Credit Corp Group

FY18 H1 Results Presentation

30 January 2018

Thomas Beregi, CEO
Michael Eadie, CFO

Leadership in sustainable financial solutions…

ANALYTICS & DISCIPLINE	OPERATIONAL EXCELLENCE	SUSTAINABILITY & COMPLIANCE
Core Australian / NZ debt buying		
• Largest database • History of pricing accuracy	• Highest asset turnover [1] • Lowest cost to collect [2]	• No adverse orders or undertakings • Low complaint rate • $1.3bn in ongoing repayment arrangements
Australian / NZ lending		
• Leverage knowledge of consumer • Up-front loss provisioning • Analytical monitoring	• Automated decisioning • Collection strength	• APRs below cap applicable to mainstream credit • Regulatory upside - no 'payday loans'
USA debt buying		
• Adapted knowledge to US environment • Large market opportunity	• 20% productivity improvement in FY17 - maintained in FY18 as headcount has increased • Emphasis on payment arrangements and a lower proportion of litigated outcomes	• Low regulator complaint rate • Strong client audit outcomes

- **Long-term growth**
- **ROE 16% - 18%**
- **Low gearing**

1. FY18 H1 annualised ratio of cash collections from PDLs to average PDL carrying value of 1.1x
2. FY18 H1 ratio of cash costs of the Debt Ledger Purchasing segment to collections of 36%

…has created growth opportunities across different markets…

Credit Corp Group

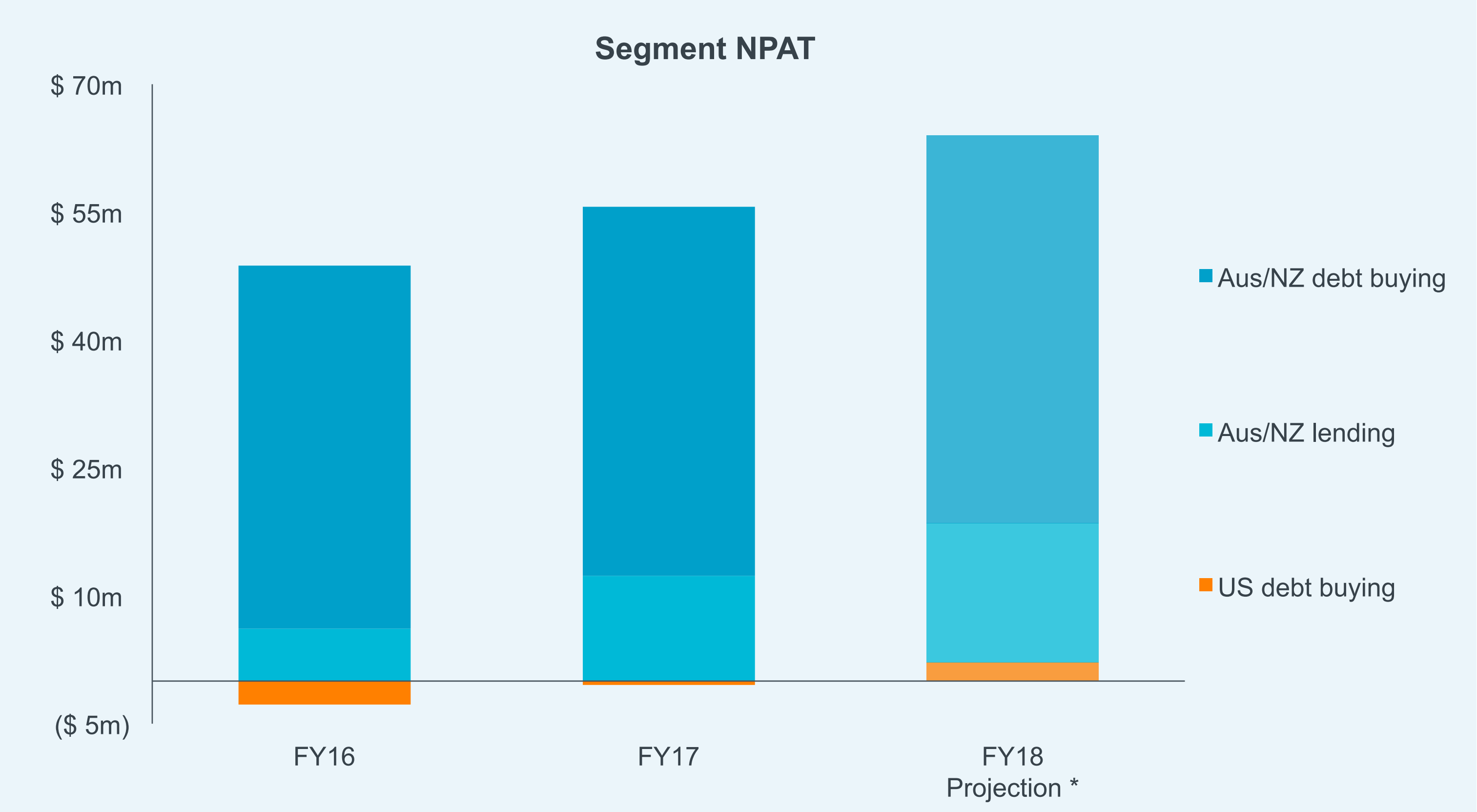
Segment	Market share	Competitive strengths
Aus/NZ debt buying	25% [1]	• Operational leadership through technology and workforce management • Largest database of credit impaired consumers • Accurate pricing to a narrow band of confidence
Aus/NZ lending	20% [2]	• Lending fintech with a proven and profitable model • Fast online and automated origination • 3-6x cheaper than competitor offerings
US debt buying	<3%	• Greater sustainability with lower proportion of legal collections • Technology and expertise adapted for US market • Leverage common corporate overhead

1. Expectation is long-term share to average 35%
2. Sized from employed component of fast-cash loan segment

…and increasingly diversified earnings…

Credit Corp Group

- New businesses on track to deliver 33% of revenue and 28% of profit in FY18



* Based on mid-point of current guidance

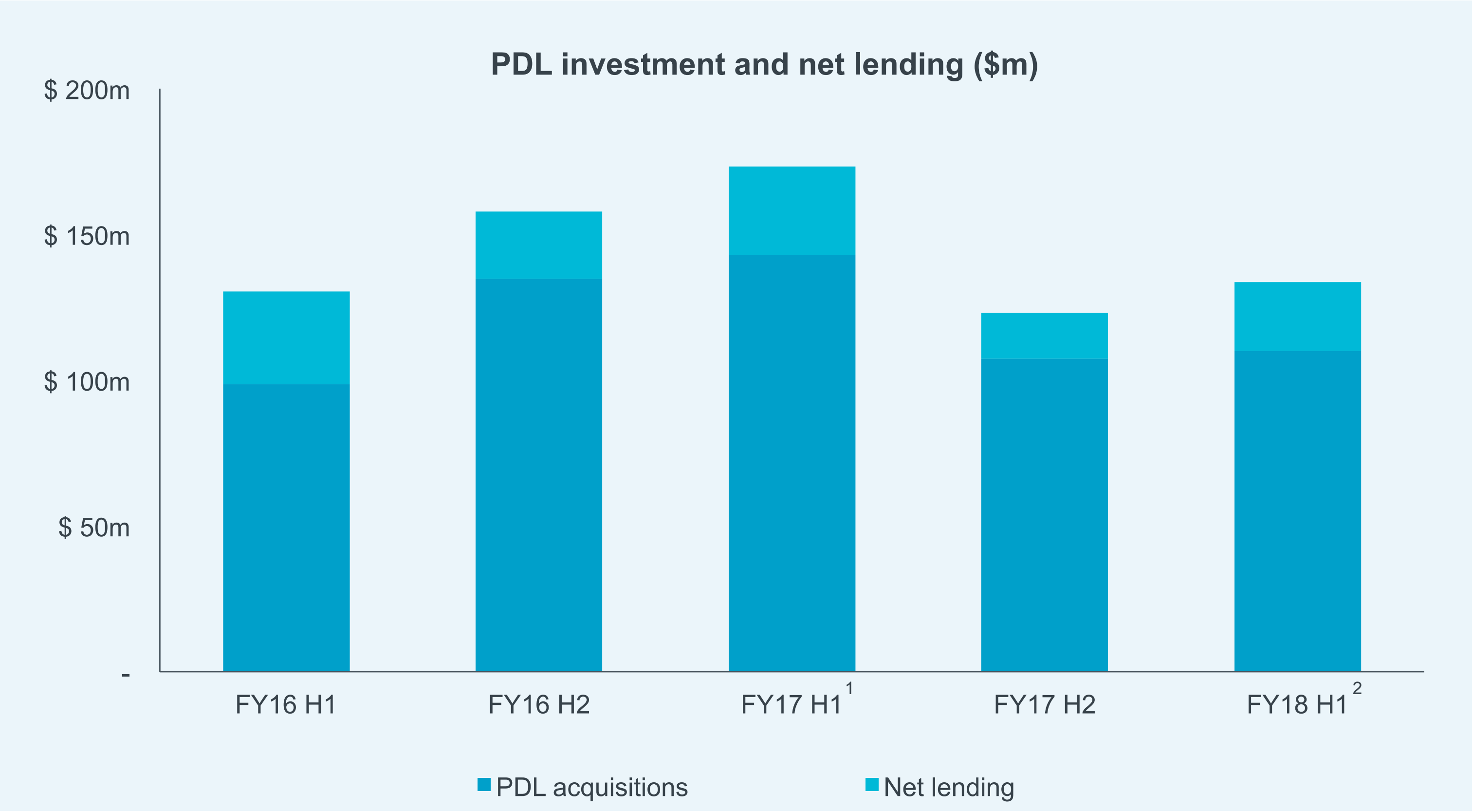
…with 18% growth in H1 of FY18…

FY18 H1 Financial results

	FY18 H1	FY17 H1	$ change	% change
Aus/NZ debt buying [1]	$99.8m	$93.7m	+ $6.1m	+ 7%
Aus/NZ lending	$37.6m	$29.7m	+ $7.9m	+ 27%
US debt buying	$10.2m	$5.7m	+ $4.5m	+ 79%
Revenue total	**$147.6m**	**$129.1m**	**+ $18.5m**	**+ 14%**
Aus/NZ debt buying [1]	$23.4m	$22.4m	+ $1.0m	+ 5%
Aus/NZ lending	$5.8m	$3.2m	+ $2.6m	+ 81%
US debt buying	$0.6m	($0.4m)	+ $1.0m	+ 250%
NPAT total	**$29.8m**	**$25.2m**	**+ $4.6m**	**+ 18%**
EPS (basic)	**62.8cps**	**53.5cps**	**+ 9.3cps**	**+ 17%**
Dividend	**31.0cps**	**27.0cps**	**+ 4.0cps**	**+ 15%**

1. Aus/NZ debt buying includes agency activities

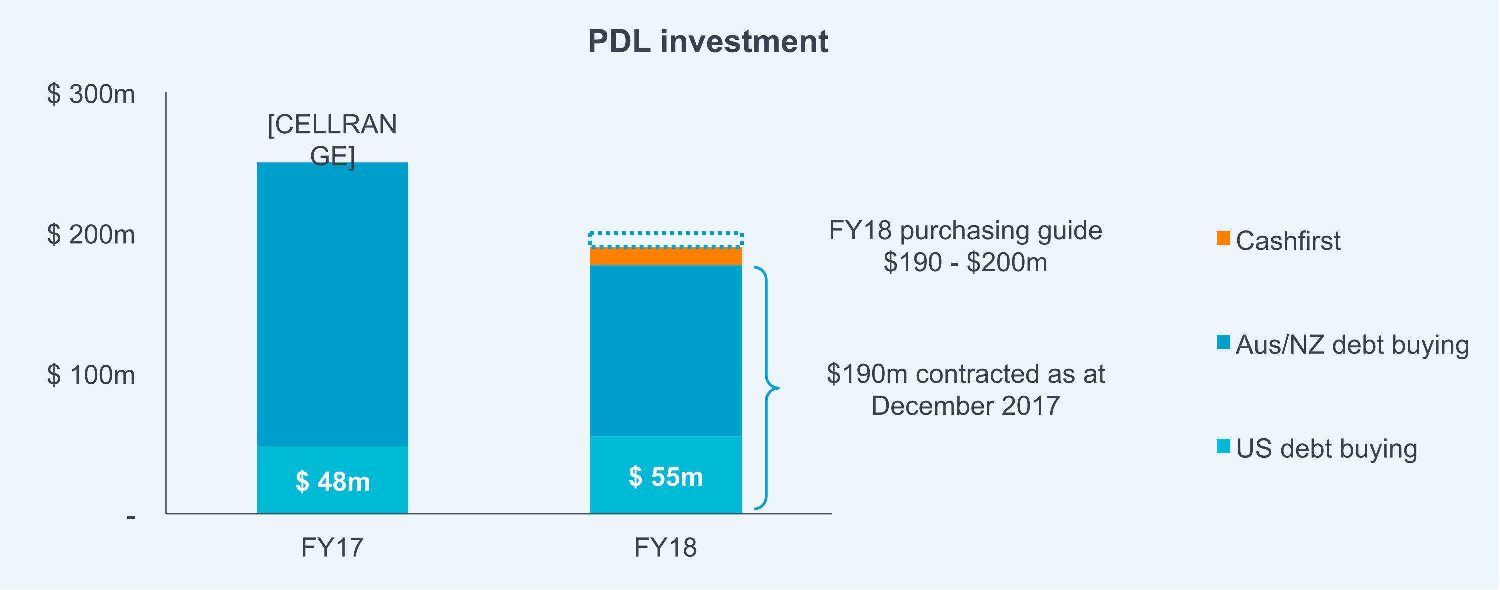
…despite reduced investment over the last 12 months



1. Includes one-off NCML acquisition
2. Includes one-off Cashfirst acquisition

Aus/NZ PDL investment 30% lower than FY17…

- Aus/NZ purchasing conditions are expected to remain challenging
  - Several competitors have flagged increased investment
  - Continued availability of capital to sector
- Increase in investment pipeline in the Aus/NZ market late in H1
  - Large spot purchase of ~$10m purchase value
  - Rollover of several forward flows



… while collections grow and operating metrics improve

Credit Corp Group

Pricing accuracy and returns on track

- Total cumulative collections above aggregate expectations
- Total collections up 7% over the pcp (YTD December)
- Core Aus/NZ collections are up 4%

(Refer to Appendix 2 and 3)

Efficiency and productive capacity

- Productivity up by 7% over the pcp (YTD December)

(Refer to Appendix 4 and 6)

Arrangement book growth

- Face value of accounts under arrangement increased by 5% over the pcp to $1.3bn at Dec-17
- Payments under arrangement represent 78% of collections

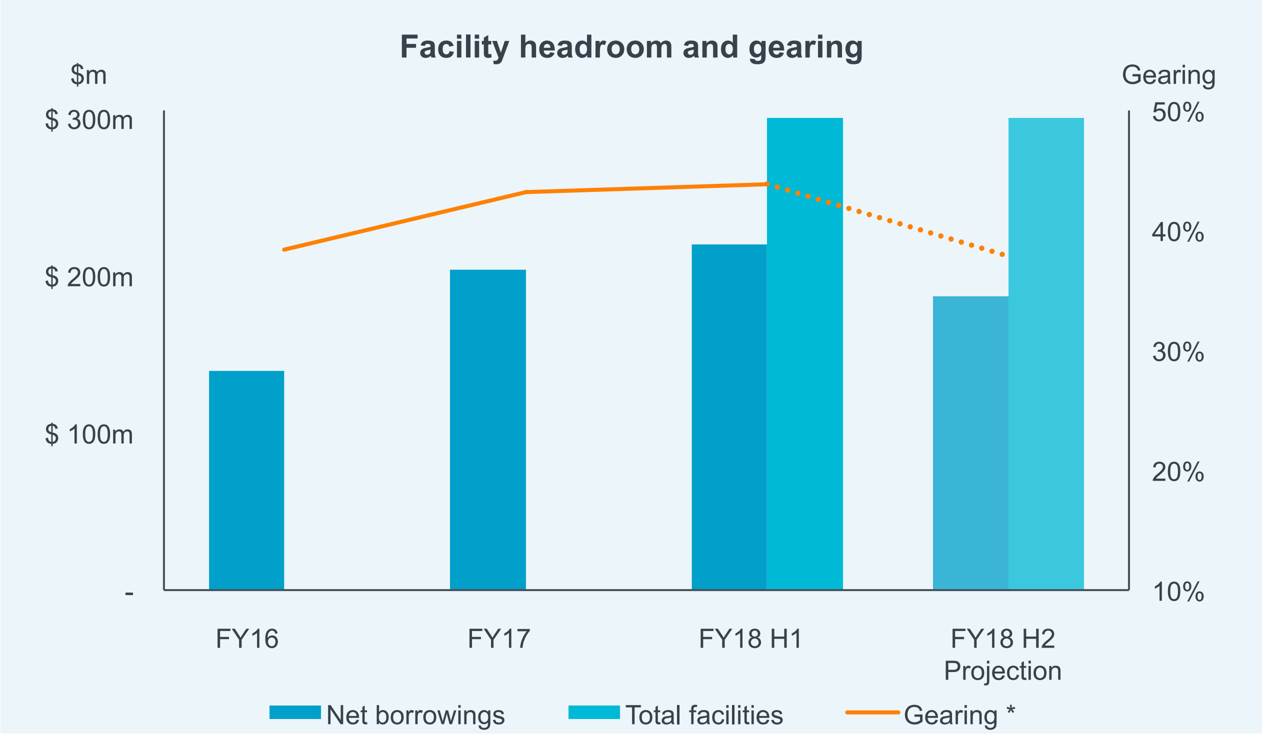
(Refer to Appendix 5)

Continuous improvement focus

- Benefitting from new and enhanced technology
  - Enhanced customer portal
  - Further automation of customer location activity
  - Ongoing workflow optimisation

Financial capacity intact

- Gearing remains conservative at 44%
- $300m of funding lines in place
- Increased headroom projected over balance of year
- Capacity to seize opportunities as they arise



* Calculated as net borrowings as a proportion of PDL and net consumer loan book carrying value

Wallet Wizard is the most sustainable loan in the segment…

Credit Corp Group

- **Lowest cost, most affordable offering in credit impaired segment**

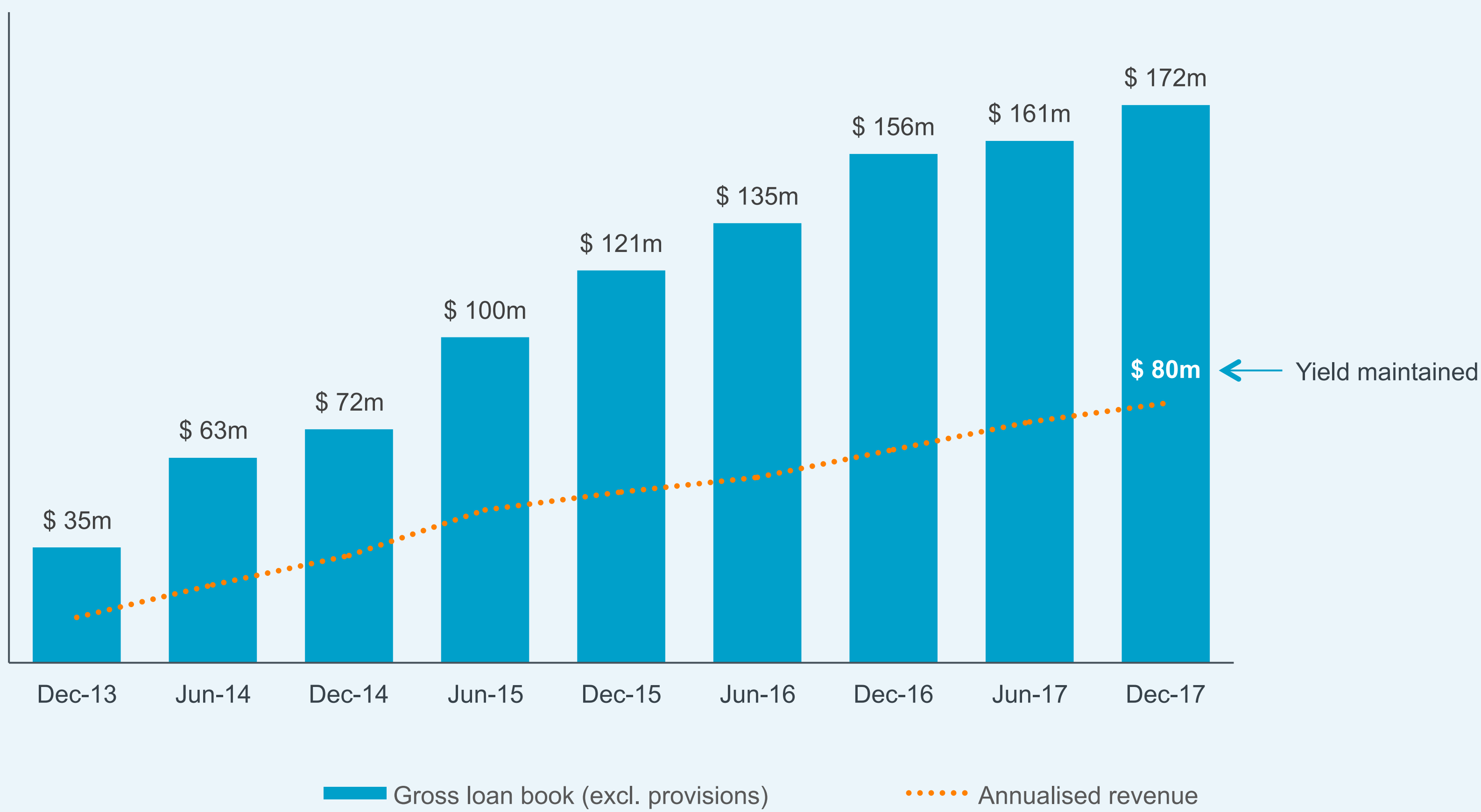
Loan feature	Credit Corp Wallet Wizard loan	Typical cash loan competitor
Price [1]	$148	$440
Loan amount	Up to $5k	Up to $2k
Duration	Up to 3 years	<12 months
Repayment proportion of net income	~5%	~10%
Marketing	No restrictions	Online marketing restricted
Funding	Low cost bank warehouse	High cost unconventional funding

- **Credit Corp uniquely positioned to sustain low-cost offering**
  - Early and late stage collections capability
  - Largest database of credit impaired consumers
  - Ability to leverage common corporate overhead

1. Total interest and fees based on a $1,000 loan over a 6 month duration

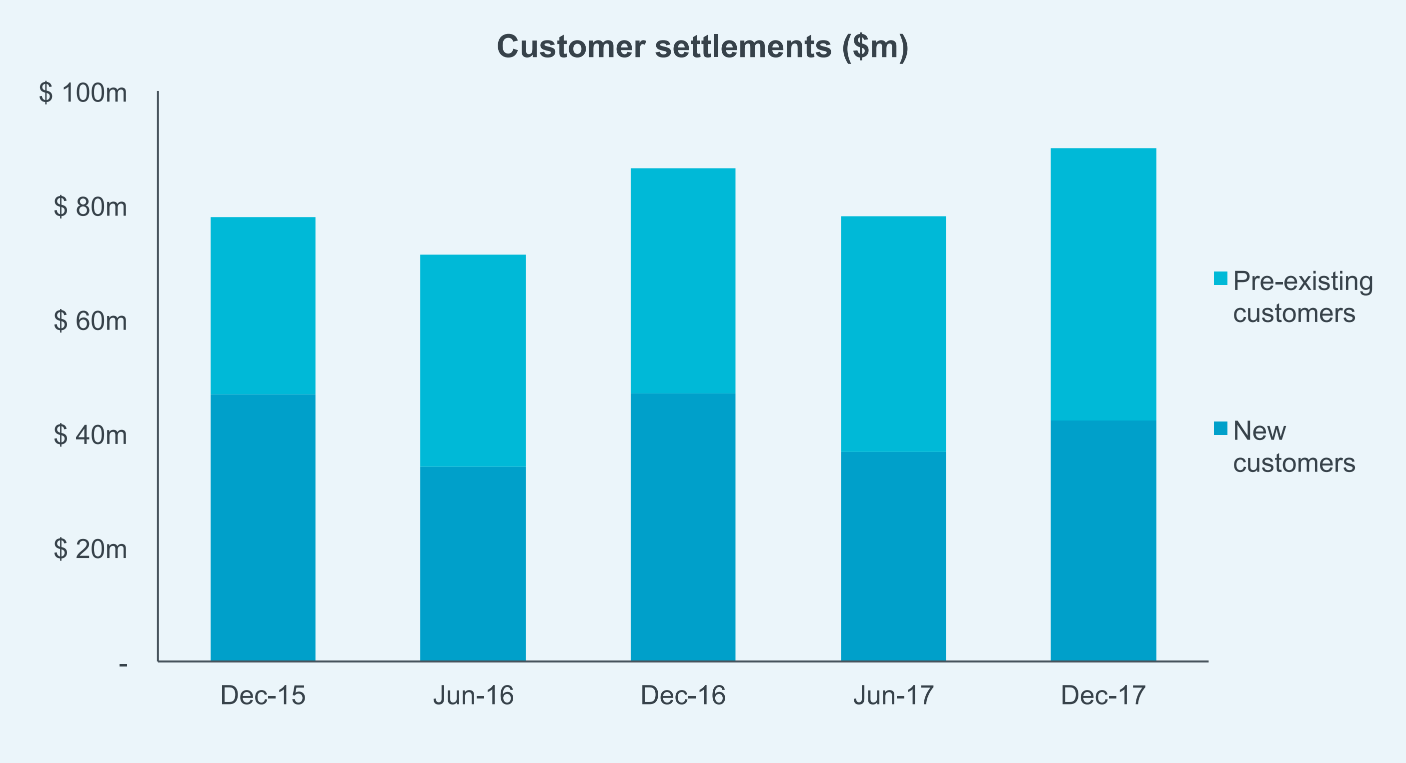
…resulting in continued growth in the consumer lending book…

Consumer lending book and revenue



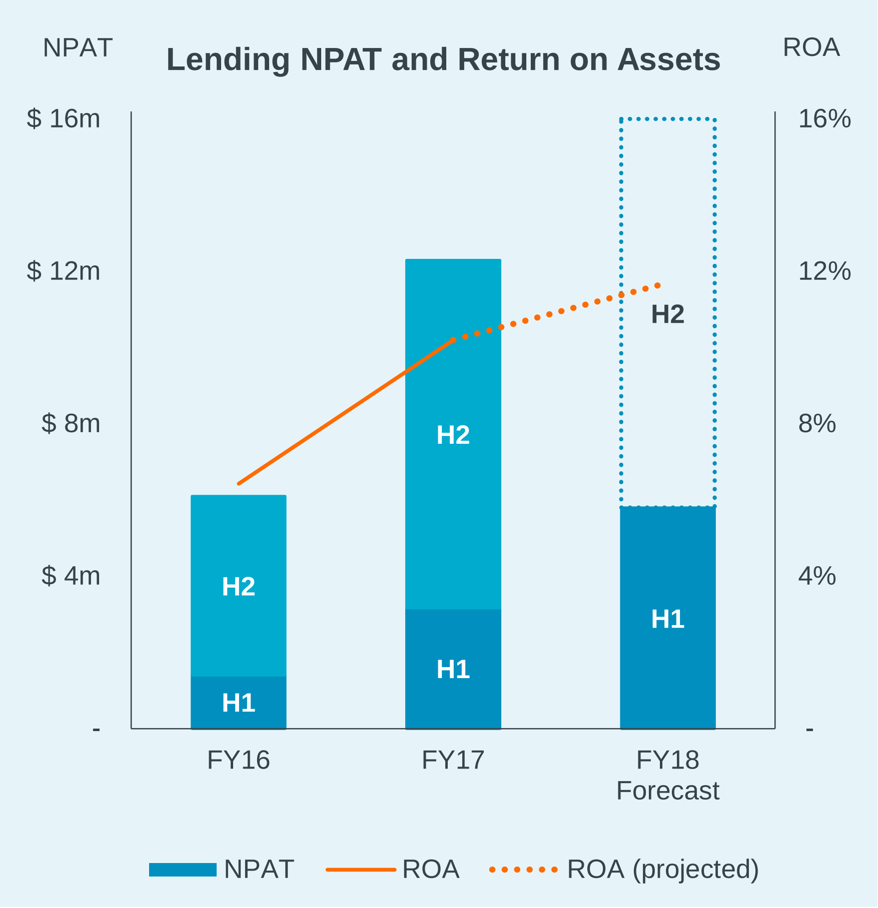
…driven by continued growth in lending volume

- Continued new customer acquisition and strong retention of existing customers



Consumer lending projected FY18 returns in line with pro-forma

- Projected ROA of 12% in FY18 in line with the hurdle 15% ROE with 20% gearing



US investment has increased as favourable conditions continue

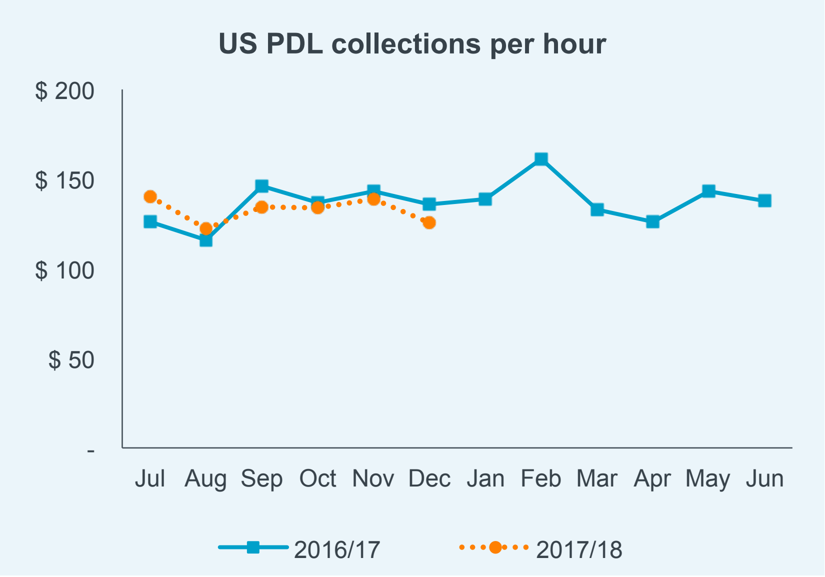
Credit Corp Group

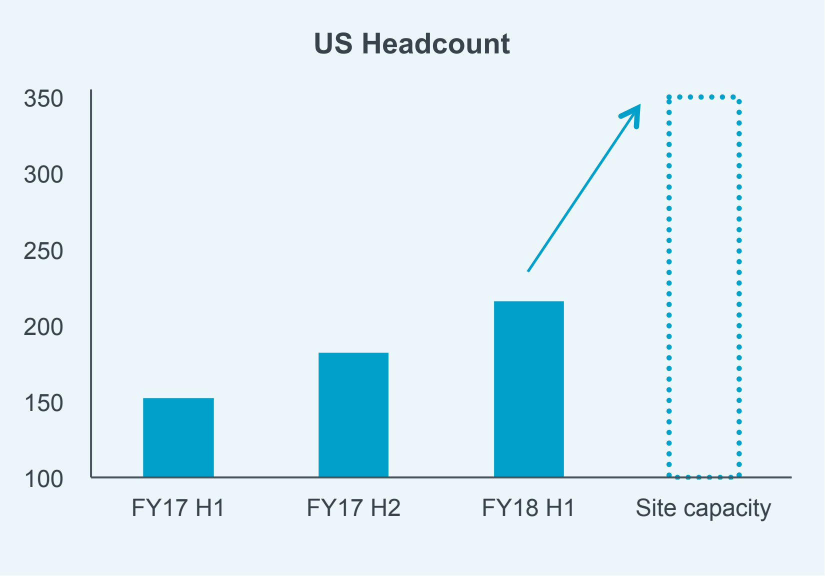
- **50% increase in face value acquired in H1**
  - Lower prices on re-bidding
  - 13% increase in purchasing outlay
- **Supply conditions continue to be favourable**
  - Charge-off rates increased from 3.47% (Q4 2016) to 3.57% (Q4 2017) [1]
  - Still well below long term historical charge-off rate of 4.5%
- **Competitors perceive favourable conditions will continue**
  - "*We are seeing signs of continued improvement in supply, as well as indications that it will continue for a foreseeable future…*" [2]
  - *"…increased charge-off rates and historically high US credit outstanding make us believe that supply will continue to increase availability and will fuel our ability to grow our investments…"* [3]

1. "Charge-off and delinquency rates on loans and leases at commercial banks", US Federal Reserve, https://www.federalreserve.gov/releases/chargeoff/chgallsa.htm
2. Encore Capital Group (NASDAQ: ECPG) Q3 2017 earnings call transcript
3. Portfolio Recovery Associates Group (NASDAQ: PRAA) Q3 2017 earnings call transcript

Operating metrics maintained as productive capacity grows

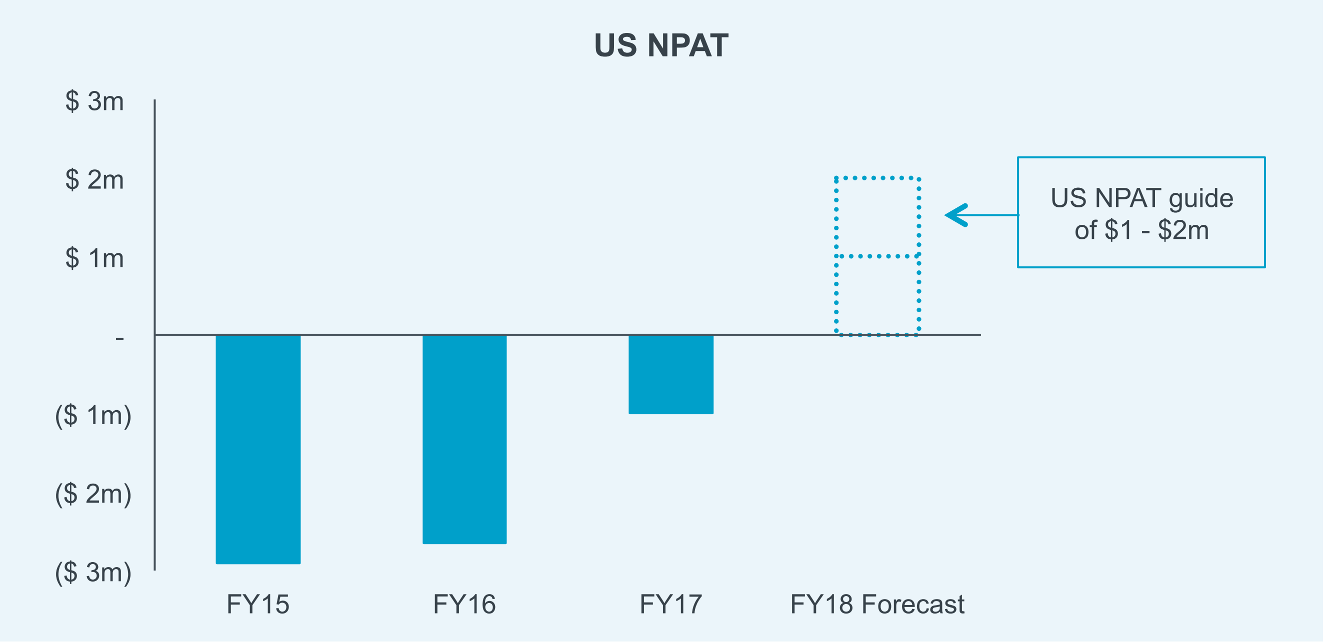
- US headcount has increased by 35% versus the pcp while maintaining productivity
- Payment arrangement book growing - now 60% of collections
- Continued focus on growing productive capacity
  - New site in process of being secured in Salt Lake City with capacity for 350+ FTE
  - Plan to establish second site in next 12 months





US operation now profitable

- On track to produce a full year profit and achieve up to ~$3m turnaround from FY17
- Purchasing at current levels will allow for significant profit growth in coming years



Positioned for growth into FY19 and beyond

Credit Corp Group

Segment	Strategic priorities
Aus/NZ debt buying	• Focus on continued operational improvement to retain competitive strengths • Maintain purchasing discipline and capital position to exploit opportunities as they arise
Aus/NZ lending	• Continue to grow unsecured cash loan Wallet Wizard product towards a book size of $200m+ • Accelerate other products presently in pilot e.g. car loans
US debt buying	• Expand collection capacity • Continue to refine collection model

Updated FY18 Guidance

	Updated guidance Nov 2017	Updated guidance Jan 2018
PDL acquisitions	$170 - $190m	**$190 - $200m**
Net lending	$35 - $45m	**$35 - $45m**
NPAT	$62 - $64m	**$62 - $64m**
EPS (basic)	130 - 134 cents	**130 - 134 cents**

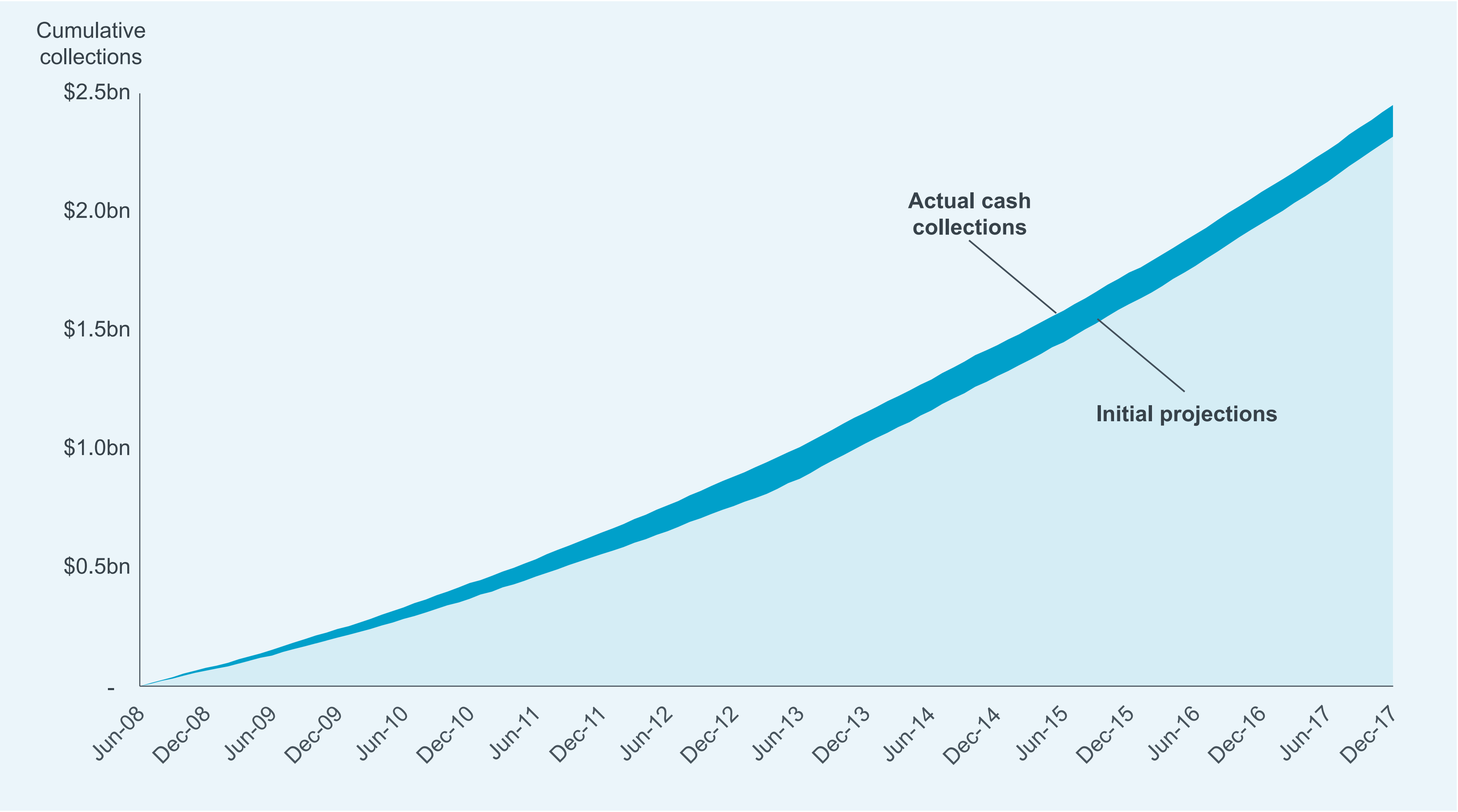
Questions

Appendix - Key operating metrics

Appendix 1 | Operating cash flows and gearing

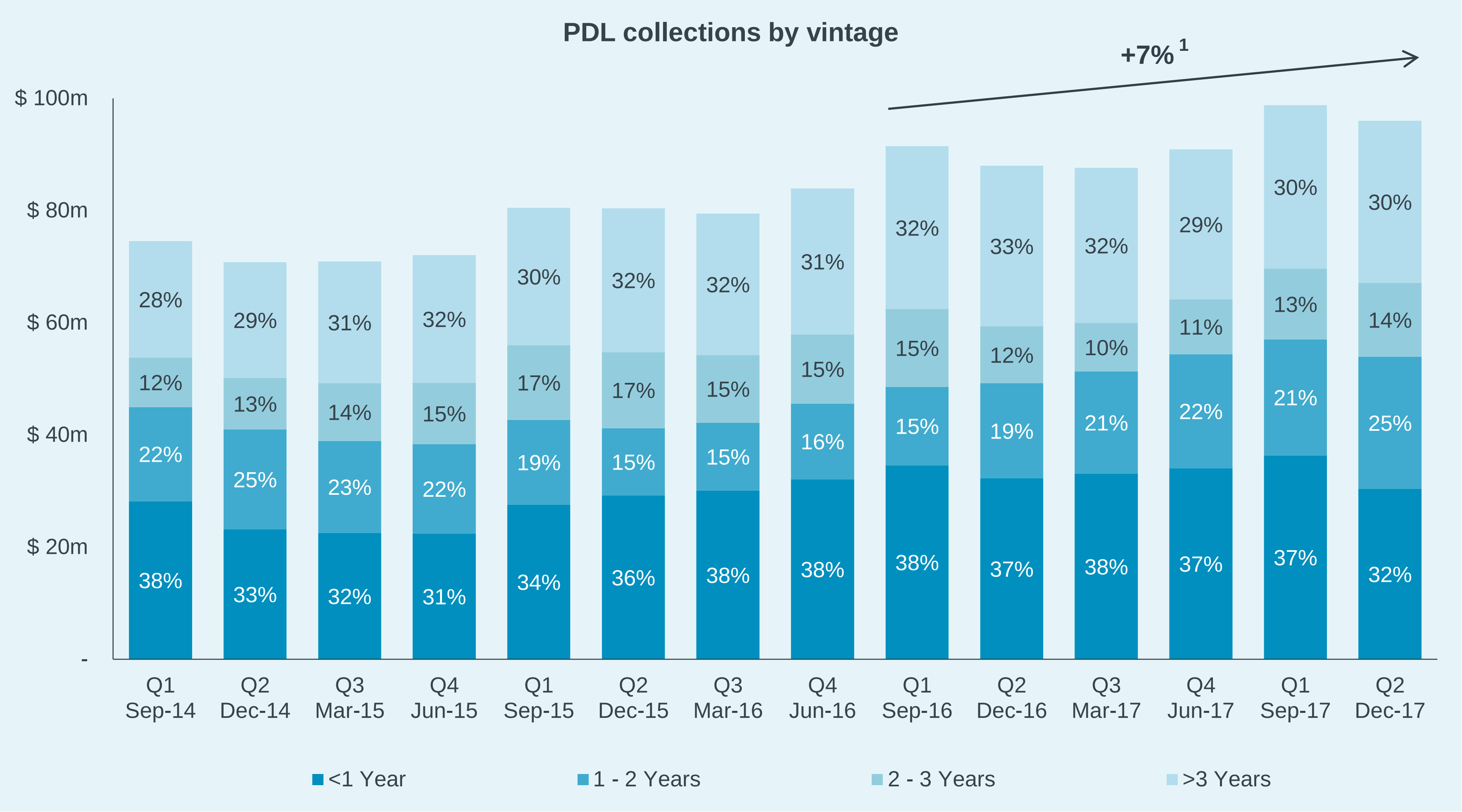
	Dec-17	Jun-17	Dec-16	Jun-16
Pre-tax operating cash flow	$150.0m	$139.6m	$134.5m	$123.7m
Tax payments	($15.8m)	($9.3m)	($1.4m)	($11.6m)
PDL acquisitions, net lending and capex	($135.8m)	($122.0m)	($179.9m)	($158.9m)
Net operating (free) cash flow	**($1.6m)**	**$8.3m**	**($46.8m)**	**($46.8m)**
PDL carrying value	$361.5m	$338.4m	$314.5m	$253.3m
Consumer loans net carrying value	$139.8m	$130.9m	$125.9m	$110.4m
Net borrowings	$219.9m	$203.5m	$200.5m	$139.6m
Net borrowings / carrying value (%)	**43.9%**	**43.4%**	**45.5%**	**38.4%**

Appendix 2 | Operational metrics - pricing discipline and accuracy



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

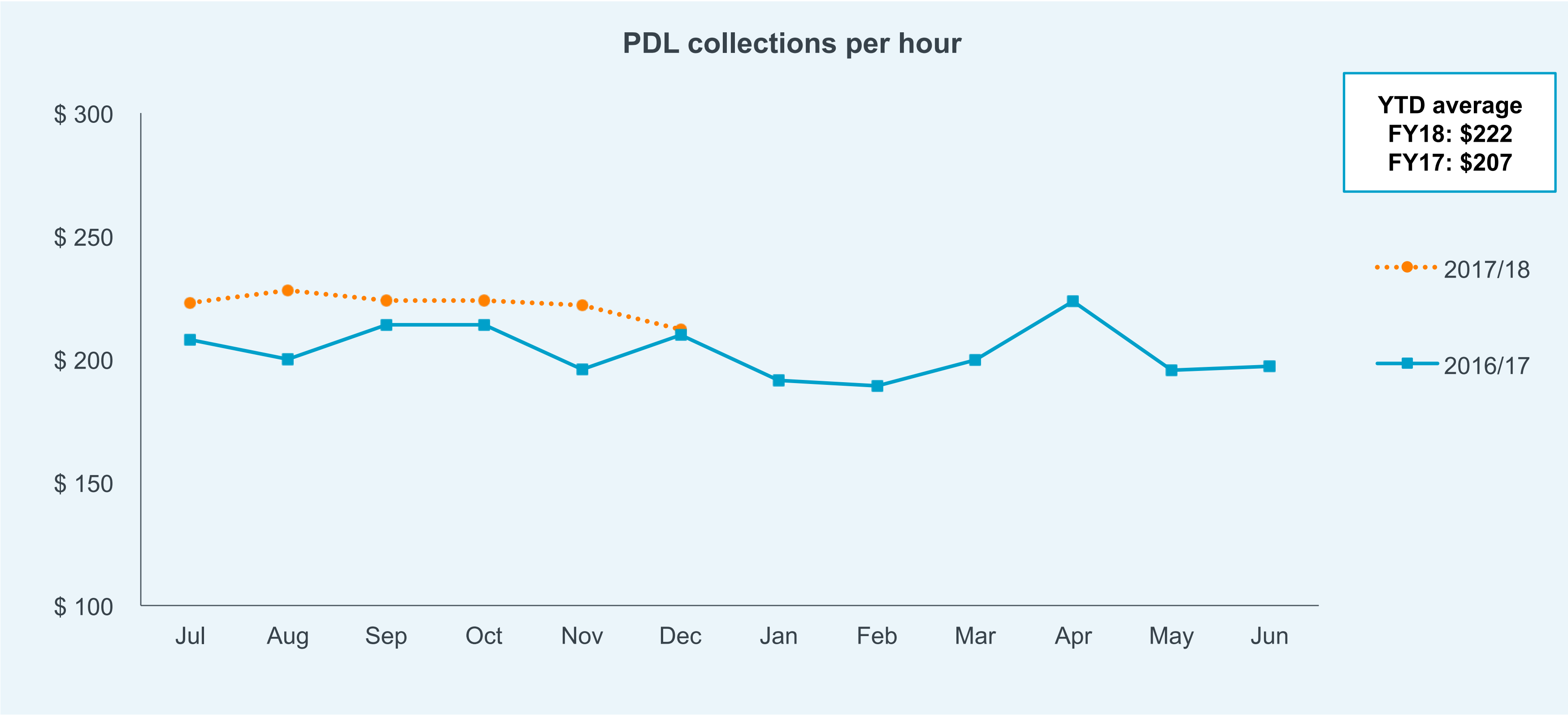
Appendix 3 | Operational metrics - collection life-cycle



1. 7% growth in FY18 H1 vs. FY17 H1

Appendix 4 | Operational metrics - productivity

Debt purchase productivity (direct collection staff only)



Appendix 5 | Operational metrics - payers base

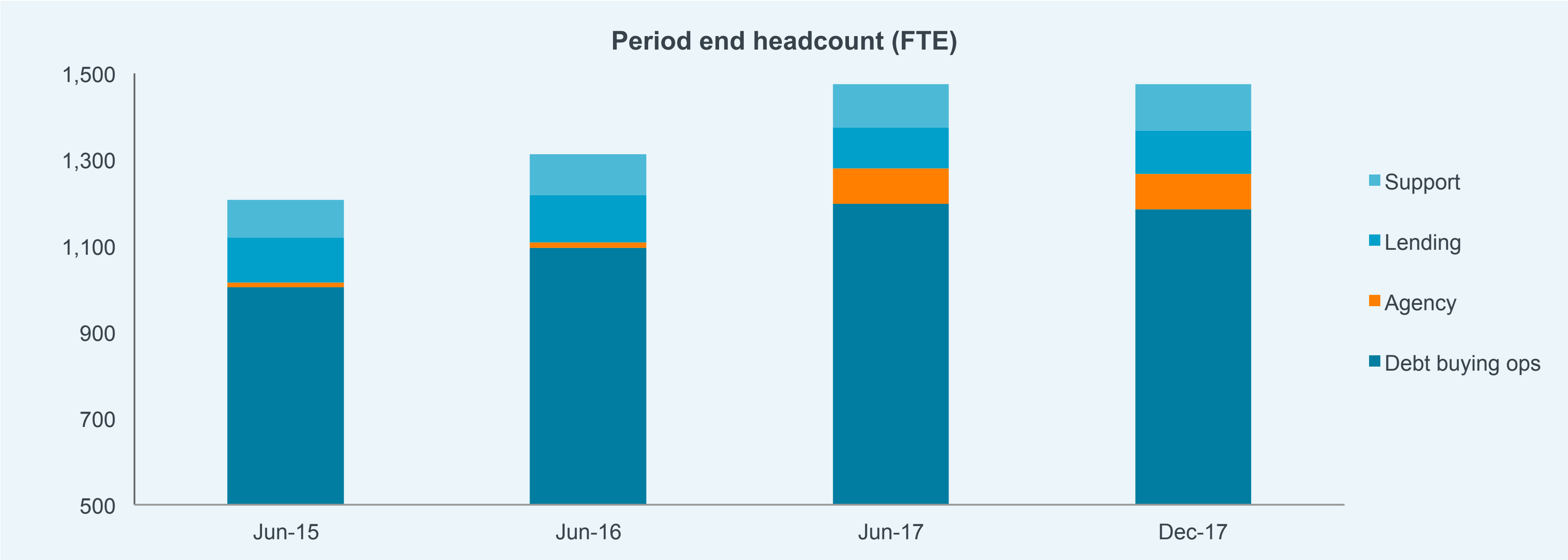
Credit Corp Group

Total portfolio	Dec 15	Jun 16	Dec 16	Jun 17	Dec 17
Face value	$5.1bn	$5.3bn	$5.7bn	$5.8bn	$5.9bn
Number of accounts	687,000	673,000	699,000	716,000	710,000

Payment arrangements					
Face value	$1,099m	$1,171m	$1,235m	$1,300m	$1,300m
Number of accounts	139,000	147,000	151,000	157,000	153,000
% of PDL collections	**76%**	**78%**	**77%**	**80%**	**78%**

Appendix 6 | Operational and total headcount

Period end headcount (FTE)



Function	Jun 15	Jun 16	Jun 17	Dec 17
Debt buying operations	1,004	1,096	1,198	1,193
Agency	11	13	81 *	81
Lending	104	108	95	100
Support	88	96	101	101
Total	**1,207**	**1,313**	**1,475**	**1,475**
Support %	7%	7%	7%	7%

* Reflects NCML acquisition in September 2016