact). Refer Slide 7.

2. Statutory NPAT of \$100.7 million and EPS of 148.9 cents includes \$4.5 million US PPP loan forgiveness which occurred in H1 FY2022.

... supported by strong debt buying operational metrics ...

- 
 - AU/NZ
 - Capacity maintained
 - Constant share of diminished market
- 
 - US
 - Outcomes impacted by resourcing constraints in tight labour market

AU/NZ debt buying



	FY2022	Δ FY2021
Collections	\$371m	6%
Productivity	\$315 per hour	8%
Operations headcount ¹	823	(11)%
Payers book ¹	\$1,433m	(8)%

US debt buying



	FY2022	Δ FY2021 ²
Collections	\$164m	18%
Productivity	\$314 per hour	14%
Operations headcount ¹	342	3%
Payers book ¹	\$275m	14%

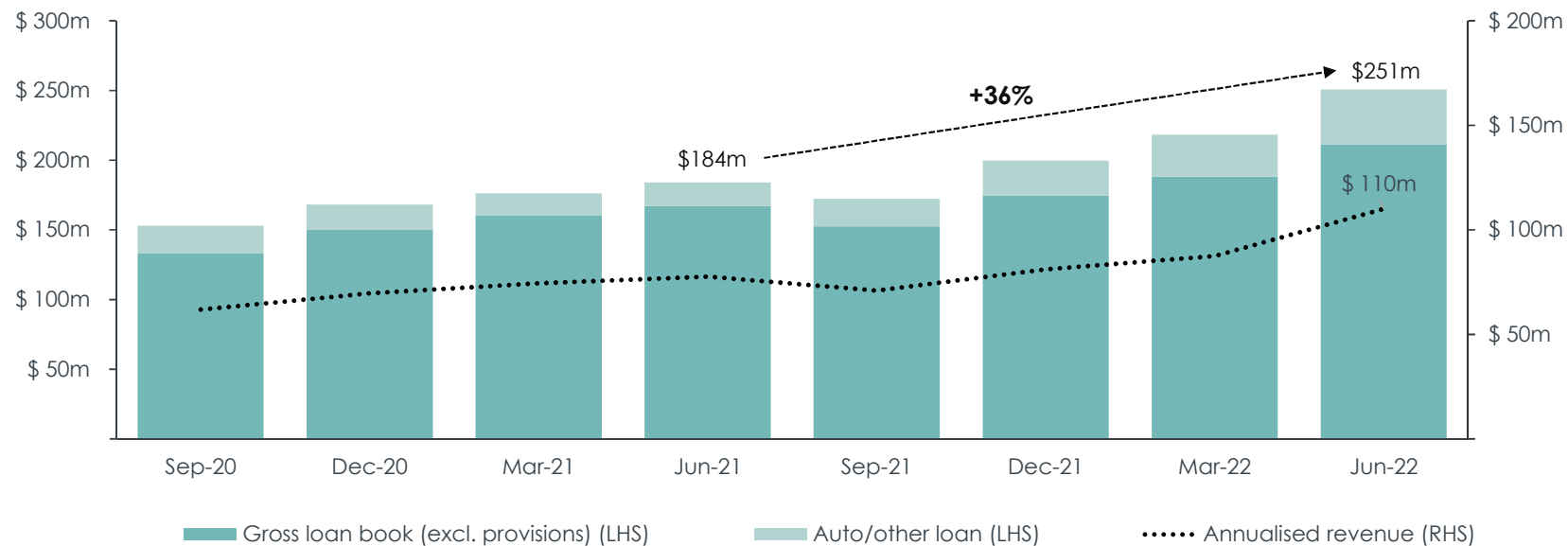
1. As at June 2022.

2. Constant currency basis.

... and an acceleration in lending volume ...

- Record volumes written in H2, accelerated book growth
- FY23 outlook boosted by book size

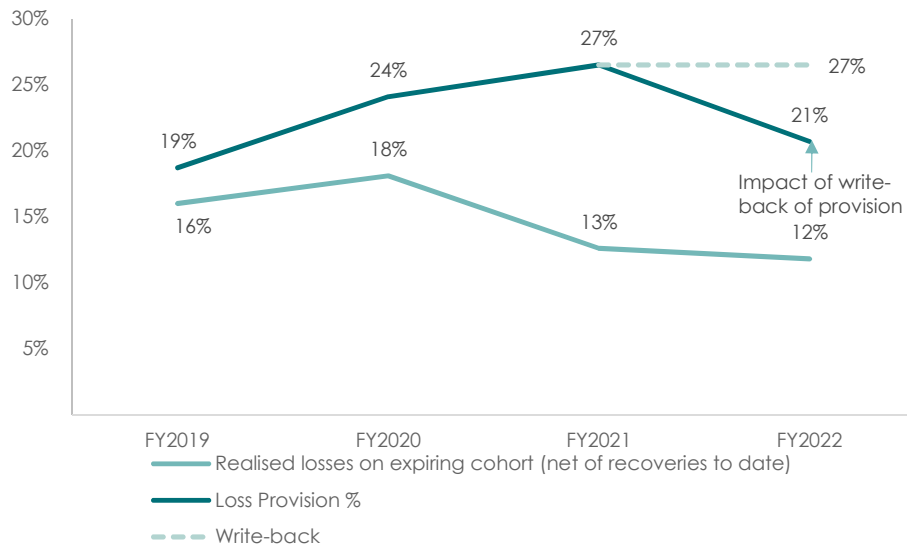
CONSUMER LENDING BOOK AND REVENUE



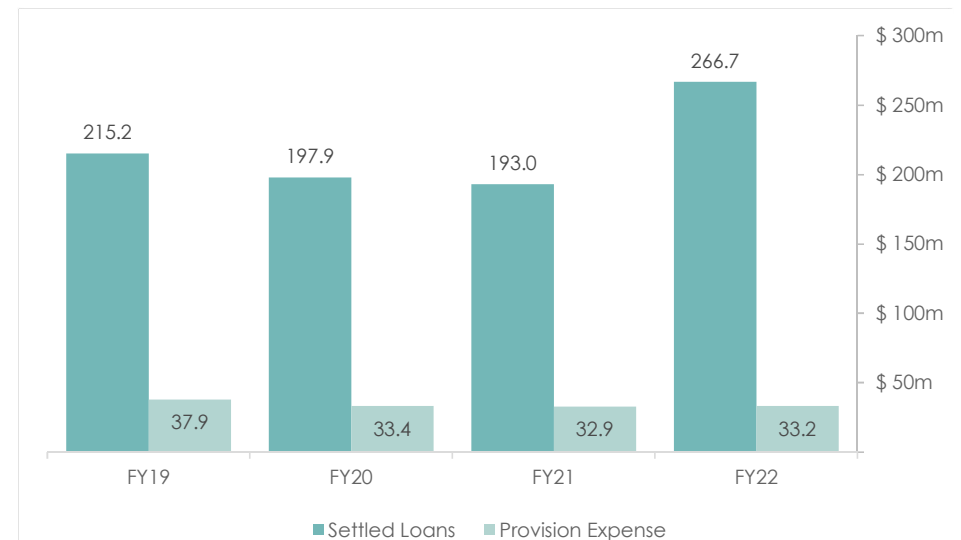
... with favourable credit loss experience

- Excess provision of \$14.4m (\$10.1m net of tax) released to account for repayment of previously provided loans
- Remaining provision well above pre-COVID levels
- Release offset the impact of additional lending volume on upfront loss provision expense

LOSS PROVISION TO LOAN BOOK BALANCE (%)



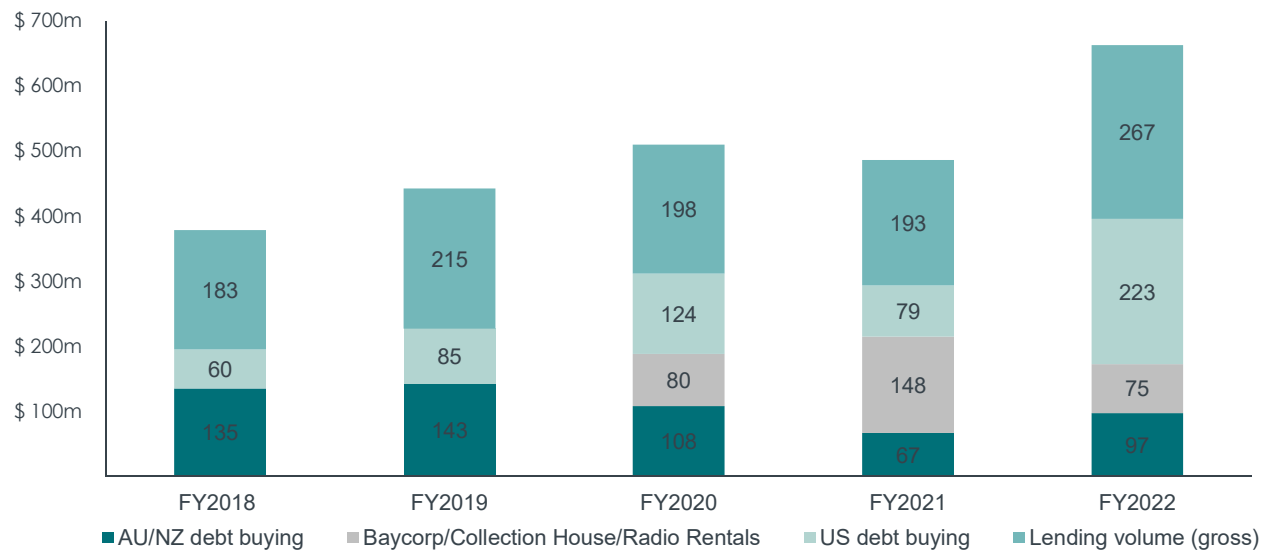
LOAN VOLUME AND PROVISION EXPENSE (\$m)



Record level of investment ...

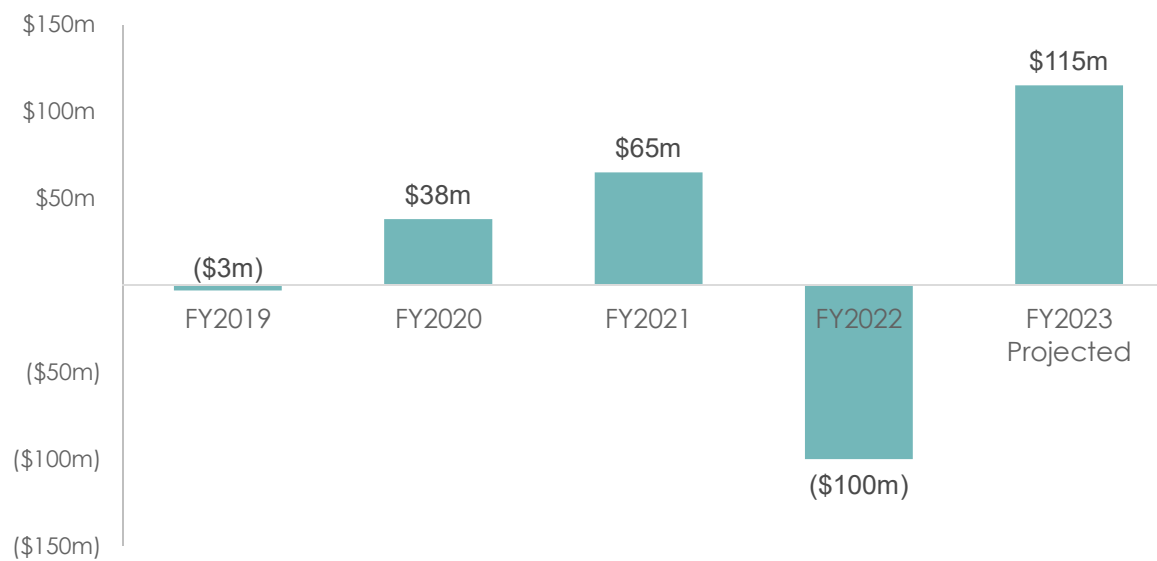
- During H2:
 - US PDL supply increased
 - AU/NZ cash loan demand accelerated

PDL INVESTMENT AND LENDING VOLUME



... has temporarily impacted cash flow

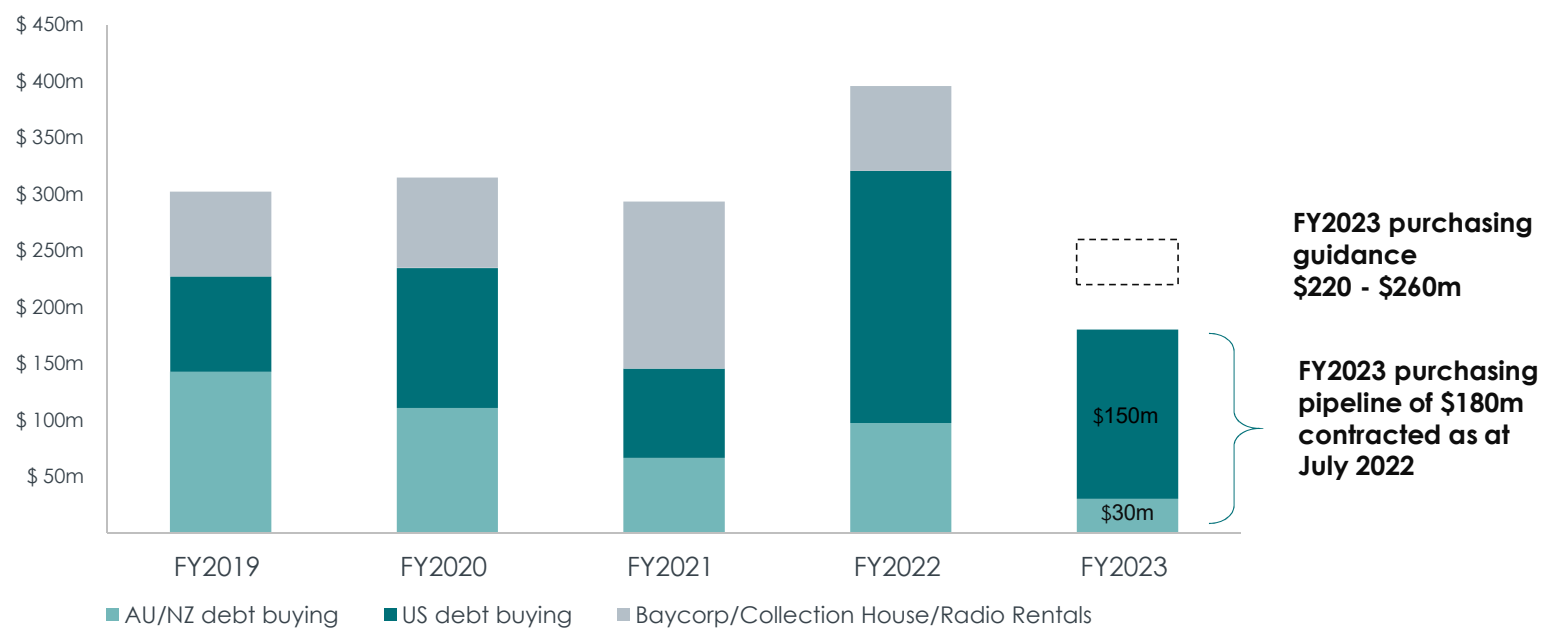
FREE CASH FLOW



1. Free Cash Flow = Operating Cash Flow – Investing Cash Flow.
2. Midpoint of earnings and investment guidance range.

FY2023 has started with a strong US PDL investment pipeline ...

PDL INVESTMENT

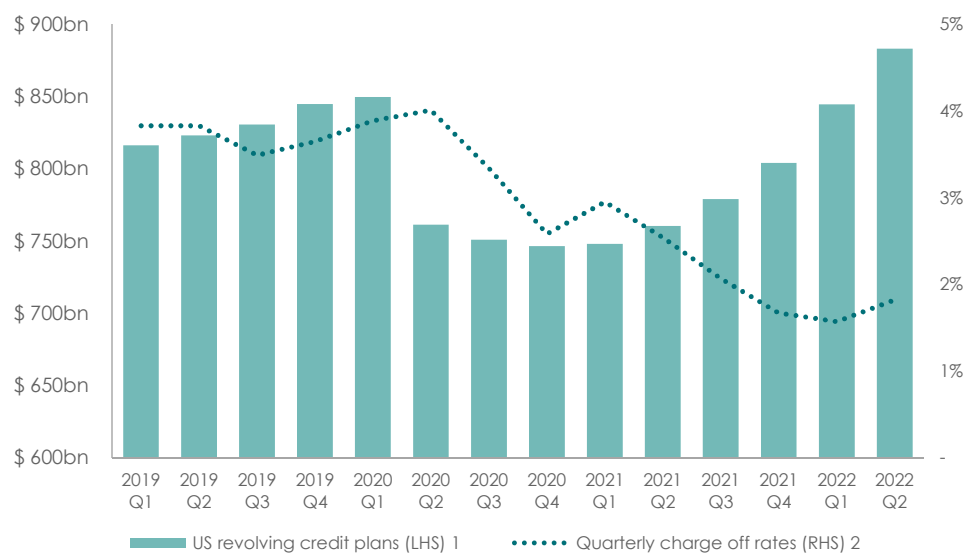


... reflecting improved US PDL supply ...

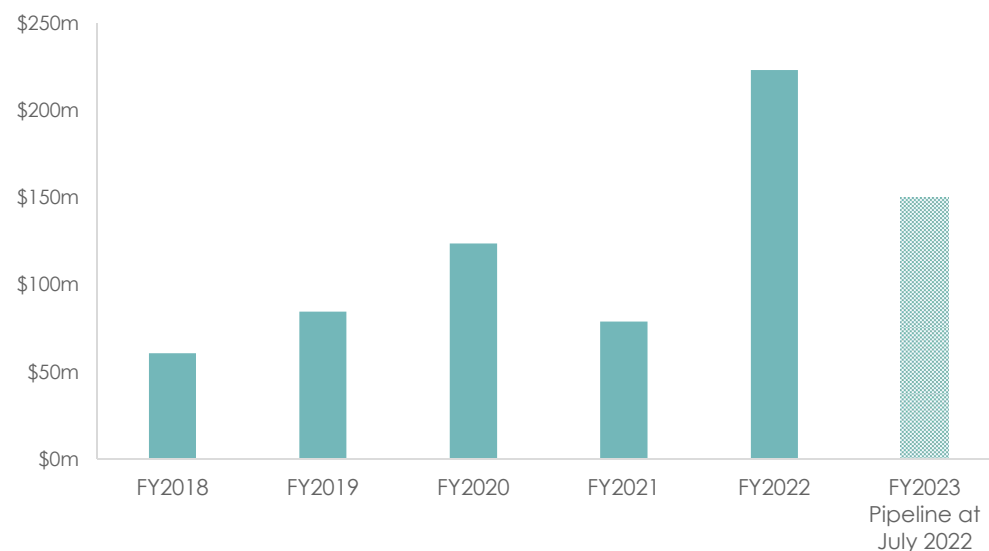


- Substantial increase in charge-off volumes reflecting strong re-growth in unsecured credit balances

US REVOLVING CREDIT MARKET



US PURCHASING (A\$m)



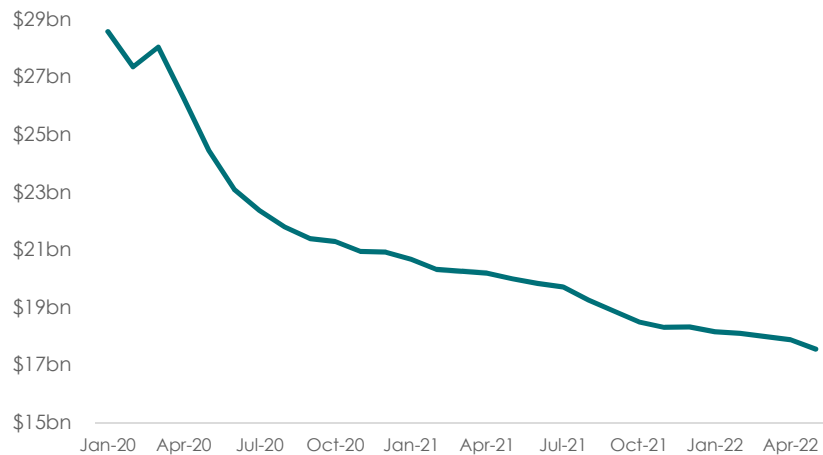
- Total Revolving Credit Outstanding, Federal Reserve Economic Data <https://fred.stlouisfed.org/series/CCLACBW027SBOG>.
- Charge-Off Rate on Credit Card Loans, All Commercial Banks, Federal Reserve Economic Data <https://fred.stlouisfed.org/series/CORCCACBN>.
- US outstanding unsecured credit balances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

... but the likelihood of a recovery in 'organic' AU/NZ PDL volumes is limited

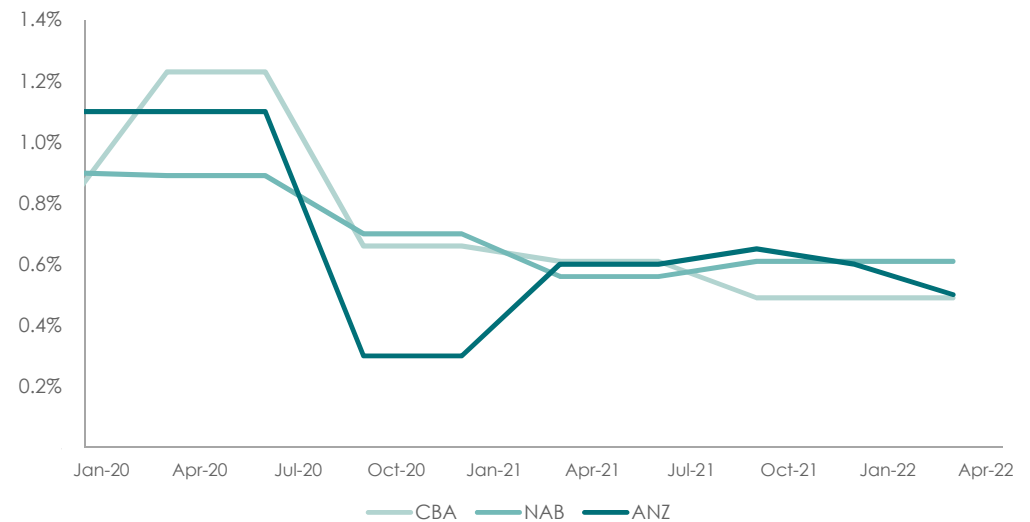


- In the absence of a sizeable one-off purchase AU/NZ PDL earnings will continue to run-off

AUS INTEREST BEARING CONSUMER CREDIT CARD BALANCES ¹



AUS BANK CREDIT CARD 90+ DAYS PAST DUE RATES ²



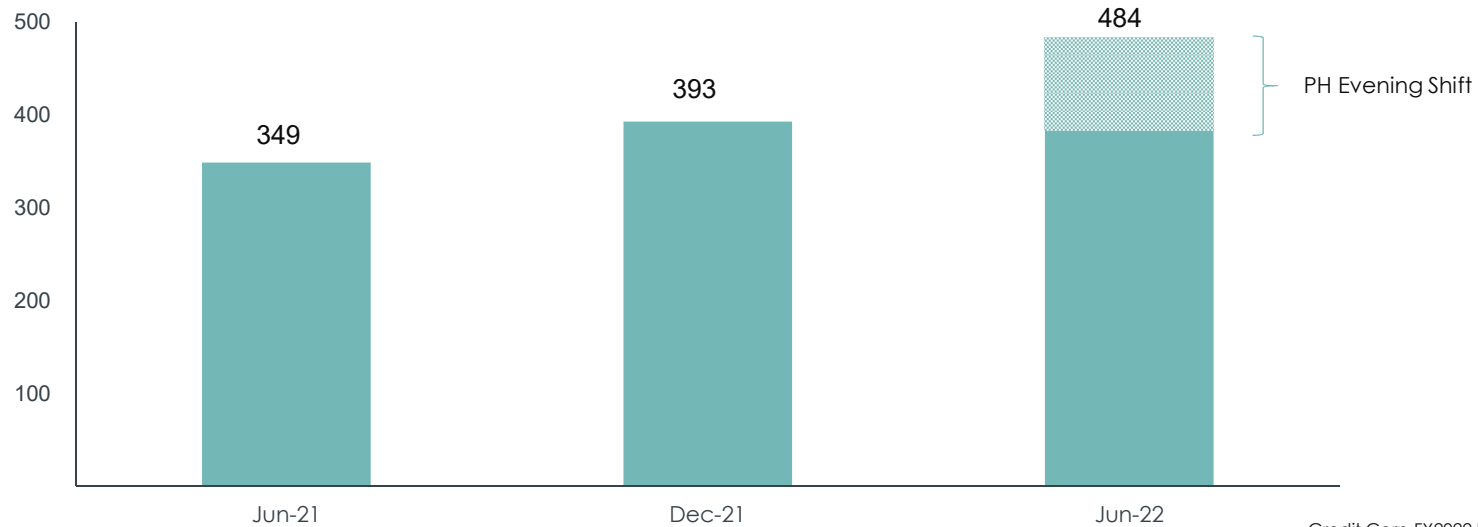
1. RBA interest bearing consumer credit card balances from C1 <https://www.rba.gov.au/statistics/tables/>.

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/2022-half-year-investor-presentation.pdf>.

Resourcing to service increased US purchasing will be required ...

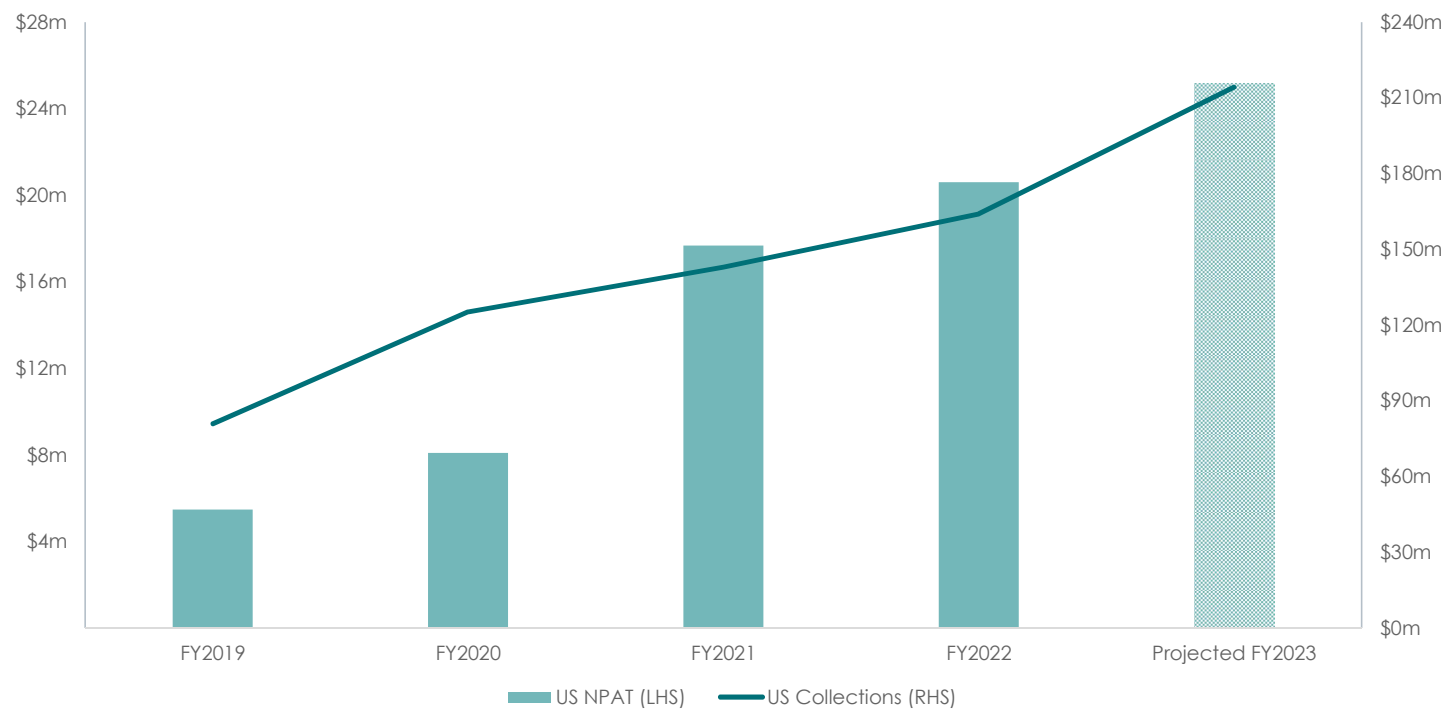
- Philippines evening shift has commenced with ~100 FTE augmenting onshore resourcing
- Potential to grow this component of the workforce

US HEADCOUNT



... to achieve investment returns and grow segment earnings

US COLLECTIONS and NPAT (A\$m)



Solid outlook for FY23

FY2023 guidance

Ledger investment	\$220 - 260 million
Net lending	\$50 - 60 million
NPAT	\$90 - 97 million
EPS (basic)	133 - 143 cents



Credit Corp Group

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

APPENDIX 1

Operating cash flow and gearing

Operating cash flows and gearing	FY19	FY20	FY21	FY22
Pre-tax operating cash flow	\$330.7m	\$394.7m	\$413.5m	\$420.6m
Tax payments	(\$41.0m)	(\$35.2m)	(\$27.5m)	(\$33.9m)
PDL acquisitions, net lending and capex	(\$292.8m)	(\$321.8m)	(\$321.0m) ¹	(\$487.0m) ²
Net operating (free) cash flow	(\$3.1m)	\$37.7m	\$65.0m	(\$100.3m)
PDL carrying value	\$414.1m	\$422.6m	\$467.3m	\$637.3m
Consumer loans net carrying value	\$172.4m	\$137.3m	\$135.2m	\$198.4m
Net cash / (borrowings)	(\$120.0m)	\$26.2m	\$61.7m	(\$98.9m)
Net borrowings/carrying value (%)	20.5%	N/A	N/A	11.8%

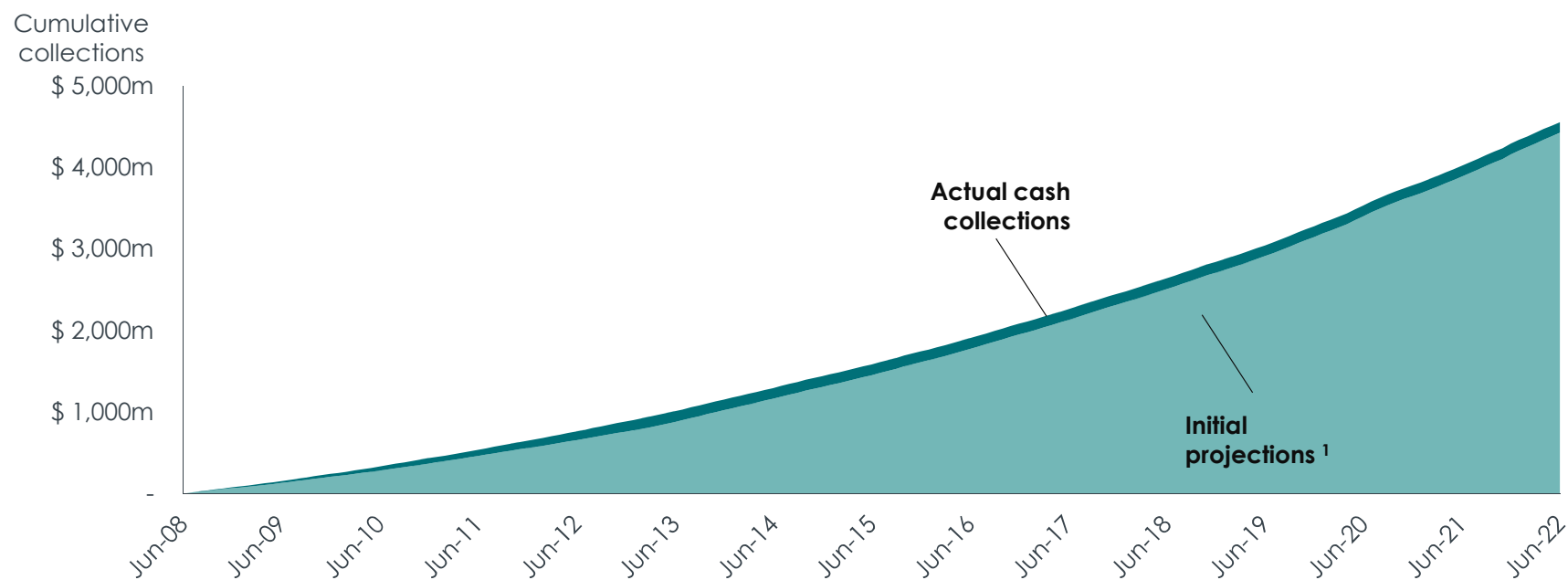
1. Includes outlay of \$146 million for acquisition of Collection House PDL book in Dec 2020.

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

APPENDIX 2

Pricing discipline and accuracy

PRICING DISCIPLINE AND ACCURACY



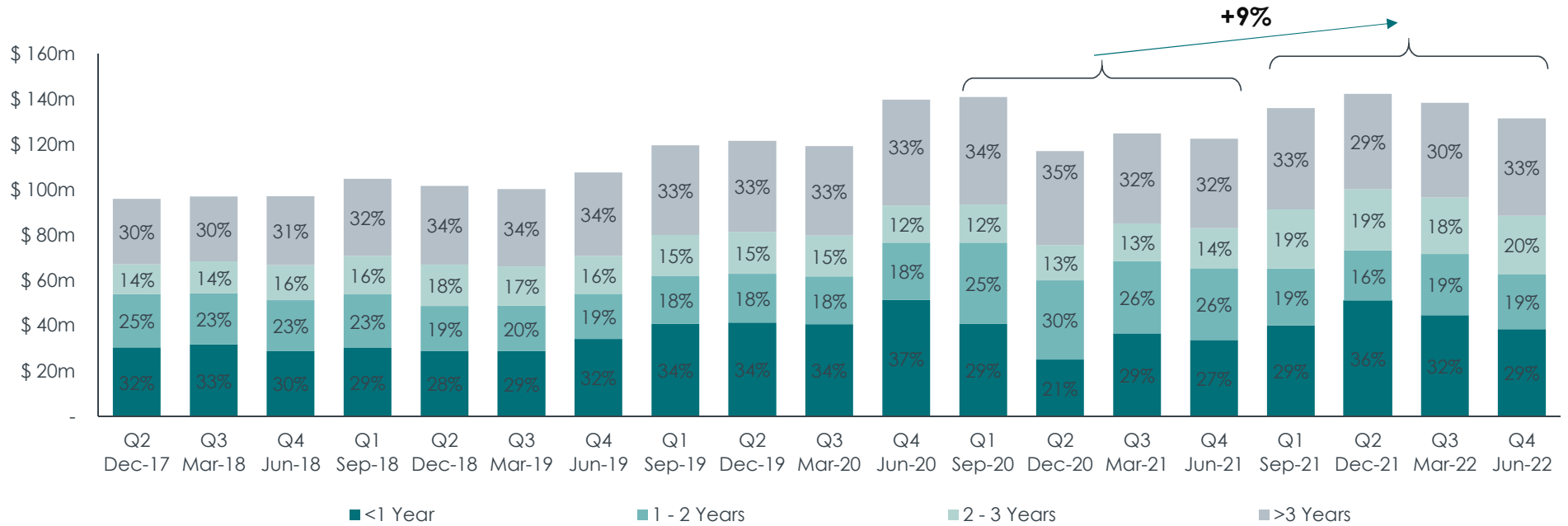
1. For all PDLs held at June 2008, initial projections represent the forecast at June 2008.

APPENDIX 3

Collections life cycle



PDL COLLECTIONS BY VINTAGE

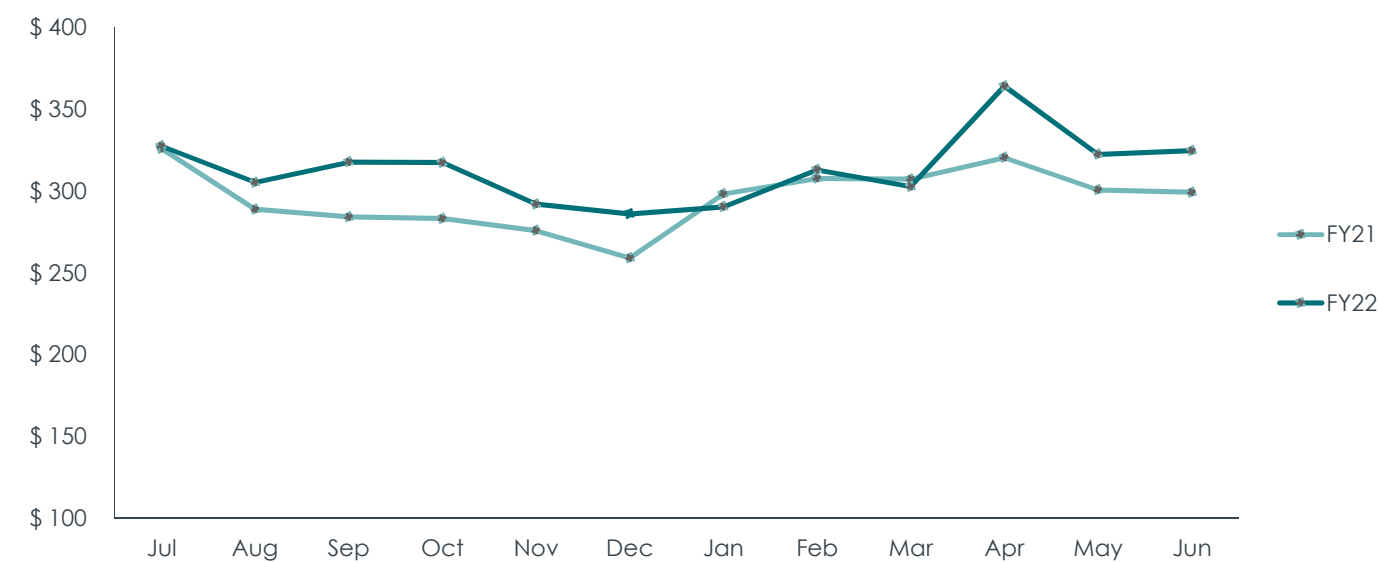


APPENDIX 4

Productivity



PDL COLLECTIONS PER HOUR



Full Year average

FY2022: \$314

FY2021: \$290

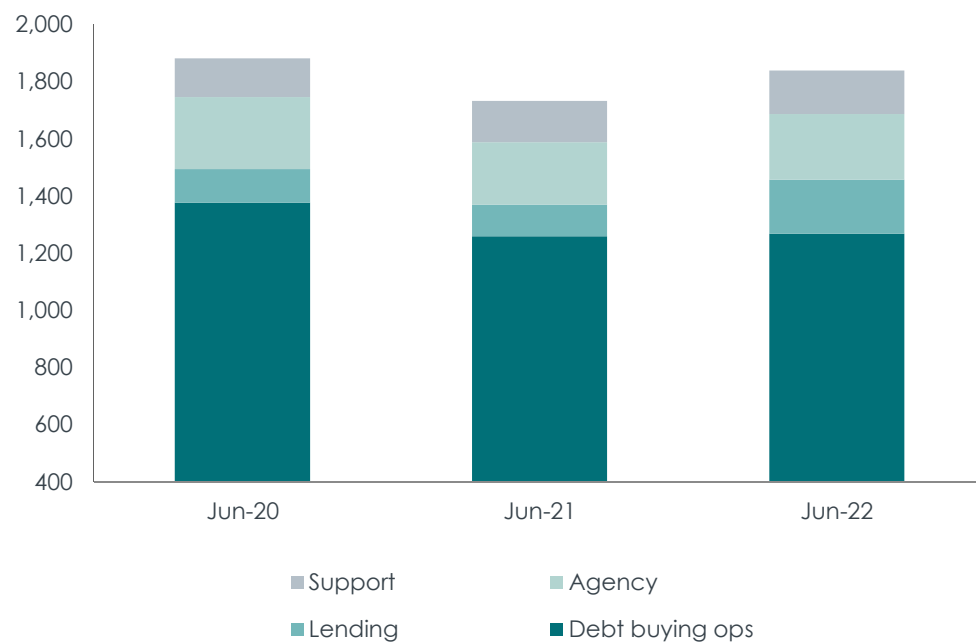
PORTFOLIO SUMMARY: AU/NZ DEBT BUYING ONLY

Total portfolio	Jun-20	Dec-20	Jun-21	Dec-21	Jun-22
Face value	\$7.7b	\$8.6b	\$8.5b	\$7.9b	\$7.6b
Number of accounts	1,193,000	1,392,000	1,326,000	1,252,000	1,236,000
Payment arrangements					
Face value	\$1,350m	\$1,550m	\$1,600m	\$1,555m	\$1,433m
Number of accounts	195,000	219,000	217,000	243,000	204,000
% of PDL collections	73%	82%	83%	84%	85%

APPENDIX 6

Operational and total headcount

PERIOD END HEADCOUNT (FTE)



PERIOD END HEADCOUNT (FTE)

	Jun-20	Jun-21	Jun-22
Debt buying operations	1,378	1,261	1,296
Agency	252	218	229
Lending	118	111	162
Support	135	143	153
Total	1,882	1,733	1,840
Support %	8%	8%	8%

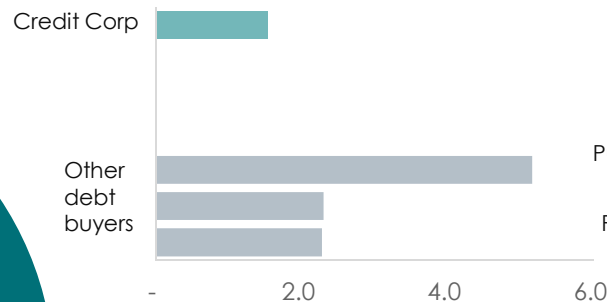
APPENDIX 7

Industry leading compliance and sustainability

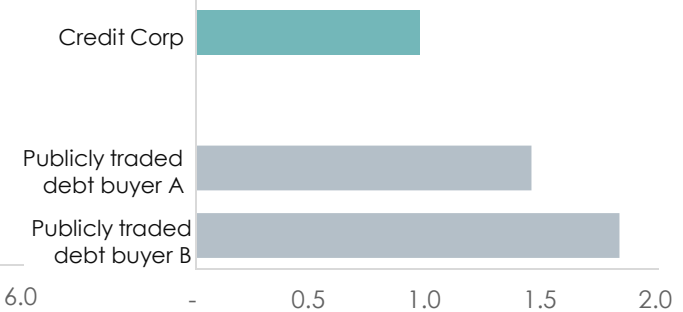


- Continued industry leadership
 - Lowest EDR rate in AU ¹ and low US dispute rate ²
 - Highest rating from consumer stakeholders
 - No regulatory actions
- Leading approach to hardship
- Compliance and sustainability critical in present conditions

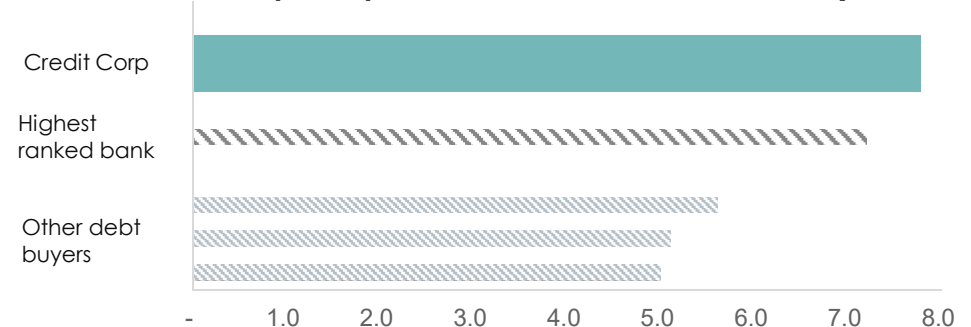
H1 FY2022 AUS EDR rate ¹



12 months to Mar-22 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 6 month period to December 2021 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 Mar-2022 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.