

**Chairman's Address to Shareholders
2016 Annual General Meeting
3 November 2016**

The 2016 financial year marked a significant inflection point for Credit Corp. The company surpassed expectations by accelerating earnings growth and achieving significant business development milestones. These have produced an outlook for higher levels of growth in the near term. At the same time Credit Corp increased its commitment to sustainability and financial inclusion, which gives the company a unique competitive advantage. This focus on growing long-term shareholder wealth by combining strong business results with sustainable practices and compliance leadership is encapsulated by our theme 'growth with community'.

The company's belief and foresight in emphasising corporate responsibility in all of its activities has been borne out by developments in the external environment. Higher standards of social responsibility are being demanded from corporations around the world. In particular, scrutiny of the financial services industry intensified over the past year. While the majority of media and political attention has focused on the business practices of large institutions and their dealings with mainstream consumers and small businesses, much of the substantial regulatory change to date has been directed towards the credit impaired consumer segment in which Credit Corp operates.

Regulatory activity has been considerable and global. In the US, new rules were announced for high cost short-term loans and consultation commenced on draft changes to laws regulating debt collection and debt buying. In Australia, a government review of laws relating to 'payday loans' made recommendations which, if enacted, will have implications for the viability of many providers of such products. A new legislative regime commenced in New Zealand. Enforcement activity has also stepped up, with announcements of prosecutions and settlements across many jurisdictions.

Other stakeholders have also been active in supporting these measures. Financiers, service providers and media companies have either withdrawn or restricted services to certain segments of consumer lending. The targets of such measures have been business models which incorporate predatory or exploitative features to generate high returns, at least in the short term.

In Australia, the products that have attracted scrutiny fall within certain legislative definitions, including Small Amount Credit Contracts (SACC), Medium Amount Credit Contracts (MACC) and Consumer Leases (CL).

These products are subject to interest rate caps that are much higher than the general limit applicable to all other consumer finance. Credit Corp does not offer any of these products. Our consumer lending is undertaken at interest and fee rates well below the general cap applicable to mainstream consumer finance.

Credit Corp's approach not only serves to insulate the company from adverse stakeholder measures but also creates opportunities for growth. Restrictions on the activities of competitors should improve Credit Corp's ability to attract customers to its sustainable, market-leading loan products. The position that the company now occupies is a source of growing competitive advantage.

It is particularly pleasing to me and the board that these developments will see the company bring inclusion to an increasing number of people. Unlike the predatory alternatives subject to stakeholder action, Credit Corp provides genuine solutions for consumers facing a degree of financial exclusion.

At the end of the 2016 financial year we had a portfolio of almost \$1.2 billion of defaulted consumer credit obligations restructured into sustainable ongoing repayment arrangements across 147,000 individual customer accounts. And in our lending business, we had responsibly delivered financial inclusion to 100,000 Australians through our affordable loan products.

While successfully navigating changes in the external environment and delivering on our commitment to financial inclusion, Credit Corp produced strong results for shareholders. Net Profit After Tax grew by 20 per cent to \$45.9 million and the company maintained its Return on Equity at a level above its required rate of return.

All of Credit Corp's businesses are on a profit growth trajectory. In 2016 we increased market share in our core debt purchasing business and have a solid pipeline of contracted purchases for the balance of the year ahead. A key feature of 2016 was achieving critical mass in the lending business. This will drive another year of robust lending segment earnings. Operational improvement and increased purchasing have put our US business in a better position too. Early signs are that these efforts will be supplemented with improved market conditions in the US.

Credit Corp's strategy and operational execution are driven by core values of discipline, accountability and transparency. We operate with the discipline to follow through with our actions. We take accountability for performance and regularly measure ourselves against objective standards. We are open and transparent in all our dealings.

During 2016 we applied these values to our engagement with consumer groups and government to advocate for better regulation and greater financial inclusion. We provided unique statistical insights to guide reform and have played a leading role in assisting with the development of improved regulation and oversight for the benefit of consumers.

After a very successful year I thank my fellow directors, our CEO Thomas Beregi and his management team for their leadership. Credit Corp continues to deliver sustainable growth in value for shareholders. The company's key asset is its increasingly diverse group of employees, now more than 1,300 strong who invest their time and personal energy to consistently exceed expectations. On behalf of the Board and shareholders, I thank all our employees for their contribution and commitment to the success of the company.

Thomas will now provide you with an update on the company's performance so far in the current financial year. He will also give you an assessment of the outlook for the balance of the year. After his presentation we will receive your questions before moving to the formal resolutions.

I now hand over to our CEO, Thomas Beregi.

Mr Donald McLay – Chairman, Credit Corp Group Limited