

4 May 2023

MARKET UPDATE

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Credit Corp Group

Leadership of the credit impaired financial services segment ...

ANALYTICS & DISCIPLINE

Australian / NZ debt buying

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

US debt buying

- Large market opportunity
- Diversified purchasing across several 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 several 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
- \$1.3b in ongoing repayment arrangements

- Low regulator complaint rate

- 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

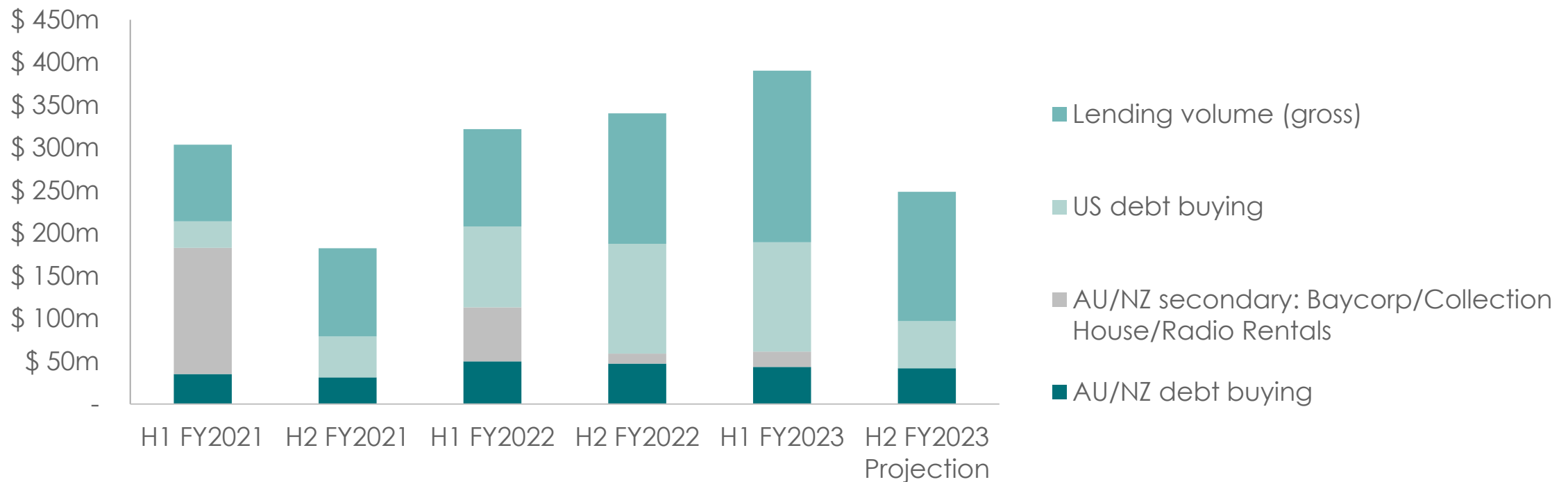
1. 1H FY2023 ratio of cash collections from PDLs to average PDL carrying value in Australian Debt Ledger Purchasing segment of 1.1x.

2. 1H FY2023 cash costs as a proportion of collections in the Australian Debt Ledger Purchasing segment of 38%.

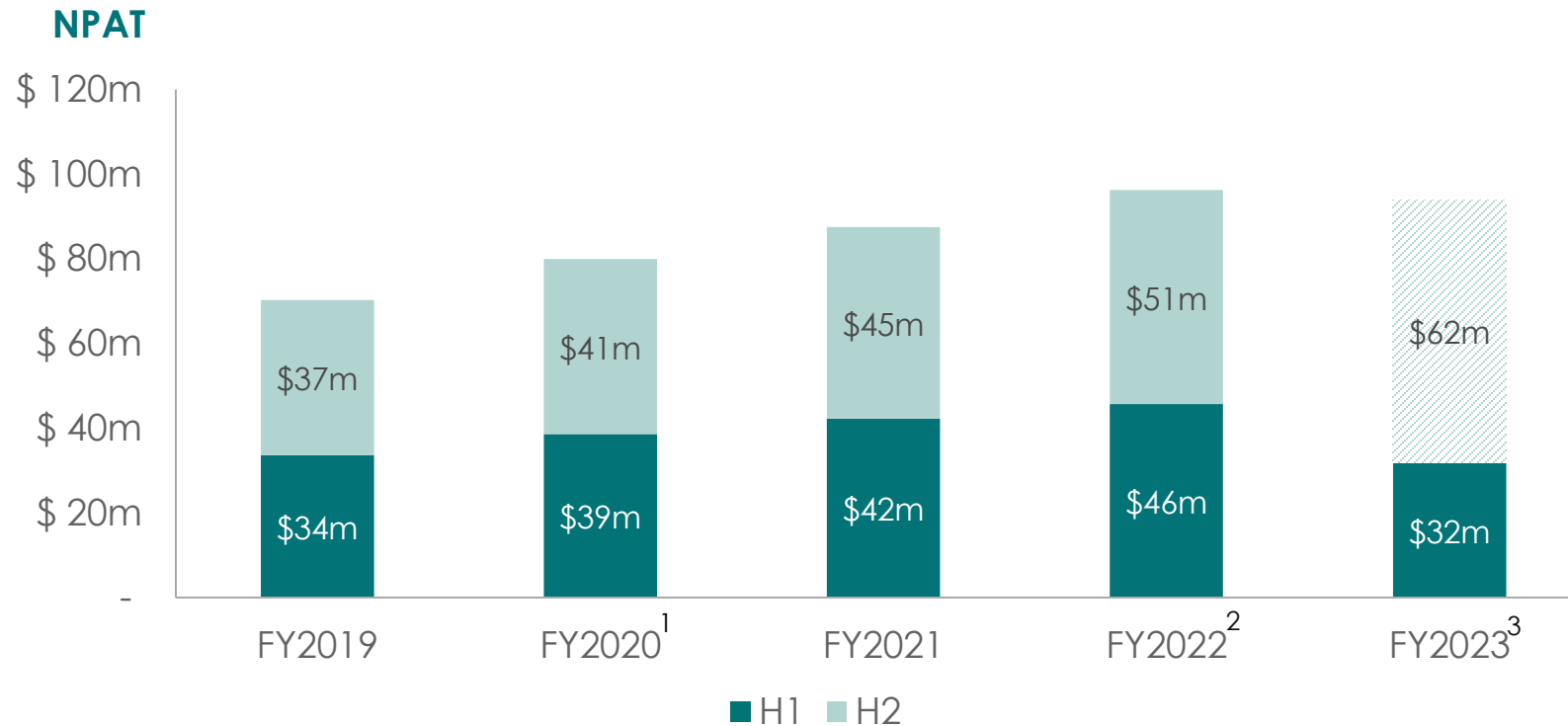
... produced record first-half investment ...

- Accelerated growth in Wallet Wizard lending
- Increased purchasing from existing US forward flows
- Investment to moderate in H2

PDL INVESTMENT AND LENDING VOLUME



... which is on track to convert to earnings in H2 ...



1. FY2020 Pre-COVID NPAT
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
3. Assumes mid-point of FY2023 NPAT guidance of \$90-97 million

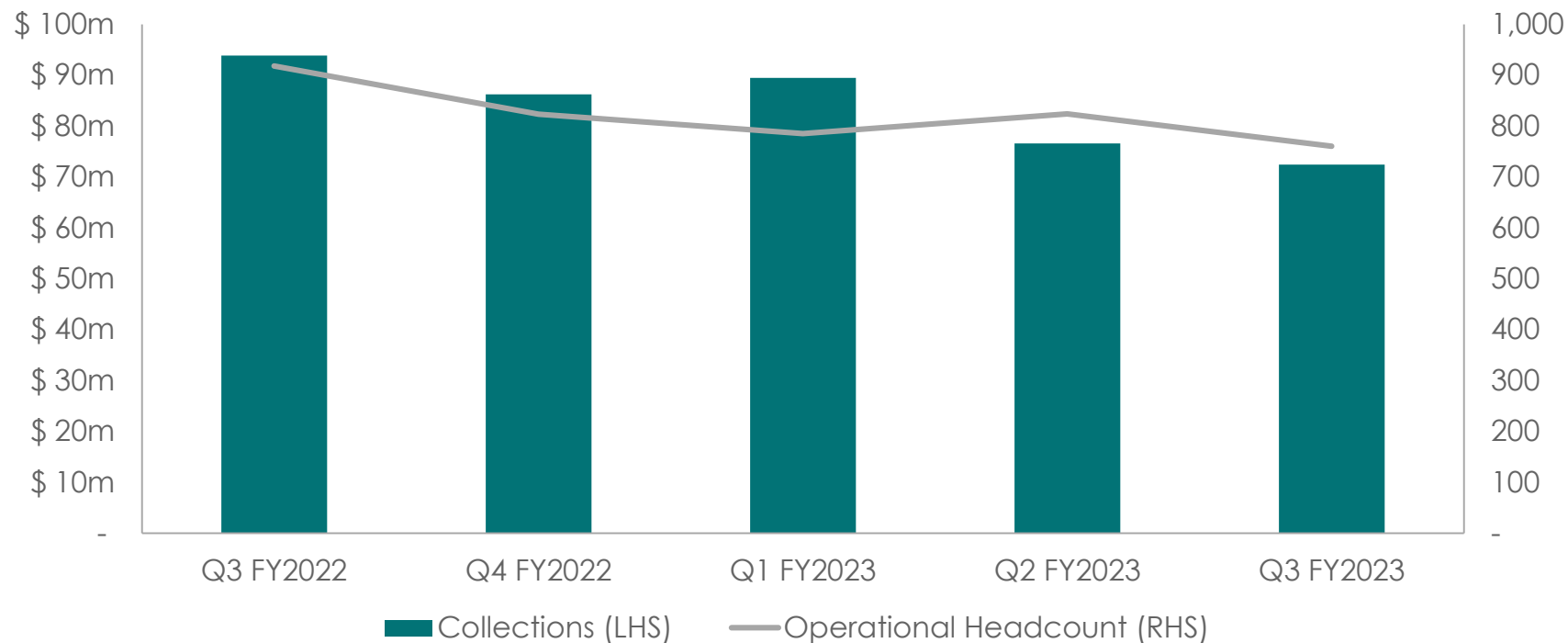
... with key issues being addressed

BUSINESS SEGMENT	ISSUES	RESPONSE
Australian / NZ debt buying	<ul style="list-style-type: none">▪ Reduced direct from issuer sale volumes▪ Collections run-off	<ul style="list-style-type: none">▪ Late H1 one-off secondary purchase▪ Deep collection focus▪ Cost management
US debt buying	<ul style="list-style-type: none">▪ Excess purchasing▪ Collection performance impacted by rapid headcount growth	<ul style="list-style-type: none">▪ Pause new investment▪ Operational focus▪ Stabilise headcount
Australian / NZ lending	<ul style="list-style-type: none">▪ Rapid book growth suppressed earnings▪ Increased arrears, but within pro-forma	<ul style="list-style-type: none">▪ Moderation in demand▪ Scorecard tightened in response to uncertain consumer outlook

Solid AU/NZ operational performance

- Operational headcount run-off in line with reduced collections

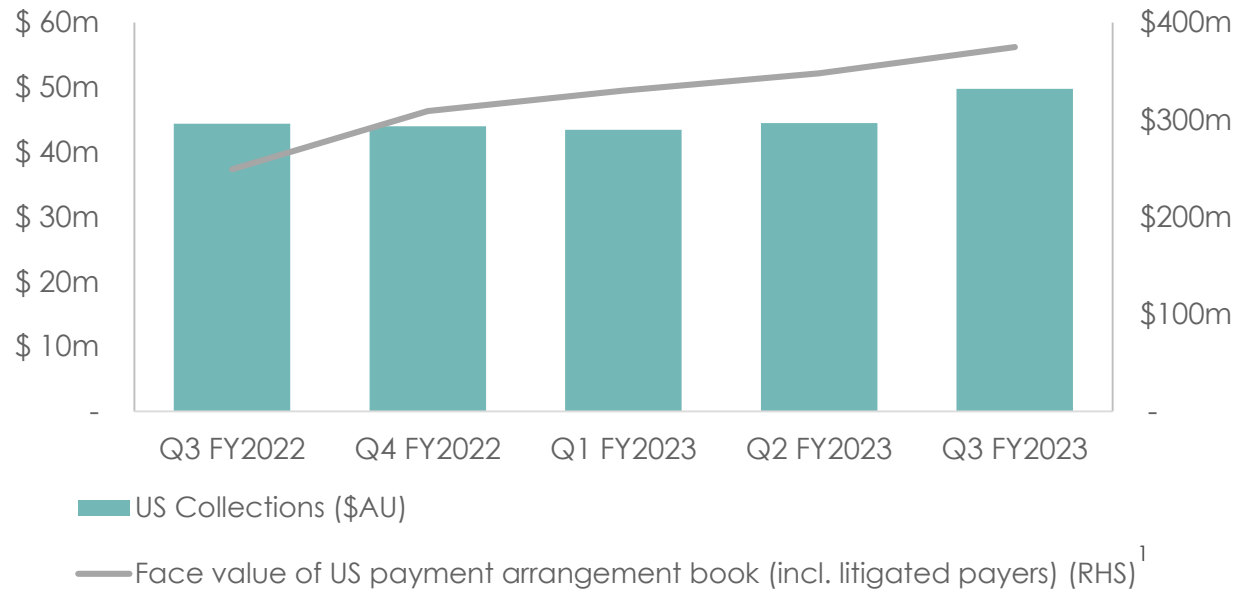
AU/NZ COLLECTIONS AND HEADCOUNT



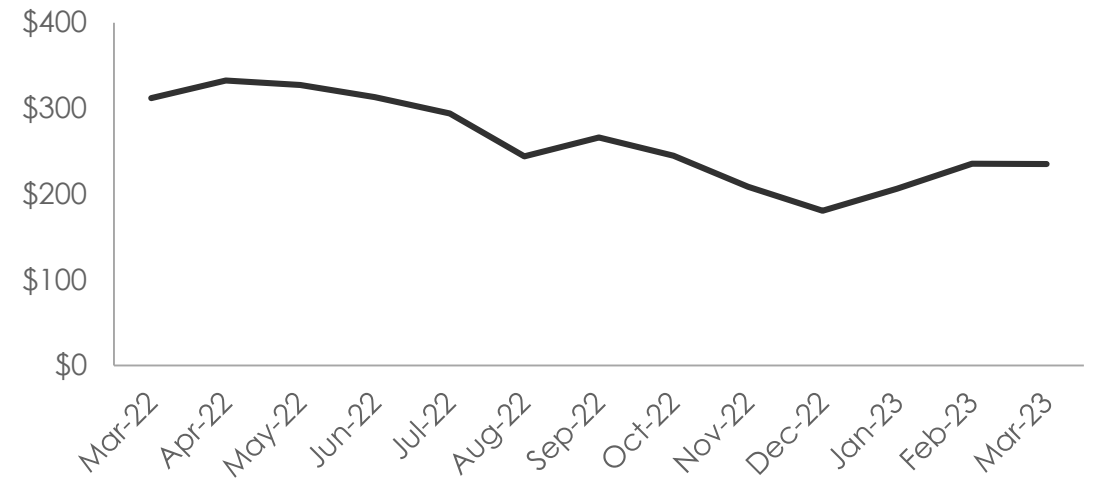
Improved US performance ...

- Collections uplift
- Headcount stabilised
- Productivity recovering

US COLLECTIONS AND ARRANGEMENT BOOK (A\$m)



US PRODUCTIVITY PER HOUR (A\$)

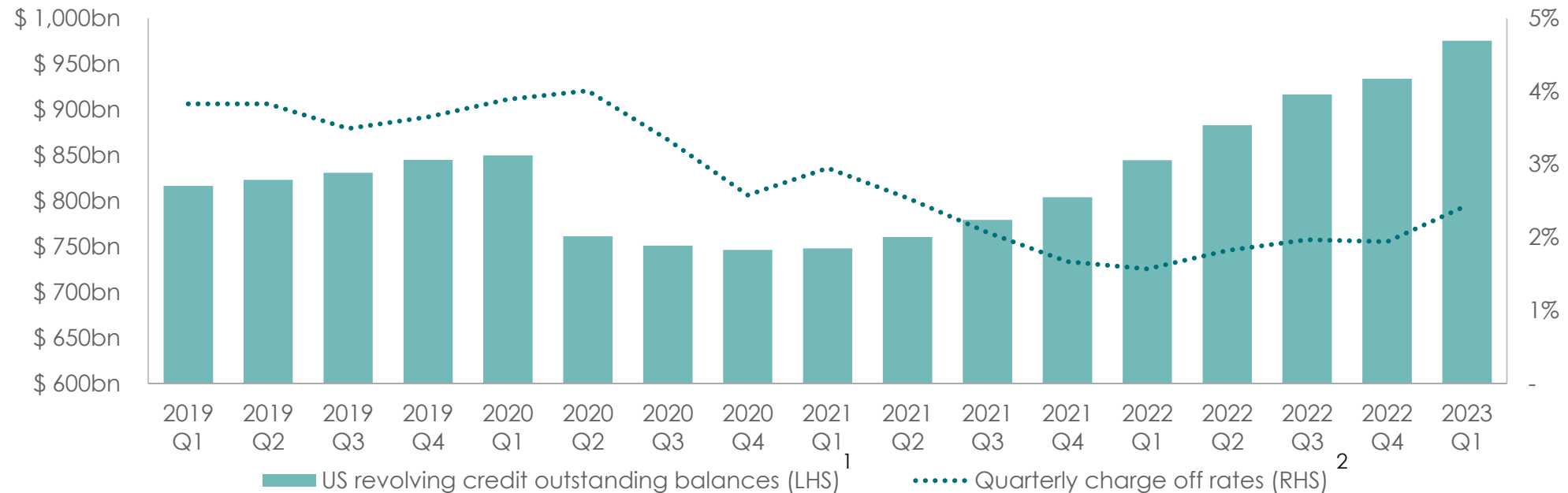


1. Litigated payers included from Q4 FY2022

US data points to improved investment conditions ...

- Potential to resume purchasing in a more favourable environment

US REVOLVING CREDIT MARKET



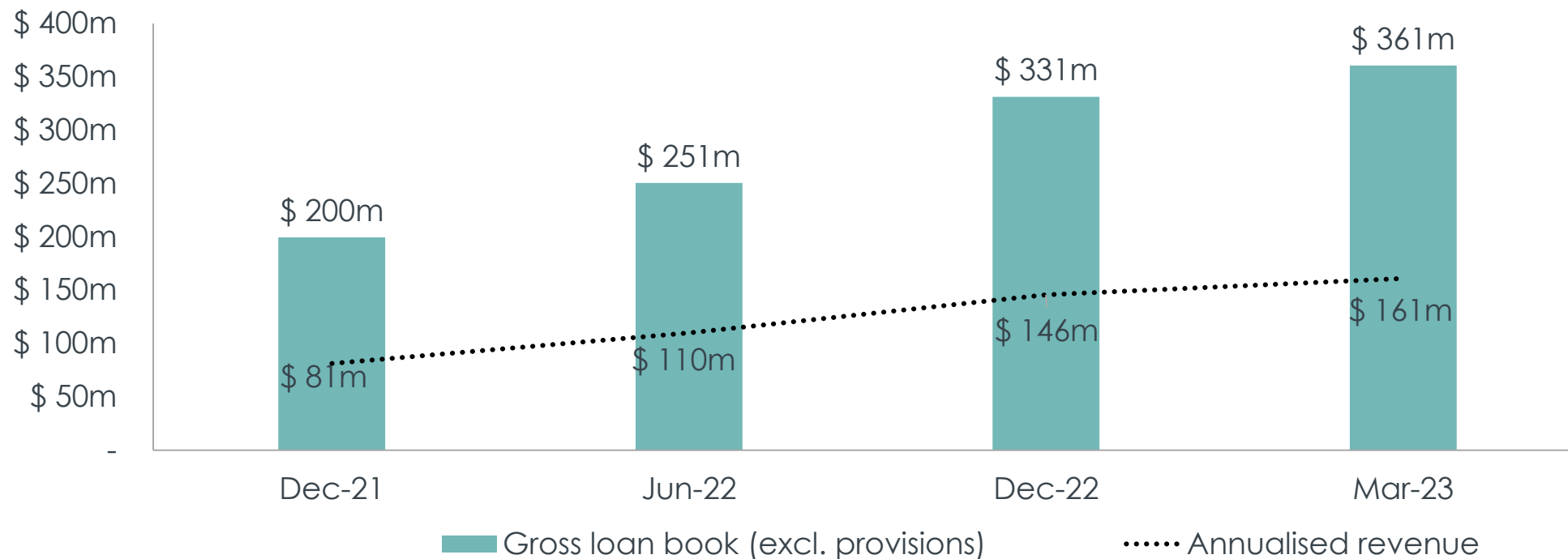
1. Total Revolving Credit Outstanding, Federal Reserve Economic Data (<https://fred.stlouisfed.org/series/CCLACBW027SBOG>)

2. Charge-Off Rate on Credit Card Loans, All Commercial Banks, Federal Reserve Economic Data (<https://fred.stlouisfed.org/series/CORCCACBN>)

Consumer lending growth slowed

- March quarter book growth in line with seasonal norm
- On track for strong FY24 starting book

CONSUMER LENDING BOOK AND REVENUE



On track to achieve earlier guidance

	FY2023 REVISED GUIDANCE FEB-23	FY2023 GUIDANCE CONFIRMED MAY-23
Ledger investment	\$290 - \$295 million	\$290 - \$295 million
Net lending	\$140 - \$150 million	\$140 - \$150 million
NPAT	\$90 - \$97 million	\$90 - \$97 million
EPS (basic)	133 - 143 cents	133 - 143 cents

Appendices - Key Operating Metrics

Appendix 1: **Pricing discipline and accuracy**

Appendix 2: **Collections life cycle**

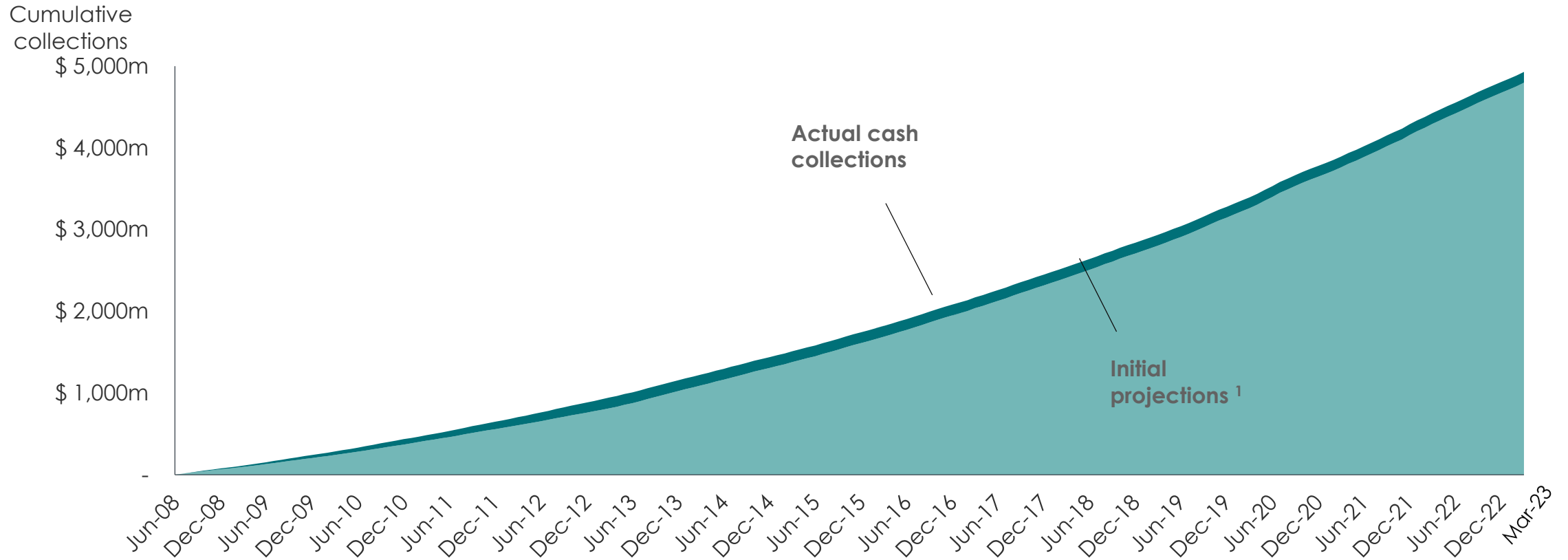
Appendix 3: **Productivity**

Appendix 4: **Payers base**

Appendix 5: **Operational and total headcount**

Pricing discipline and accuracy

PRICING DISCIPLINE AND ACCURACY

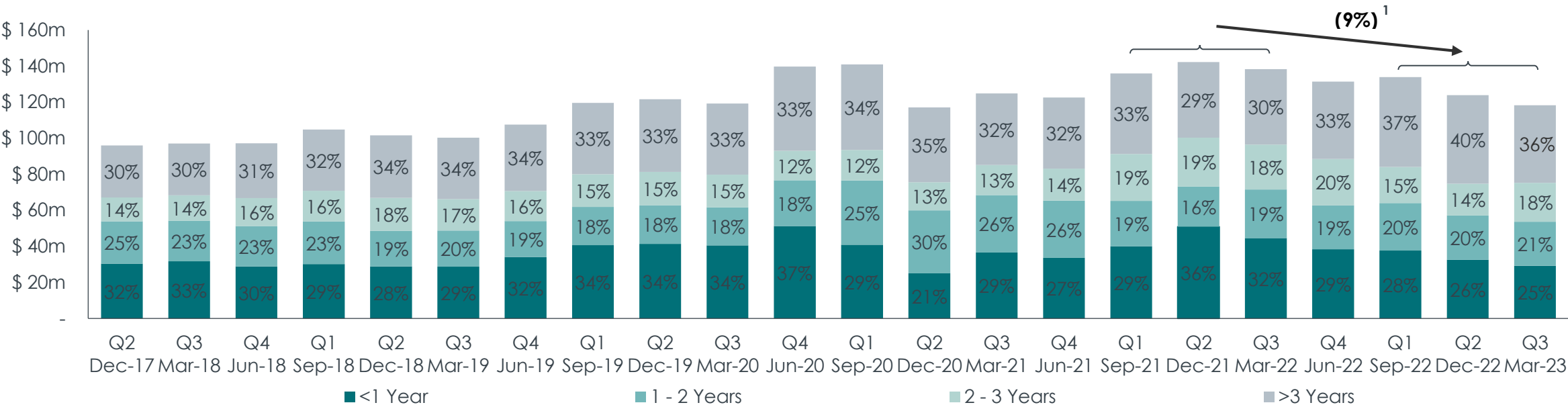


1. For all PDLs held at June 2008, initial projections represent the forecast at June 2008

APPENDIX 2

Collections life cycle

PDL COLLECTIONS BY VINTAGE

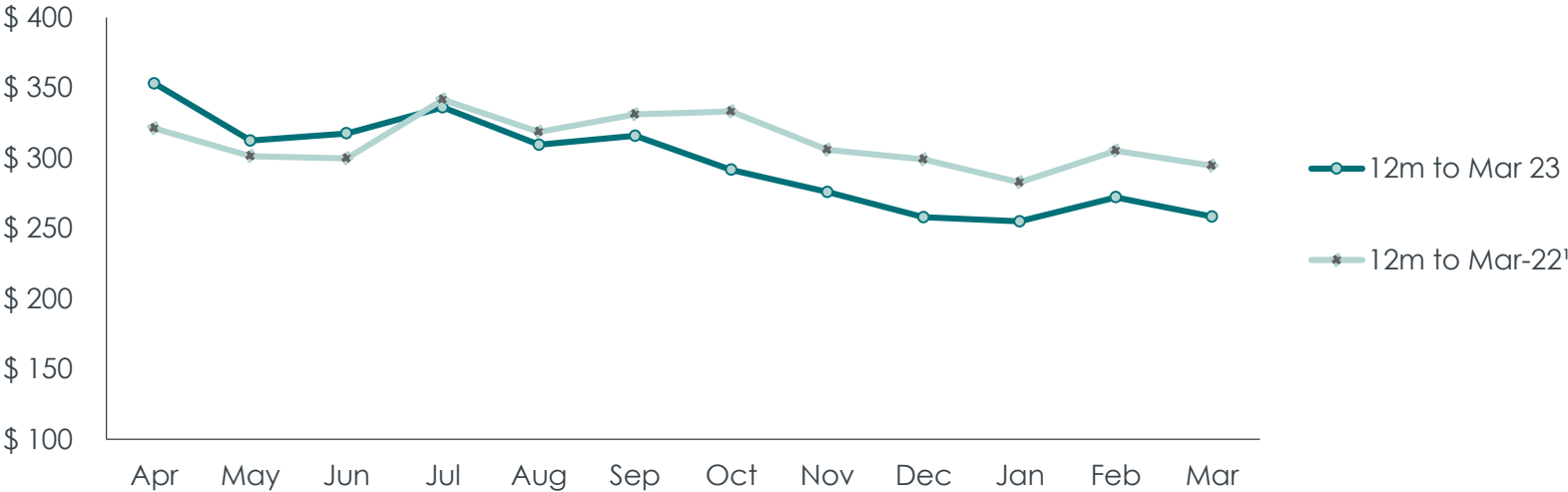


1. 9% less in FY2023 Mar YTD vs FY2022 Mar YTD. Based on constant currency

APPENDIX 3

Productivity

PRODUCTIVITY PER HOUR



YTD Mar-23 average

- FY2023: \$286
- FY2022: \$312 ¹

1. Constant currency basis

Payers base

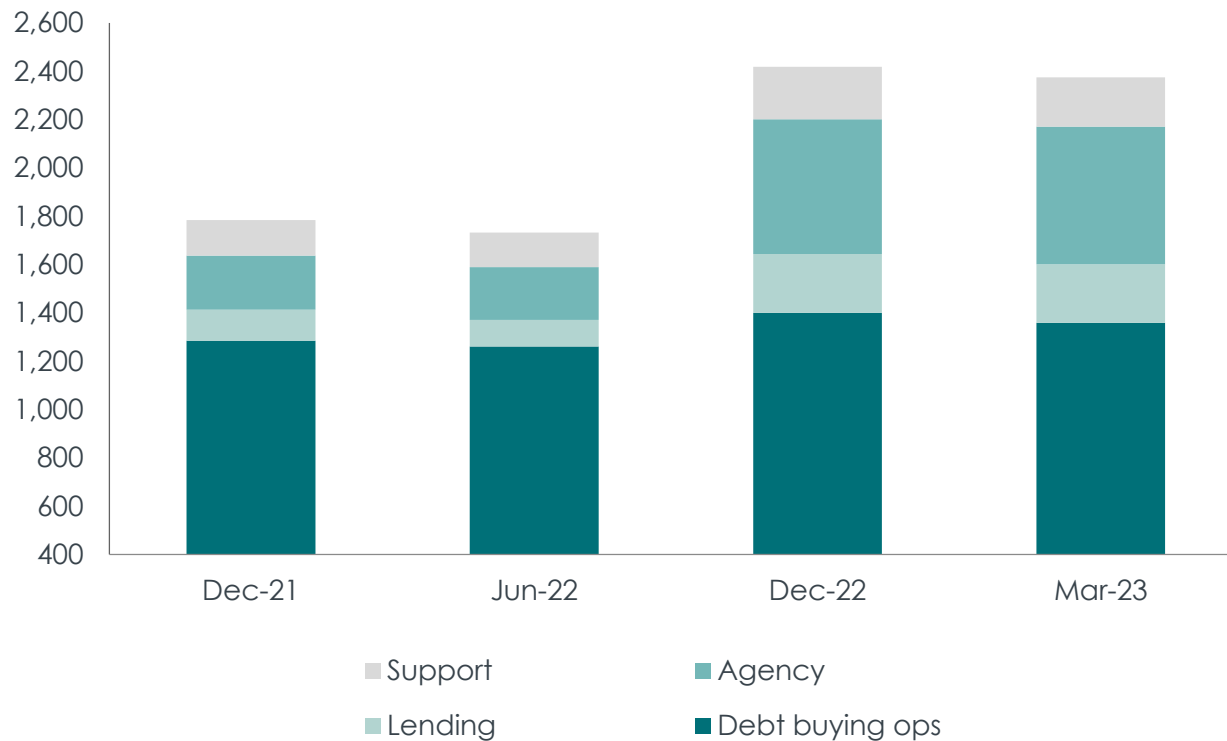
PORTFOLIO SUMMARY: DEBT BUYING

Total portfolio	AU/NZ			Combined AU/NZ/US ¹		
	Dec-20	Jun-21	Dec-21	Jun-22	Dec-22	Mar-23
Face value	\$8.6b	\$8.5b	\$7.9b	\$11.8b	\$12.7b	\$12.7b
Number of accounts	1,392,000	1,326,000	1,252,000	2,863,000	2,993,000	2,991,000
Payment arrangements						
Face value	\$1,550m	\$1,600m	\$1,555m	\$1,742m	\$1,727m	\$1,682m
Number of accounts	219,000	217,000	243,000	264,000	266,000	273,000

1. US segment included from Jun 22 onwards. Prior periods contain only AU/NZ debt buying segment.

Operational and total headcount

PERIOD END HEADCOUNT (FTE)



	Dec-21	Jun-22	Dec-22	Mar-23
Debt buying operations	1,285	1,296	1,401	1,360
Agency	223	229	558 ¹	569 ¹
Lending	129	162	243	242
Support	147	153	217 ¹	204 ¹
Total	1,783	1,840	2,419	2,375
Support %	8%	8%	9%	9%

1. Including staff acquired as part of the acquisition of Collection House during H1 FY2023

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