



Credit Corp Group

Market Update

26 April 2022

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**BUILDING
MOMENTUM**



Leadership across separate markets comprising 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

- 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'
- Lower pricing disrupting the market

Target

Long-term growth

ROE 16% - 18%

Low gearing

1. H1 FY2022 ratio of cash collections from PDLs to average PDL carrying value in Australian Debt Ledger Purchasing segment of 1.2x
2. H1 FY2022 cash costs as a proportion of collections in the Australian Debt Ledger Purchasing segment of 35%

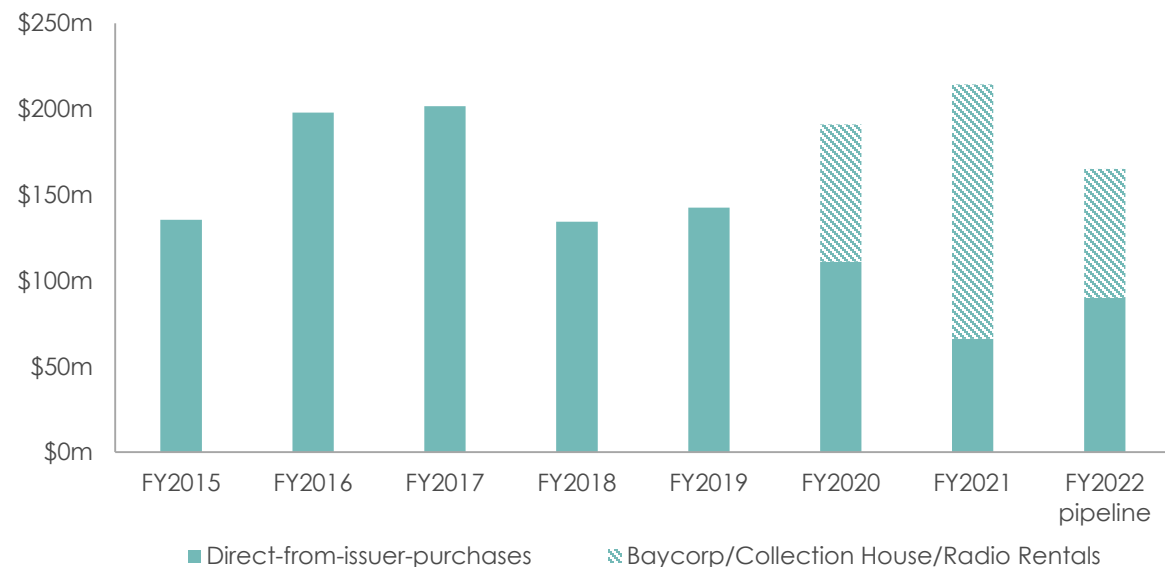
... has provided flexibility to adapt to challenging market conditions

Business segment	Market conditions	Response
AUS/NZ debt buying	<ul style="list-style-type: none"> ▪ Reduced direct from issuer sale volumes ▪ Limited indications of a recovery 	<ul style="list-style-type: none"> ▪ Apply differentiated sustainability and compliance position to maximize share in a diminished market ▪ Secondary and one-off purchases to offset short-term impact (Baycorp, Collection House, Radio Rentals) ▪ Maintain pricing discipline
US debt buying	<ul style="list-style-type: none"> ▪ Reduced direct from issuer sale volumes ▪ Signs of a recovery ▪ Tight labour market conditions 	<ul style="list-style-type: none"> ▪ Increase share to grow investment ▪ Purchase in excess of existing headcount capacity and implement strategies to preserve asset returns ▪ Maintain pricing discipline
AUS/NZ consumer lending	<ul style="list-style-type: none"> ▪ Recovery in cash loan demand ▪ Low arrears and losses 	<ul style="list-style-type: none"> ▪ Increase advertising to capture opportunity ▪ Revert to pre-COVID credit settings

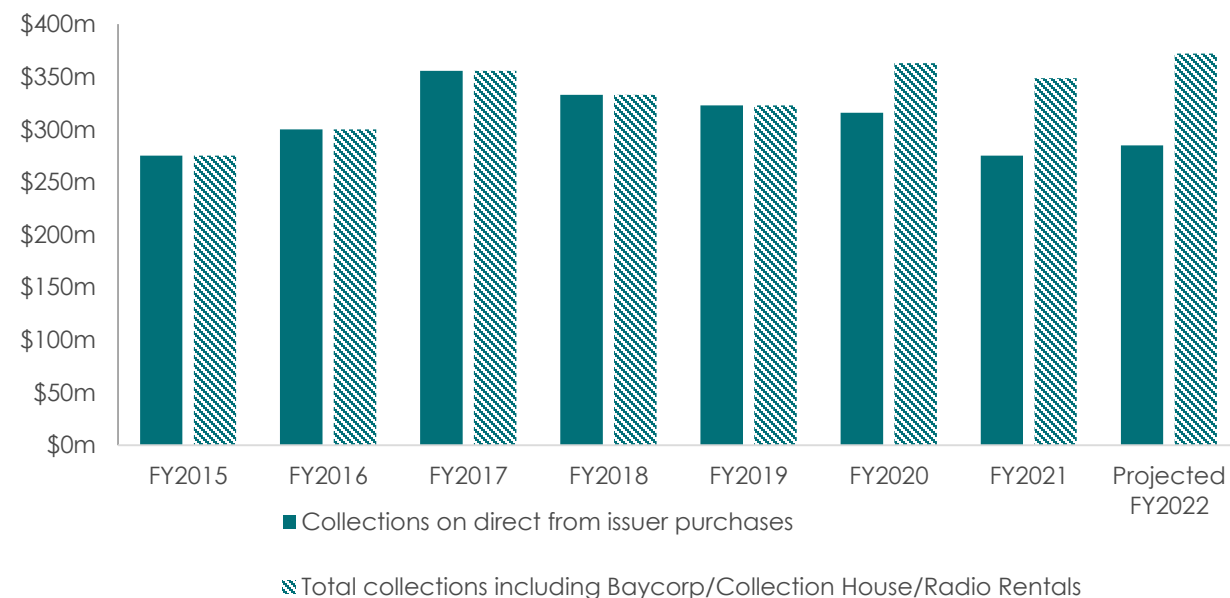
Reduced direct from issuer sale volumes are impacting AUS/NZ collections...

- Direct from issuer volumes averaging 55 per cent of pre-COVID 5 year average
- One-offs have filled the gap
- Acquired payment arrangements now running off

AUS/NZ PDL INVESTMENT



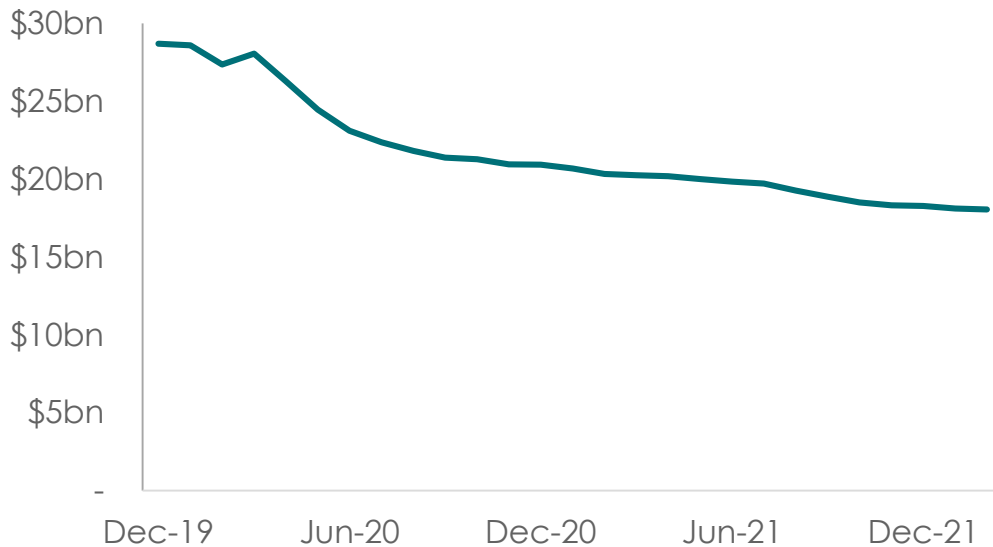
AUS/NZ COLLECTIONS



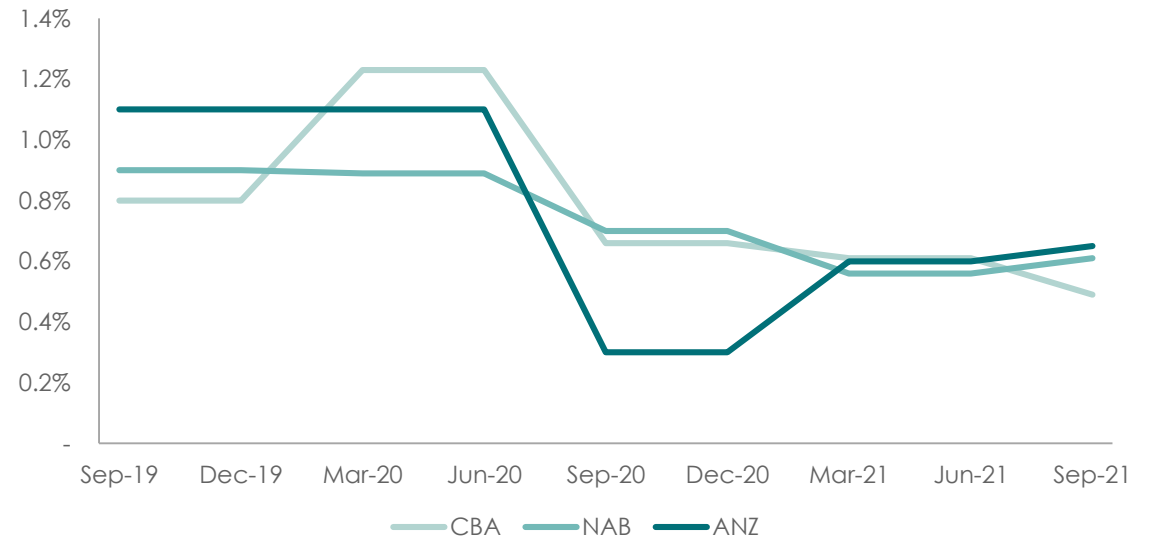
... and the data does not suggest a recovery in AUS/NZ sale volumes

- Unsecured credit balances 36 per cent down on pre-COVID levels
- Loss rates remain at historic lows

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>,

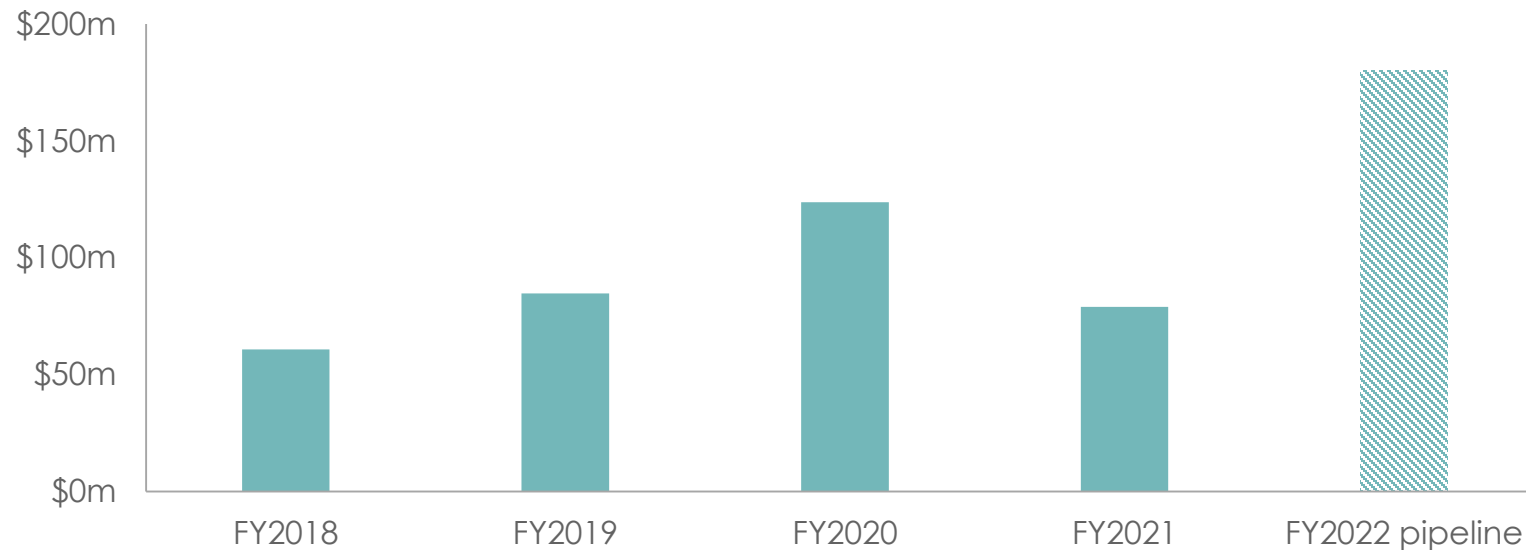
CBA - <https://www.commbank.com.au/content/dam/commbank-assets/investors/docs/results/1h22/Investor-Presentation-February-2022.pdf>

NAB - <https://www.nab.com.au/content/dam/nab/documents/reports/corporate/2021-investor-presentation.pdf>

Increased share is driving US investment growth ...

- ➔ Initial 50 per cent reduction in charge-off volumes due to pandemic ¹
- Additional allocation from existing sale clients supplemented with new relationships

US PURCHASING (A\$m)



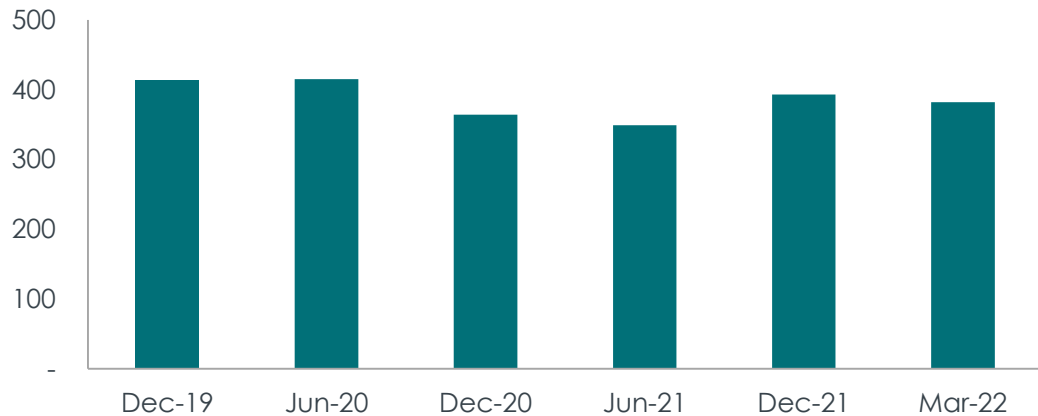
1. Investment by publicly traded US debt buyers bottomed at 50 per cent below pre-pandemic levels in Q1, 2021. Portfolio Recovery Associates (NASDAQ: PRAA) described their market share in that period as 'stable' in their earnings call implying a 50 per cent reduction in market volume.

... and will drive earnings growth

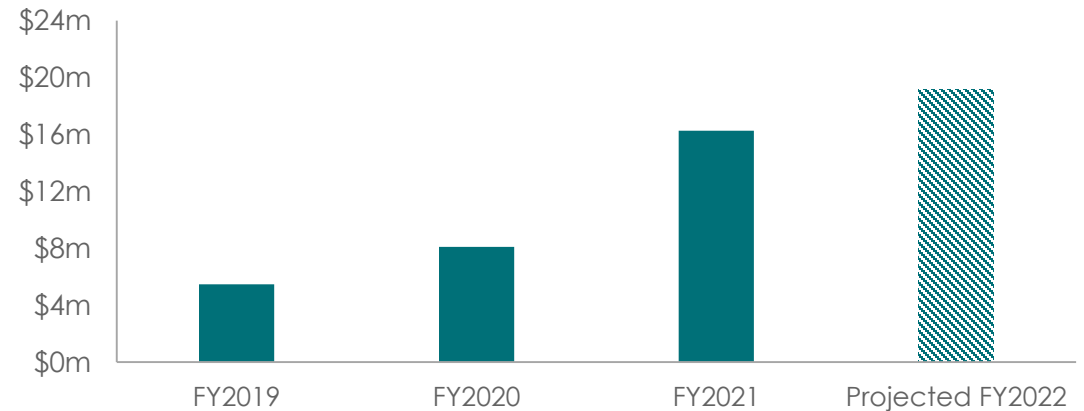


- Labour market challenges are suppressing the conversion of purchasing into earnings in the current year
- Measures in place:
 - Philippines shift to commence in July-22
 - Improved analytics to identify accounts for legal outsourcing
 - Increased use of digital collections
 - Improved recruitment

US OPERATIONS HEADCOUNT



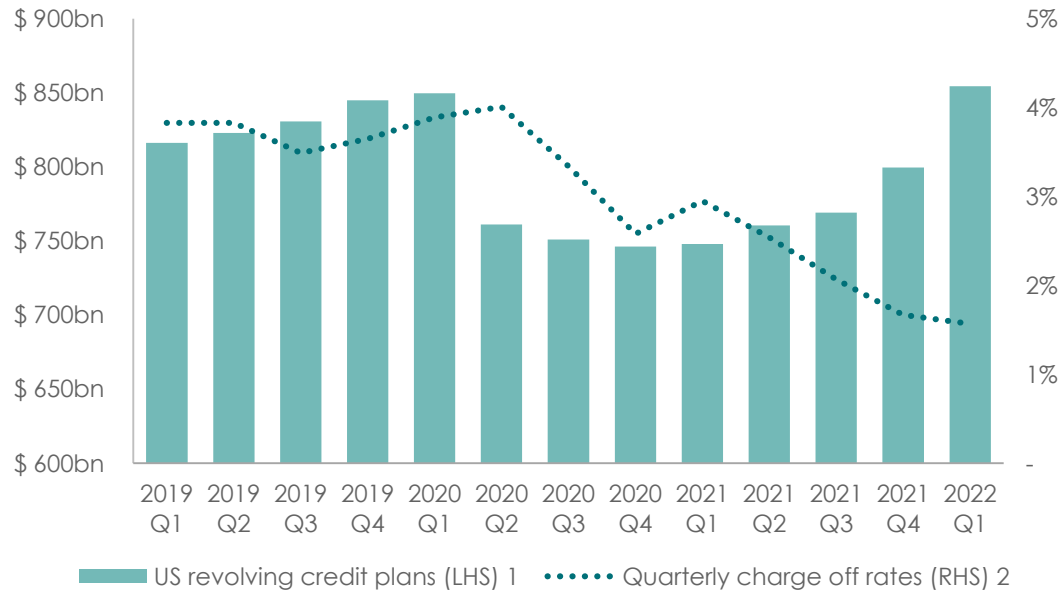
US NPAT (A\$m)



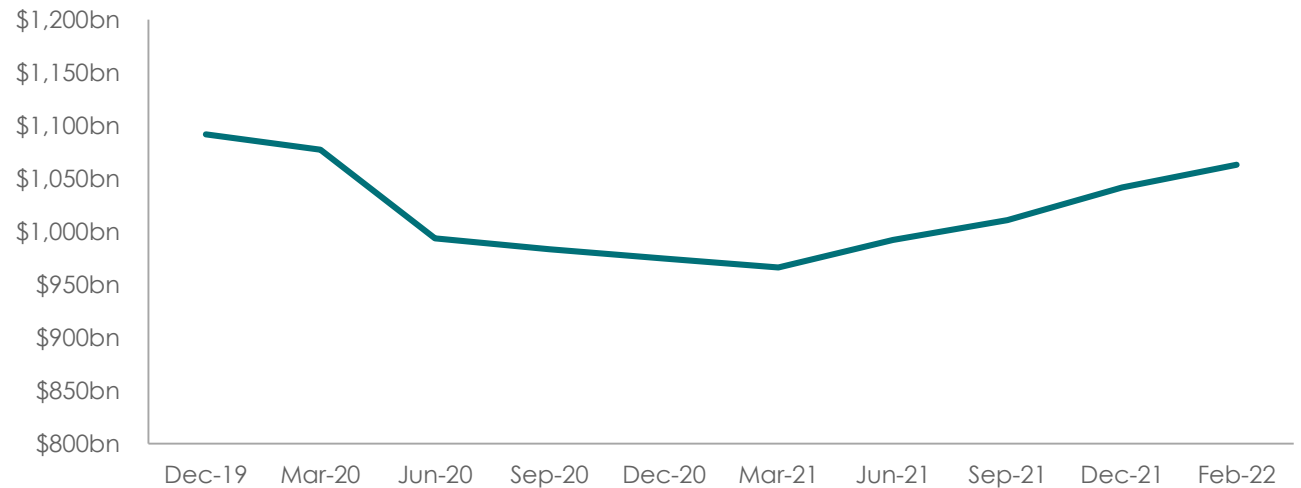
Strong signs of increased US PDL supply

- Unsecured credit balances now recovered to pre-COVID levels
- Purchase volumes on some forward flows have already increased by 15 per cent in recent months

US REVOLVING CREDIT MARKET



US UNSECURED CREDIT BALANCES ³

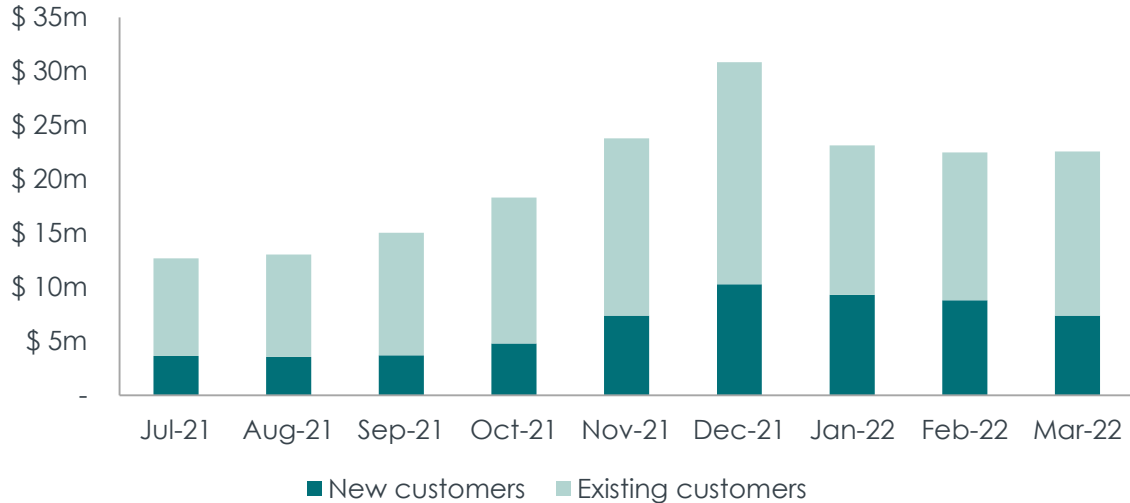


1. Total Revolving Credit Outstanding, Federal Reserve Economic Data (<https://fred.stlouisfed.org/series/CCLACBW027SBOG>)
 2. Charge-Off Rate on Credit Card Loans, All Commercial Banks, Federal Reserve Economic Data (<https://fred.stlouisfed.org/series/CORCCACBN>)
 3. US outstanding unsecured credit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

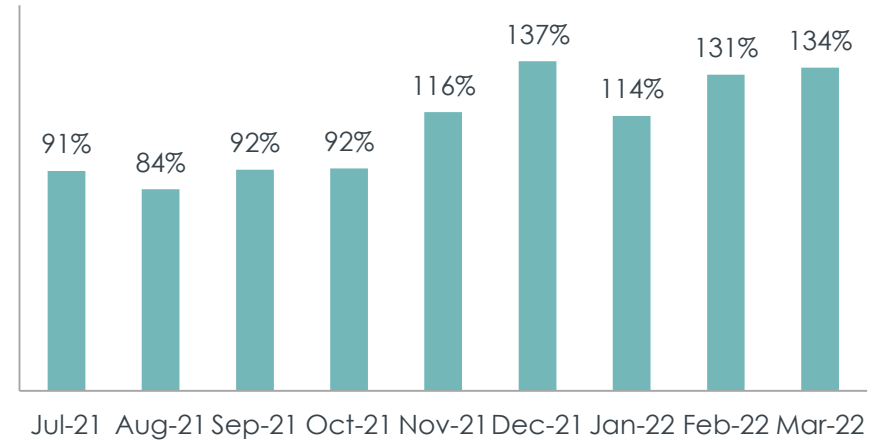
Loan volume now exceeding pre-pandemic levels ...

- ➔
 - Strong recovery from Nov-21
 - Credit settings at pre-COVID levels
 - Increased new and returning customer volume
 - ‘Above-the-line’ advertising resumed for the June quarter to capture the opportunity

CONSUMER LENDING SETTLEMENTS (NEW AND RETURNING)



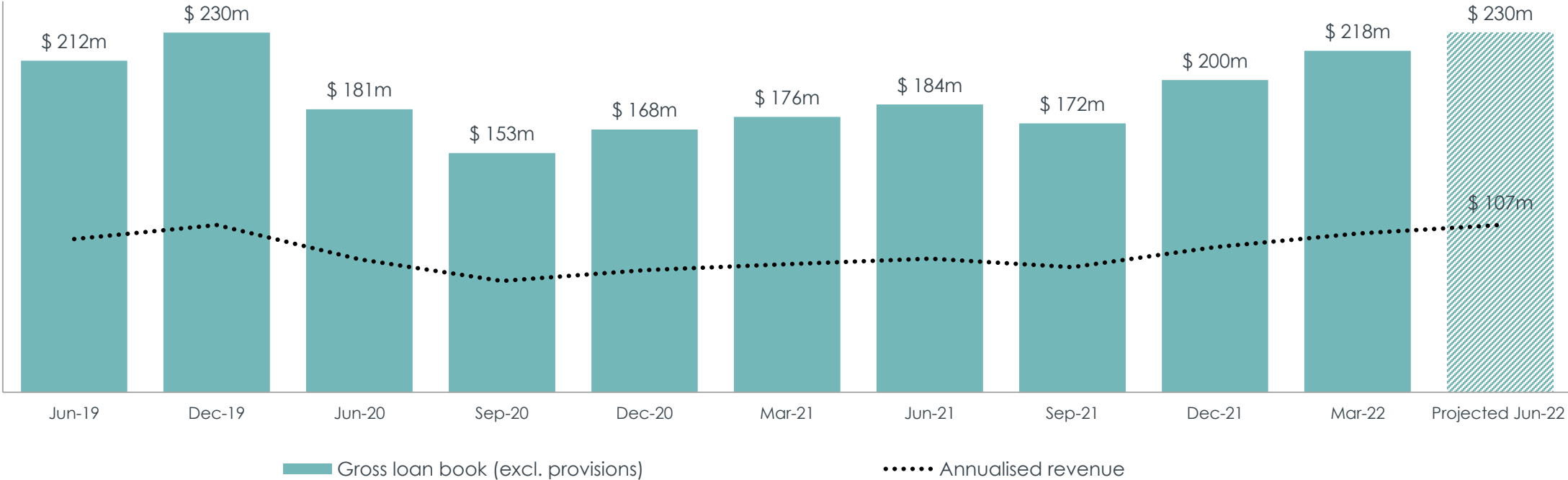
LENDING VOLUMES INDEXED TO PRE-COVID COMPARATIVE PERIOD ¹



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

... driving the book towards its pre-COVID peak

CONSUMER LENDING BOOK AND REVENUE



FY2022 net lending and ledger investment guidance upgraded

FY2022 guidance

	23 Feb 2022	Upgraded 26 Apr 2022
Ledger investment	\$320 - \$330 million	\$345 - \$355 million
Net lending	\$45 - \$55 million	\$70 - \$75 million
NPAT	\$92 - \$97 million ¹	\$92 - \$97 million ¹
EPS (basic)	137 - 144 cents ¹	137 - 144 cents ¹

1. Excluding \$4.5 million US Paycheck Protection Program (PPP) loan forgiveness during H1 FY2022



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Appendices: Key Operating Metrics

Appendix 1: Pricing discipline and accuracy

Appendix 2: Collections life cycle

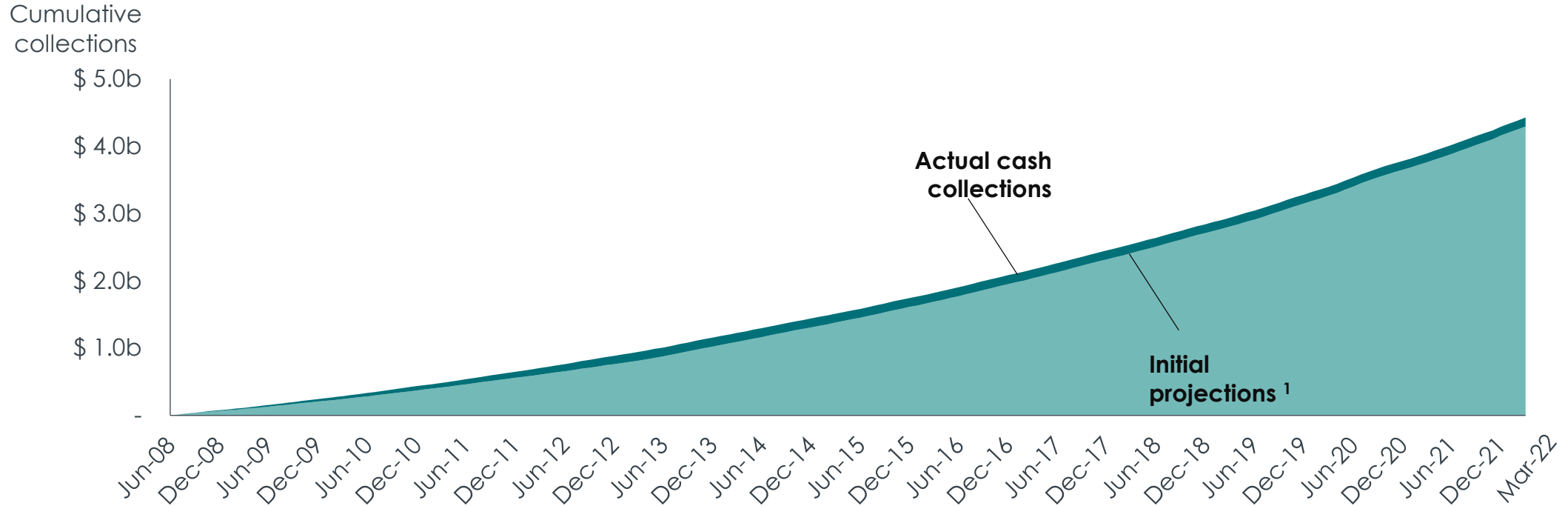
Appendix 3: Productivity

Appendix 4: Payers base

Appendix 5: Operational and total headcount

Pricing discipline and accuracy

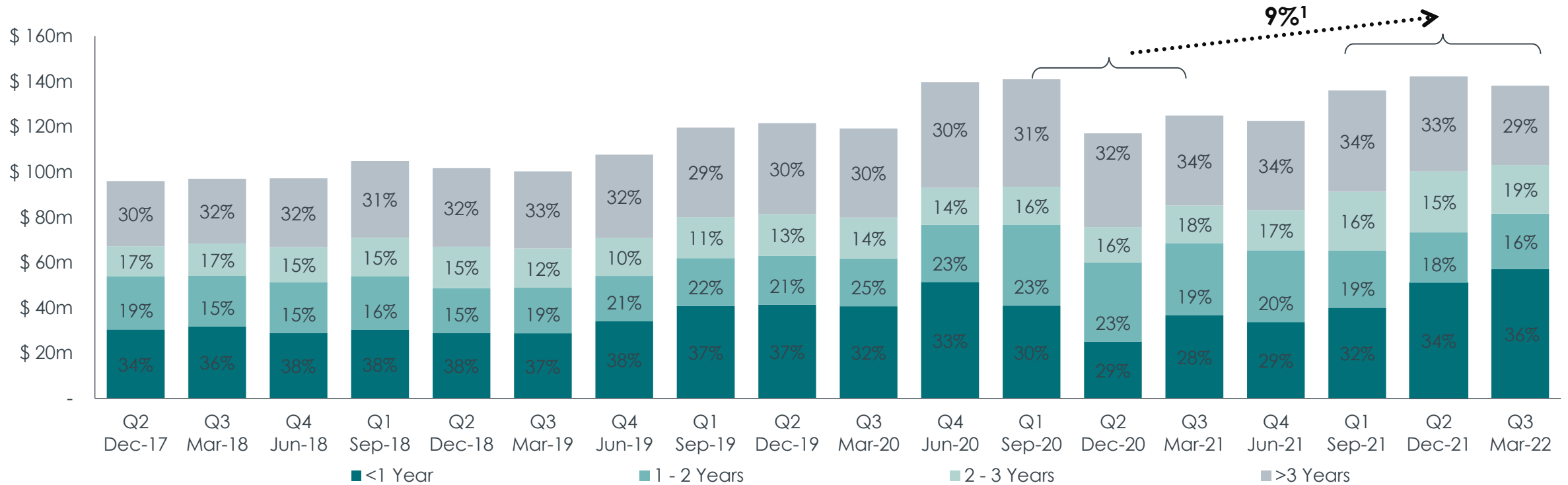
PRICING DISCIPLINE AND ACCURACY



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

Collections life cycle

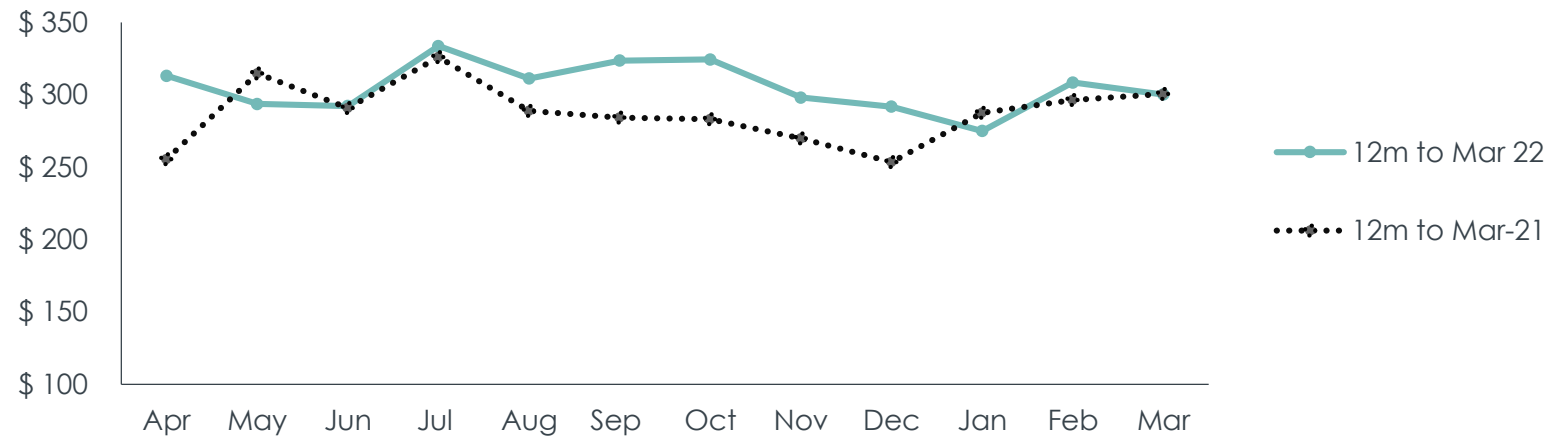
PDL COLLECTIONS BY VINTAGE



1. Prior years restated for FY2022 YTD average exchange rate for USD and NZD denominated collections

Productivity

PDL COLLECTIONS PER HOUR



1

YTD Mar-22 average

FY2022: \$307

FY2021: \$288¹

1. Prior year restated for FY2022 YTD average exchange rate

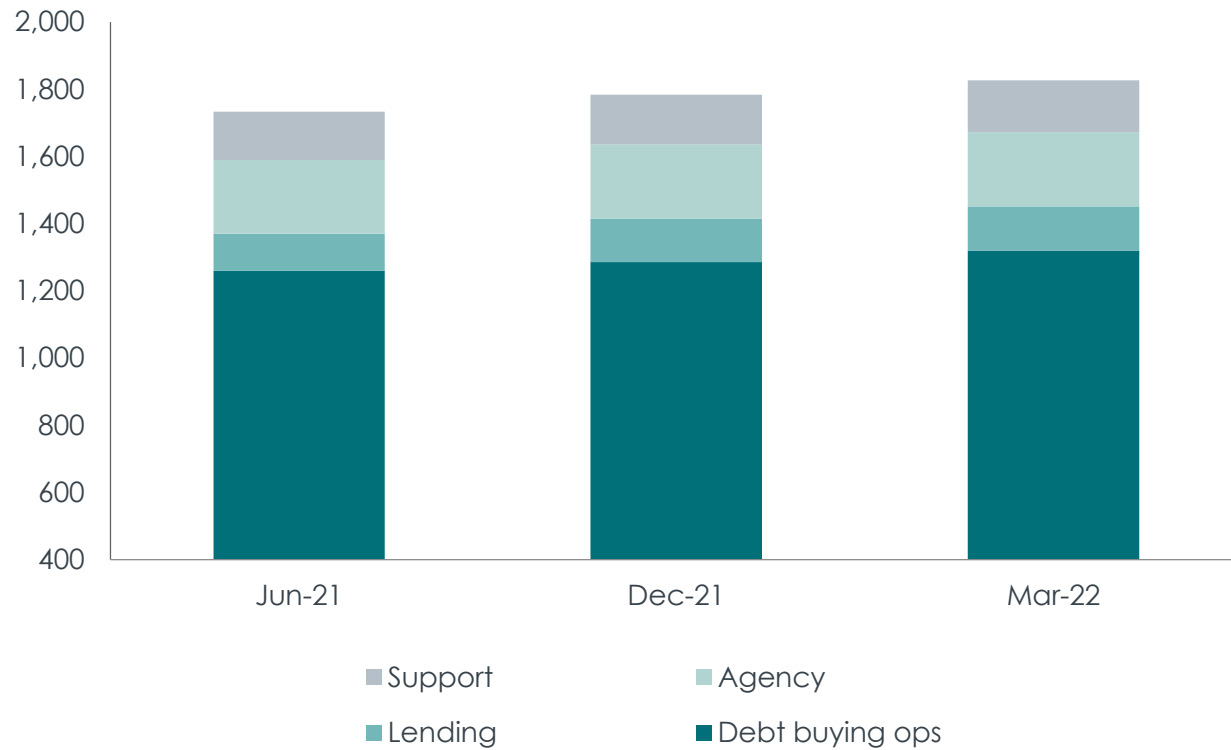
Payers base

PORTFOLIO SUMMARY: AU/NZ DEBT BUYING ONLY

Total portfolio	Jun-19	Dec-19	Jun-20	Dec-20	Jun-21	Dec-21	Mar-22
Face value	\$6.4b	\$7.8b	\$7.7b	\$8.6b	\$8.5b	\$7.9b	\$7.7b
Number of accounts	786,000	1,268,000	1,193,000	1,392,000	1,326,000	1,252,000	1,185,000
Payment arrangements							
Face value	\$1,300m	\$1,400m	\$1,350m	\$1,550m	\$1,600m	\$1,555m	\$1,490m
Number of accounts	157,000	200,000	195,000	219,000	217,000	243,000	235,000
% of PDL collections	78%	81%	73%	82%	83%	84%	83%

Operational and total headcount

PERIOD END HEADCOUNT (FTE)



PERIOD END HEADCOUNT (FTE)

	Dec-20	Jun-21	Dec-21	Mar-22
Debt buying operations	1,281	1,261	1,285	1,319
Agency	222	218	223	222
Lending	110	111	129	132
Support	137	143	147	154
Total	1,750	1,733	1,783	1,827¹
Support %	8%	8%	8%	8%

1. Includes ex-Radio Rentals staff