



Credit Corp Group

# ANNUAL GENERAL MEETING

FY2022 PERFORMANCE UPDATE

Thomas Beregi, CEO

## BUILDING MOMENTUM

# Continued leadership in the credit-impaired consumer segment ...

## ANALYTICS & DISCIPLINE

### Australian / NZ debt buying

- Largest 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

- Highest asset turnover <sup>1</sup>
- Lowest cost to collect <sup>2</sup>
- High performing on-shore and off-shore platforms
- Leading technology and use of data

- Significant growth in productive capacity with opening of second site
- Emphasis on payment arrangements and a lower proportion of litigated outcomes

- Automated decisioning
- Collection strength
- Unmatched efficiency

## SUSTAINABILITY & COMPLIANCE

- 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'
- Superior 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 1.2x  
2. FY2022 cash costs as a proportion of collections in the Australian Debt Ledger Purchasing segment of 35%

# ... has delivered a solid operational start to FY2022 ...



- Collections on track
  - Strong result despite limited investment
  - Improved productivity
  - Q12020 comparative demonstrates impact of Government stimulus on Q12021 result
  
- Operational capacity recovering
  - Return to more 'normal' labour market conditions in US

Consolidated  
debt buying



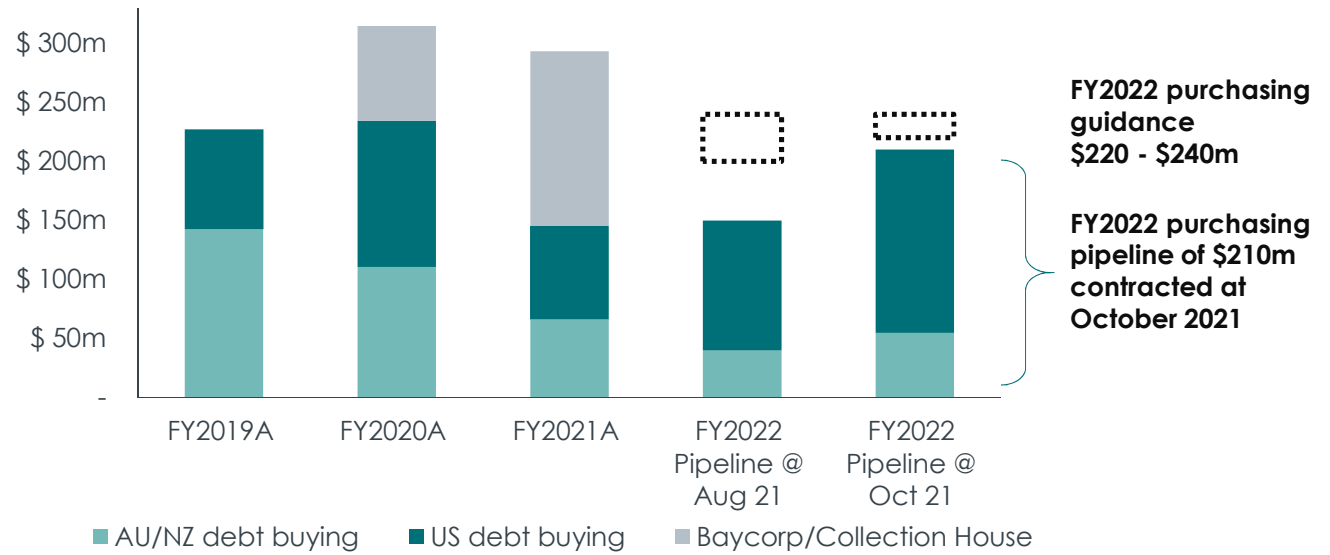
	Q1 FY2022	Δ Q1 2021 <sup>1</sup>	Δ Q1 2020 <sup>1</sup>
<b>Collections</b>	\$130m	(3%)	20%
<b>Productivity</b>	\$323 per hour	8%	27%
<b>Operations headcount <sup>2</sup></b>	1,249	(3%)	(2%)
<b>Payers book <sup>2</sup></b>	\$1,764m	10%	21%

1. Previous period comparatives restated for constant currency  
2. As at September 2021

# ... and a growing purchasing outlook ...

- Increased share in all markets offset by subdued PDL supply
- Opportunity to accelerate purchasing as supply recovers

## PDL INVESTMENT



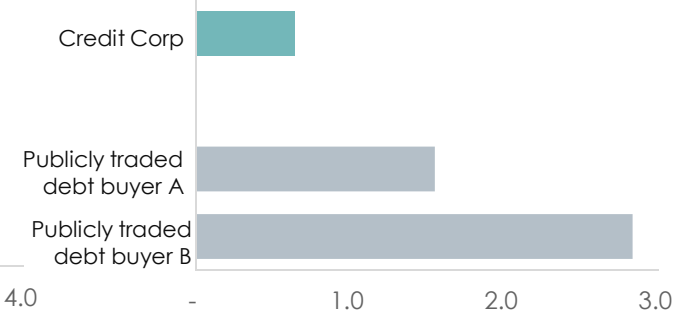
# ... supported by industry leading compliance metrics ...

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

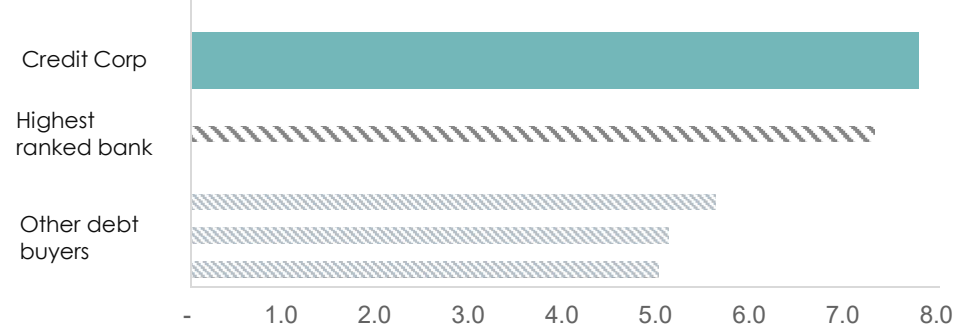
**FY2021 AUS EDR rate <sup>1</sup>**



**12 months to Jun-21 US dispute rate <sup>2</sup>**



**Rating of banks & debt buyers by financial counsellors in 2019 <sup>3</sup> (score out of 10)**



1. No. of complaints reported by External Dispute Resolution (EDR) provider (The Australian Financial Complaints Authority) for the 12 month period to Jun-21 divided by total annual PDL collections expressed in millions of dollars

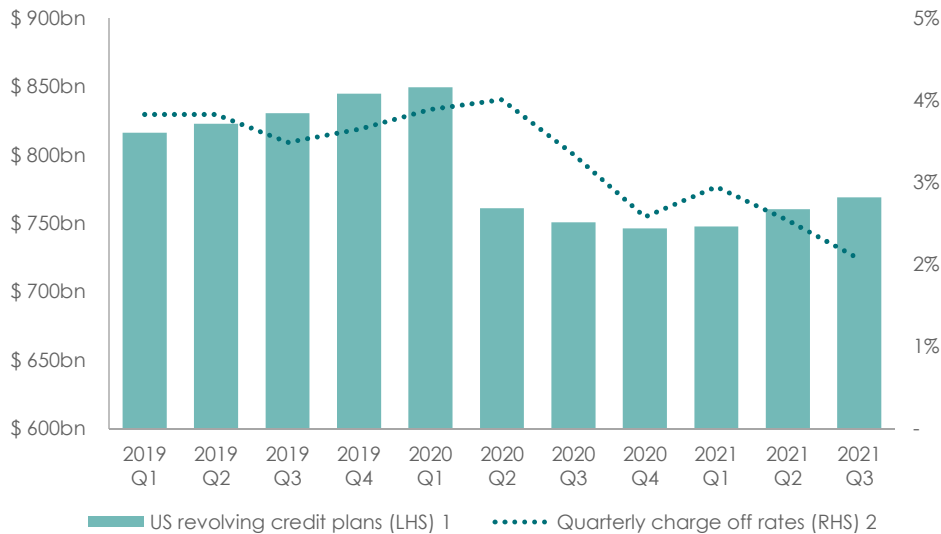
2. Complaint metrics from Consumer Financial Protection Bureau (CFPB) database for the 12 months to Jun-2021 divided by reported collections [https://www.consumerfinance.gov/data-research/consumer-complaints/search/?from=0&searchField=all&searchText=&size=25&sort=created\\_date\\_desc](https://www.consumerfinance.gov/data-research/consumer-complaints/search/?from=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

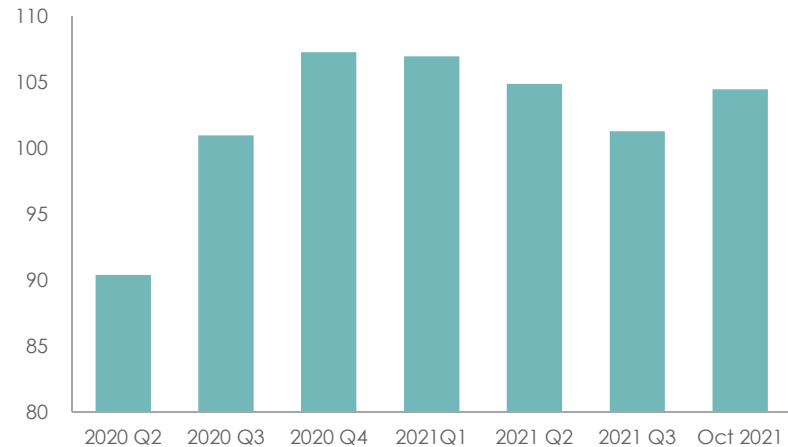
# ... with the potential for additional growth as PDL supply recovers ...

- Strong US credit growth should see charge-off rates increase in medium-term
- Lockdowns and restrictions in Aus have suppressed unsecured credit use but consumer credit card usage is increasing as restrictions ease

## US REVOLVING CREDIT MARKET



## AUS CREDIT CARD USAGE INDEXED TO PRE-COVID COMPARATIVE PERIOD <sup>3</sup>

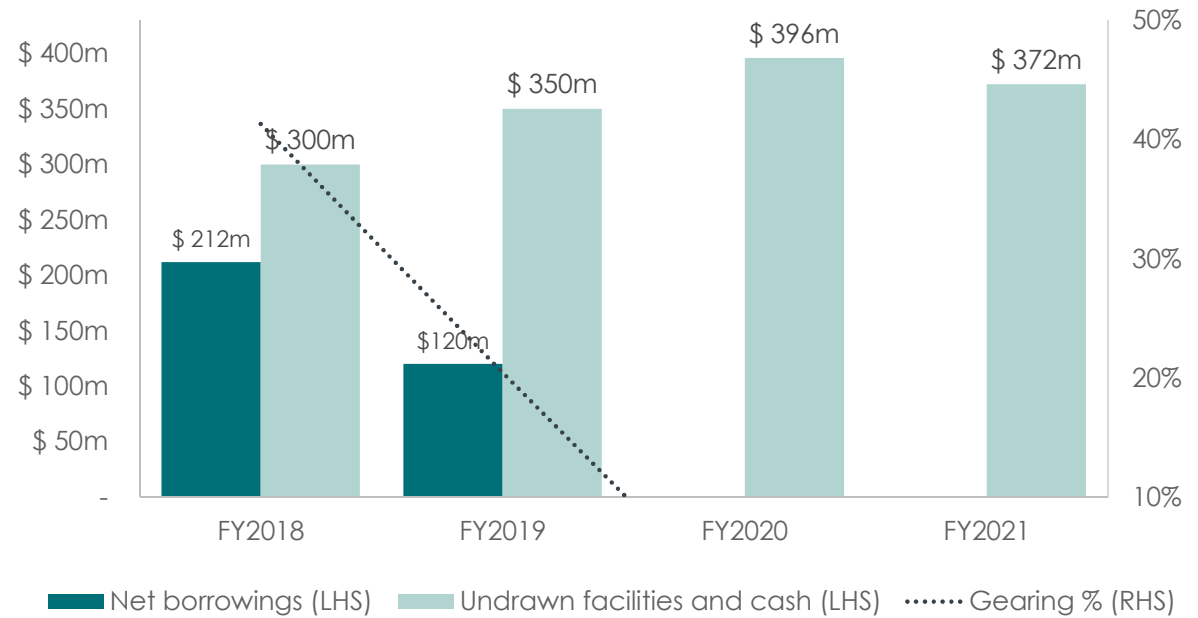


1. Total Revolving Credit Outstanding, Federal Reserve Economic Data (<https://fred.stlouisfed.org/graph/?g=KHD>)  
 2. Charge-Off Rate on Credit Card Loans, All Commercial Banks, Federal Reserve Economic Data (<https://fred.stlouisfed.org/series/CORCCACBN>)  
 3. Westpac card tracker 21 October 2021 <https://westpac.westpac.com.au/Article/50050> indexed to same period in 2019

# ... and the capital to seize opportunities as conditions change

- Capital position critical to securing opportunities like the Collection House PDL acquisition
- Strong position to maximise investment as PDL supply recovers

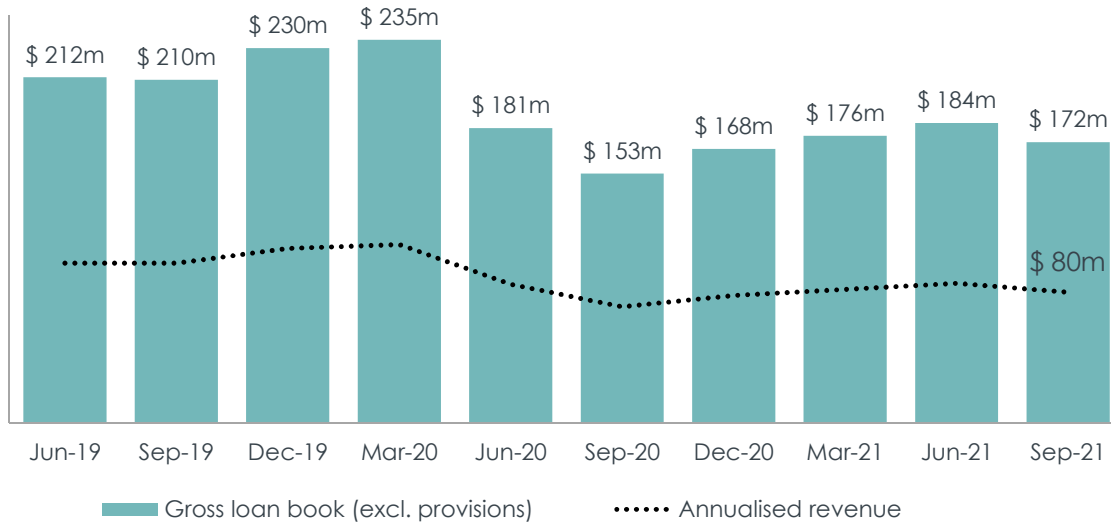
### FACILITY HEADROOM AND GEARING



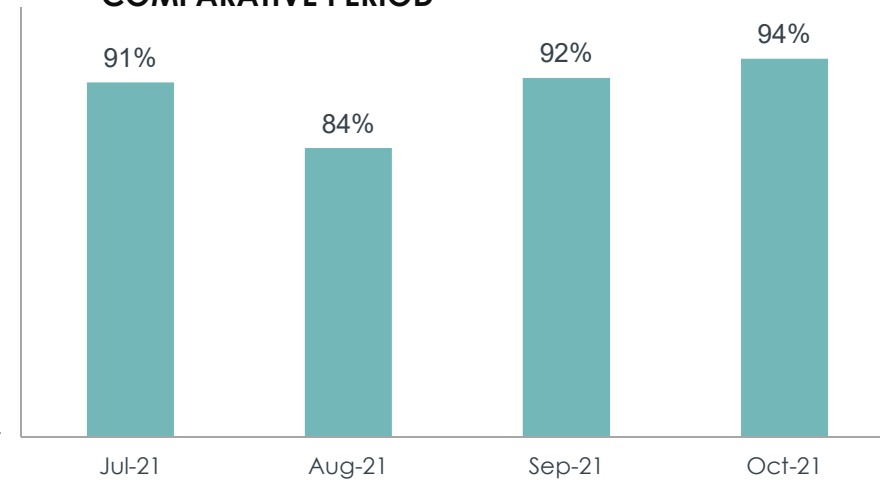
# Lending impacted by lockdowns, but recovering strongly

- Loan book run off during Q1 FY2022
- Strong recovery as lockdown eased in NSW/VIC
- Advertising in place to drive volume over the upcoming seasonal peak

## CONSUMER LENDING BOOK AND REVENUE



## LENDING VOLUMES INDEXED TO PRE-COVID COMPARATIVE PERIOD <sup>1</sup>



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



# New product development on track, including US commencement

<p><b>US Consumer Lending</b></p>	<ul style="list-style-type: none"> <li>▪ Pilot underway</li> <li>▪ Wallet Wizard branded loan</li> <li>▪ Pilot commenced in one state, expanding to 7 over coming months (population: 50 million)</li> </ul>	
<p><b>Auto Lending</b></p>	<p>Product relaunched in Q4 FY2021</p> <ul style="list-style-type: none"> <li>▪ Record monthly volumes</li> <li>▪ Strong broker take-up</li> </ul>	
<p><b>Buy Now Pay Later</b></p>	<p>Pilot commenced</p> <ul style="list-style-type: none"> <li>▪ 250 merchants operational</li> <li>▪ Encouraging new customer acquisition</li> </ul>	

## Refined guidance reflects strong investment pipeline

	<b>FY2022 initial guidance</b>	<b>FY2022 revised guidance</b>
Ledger investment	\$200 - \$240 million	\$220 - \$240 million
Net lending	\$45 - \$55 million	\$45 - \$55 million
NPAT	\$85 - \$95 million	\$85 - \$95 million
EPS (basic)	126 - 141 cents	126 - 141 cents



Credit Corp Group

## Appendices: Key Operating Metrics

Appendix 1: Pricing discipline and accuracy

Appendix 2: Collections life cycle

Appendix 3: Productivity

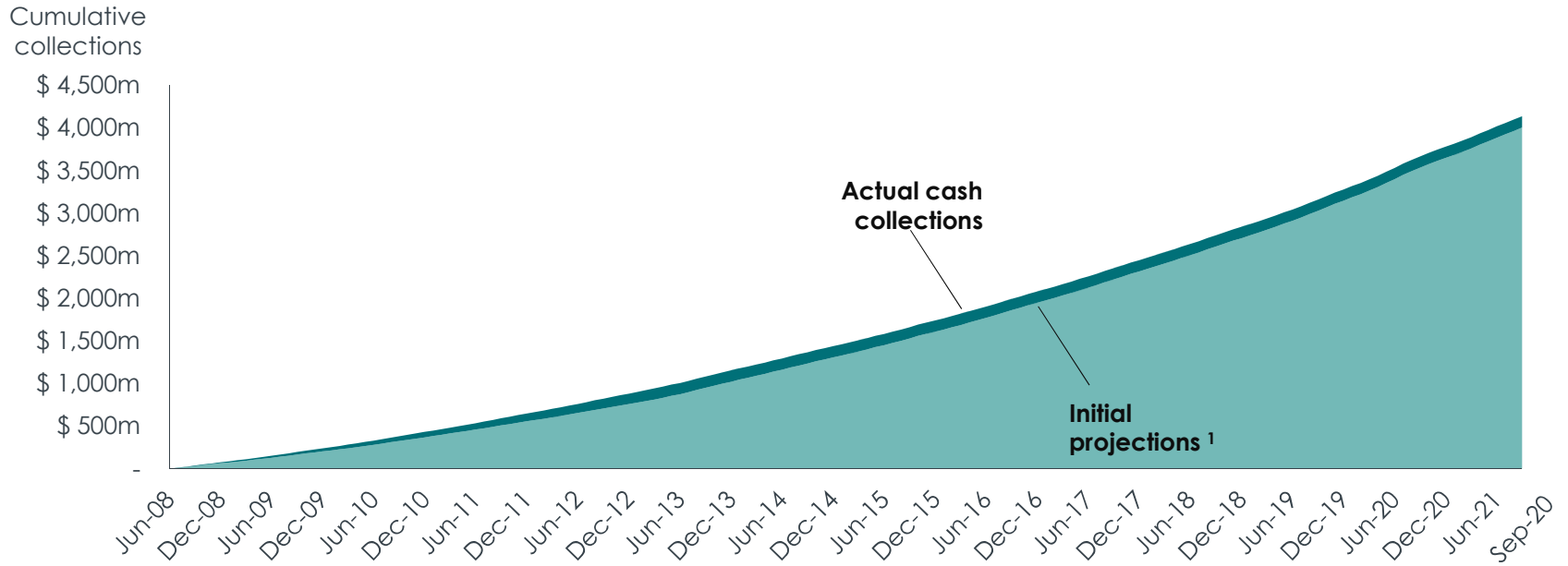
Appendix 4: Operational metrics

Appendix 5: Payers base

Appendix 6: Operational and total headcount

# Pricing discipline and accuracy

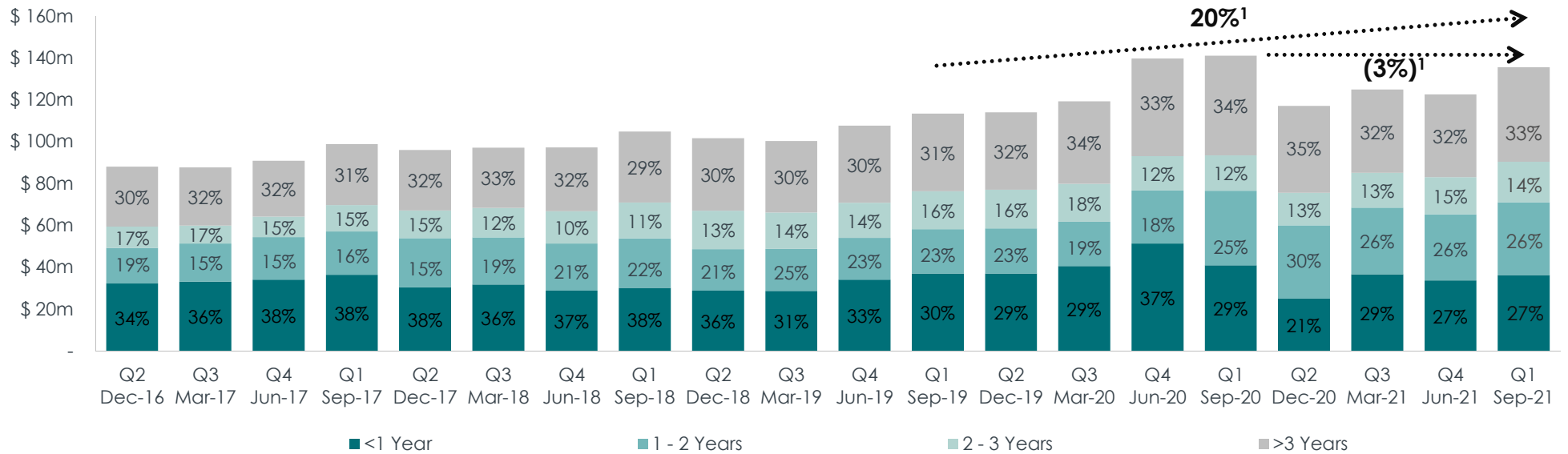
## PRICING DISCIPLINE AND ACCURACY



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

# Collections life cycle

## PDL COLLECTIONS BY VINTAGE

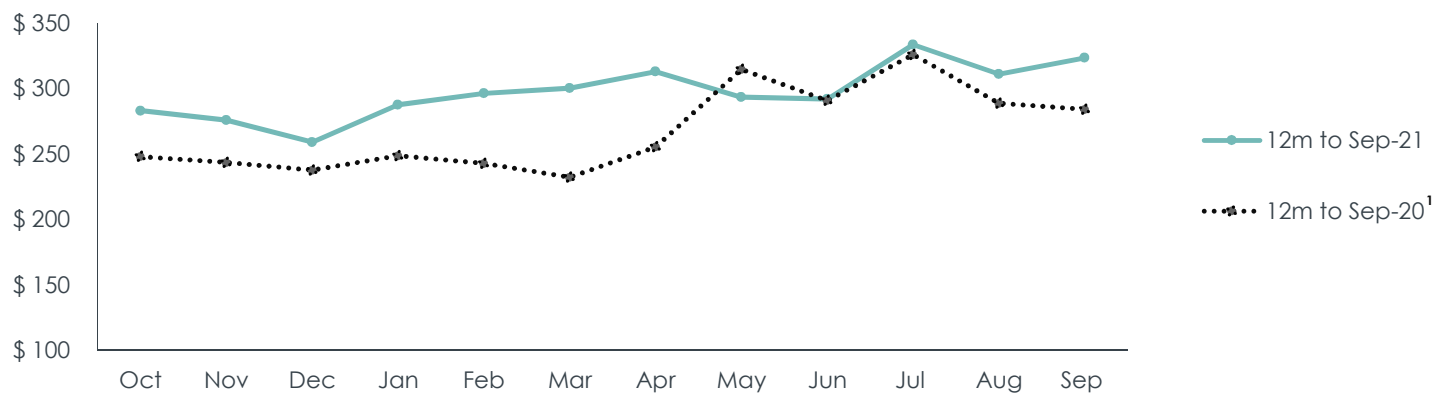


1. Prior years restated for FY2022 YTD average exchange rate

APPENDIX 3  
**Productivity**



**PDL COLLECTIONS PER HOUR**



**YTD Oct -2021 average**

**FY2022: \$323**  
**FY2021: \$300**

1. Prior year restated for Q1 FY2022 YTD average exchange rate

# Operational Metrics

## AU/NZ debt buying



	Q1 FY2022	Δ Q1 2021 <sup>1</sup>	Δ Q1 2020 <sup>1</sup>
<b>Collections</b>	\$93m	(7%)	11%
<b>Productivity</b>	\$315 per hour	-	13%
<b>Operations headcount <sup>2</sup></b>	911	(1%)	4%
<b>Payers book <sup>2</sup></b>	\$1,512m	10%	18%

## US debt buying



	Q1 FY2022	Δ Q1 2021 <sup>1</sup>	Δ Q1 2020 <sup>1</sup>
<b>Collections</b>	\$37m	6%	48%
<b>Productivity</b>	\$342 per hour	24%	76%
<b>Operations headcount <sup>2</sup></b>	338	(8%)	(14%)
<b>Payers book <sup>2</sup></b>	\$252m	10%	49%

1. Prior year collections adjusted for the Q1 2022 average exchange rate

2. As at September 2021

# Payers base

## PORTFOLIO SUMMARY: AU/NZ DEBT BUYING ONLY

<b>Total portfolio</b>	<b>Jun-18</b>	<b>Dec-18</b>	<b>Jun-19</b>	<b>Dec-19</b>	<b>Jun-20</b>	<b>Dec-20</b>	<b>Jun-21</b>	<b>Sep-21</b>
Face value	\$6.0b	\$6.2b	\$6.4b	\$7.8b	\$7.7b	\$8.6b	\$8.5b	\$8.2b
Number of accounts	710,000	753,000	786,000	1,268,000	1,193,000	1,392,000	1,326,000	1,276,000
<b>Payment arrangements</b>								
Face value	\$1,300m	\$1,300m	\$1,300m	\$1,400m	\$1,350m	\$1,550m	\$1,600m	\$1,510m
Number of accounts	157,000	154,000	157,000	200,000	195,000	219,000	217,000	213,000
<b>% of PDL collections</b>	<b>81%</b>	<b>79%</b>	<b>78%</b>	<b>81%</b>	<b>73%</b>	<b>82%</b>	<b>83%</b>	<b>84%</b>

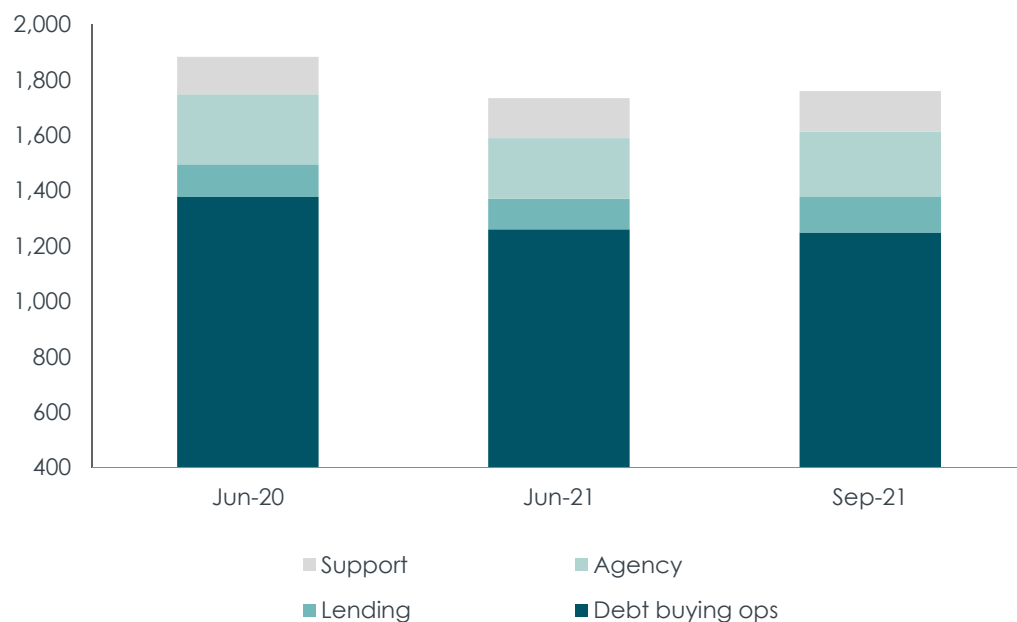


APPENDIX 6

# Operational and total headcount



PERIOD END HEADCOUNT (FTE)



PERIOD END HEADCOUNT (FTE)

	Jun-20	Jun-21	Sep-21
Debt buying operations	1,378	1,261	1,249
Agency	251	218	235
Lending	118	111	129
Support	135	143	146
<b>Total</b>	<b>1,882</b>	<b>1,733</b>	<b>1,759</b>
Support %	7%	8%	8%