CREDITCORPGROUP.COM.AU

BUILDING MOMENTUM

ANNUAL REPORT 2022

Credit Corp Group

THIS IS CREDIT CORP

Credit Corp is Australia's largest provider of sustainable financial services in the credit-impaired consumer segment.

We are committed to providing sustainable and responsible financial solutions for our customers, with the goal of improving their financial situation.

Our success and reputation is based on a culture of strong compliance systems and transparency, combined with a respectful and understanding approach to our customers. Our superior analytics capabilities, advanced technology and sustainable approach are key to staying ahead of the market.

Credit Corp Group

MENTUM

OUR TIMELINE

1985
Credit Corp undertakes the first debt sale transaction in Australia.

2000
Credit Corp is listed on the ASX on 4 September 2000.

2009
Credit Corp partners with Uniting Kildonan.

2011
Credit Corp launches its consumer lending business.

2012
Credit Corp commences US operations.

Wallet Wizard

2014
The Wallet Wizard brand is created, offering the lowest-cost and most sustainable option for customers in the credit-impaired consumer segment.

BUILDING MOMENTUM

CREDIT CORP HAS BUILT MOMENTUM DESPITE A CHALLENGING AND VOLATILE ENVIRONMENT, AND IS WELL POSITIONED TO REALISE FUTURE OPPORTUNITIES.

We have established a large pipeline of new products and business improvements to ensure we have the potential to be the market leader across all business segments.

ABOUT THIS REPORT

Credit Corp's Annual Report is our primary statutory and regulatory reporting disclosure. It comprises information about our activities, strategy, and financial results over the reporting period. Credit Corp is publicly listed in Australia, and the Annual Report is lodged with the Australian Securities and Investments Commission and ASX Limited.

View our Annual Reports online

2015

Credit Corp enters the S&P ASX 200 index.

2018

Credit Corp achieves 10 years of consecutive double digit growth, averaging 27 per cent per annum, and an inaugural profit from its US debt buying operation.

2019

The acquisition of Baycorp increases Credit Corp's commitment to agency operations.

A second US collection centre opens in Washington State.

2021

Launch of Credit Corp's first Reconciliation Action Plan.

Completion of the largest single purchased debt ledger transaction in Australian history with the acquisition of the Collection House book.

2022

Credit Corp acquires the Radio Rentals appliance leasing business from Thorn Group Limited.

2022 HIGHLIGHTS

Our leadership has delivered a consistent record of success and the resilience to respond to changing external conditions.

NET PROFIT AFTER TAX

$96.2M[1]

▲9% VS. PCP

REVENUE

$411.2M

▲10% VS. PCP

FINANCIAL HIGHLIGHTS

$420.6M

PRE-TAX OPERATING CASH FLOW

▲2% VS. PCP

$835.7M

INCOME GENERATING ASSETS

▲39% VS. PCP

142.2¢[1]

EARNINGS PER SHARE (EPS)

▲9% VS. PCP

74.0¢

DIVIDENDS PER SHARE (DPS)

▲3% VS. PCP

1. Statutory NPAT of $100.7 million and EPS of 148.9 cents includes $4.5 million US Paycheck Protection Program loan forgiveness.

OUR PEOPLE

The diversity of our people is key to our success

1,840 **EMPLOYEES** across the globe

58,910 **HOURS** training delivered

91% **LEADERSHIP** positions filled internally

59% **WOMEN IN** operational managerial roles

CUSTOMERS

Our relationships are built on respect and collaboration

Maintained lowest **EDR COMPLAINT RATE** in Australian industry

3.1M **CUSTOMERS** globally

$1.71B **IN FACE VALUE** of debts in ongoing repayment arrangements

$11.65B **IN FACE VALUE** of receivables globally

COMMUNITY

We aim to provide a pathway to mainstream financial inclusion

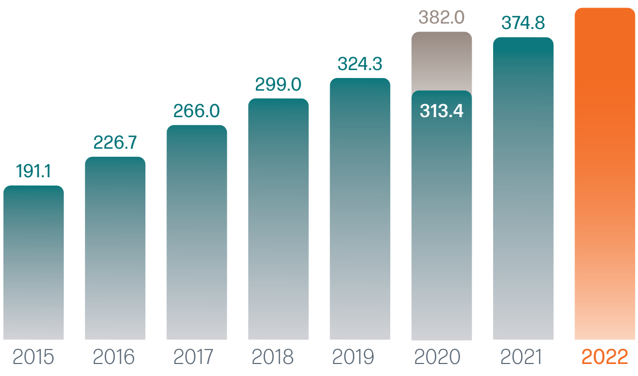
1,338 **SUPPLIERS PAID** within 30 days or agreed arrangements

CONSUMER HARDSHIP highest rated response by the financial counsellors in *Rank the Banks* survey (Dec 2019)

7TH **YEAR** granting a scholarship through the Jan Pentland foundation

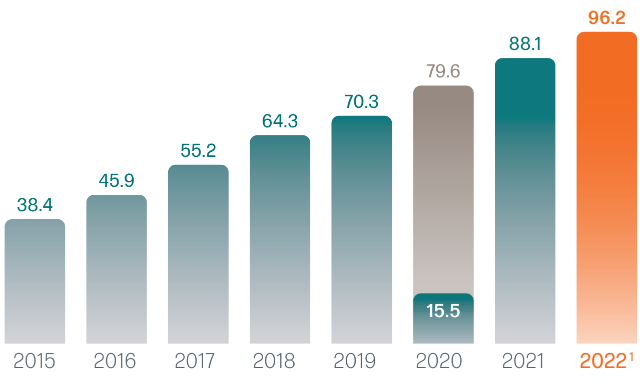
1,000 KG **OF E-WASTE RECYCLED** from our Australian offices

REVENUE ($M)



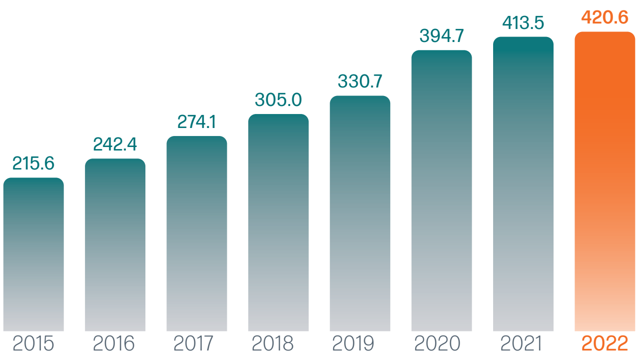
REVENUE ■ REVENUE IMPACT OF COVID-19 ADJUSTMENTS

NPAT ($M)

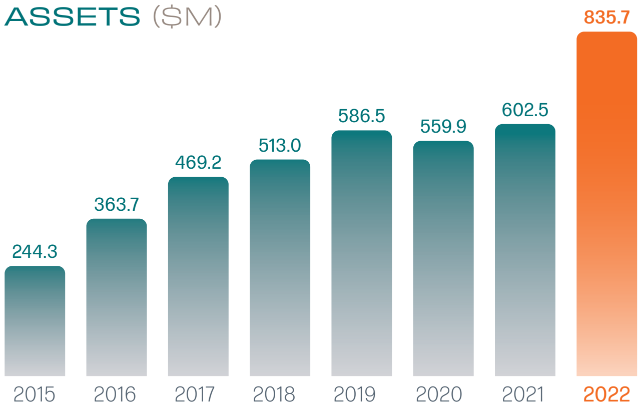


NPAT ■ NPAT IMPACT OF COVID-19 ADJUSTMENTS

PRE-TAX OPERATING CASH FLOW ($M)



INCOME GENERATING ASSETS ($M)



1. Excludes US Paycheck Protection Program receipt of an after-tax $4.5 million.

ABOUT **US**

OUR PURPOSE: THIS IS WHY WE'RE HERE

To grow long-term shareholder wealth through successfully operating within the credit-impaired consumer segment of financial services in a sustainable way by providing customers with genuine solutions as a pathway towards increased financial inclusion.

OUR VALUES: THIS IS WHAT WE BELIEVE IN

Our values reveal what we believe in as an organisation and are apparent in everything we do. The momentum reflected in the Company's performance and outlook has been built on a strong commitment to our values.

Doing the right thing
DISCIPLINE

Doing the right thing means having an ethical and controlled approach to everything we do.

Making it happen
ACCOUNTABILITY

Making it happen is all about delivering the right results by taking responsibility for setting targets and measuring outcomes.

Being open and honest
TRANSPARENCY

Transparency means being open and honest in all that we do, drawing attention to challenges and problems in our business, so that we can overcome them.

OUR STRATEGY:
THIS IS HOW WE GET THERE

SUPERIOR ANALYTICS

Our businesses succeed through effectively pricing investments and managing risk. We objectively analyse large volumes of data to ensure we deliver an acceptable return on our investments using analytics, technology and systems to develop an in-depth understanding of our customers and to efficiently allocate our resources.

OPERATIONAL EXCELLENCE

We create business outcomes by communicating with our customers. Our ability to communicate effectively requires exceptional operational performance. We combine analytics and technology with skilful and motivated people to achieve outstanding results.

SUSTAINABILITY AND COMPLIANCE

The community has high expectations of financial services providers that go beyond minimum legal requirements. We are committed to meeting these expectations to ensure the success of our business and to protect our clients and other stakeholders. We pride ourselves on providing our customers with genuine and affordable financial solutions tailored to their needs.

ENTREPRENEURSHIP & ORGANIC EXPANSION

Our strong core business and industry leadership is a platform for organic expansion. Multiple sources of growth give us the opportunity to continue to invest in our ongoing success without compromising our overall rate of return. We are considered in our approach to growth, developing test models and establishing pilot operations before launching new products or entering new markets. We constantly monitor performance against our expectations and adopt a patient and iterative approach towards ultimate success.

OUR PERFORMANCE:
THIS IS WHAT WE HAVE ACHIEVED

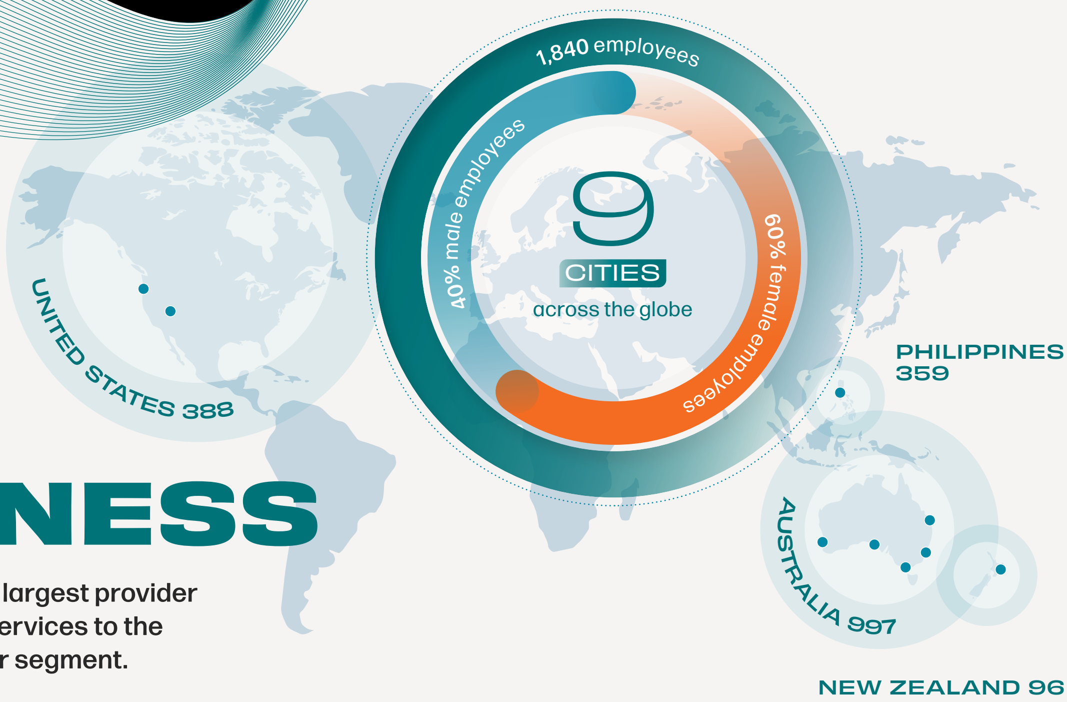
For information on our operational perfomance, read our Review of Operations

1,796 CAREER PATHWAY programs completed

58,910 HOURS OF TRAINING delivered

OUR BUSINESS

Credit Corp is Australia's largest provider of sustainable financial services to the credit-impaired consumer segment.



1,840 EMPLOYEES

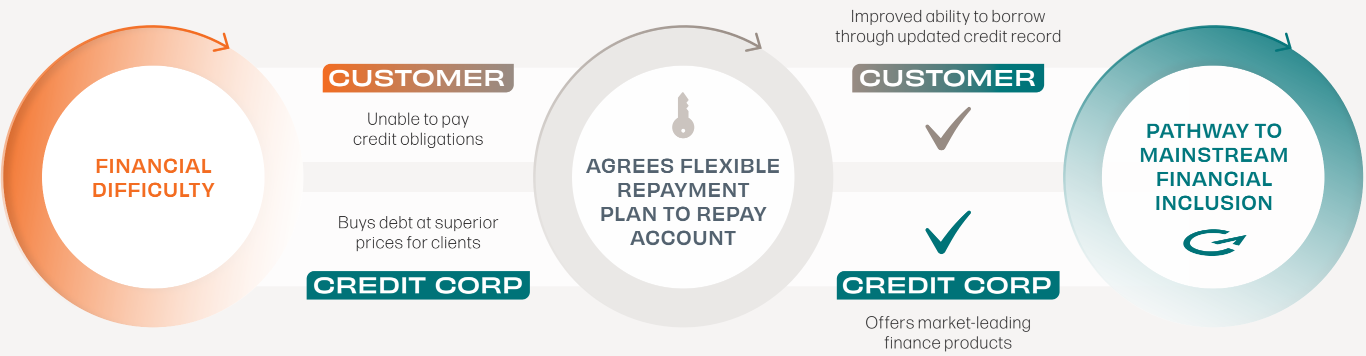
Total face value of receivables $11.65B

Across 3.1M CUSTOMERS

Our Company has been listed on the Australian Securities Exchange since 2000 and forms part of the S&P ASX 200 index.

Our market is comprised of people who have had trouble with credit. Most consumers in our segment have either defaulted on a previous credit obligation or do not have a stable earnings history. These consumers are excluded from the sorts of readily available finance provided by mainstream lenders that many people in society take for granted.

WE SPECIALISE IN WORKING WITH OUR CUSTOMERS BY PROVIDING SUSTAINABLE FINANCIAL SOLUTIONS AS A PATHWAY TO MAINSTREAM FINANCIAL INCLUSION.



CREDIT CORP HAS THREE KEY BUSINESSES

1 DEBT BUYING & COLLECTION

2 COLLECTION SERVICES

3 LENDING

Debt Buying and Collection

In our debt buying business, we work with consumers who have found themselves in default of their credit obligations. We engage with our customers to create affordable repayment plans as a pathway to debt relief and mainstream financial inclusion.

Our clients are the major banking, finance, telecommunications and utility providers. We buy defaulted consumer debts from these clients. We look to provide our clients with the highest prices possible, while ensuring we will be able to produce an acceptable return on our outlay.

We then work with our newly acquired customers to agree flexible repayment plans to suit their individual circumstances. The debts we acquire are generally at least six months in arrears and have already been through a collection process both in-house with the credit issuer and with external service providers.

Our clients are looking to realise an immediate return on these defaulted debts while relieving themselves of the costs of the collection process. They also want assurance that their former customers will be treated with understanding and respect in accordance with relevant laws and standards.

Credit Corp has a strong compliance record and reputation as a sustainable and responsible service provider. We have never been the subject of a regulatory order or undertaking and have one of the lowest rates of external dispute resolution complaints in the industry. We work closely with regulators, consumer advocates and financial counsellors to ensure continual improvement in our approach.

We have exported the successful model used in our Australian and New Zealand debt buying and collection business to the largest consumer credit market in the world - the USA. Over the last 10 years, we have grown a profitable business in this market and expanded our presence from our base in Utah to Washington State. Our US debt buying business has experienced another record year of purchasing and is now one of the top five debt buyers in that market, providing a platform for growth for years to come.

OUR US DEBT BUYING BUSINESS IS NOW ONE OF THE TOP FIVE IN THAT MARKET.

Collection Services

Credit Corp also offers agency collection services to its clients who wish to outsource collection of debt prior to any decision to undertake debt sale. Credit Corp operates one of the largest agency businesses across Australia and New Zealand under National Credit Management Limited (NCML) and Baycorp.

The agency business operates from locations in Australia, New Zealand and the Philippines.

Our client base ranges from large corporate organisations and government departments through to small and medium sized businesses.

NCML

BAYCORP.

CREDIT CORP HAS HELPED MORE THAN

269,000

AUSTRALIANS

AVOID HIGHER COST AND UNSUSTAINABLE PRODUCTS THROUGH OUR MARKET-LEADING ALTERNATIVES

Lending

In our consumer lending business, we provide the cheapest and most sustainable loan products to consumers who have limited borrowing alternatives. Our innovative products are the most economical and flexible offerings in our segment of the market.

Our aim is to assist consumers in a responsible way. All of Credit Corp's products feature interest and fee rates below the caps applicable to mainstream consumer lending. To date, Credit Corp has helped more than 269,000 Australians avoid higher cost and unsustainable products through our market-leading alternatives.

In developing our affordable and flexible loans, we have been able to leverage Credit Corp's leading position in analytics, technology and customer interaction.

This has reduced our costs and resulted in one of the most automated, accurate and responsible lending processes in the industry. Credit Corp's superior collections platform ensures that credit losses are efficiently minimised.

The attractiveness of our loan products is apparent in the growth of new customers and our high retention rate. Suppliers and other stakeholders have appreciated our role in helping customers avoid other high-cost products in the market. This has freed us from restrictions imposed on competitors and facilitated access to efficient conventional funding.

In Australia, our loan products are delivered under a portfolio of brands, including Wallet Wizard and CarStart.

In 2022, leveraging the market knowledge gained from our lending business in Australia together with our debt buying business in the US, we commenced a lending pilot within that market. While it is in the early stages, we are optimistic about the growth potential this presents.

CARSTART

Wallet Wizard

CHAIRMAN'S **REPORT**

Building momentum requires navigating a range of conditions to maintain performance and growth. It is all about creating the resilience and capability to respond to changing external conditions and delivering outcomes for stakeholders. In increasingly volatile times, I am pleased to report that Credit Corp continued to build momentum in 2022.

During the year Credit Corp expanded on the foundations established over a long period. These foundations comprise a strong portfolio of businesses leveraging a core expertise in working with credit-impaired consumers and the ongoing development of unique capabilities to ensure sustained performance. It is this focus on maintaining and enhancing a portfolio of businesses and capabilities that has continued to provide the Company with the flexibility to respond to varying circumstances, while preserving Credit Corp's long-term prospects.

The success of the strategic diversification of Credit Corp, which has taken place over many years, was starkly demonstrated in 2022. The Company's commitment to sound strategic planning has long recognised the challenges of sustaining growth as a listed debt buyer operating in Australia and New Zealand. Both strategic growth initiatives in consumer lending and US debt buying have developed organically over the last decade and have transformed Credit Corp into the diversified financial services business it is today. In 2022, these growth initiatives produced over 40 per cent of earnings, and in 2023 are expected to account for half of earnings. Alongside these growth initiatives, the Board recognises the continued importance of the core business, debt buying, on which the foundations of the Company have been built.

STRONG BUSINESSES ARE BUILT BY PEOPLE & A POSITIVE CULTURE.

Secured Thorn Group's Radio Rentals assets for

$63M

A Strong Portfolio of Businesses

The Australian and New Zealand debt purchasing segment made a positive contribution to the Company's performance despite ongoing adverse market conditions.

The core business continued to serve as an excellent base for the development of resources critical to the growth of the Company as a whole. In 2022, this comprised the transfer of key talent and the development of common systems. During 2022, some 98 people were transferred or seconded to other segments. The platform facilitating digital interaction with customers was enhanced and an initial implementation of speech analytics was completed. These important systems will facilitate ongoing improvements in customer experience and are now scheduled to be deployed across the US debt purchasing and lending segments.

COVID has had an adverse impact on the supply of purchased debt ledgers (PDL) from traditional credit issuers in Australia and New Zealand. The accumulation of consumer savings arising from the COVID response continued to suppress both credit arrears and mainstream unsecured credit demand. As has been the case over recent years, Credit Corp was able to apply its strong balance sheet and superior analytics to secure some attractive one-off purchased debt ledger acquisitions. Following the purchase of Baycorp for $65 million in 2019 and Collection House's Australian PDLs for $160 million in 2021, Credit Corp secured Thorn Group's Radio Rentals assets for $63 million and Collection House's New Zealand PDLs for $12 million in 2022. These purchases helped produce a solid earnings result for the year.

The US debt purchasing segment demonstrated its potential for sustained growth.

While COVID had a similar adverse impact on the supply of PDLs to that experienced in Australia, US unsecured credit demand recovered rapidly over the course of the year. Credit Corp took the opportunity to increase share from existing clients while establishing some new relationships. Purchasing accelerated over the last few months of 2022 as PDL supply increased, delivering a strong investment pipeline for 2023.

As a consequence, Credit Corp's US business grew to become one of the leading debt purchasers in the market. Operating metrics show that the business remains very competitive and ongoing improvements should enhance this position. Increased purchasing has established the operation as among the five largest US debt purchasers.

A key challenge, however, for the growing US business has been workforce shortages. Various actions were taken to address this, including the redeployment of a component of the Company's Philippine workforce to the US. This ability to divert resources to businesses with greater investment opportunity demonstrates the flexibility of Credit Corp's portfolio approach.

Credit Corp's category-leading Wallet Wizard cash lending product produced strong loan volumes during the year. As the impacts of COVID stimuli dissipated and the economy re-opened, credit-impaired consumers returned to borrowing. As the cheapest and most sustainable offering in its category, Wallet Wizard experienced strong demand. This combined with a re-launch of the Company's auto lending product to grow the loan book to a record balance of $251 million by the end of the year, beyond its pre-COVID peak of $230 million.

Enhanced Capabilities

Strong businesses and the flexibility to adapt to changed circumstances must be supported by key capabilities. Credit Corp has always worked hard to ensure that it has been a leader in sustainable practice, operational performance and analytics to support investment and other decisions. During 2022, Credit Corp continued to critically assess these capabilities with a view to continuous improvement.

In terms of sustainable and compliant practices, Credit Corp maintained its record of low complaint rates and the delivery of genuine solutions to customers. Expectations of conduct are, however, always increasing and it is important that Credit Corp strives to achieve high standards. Building on an existing control framework, new automated tools were implemented to better monitor customer interactions. These tools will help ensure day-to-day adherence while identifying opportunities for further systemic improvements to the control framework over time.

Operational performance in 2022 was strong, with the Company reporting high asset turnover and low costs to collect across debt purchasing operations and a consistent return on assets for lending operations. Credit Corp operates in increasingly competitive markets and must ensure that it remains at the forefront of performance. Enhanced digital and scheduling capabilities were implemented to support collection operations. Ongoing refinements were made to improve the accuracy of lending decisions and marketing expenditures. These improvements will help enhance Credit Corp's long-term competitive position.

Credit Corp maintained its disciplined and analytical approach to investment decisions during 2022. Ongoing development identified additional variables and learnings which will help improve the accuracy of PDL pricing and lending decisions into the future.

Positive Culture

Strong businesses and capabilities are built by people and a positive culture. The values of transparency, accountability and discipline define the culture at Credit Corp. Transparency to honestly appraise business prospects, identify shortcomings and set a plan of action. Accountability to embrace challenging goals. Discipline to follow through with the right execution to deliver sustainable long-term outcomes. It is the day-to-day application of these values by Credit Corp's people that underpins the actions and outcomes that are building momentum.

I thank my fellow Directors, our CEO Thomas Beregi and his management team for their leadership of Credit Corp, particularly during what have been challenging business and economic conditions over the last two years. On behalf of the Board and shareholders, I also thank all employees for their ongoing commitment and dedication to the Company.

Eric Dodd
Chairman

CEO'S **REPORT**

Credit Corp's commitment to developing sustainable advantage, encapsulated in the theme 'Building Momentum,' has produced a solid result, while positioning the Company to realise opportunities for growth into the future.

THOMAS BEREGI
Chief Executive Officer

In 2022, our Net Profit after Tax grew by nine per cent to $96.2 million ($100.7 million on a statutory basis). We increased total investment and, notwithstanding a challenging and volatile external environment, our prospects for long-term growth remain intact. The momentum reflected in the Company's performance and outlook has been built on a strong commitment to our values.

Credit Corp's values are readily understood and translated into action. 'Being open and honest' means having the transparency to fairly appraise situations and readily confront issues in order to set a plan of action. 'Making it happen' requires embracing accountability to achieve challenging goals in accordance with the Company's plans. 'Doing the right thing' is following through with disciplined execution to ensure sustainable long-term outcomes. Credit Corp's values are a useful prism through which the Company's performance in 2022 can be described.

$96.2M[1]
NET PROFIT AFTER TAX
▲ 9% VS. PCP

$411.2M
REVENUE
▲ 10% VS. PCP

1. Statutory NPAT of $100.7 million includes $4.5 million US Paycheck Protection Program loan forgiveness.

Being Open and Honest

During 2022, we transparently appraised emerging conditions to identify investment opportunities and respond to operational challenges.

We started 2022 with the expectation of a recovery in purchased debt ledger (PDL) supply over the course of the year. While all major Australian and New Zealand credit issuers who were selling immediately prior to COVID had returned to sale, as the year got underway, volumes failed to show any recovery. Furthermore, key lead indicators, including aggregate unsecured credit statistics, suggested that any recovery might be deferred for an extended period. Having assessed the outlook, we set about identifying alternative one-off purchases in the core Australian and New Zealand market, while exploring opportunities to increase consumer lending volumes and US purchasing.

This response facilitated two significant core market PDL transactions. In December 2021, Credit Corp concluded the $63 million purchase of the Radio Rentals receivables book from Thorn Group Limited. The purchase of Collection House's New Zealand PDL book was secured in February 2022. Both acquisitions were priced to yield Credit Corp's targeted return and helped offset the impact of reduced PDL acquisitions from more traditional sources.

As it became clear that any recovery in core market PDL volumes would be delayed, we readily confronted the need to re-balance resourcing across business segments. Purchasing in the US business was growing, but labour market challenges inhibited the achievement of commensurate workforce growth. Consequently, a decision was taken to re-deploy a component of Credit Corp's Philippine team to the US business segment as an offshore workforce.

Making it Happen

In 2022 we readily accepted accountability for achieving outcomes that should continue to build momentum over the long-term.

The US PDL market has always been a considerable source of growth for Credit Corp. Capturing the opportunity has required establishing the Company as a reliable and sustainable service provider with a large number of US credit issuers. We have worked consistently over a long period to build a rigorous and well-documented control framework capable of meeting very explicit standards set by many US credit issuers. We have also developed testing protocols to ensure compliance with ongoing monitoring requirements set by clients. These functional measures have been supplemented with a relationship management approach, emphasising our values of transparency and discipline. As a consequence, we have earned a positive reputation in the US market.

This positive reputation was applied to deliver strong US purchasing outcomes in 2022. Credit Corp increased its share of purchasing across the majority of its existing relationships. At the same time, three new purchasing relationships were commenced during the year. These achievements produced a 182 per cent increase in US purchasing to $223 million in 2022 and a very strong pipeline of US purchasing for 2023 of $150 million.

CREDIT CORP IS WELL-POSITIONED TO CONTINUE TO PERFORM STRONGLY IN THE FUTURE.

Credit Corp's record of long-term growth has been built on the successful development of new businesses and products. The innovative Wallet Wizard loan was first marketed in 2014 and has established the Company as one of the largest providers of unsecured loans to the credit-impaired consumer segment in Australia. Credit Corp, however, has remained one of the smaller operators in the corresponding segment of the auto lending market. The auto loan product was re-launched late in the preceding year and volumes grew steadily over the course of 2022, building this component of the loan book to $35 million by the end of the year.

In keeping with Credit Corp's vision of delivering affordable and responsible financial inclusion to credit-impaired consumers, new product development activities were accelerated. During 2022, pilots were commenced in buy now pay later and US lending. The results of both initiatives have been assessed with a view to further activity in 2023.

Additional new products reached the final stages of development in 2022 and are scheduled for pilot commencement during 2023. One of these is a sale of goods by instalment offering, designed to provide consumers with a cheaper and more transparent alternative to a traditional consumer lease. It is envisaged that this product will prove attractive to the Radio Rentals customer base acquired in 2022. Another innovative offering nearing completion will look to provide credit-impaired consumers with an unsecured credit experience as close as possible to that enjoyed by mainstream consumers. It is our objective that both these solutions will be viewed by consumers and other stakeholders as uniquely affordable and responsible.

Doing the Right Thing

Disciplined adherence to return criteria was a key feature of our investment decision-making in 2022.

While Credit Corp has historically been the leading purchaser of large one-off portfolios in Australia and New Zealand it was outbid on a number of opportunities during the year. The sustained reduction in market sale volumes led to instances of intense competition for certain one-off portfolios. Credit Corp applied its considerable data and analytical expertise to offer strong prices for these opportunities but was not prepared to compromise its minimum return criteria. Instead, investment was diverted to the Australian consumer lending and US purchasing businesses where required returns could more readily be achieved.

A similar level of discipline was applied to credit settings for the Australian consumer lending business. Losses on the Wallet Wizard unsecured loan book have been very low over the last 24 months. In undertaking our program of regularly updating credit models we have consciously excluded this uncharacteristically favourable period from consideration.
It is our expectation that credit performance will revert to historical levels as savings arising from the COVID response are exhausted. Excluding this favourable period should ensure that losses remain within pro-forma expectations as conditions normalise.

Looking Ahead

Credit Corp is well-positioned to continue to perform strongly in the future.

The outlook for the US debt purchasing and Australian consumer lending segments is for another year of solid profit growth. Over the latter stages of 2022 we invested heavily in the US and will start 2023 with an enlarged book and additional personnel from the Philippines to grow collections and segment earnings. Similarly, we will start 2023 with a consumer loan book that has recovered to its pre-pandemic peak and continued strong lending demand.

We also retain substantial headroom in our borrowing facility, which can be applied to any sizeable opportunities for additional investment as they arise.

In closing my report for 2022 I want to thank all of Credit Corp's 1,840 people across four countries for their ongoing commitment to Credit Corp and its values. I am excited about the prospect of working with them to meet the challenges and opportunities that lie ahead.

Thomas Beregi
Chief Executive Officer

BOARD OF **DIRECTORS**

The Credit Corp Board of Directors is committed to strong corporate governance policies and practices, and guides the business and affairs of the Group on behalf of shareholders.

Left to right: James M. Millar AM, Phillip Aris, Leslie Martin, Eric Dodd, Trudy Vonhoff, Richard Thomas

ERIC DODD

Chairman, Non-Executive Director

Appointed:

Appointed as a Non-Executive Director in July 2009 and Chairman on 4 February 2021.

Board Committees:

- Member of the Audit and Risk Committee
- Member of the Remuneration and HR Committee
- Member of the Nomination Committee

Skills and experience:

Eric has more than 45 years experience in the insurance, finance, banking and healthcare sectors. Eric previously held the position of CEO of Insurance Australia Group, and Director and CEO of MBF Australia Limited for a six-year period, before being appointed as Managing Director of the combined organisation when MBF merged with BUPA Australia in June 2008. Eric is also a past Managing Director and CEO of NRMA Insurance Limited, and has held a number of senior positions within the financial services industry.

Directorships and other executive roles:

Currently, Eric is Chairman of First American Title Insurance Company of Australia Pty Limited and Chairman of Integrity Insurance Group.

Qualifications:

Eric holds a Bachelor of Economics, is a Fellow of the Institute of Chartered Accountants Australia and New Zealand, and is a Fellow of the Australian Institute of Company Directors.

LESLIE MARTIN

Non-Executive Director

Appointed:

March 2014

Board Committees:

- Chairman of the Nomination Committee

Skills and experience:

Leslie has 30 years experience in commercial banking in several countries and is a specialist in payments and corporate cash management. She has been in the start-up phase of businesses with Chase Manhattan (now JP Morgan Chase) in New York and Hong Kong. She joined Westpac in 1994 as a General Manager to establish its transaction banking capability and later led the Working Capital Services business at the Commonwealth Bank.

Directorships and other executive roles:

Currently, Leslie is a Director of IMA Asia, an independent economics advisory firm, and acts on the advisory boards of two technology start-up companies. She has held board positions with subsidiaries of the Commonwealth Bank and a variety of payment industry bodies.

Qualifications:

Leslie holds a Bachelor of Arts, a Master of Business Administration, and is a Fellow of the Australian Institute of Company Directors.

TRUDY VONHOFF

Non-Executive Director

Appointed:

September 2019

Board Committees:

- Chairman of the Remuneration and HR Committee

Skills and experience:

Trudy is an experienced Non-Executive Director and has over 25 years experience in retail and business banking, corporate banking, financial markets and strategy. Past executive roles include General Manager, Operations and General Manager of Commercial and Agribusiness Banking for Westpac Banking Corporation and Chief Financial Officer of AMP Bank Limited.

Directorships and other executive roles:

Previous board roles include Non-Executive Director of AMP Bank Limited, Cabcharge Australia (ASX: A2B), Ruralco Holdings (ASX:RHL) and Tennis NSW. Her current board roles include Iress Limited (ASX:IRE), Cuscal Limited and Australian Cane Farms Limited.

Qualifications:

Trudy holds a Bachelor of Business (Hons), a Master of Business Administration, and has completed Executive Development courses at Harvard Business School. She is a Graduate Member of the Australian Institute of Company Directors and a Senior Fellow of FINSIA.

RICHARD THOMAS

Non-Executive Director

Appointed:

September 2006

Board Committees:

- Member of the Nomination Committee

Skills and experience:

Richard brings over 50 years management experience in banking, finance and related industry sectors to Credit Corp's Board. Richard is a professional Company Director and has previously held senior executive roles, including Group Executive, Australian Banking Services with Westpac, Managing Director of AGC Limited and Executive Vice President of US-based Avco Financial Services.

Directorships and other executive roles:

Richard was Acting Chairman between 11 February and 30 June 2008.

Qualifications:

Richard is a Fellow of the Australian Institute of Company Directors.

PHILLIP ARIS

Non-Executive Director

Appointed:

July 2021

Board Committees:

- Member of the Audit and Risk Committee
- Member of the Remuneration and HR Committee

Skills and experience:

Phillip brings extensive senior executive and board experience from a range of roles within the financial services and technology sectors across Australia, the United Kingdom and Asia. Past executive roles include Head of Credit Cards for Commonwealth Bank of Australia, Chief Executive Officer of CountPlus Limited, and Regional Head of Strategy & Business Development for Thorn-EMI Asia Pacific, working across Australia, the UK and Hong Kong.

Directorships and other executive roles:

Currently, Phillip is Non-Executive Chairman of Xponential Technologies Limited.

Qualifications:

Phillip holds a Bachelor of Economics and a Masters of Management.

JAMES M. MILLAR AM

Non-Executive Director

Appointed:

December 2021

Board Committees:

- Chairman of the Audit and Risk Committee

Skills and experience:

James brings extensive senior leadership experience to the Credit Corp Board from both his professional services and Non-Executive Director careers. He has had a distinguished professional services career, initially in Corporate Reconstruction, and culminating in his role as Chief Executive Officer of the Oceania Region for EY where he served the firm's global operations.

Directorships and other executive roles:

James is currently a Director and Chair of the Audit, Risk and Compliance Committee of Mirvac Limited (ASX:MGR). He is also the Chairman of Export Finance Australia and the Vincent Fairfax Family Foundation. He has previously served on the Boards of Slater and Gordon, Fairfax Media, Macquarie Media, Helloworld, Fantastic Furniture and as Chairman of the Forestry Corporation of NSW.

Qualifications:

James holds a Bachelor of Commerce, is a retired Fellow of the Institute of Chartered Accountants Australia and New Zealand, and a Fellow of the Australian Institute of Company Directors.

33%

FEMALE DIRECTORS

Our Board is a strong, diverse team, which enables it to guide the strategic management of the Company and ensure that controls are in place to meet standards of performance set by shareholders, clients and the community.

REVIEW OF **OPERATIONS**

Overview

As Credit Corp entered 2022, challenging market conditions continued in the core Australia / New Zealand debt buying business, exacerbated by the COVID-19 Delta variant that resulted in lockdowns and other restrictions in the eastern Australian states. Net Profit after Tax (NPAT) was expected to be flat relative to FY2021 at the mid-point of the initial FY2022 guidance.

Ultimately Credit Corp was able to grow NPAT by nine per cent over FY2022 as a result of $75 million of secondary purchases including the Radio Rentals consumer leasing book and the Collection House New Zealand ledger book. These acquisitions enabled earnings in the core AUS / NZ purchased debt ledger segment to grow modestly, and combined with strong growth in the US debt buying and consumer leasing segments, produced solid overall growth.

Credit Corp enters FY2023 with no sign of any re-growth in debt ledger sale volumes in AUS / NZ and the consequent risk of lower segment earnings. Any decline will need to be straddled by anticipated growth in NPAT from the US debt buying and consumer lending segments. Higher interest rates and economic uncertainty may create further secondary investment opportunities similar to the Baycorp, Collection House and Radio Rentals investments over recent years, to offset ongoing low organic volume.

Lower anticipated investment in FY2023 will produce substantial free cash flow that will release funding lines to maximise opportunistic investment.

$96.2M[1]

NET PROFIT AFTER TAX

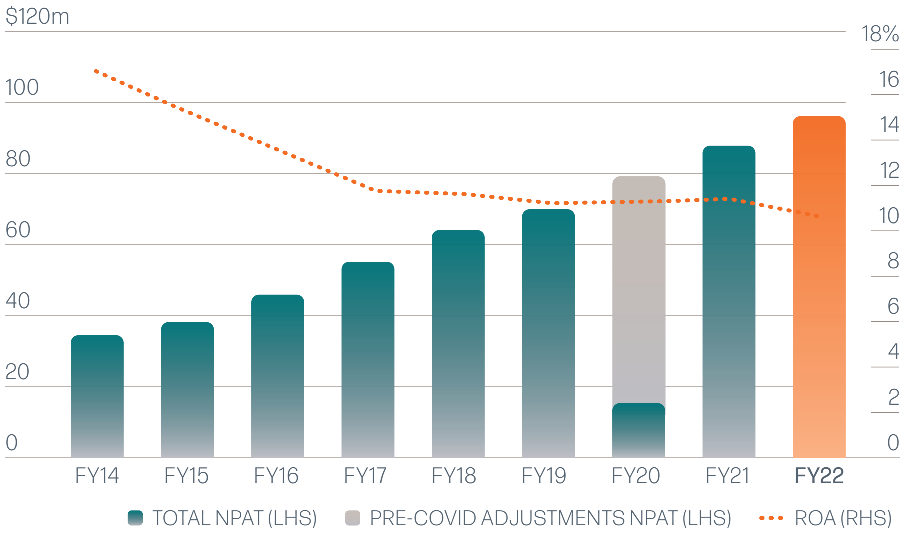
▲ 9% VS. PCP

142.2¢[1]

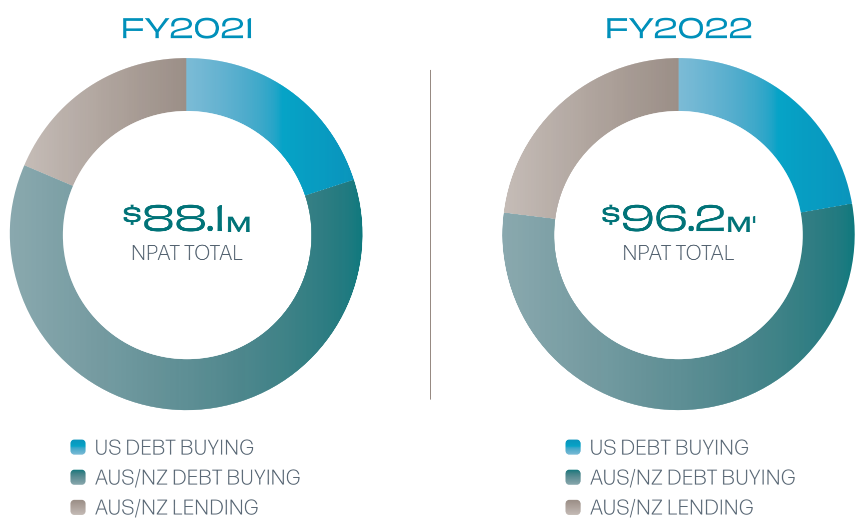
EARNINGS PER SHARE

▲ 9% VS. PCP

NPAT AND RETURN ON ASSETS



SEGMENT PROFIT



1. Statutory NPAT of $100.7 million and EPS of 148.9 cents includes $4.5 million US Paycheck Protection Program loan forgiveness.

Australian and New Zealand Debt Buying

Although credit issuers selling at the start of the pandemic are actively participating in the debt buying market, financial services volumes remain modest. This is reflected in interest-bearing credit card balances, which, as reported by the Reserve Bank of Australia, remain almost 40 per cent below pre-COVID levels. Whilst credit card balances have not grown in real terms for many years due to regulatory and other reasons, the pandemic saw substantial prepayment.

Credit Corp acquired almost $100 million of organic ledgers in FY2022, representing an estimated share of more than 50 per cent of a substantially diminished market. This level of investment, although strong in share terms, was insufficient to offset run-off in the book. Secondary opportunities were executed during the year to acquire the Radio Rentals consumer lease book and Collection House New Zealand ledger book for a combined total consideration of $75 million. These investments generated sufficient incremental collections to grow earnings from the core AUS / NZ segment in FY2022 against FY2021.

Without these secondary investments in FY2022, and the Baycorp and Collection House acquisitions in FY2020 and FY2021 respectively, collections and earnings from the core AUS / NZ debt buying segment would already be in run-off.

In the absence of a catalyst for the re-growth of unsecured credit volumes or a substantial increase in arrears and losses, the ingoing FY2023 expectation is for run-off in the PDL book and declining collections and earnings. Executing on secondary opportunities will be required to offset this.

The balance sheet position remains strong and will improve further with anticipated lower investment in FY2023, providing substantial capacity to execute on further secondary opportunities that may arise, especially given ongoing economic uncertainty.

US Debt Buying

In contrast to domestic market conditions, US unsecured consumer credit volumes have re-grown to pre-pandemic levels and charge-off rates are increasing. These favourable conditions enabled Credit Corp to invest a record A$223 million in US ledgers in FY2022. Particularly significant growth in investment occurred in the final quarter of the year as individual issuers saw growth in charge-off volumes after a period of strong credit growth.

The major challenge the US operation faces is tight labour market conditions limiting growth in onshore headcount. A Philippines evening shift comprising 100 experienced customer service team members commenced collecting US debts at the start of FY2023 and will supplement onshore resourcing.

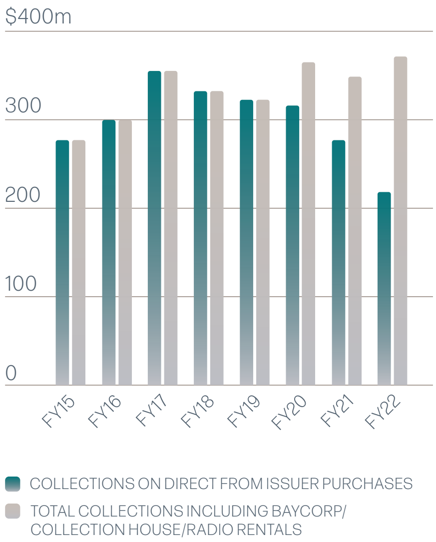
The existing scale of Credit Corp's Philippine operation allows this evening shift to grow quickly. Other labour initiatives are underway to grow US onshore resourcing even while labour market conditions remain tight.

As a result of the strong investment in FY2022 and the present resourcing shortfall, investment is likely to be lower in FY2023, with a large proportion of purchasing already contracted with an ingoing FY2023 investment pipeline of $150 million.

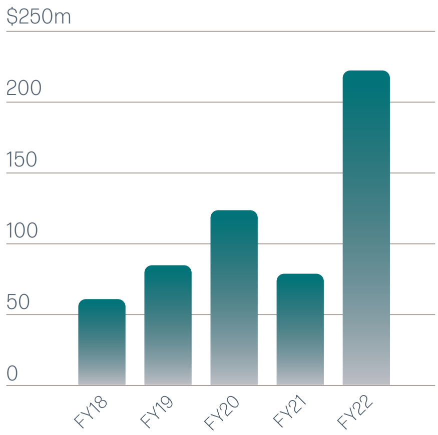
The US continues to provide a strong pathway for growth with the prospect of increased market volumes in the medium term as charge-off rates revert to pre-COVID levels. Annual purchasing of A$200 million per year in a steady state is sufficient to produce similar earnings to those achieved from the core AUS / NZ debt buying segment.

The strong FY2022 investment and increased resourcing should produce another year of NPAT growth in the US debt buying segment in FY2023. Credit Corp is substantially progressed in establishing a platform to support the objective of consistent annual purchasing in excess of A$200 million.

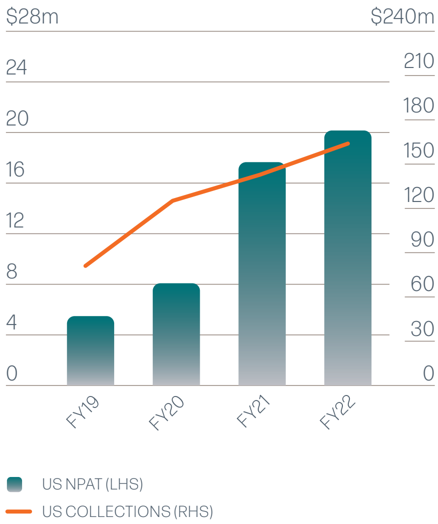
AUS/NZ COLLECTIONS (A$M)



US PURCHASING (A$M)



US COLLECTIONS & NPAT (A$M)



Consumer lending

Pandemic restrictions, including Eastern State lockdowns, curtailed demand for consumer loans at the start of FY2022. It then re-grew strongly in the December quarter and continued through the second half of the year record annual originations of $267 million, including $153 million, also a record. The strong demand in the second half of the year was stimulated by the decision to continue television advertising through the June quarter for the first time.

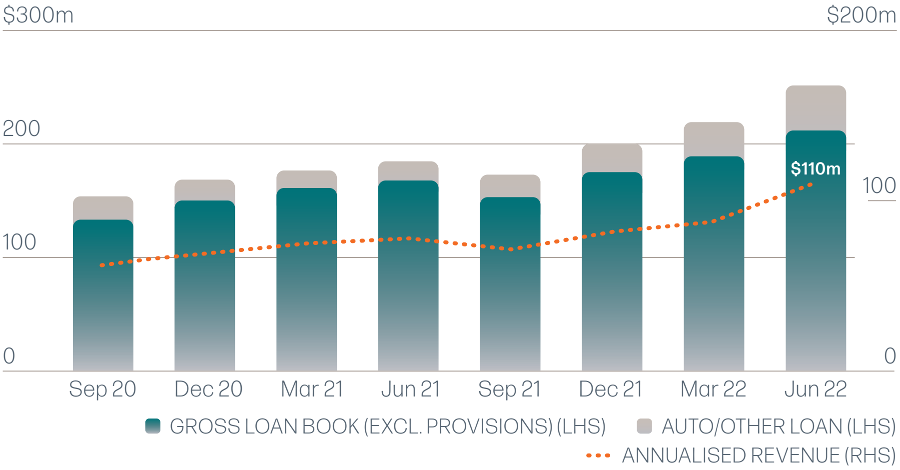
The strong settled volumes resulted in a record closing loan book of $251 million, including Wallet Wizard branded cash loans of $210 million. The auto loan book component was a record $35 million, with solid origination volumes achieved following the relaunch of the product at the end of FY2021.

The Wallet Wizard cash loan product is already strongly penetrated within the credit-impaired space. Pilots of a buy now pay later product as well as unsecured cash lending in the US commenced with a view to broadening the product offering. Other products are planned and further pilots will be launched in FY2023.

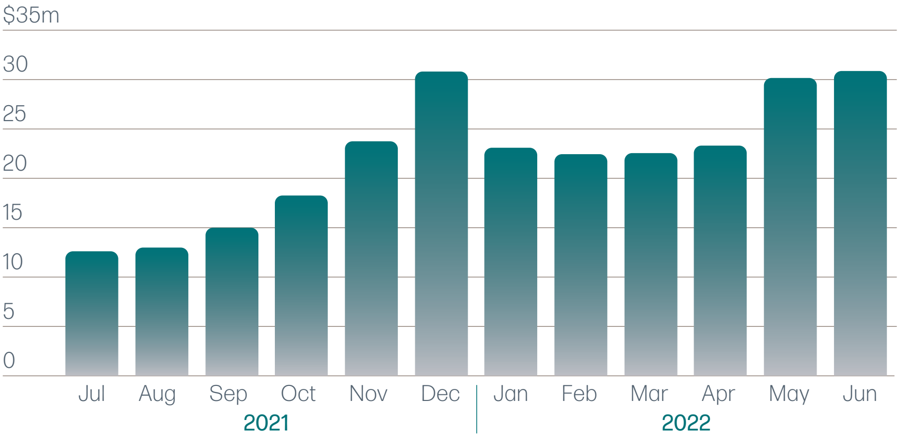
The loss experience on expired loans is substantially lower than the pro-forma assumptions in recent periods, which necessitated a review of the level of the life-of-loan loss provision. This resulted in a reduction in the level of the provision from 26 per cent of the gross loan book balance to 21 per cent to recognise the excess provision on these expired loans. The level of provisioning against the loan book is still regarded as prudent in light of the short average duration of the book, and continued use of pre-COVID credit settings.

The high starting loan book puts Credit Corp on track for healthy consumer lending segment NPAT growth in FY2023.

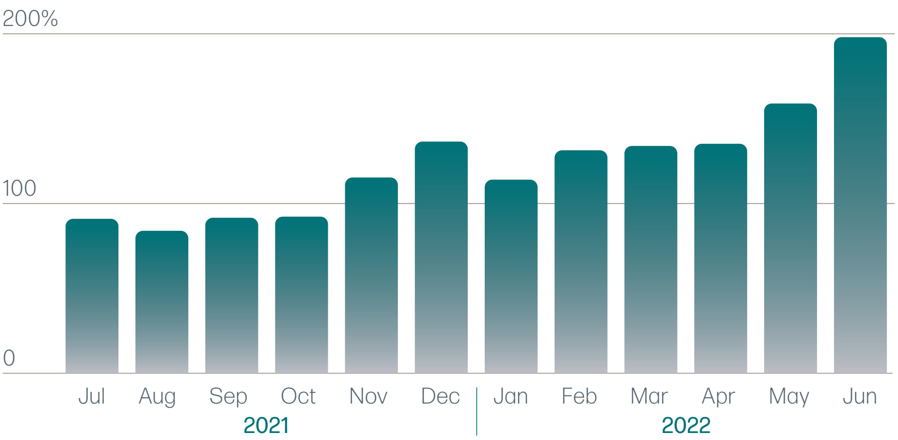
CONSUMER LENDING BOOK AND REVENUE



CONSUMER LENDING SETTLEMENTS



LENDING VOLUMES INDEXED TO PRE-COVID COMPARATIVE PERIOD



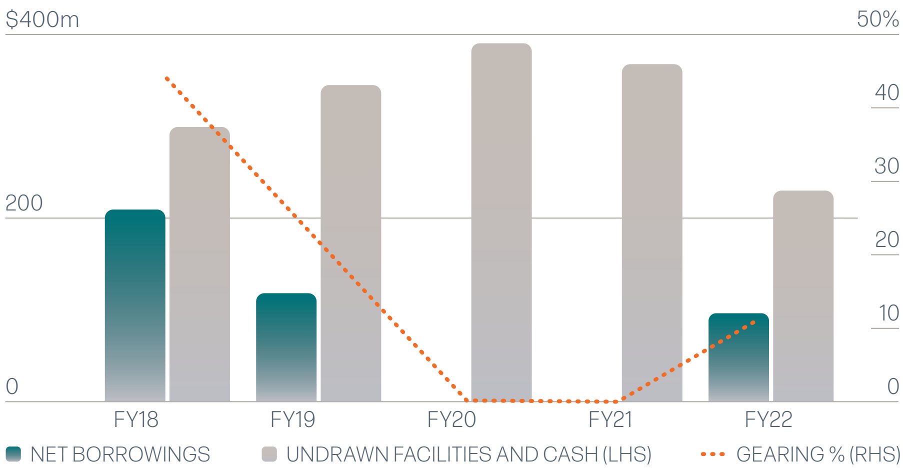
Capital Management

Record US investment and lending settled volumes resulted in net debt of $99 million at the end of FY2022, with undrawn funding lines of $212 million. Anticipated lower FY2023 investment is expected to result in significant free cash flow generation and to increased undrawn lines.

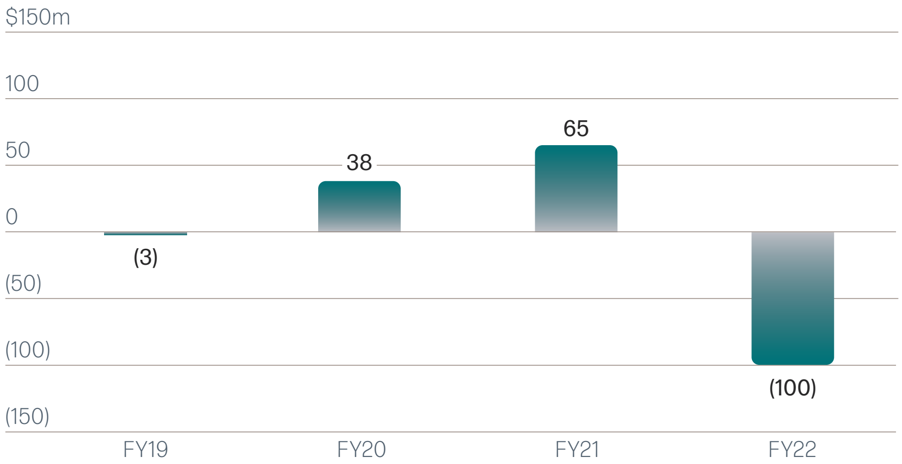
Credit Corp is in the process of extending its $100 million consumer lending warehouse and also enabling the financing of auto loans within the warehouse.

Credit Corp achieved a Return on Equity (ROE) of 17 per cent in FY2022 after adjusting for a pro-forma level of gearing of 30 per cent. This is in line with Credit Corp's hurdle ROE range of 16-18 per cent with a conservative capital structure.

FACILITY HEADROOM AND GEARING



FREE CASH FLOW ($M)



SENIOR MANAGEMENT TEAM

Our people are the cornerstone of our success and we are committed to providing them with the ability to succeed in their roles and develop their careers.

THOMAS BEREGI

Chief Executive Officer

15 years with Credit Corp

Priorities:

Thomas is responsible for strategic leadership and execution to deliver solid long-term growth and strong returns on invested capital.

Experience:

Thomas joined Credit Corp in 2007 as Chief Financial Officer, before being appointed Chief Executive Officer in 2008. Prior to Credit Corp, Thomas held senior finance and operational roles in organisations such as Jones Lang LaSalle, Diageo and Pepsico.

MATT ANGELL

Chief Operating Officer

16 years with Credit Corp

Priorities:

Matt is responsible for oversight of the revenue-generating businesses of Credit Corp across all geographies. He is committed to delivering on the revenue and profit objectives of the Group each year, whilst also overseeing the execution of strategic priorities that will drive growth into the future.

Experience:

Matt has over 25 years of management experience and prior to joining Credit Corp ran software development and consulting teams in Australia and the USA.

MICHAEL EADIE

Chief Financial Officer

13 years with Credit Corp

Priorities:

Michael is accountable for the financial management of Credit Corp, including ASX reporting, forecasting, taxation, treasury and capital management. Alongside the CEO and COO, he is responsible for the strategic planning and execution that has underpinned the growth and diversification of Company earnings over the last decade.

Experience:

Michael joined Credit Corp in 2009 as Financial Controller before becoming Chief Financial Officer in 2010. Prior to joining Credit Corp, Michael held a variety of senior roles in leading financial services companies, including 10 years at Macquarie. These roles were primarily commercially focused, supporting the financial management and capital allocation decisions of operating divisions.

CHRISTOPHER MIDLAM
Head of Client Services

15 years with Credit Corp

Priorities:
Chris is responsible for key client relationships and business development for debt purchase and agency collections. His priorities are maintaining strong client relationships with Credit Corp's existing client base whilst exploring and developing future growth opportunities.

Experience:
Chris joined Credit Corp in 2007 and has held a number of senior roles across the Group's front line operation as well as support services. Prior to joining Credit Corp, Chris led the service and sales division of Citizen Australia.

TIM CULLEN
Chief Information Officer

8 years with Credit Corp

Priorities:
Tim is responsible for information technology, security (including cyber, fraud and physical security), business continuity, client administration and facilities for the Credit Corp Group.

His priorities are to improve and deliver operational excellence, customer experience and drive competitive advantage through automation, digitisation and smart technologies.

Experience:
Tim has more than 30 years experience in Technology and Financial Services. Prior to joining Credit Corp, Tim held roles at NAB and MLC leading their Direct Channels, Digital and eSecurity business, as well as leading Technology functions in the Retail Bank.

DAVID BRAND
Head of Marketing

8 years with Credit Corp

Priorities:
David is responsible for the development and implementation of the marketing strategy for Credit Corp's lending operations.

Experience:
David brings extensive senior marketing experience across a variety of sectors. Past executive roles include senior appointments in Fast Moving Consumer Goods, Alcoholic Beverages, Consumer Electronics and Quick Service Restaurants.

STEPHANIE PALMER
Head of Human Resources

6 years with Credit Corp

Priorities:
Stephanie is responsible for Group HR, ensuring equitable and engaging people processes are established in all business units globally. Her priorities are the attraction and retention of staff, as well as creating interesting career pathways and developing internal talent to support the Company's growth in new markets and geographies.

Experience:
Stephanie has 25 years experience in HR, predominantly with an international remit. Prior to joining Credit Corp, Stephanie was with Peugeot Citroen in the UK and Paris for 13 years, ultimately becoming HR Director for the UK, Ireland and Scandinavia.

MARTIN WU
Head of Analytics

8 years with Credit Corp

Priorities:
Martin manages a team responsible for the forecasting, analytics and data reporting that underscores decision-making for debt purchase and lending operations across the Group. His focus is on enhancing and embedding advanced analytics capabilities into business processes to inform strategy and execution.

Experience:
Martin has more than 20 years of experience in debt purchase, consumer lending, general insurance and actuarial consulting environments. Prior to joining Credit Corp, Martin held a number of roles with PricewaterhouseCoopers and Suncorp, responsible for claims valuation, pricing, core-banking model validation and financial modelling.

DAVID ACHEATEL
Chief Operating Officer – USA

10 years with Credit Corp

Priorities:
David is responsible for operational strategy and performance, compliance, business development, and vendor management for the US operations. His priority is improving efficiencies to maximise returns, increasing and diversifying our PDL investments and client base, and ensuring regulatory compliance.

Experience:
David has 17 years experience in financial services and investment management, including 13 years in the collections industry. Prior to joining Credit Corp, he was the Chief Executive Officer of a debt buyer and collection agency.

CUSTOMER STORIES

EVERY CUSTOMER HAS A STORY. CREDIT CORP LISTENS

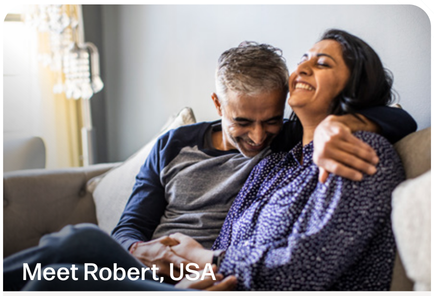
*Some names and identifying details have been changed to protect the privacy of individuals.

Meet Elaine, AUS

Elaine was going through a difficult time in her life following an accident that resulted in lifelong impairment, impacting her return to work and bringing a period of financial hardship. Overwhelmed by her situation, Elaine initially chose to avoid discussing her financial situation with Credit Corp.

When Jazz was finally able to connect with Elaine, she took the time to listen and reassure her that they would work together to resolve her debt by tailoring a solution to her circumstances. Jazz was able to suggest an affordable and flexible repayment option suited to Elaine's financial position. While Elaine felt vulnerable, Jazz took the time to comfort her and make the process as easy as possible. Elaine has since successfully sustained her repayment plan for almost a year, and is well on her way to resolving her debt situation.

"Jazz contacted me about my debt to arrange payment from me. As someone who has very little income after suffering catastrophic injuries in an accident three years ago and dealing with some very difficult life situations, Jazz was able to help me through the process with kindness, and that really means a lot. I want to pass my thanks to her and to Credit Corp for dealing with my situation in a caring manner."



Meet Robert, USA

Robert's wife was suddenly diagnosed with a serious illness requiring ongoing treatment. This was overwhelming for the family and meant they were unable to make their monthly repayments.

Jentry worked together with Robert to better understand the situation and find a repayment solution that would help ease the financial pressure they were facing during this difficult time.

"Jentry was absolutely amazing and caring in our time of need. By working through a solution with us, she gave us the breathing space we needed to focus on my wife's health and we are very grateful for this."

EMPLOYEE STORIES

PROVIDING OUR EMPLOYEES WITH OPPORTUNITIES TO ACHIEVE THEIR CAREER ASPIRATIONS.

Meet Niamh, AUS

Niamh joined Credit Corp in 2012 as a Customer Relationship Manager after taking a break from studying a degree in Information Technology. Since then Niamh has had the opportunity to work in a number of different roles across the business, including in the IT function where she started as a Service Desk Analyst and was subsequently promoted into a leadership role as global Service Desk Team Leader.

Niamh's analytical approach and her ability to build strong relationships has seen her progress within Credit Corp. She was recently promoted to Security Support Analyst where she maintains Credit Corp's strict data compliance requirements and raises security awareness within the organisation.

Niamh considers a strength of Credit Corp to be how it empowers you to take the lead in your career development and challenge yourself.

"Working at Credit Corp has afforded me so many opportunities to grow and develop my career. If you had told me nine years ago I'd be working in cybersecurity within the same organisation, I definitely wouldn't have believed you! I am appreciative for the support and guidance of my mentors within Credit Corp who, over the years, have helped shape not only my career, but my personal growth and development."

Meet Janelle, AUS

Janelle joined Credit Corp in 2015 as a Customer Relationship Manager after a number of years working in hospitality. After returning from travel, Janelle was referred to Credit Corp by a friend, attracted by the comprehensive training given to new starters at an entry-level.

During her time at Credit Corp she has worked across different departments, including Workflow, Insolvency and Legal. Crediting the support and encouragement from her managers, as well as the knowledge gained from participating in the career pathway training programs – JUMP, RISE and IGNITE – for her progression into a leadership role, she is currently a Team Performance Manager for Legal Services.

"I am grateful to Credit Corp for setting my career in a new direction. At the end of my travels, I came to Australia with the intention of working here for a year before returning home to New Zealand. I quickly realised that Credit Corp was somewhere that I could learn, build my career and make friendships. It's fantastic that there are so many internal opportunities and training programs available, and everyone has the chance to succeed. My managers have always supported the path I have chosen to take."

Meet Kimberley, AUS

Kimberley started at Credit Corp in 2015 as a Customer Relationship Manager in Brisbane and since then has worked across a variety of roles, such as a Senior Customer Relationship Manager, a Team Performance Manager and an Onboarding Manager.

In 2017, she commenced a Bachelor of Secondary Education and completed her university placements during her time at Credit Corp. She has been able to utilise the transferable skills and knowledge gained in her university degree to further her career at Credit Corp. Kimberley has always strived to join the Learning and Development team and in early 2022, started her current position as a Learning and Development Specialist for Collection Services.

"I am grateful for the support and encouragement Credit Corp has given me. I remember being quite nervous about approaching my manager to request extended leave for my three-week university placement when I was a Team Performance Manager. My request was met with empathy, and I felt supported in my decision to study whilst performing my role. Even though I was studying a degree that wasn't directly related to my work, this didn't impact on my development.

The same support has continued across different managers, and has in turn influenced me to work harder and succeed in each role I've had. There is so much growth at Credit Corp and I'm excited for the future opportunities."

OUR COMMITMENT TO SUSTAINABILITY

We are committed to being a leader in sustainability and compliance. Financial services is one of the most scrutinised sectors of the economy and plays an important role in the broader community. We apply our values to ensure the creation of sustainable outcomes for our customers, people, clients, shareholders and the community.

COMMITMENT TO OUR PEOPLE

Our people are the key to our success. They represent our culture by applying our values every day, and their diverse abilities enable us to interact effectively with our customers and to achieve exceptional results.

Strengthening Culture and Accountability

The relationship between our people and our customers is based on respect.

Our Employee Code of Conduct defines our workplace principles and sets expectations around how our people should act. To embed the Code of Conduct into our processes and keep it front of mind, we undertake annual refresher training for all employees, as well as mandatory monthly refresher training with our operational employees.

In the 2022 financial year, zero matters went to an employment tribunal and 0.02 matters per 100 employees were lodged with the Fair Work Commission (FWC). The matters related to unfair dismissal and general protections, and all have since been resolved.

View our Employee Code of Conduct

Developing our People

We provide a positive workplace that supports employees' safety, wellbeing and development. Despite the challenges posed by COVID-19 over the last two years, our in-house training team, who are all Certificate IV Technical and Adult Education qualified, continued to support employee learning through virtual training sessions, with some of the innovative virtual delivery methods trialled proving to be very effective. The return of many employees to the office in 2022 has seen training move to a flexible combination of face-to-face and virtual sessions.

Our in-house training programs focus on a mix of technical and soft skills that lay the foundation for operational success and career growth in operational leadership, including resilience, decision making, workplace partnering, coaching, negotiation and investigative work.

All new operational employees undergo an extensive induction and onboarding training program when they join, administered by the Company's training and operational teams.

We have recently launched a development hub for our leaders aimed at providing a one-stop shop for self-paced learning, where they have access to e-learning modules, podcasts, chatbots, simulations and games to complement more formal training being undertaken.

A total of 1796 (2021: 1,085) employees have completed one of the training programs that form part of our career pathway model. The training benefits those looking for career progression and/or leadership development, for both frontline manager and other management roles.

In Australia, we have a partnership with TAFE NSW (RTO Code 90003) to deliver a nationally recognised and accredited Certificate III and IV qualification in Financial Services to our employees. To date this has enabled our debt collection employees to attain an external qualification on the job, at no cost to them, rather than having to find the time outside of work hours. It has proven to be a successful way for employees to build the foundations for a career in financial services.

We have recently broadened the availability of Certificate III to our Collection Services teams located in Australia and New Zealand.

12 (2021: 93) employees attained a Certificate III in 2022. 155 are presently on track to complete a Certificate III and 16 are progressing towards their Certificate IV qualification.

Engaging our Leaders

In 2022, we introduced Engaging Leadership training, with over 250 of our leaders participating. Having highly engaged leaders has always been a priority, heightened more recently by hybrid working. The training has provided our leaders with a practical toolkit on how to foster more engaging and productive relationships with their teams, colleagues and more broadly across the organisation.

250+
PARTICIPATING
Engaging Leadership training

"Having the career pathway training to work through, from JUMP, to RISE, to IGNITE and now VIRTUS, has been an invaluable experience. After being a Team Performance Manager for a number of years, the VIRTUS program provided a timely refresher on what's important in running a successful and engaged team. The training gave me easy to use tools to use throughout the day and as an added bonus, I found the tools equally valuable outside of work."

Renee
Team Performance Manager, Qld
on completing the JUMP, RISE, IGNITE and VIRTUS training programs

"As an employee who has recently been promoted, the VIRTUS program gave me the opportunity to improve on aspects of my leadership capabilities, including coaching, decision making and emotional intelligence. I am now better equipped to support and develop both my team and my colleagues."

Tyler
Collections Manager, WA
on completing the IGNITE and VIRTUS training programs

Our workforce at a glance

1,840
EMPLOYEES (FTE)

60%
FEMALE

40%
MALE

33%
women on the Board

59%
of operational managers are female

AGE

34%
<30 yrs old

56%
30-50 yrs old

10%
>50 yrs old

4
Countries

9
Cities

20
Ethnicities

50+
Languages spoken

176
INTERNAL PROMOTIONS

91%
OF LEADERSHIP POSITIONS
filled internally

COMMITMENT TO OUR PEOPLE CONT.

Gender equality is a key principle of our diversity strategy.

Creating a Diverse, Inclusive Culture

We believe a diverse and inclusive workplace leads to better business outcomes. Employing people from diverse backgrounds and experiences enables us to provide exceptional customer service to our equally diverse customer base.

We aim to attract, develop and retain great talent and to create a more diverse and inclusive workplace where everyone is valued and treated equally regardless of their ethnicity, sexual orientation, gender, background or any other personal characteristic.

View our Diversity Policy

CELEBRATING INTERNATIONAL WOMEN'S DAY

To celebrate International Women's Day (IWD) we held our first-ever live streamed IWD Panel Discussion with over 1,000 employees participating globally. Hosted by an external facilitator, our panellists, including female leaders and our CEO, shared their insights, from how we can all #breakthebias, to enabling more women at Credit Corp to maximise their potential, challenge themselves and be brave. The session brought to life many stories about female career progression in the business and increased awareness amongst others that the same was possible for them.

1,000
EMPLOYEES
participating globally

Driving Change from Within

Following the IWD Panel, Credit Corp reaffirmed its commitment to driving change internally, taking a comprehensive approach, and asked employees to be part of the change as well.

The executive team committed to looking into processes, providing education, and making changes to remove any bias from decision making to ensure the playing field is level for everyone.

Managers were asked to proactively speak to their teams about what they want from their careers in the short, medium and longer term, and to encourage them, regardless of gender, to put themselves forward, and if they weren't quite ready to step up to take active steps to fill any skills gaps.

Individuals were invited to be brave, make their ambitions known, step up for opportunities even if they don't feel fully ready yet, and challenge.

Change takes time, and we want to create something that lasts. Our commitment to hire internally remains strong, and we want to ensure women and other minority groups are given plenty of opportunity to progress in their careers at Credit Corp.

Being Mindful of Unconscious Bias

Our IWD host, a specialist in female development and unconscious bias, held workshops for our management teams, exploring why unconscious bias matters, how it shows up, and how to challenge it so collectively we are in the best position to level the playing field.

Advancing Reconciliation

As part of our commitment to a more inclusive future, in 2021 Credit Corp joined the reconciliation effort to build relationships, respect and trust between Aboriginal and Torres Strait Islander peoples and the wider Australian community.

Since the launch of our first Reconciliation Action Plan (RAP) in 2021, we have finalised the deliverables and are working on our next phase, our *Innovate* RAP.

Our vision for reconciliation is a future that bridges the gap between Aboriginal and Torres Strait Islander peoples and non-Indigenous Australians. We envision a future where everyone has equal access to employment and sustainable financial solutions. By bridging the gap in knowledge and understanding, Credit Corp is committed to fulfilling this goal by accurately representing Aboriginal and Torres Strait Islander history and culture. As an organisation, we will embrace cultural protocols and use our sphere of influence to provide long-term sustainable financial solutions for everyone in the community.

Our RAP Working Group comprises 13 members and brings together people from across our different business units and locations, including Aboriginal and Torres Strait Islander staff.

View our Reconciliation Action Plan

SUPPORTING ABORIGINAL & TORRES STRAIT ISLANDER OWNED BUSINESSES

In line with the commitments in our RAP, we are looking for opportunities to build relationships and support Aboriginal and Torres Strait Islander owned individuals and businesses.

We have recently started purchasing recycled, ethically sourced and Indigenous office supplies for use across our Australian business from Cultural Choice, a 100% Indigenous Australian owned and operated office supply company. For every Culture Choice product purchased, they will donate a percentage to the Cultural Choice Association which aims to support the prevention of Aboriginal youth suicide and its related causes in Australia.

To further support Aboriginal and Torres Strait Islander communities, our RAP Working Group has established relationships with local artists in each of our seven Australian locations to commission traditional Aboriginal artworks with local significance to be displayed in our offices.

Celebrating NRW and NAIDOC Weeks

We recognise that National Reconciliation Week (NRW) and the lens through which it is viewed is different for everyone. To bring one perspective to life, our RAP Working Group member, Jasmine, reflected on her own family history and cultural identity, and shared this with our employees. Through shared understanding, we believe we can all contribute to achieving reconciliation in Australia.

It was a privilege to hear Jasmine's moving story, an extract of which is below;

"Hearing about the trauma of my ancestors I still have a tough time understanding what it must have been like for them. With young girls of my own, they are growing up learning all about their family and culture. Annual events like NRW help them to understand a bit more about their culture, and it gives them a sense of identity and pride in their heritage. We can work together towards building a future of recognition, understanding and pride in the culture of our First Nations People.

I hope that by sharing my story I have helped provide an insight into why NRW is so important to our people. It is about healing from our generational trauma, celebrating our rich and ancient culture and learning how we can all walk forward together as one"

Our Brisbane team engaged Frazer Watson to produce an artwork for the office and join employees for a morning tea during NAIDOC Week.

Frazer is a proud Mununjali, Wangerriburra and Ghungalu man who grew up on Turrbal and Yuggera country, Meanjin (Brisbane).

His artwork depicts the meeting place. The meeting place was where Frazer's old people, the Mununjali elders, would meet with the Turrbal and Yuggera people and trade hunting weapons such as spears and boomerangs for fish along the crystal clear water of Meanjin.

COMMITMENT TO OUR PEOPLE CONT.

Prioritising Health, Safety & Wellbeing

The workplace health and safety (WHS) of our people continues to be a priority and this year we have renewed our focus on wellbeing after feedback indicated employees would like to hear more from us in this space.

Recognising that everyone's wellbeing journey is individual, we offered a variety of initiatives giving people the opportunity to restore balance, refill their 'tanks' and improve their overall health and wellbeing.

- We launched the four-week Activate Your Wellbeing Challenge, a series of informative and interactive online streams and activities. It covered a range of topics, from building support and social connections to the importance of self-care, relaxation, healthy diet and mindful eating. Many employees found this timely and relevant, especially during periods of prolonged COVID-19 restrictions.
- We offered a structured, ongoing fitness program through a partnership with a local Sydney based gym, which developed a bespoke training program for all employees, regardless of where they were located globally.
- A Wellness Committee was established for employees keen to share their passion for wellbeing and to build on the momentum in the wellbeing space.

We continued our support for mental health, launching the My Mental Fitness app, to sit alongside the Mental Health First Aiders who accompany the First Aiders in each of our locations. Our Mental Health First Aiders receive external training from organisations offering a certificate recognised by Mental Health First Aid Australia, and act as a first point of contact for people experiencing mental health problems in emergency situations. Resilience training was also launched using cognitive behaviour therapy as the basis, and will form part of our regular induction and onboarding program moving forward.

Our Work Health Safety Policy, which is readily accessible to all staff, forms part of the induction process for new employees and complements our mandatory annual refresher training for all employees.

We are committed to a safety culture. We are continuously evaluating and improving our work processes and environment to ensure the safety and wellbeing of all employees. We regularly review potential risks to minimise the occurrence of injuries and occupational diseases. All incidents are logged and reported monthly at Board level and appropriate changes are made to further improve health and safety.

Embracing New Ways of Working

Throughout the pandemic we supported our employees to work at home safely. After listening to their feedback, we are currently trialling a hybrid work from home/return to the office model aimed at giving employees the flexibility they value, but allowing time in the office together for collaboration, development and engagement purposes.

Our WHS Performance

	2022	2021	2020
Injuries per 100 employees	0.31	0.27	0.21
Work-related fatalities - number	0	0	0

THIS YEAR WE HAVE RENEWED OUR FOCUS ON WELLBEING AFTER FEEDBACK INDICATED EMPLOYEES WOULD LIKE TO HEAR MORE FROM US IN THIS SPACE.

Energising our People

Our people have shown resilience, empathy and determination, working together to face the challenges posed by COVID-19 over the past couple of years.

To help support our employees, we increased communications, tracked engagement and introduced new wellbeing initiatives.

We connect with our employees through channels such as our intranet shared hub and our monthly newsletter, and directly via individual and team meetings, emails, roadshows and feedback tools.

Throughout 2022 we held two employee virtual roadshows where employees were able to ask the CEO, members of the executive team and senior management anything – whether related to business strategy, the future of the Company or employee initiatives.

Feedback was overwhelmingly positive, with over 95% of employees finding the roadshow to be useful and informative and 92% sharing that they are proud to work for Credit Corp.

92%
PROUD TO WORK
for Credit Corp

9%
INCREASE
in employee engagement

Culture and Engagement

An important focus this year has been on employee engagement and taking action on feedback.

In May 2022, employees participated in our annual employee engagement survey to share how they felt about working for Credit Corp, and help us focus our energies on what will make the most difference to them, now and into the future. An external company, CultureAmp, ran the survey.

Overall employee engagement improved by 9% across all parts of the business since the last survey 12 months ago.

One opportunity identified was for more collaboration and communication between functions. At a corporate level, this, along with a continued focus on leadership, will be our priority for the next 12 months.

OUR COMMITMENT TO SUSTAINABILITY

SUPPORTING OUR CUSTOMERS

Understanding our customers is fundamental to our success. Our relationships with our customers are built around respect and collaboration with the goal of providing affordable financial solutions tailored to their needs as a pathway towards mainstream financial inclusion.

Sustainable and Responsible Lending

We are the market leader in the fast consumer loan segment, providing affordable and sustainable loans to our customers.

Credit Corp's market-leading loan products are lower cost and more sustainable than products of competitors operating in our segment. In fact, our flagship fast cash loan product Wallet Wizard is up to 76 per cent cheaper than competitor products.

Australian fast cash loan pricing[1]

Credit Corp	$141
Typical competitor	$600

1. Total interest and fees based on a $1,500 loan over nine fortnights.

Our flagship fast loan product

76%

CHEAPER THAN competitor products

We aim to deliver the best outcomes for our customers and believe Net Promoter Score (NPS) is a good overall measure of our customers' experience with us as it subtracts our detractors from our promoters.

Our NPS includes surveyed customers in all groups, including new and returning customers, approved and declined customers, as well as those customers who have withdrawn or let their application expire.

20 NPS

LENDING CUSTOMERS

▲ 2% VS. PCP

Customer Engagement

A good relationship with our customers is critical to agreeing appropriate financial solutions. We are collaborative and respectful in our approach.

We engage in a constructive dialogue and take an understanding approach to each customer's situation.

We work with our customers to ensure a sustainable and realistic repayment solution. 85 per cent of collections are received from mutually agreed repayment arrangements in Australia and New Zealand.

Credit Corp maintains a number of proactive controls to identify and respond to hardship, sensitive issues or dissatisfaction in order to provide the best service to our customers.

In addition to this, we have measures to identify and assist customers facing unprecedented personal and economic challenges, whether this may be due to COVID-19 or natural disasters such as bushfires or floods. We reinforce contact points within our business with Financial Counselling Australia (FCA) for escalation of any particular cases their members may wish to discuss.

Lowest Industry Complaint Rates

We maintain the lowest number of external dispute resolution (EDR) complaints per million dollars collected in our industry, as published results by our EDR provider.

In the US, we maintain a dispute rate per million dollars collected significantly lower than our publicly-traded competitors, as reported by the federal regulator.

3.1M CUSTOMERS globally

1.6M CUSTOMERS US debt purchase

1.2M CUSTOMERS AUS/NZ debt purchase

195K CUSTOMERS Lending

Enhancing Customer Experience through Digital

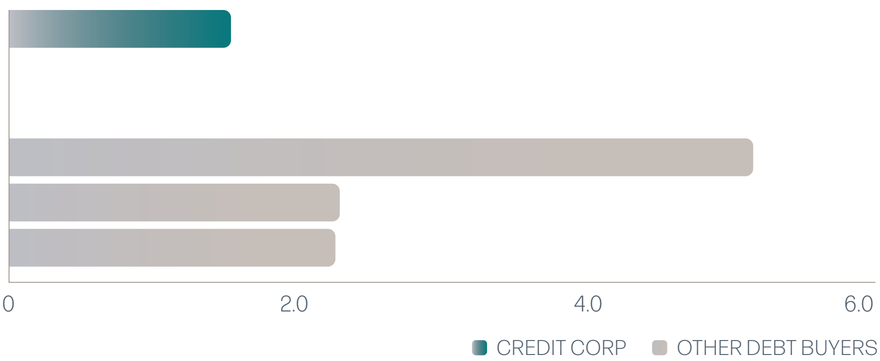
We continue to evolve and innovate our digital collection capabilities through integrating self-service technologies and digital customer engagement channels. Our self-service portal delivers a positive customer experience and provides a range of functionality that allows automated negotiations and the ability to establish sustainable repayment arrangements 24/7.

Our digital capabilities are underpinned by advanced analytics to ensure our offerings and messaging are tailored to the individual circumstances of our customer. Rather than a collections strategy that relies too heavily on one channel, we take a holistic approach, combining advanced digital capabilities with the skills of our highly trained collections teams. This approach makes it easier for customers to get what they need, in the way they want. Overall, this results in maximising the customer experience and achieving superior results across all business segments

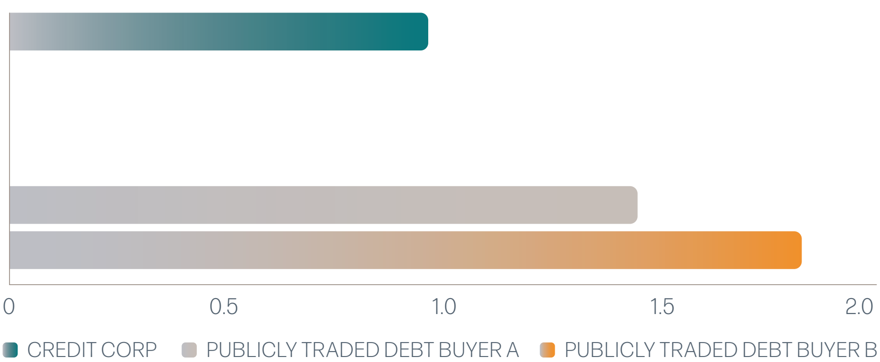
$1.71B IN FACE VALUE of receivables in ongoing repayment arrangements

$11.65B IN FACE VALUE of receivables globally

H1 FY22 AUS EDR RATE [1]



12 MONTHS TO MAR-22 US DISPUTE RATE [2]



1. No. of complaints reported by External Dispute Resolution (EDR) provider (The Australian Financial Complaints Authority) for the 6 month period to December 2021 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 Mar-2022 divided by reported collections https://www.consumerfinance.gov/data-research/consumer-complaints/search/?from=0&searchField=all&searchText=&size=25&sort=created_date_desc.

SUPPORTING OUR CUSTOMERS CONT.

Customer Advocacy

We work closely with financial counsellors and consumer advocates to develop sustainable financial solutions for our customers.

We offer a dedicated escalation point for financial counsellors through our Customer Experience function.

We recognise the important role financial counsellors play in assisting vulnerable consumers and we sponsor a number of financial counsellor conferences every year. This year we continued to sponsor and participate in conferences in New South Wales and Western Australia, as well as the National Conference in Cairns, virtually and in person.

THE 2019 FINANCIAL COUNSELLING AUSTRALIA'S "RANK THE BANKS" SURVEY RANKED CREDIT CORP'S CONSUMER HARDSHIP RESPONSE

7.8/10 HIGHEST SCORE

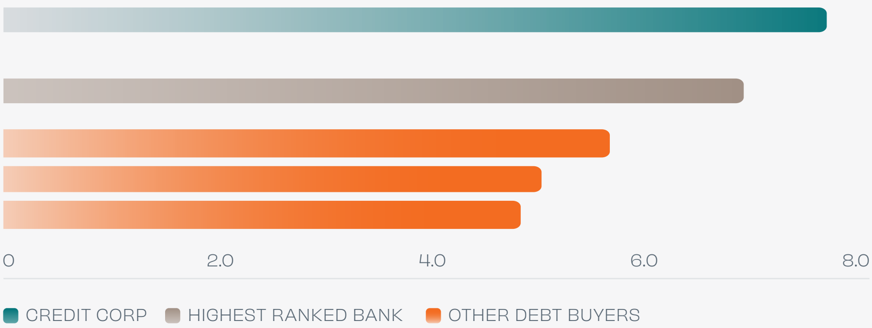
ACHIEVED BY ANY FINANCIAL SERVICES PROVIDER

We train all of our frontline operations staff to identify and respond to financial hardship, whether raised by a customer or financial counsellor, and empower them to apply appropriate concessions to address hardship at the first point of contact. We have a longstanding relationship with Uniting Kildonan, a leading not-for-profit financial counselling service that involves the hosting of training sessions for our Australian employees on respectful engagement and customer circumstances, including matters such as domestic violence. These sessions help our people to better understand issues that may be impacting our customers and to develop appropriate solutions to suit their individual situations.

Our market-leading fast loan product conforms to interest and fee parameters recommended by consumer advocacy groups during regulatory consultation.

In December 2019, Financial Counselling Australia's member survey recognised Credit Corp as having the highest ranked response to financial hardship of all financial services providers across Australia.

FINANCIAL COUNSELLOR RATING OF BANKS AND DEBT BUYERS[1]



1. Financial Counselling Australia: Rank the Banks and Other Creditors 2019 - Rating of response to consumer hardship, July 2020, pages 7 and 19

Jan Pentland scholarship

For the last seven years, Credit Corp has granted an annual scholarship through the Jan Pentland Foundation, aimed at providing a recipient in the not-for-profit sector with an opportunity to gain their Diploma in Financial Counselling.

The Foundation honours Jan Pentland, who championed the cause for financial counselling and campaigned for a better deal for people on low incomes or who were vulnerable.

The 2022 scholarship winner was announced at the FCA National Conference in May. This year's recipient, Alicia, is from North Queensland and has been working in Cape York Communities since 2007. Once qualified herself, she plans to make a real impact by mentoring First Nations financial capability workers to themselves qualify as financial counsellors and stay in the sector. Rather than referring cases on, they would be able to follow through the important work they have started.

"I actually met Jan Pentland at a day dedicated to those working with First Nations clients. She looked after us and ensured everyone's voices were heard. I honestly think that's when my passion was ignited," Alicia said.

Alicia impressed us with her passion and determination to further her education and make a difference to her local community.

OUR COMMITMENT TO SUSTAINABILITY

GOOD BUSINESS PRACTICE

Managing our Supply Chain

We work with over 1,300 Australian and international suppliers and during the year procured goods and services worth more than $35 million to support our global operations. It is important we fulfil our responsibilities to those businesses as well as manage potential risks.

We generally pay small business suppliers within 30 days and in line with our contractual arrangements with them.

Our Supplier Code of Conduct outlines how we manage supply chain risks such as data security and privacy, human rights, environmental impact and conflicts of interest. We require suppliers to acknowledge this code as part of their contractual agreement with us.

View our Supplier Code of Conduct

Our Approach to Human Rights and Modern Slavery

We recognise that human rights are universal and acknowledge that our role in respecting and promoting the fundamental human rights of our people, suppliers, customers and the communities impacted by our operations and supply chain is an important one.

Credit Corp commits to the principles of the United Nations Global Compact on human rights, labour standards and anti-corruption, as well as local labour standards wherever we operate.

We commit to fair pay and working conditions in keeping with or in excess of the minimum standards required in each country in which we operate.

We respect our employees and do not discriminate against any attribute protected by law, including free association.

Minimising the Risks of Modern Slavery

We have no tolerance for modern slavery and human trafficking. Whether in our operations or our supply chain, we are committed to taking all necessary steps to operate our business in an ethical, sustainable and responsible manner, and to mitigate the risk of modern slavery and human trafficking.

In December 2021, we published our second Modern Slavery and Human Trafficking Statement for the 2021 financial year.

Read our Modern Slavery Statement
in line with the *Modern Slavery Act 2018 (Cth)*

Treating Data with Care – Privacy and Data Security

Protecting the personal data of our customers and employees, as well as our confidential business information, is a priority across our organisation. To do this, we have implemented customer, client and employee privacy policies and continually strengthen our systems. Our people are key to helping us protect the information we hold, and we regularly educate our people through ongoing monthly compliance refresher training.

Credit Corp is ISO 9001 certified in quality management and ISO 27001 certified in information security management.

All new operations employees undergo an extensive induction training program before they commence work.

Data handling training is provided to all relevant staff and is audited and monitored through regular refresher training and testing modules. Credit Corp adopts a Data Security and Data Protection Policy and maintains a data breach incident response plan.

Management's approach to identifying and addressing data security risks involves regular internal and external penetration tests and 24/7 third party monitoring of the security perimeter.

Third party suppliers to Credit Corp are subject to robust external security and privacy assessments to ensure compliance with the Company's policies and procedures.

Credit Corp's data security and privacy controls are subject to regular auditing by our clients. As a consequence, we are continually upgrading our controls and systems.

The Credit Corp Group Privacy Policy details how we collect, use, disclose, store and secure personal information. We prioritise staff training on secure information handling practices and our people complete mandatory privacy training annually.

View our Privacy Policy

GOOD BUSINESS PRACTICE CONT.

Cybersecurity Awareness

Throughout the year, Credit Corp runs a number of cybersecurity awareness programs organisation-wide focusing on key trends in the industry, including phishing, business email compromise and incident management.

Each campaign aims to empower staff with the knowledge required to identify and respond to cybersecurity incidents at all levels of the business, and demonstrates our commitment to continuous improvement.

Combating Financial Crime

Credit Corp is committed to the detection, deterrence and disruption of money laundering, financing of terrorism and other serious financial crimes. We are committed to conducting our business in accordance with all applicable laws and regulations, maintaining our reputation as a compliance leader within the industry.

Our Anti-Money Laundering and Counter Terrorism Financing Group Statement sets out our core principles in the identification, mitigation and management of the risk that our products or services may be used to facilitate money laundering or terrorist financing.

View our AML/CTF Statement

Position on Political Donations and Industry Associations

We belong to a number of industry associations as part of our normal course of business.

While we do not make political donations, we may from time to time, pay to attend political events aimed at the business community. In 2022, we did not participate in any such events and did not contribute to any political party in Australia.

Exceeding compliance expectations

The community has high expectations of financial services providers that go beyond minimum legal requirements. We are committed to meeting these expectations and have a strong compliance record.

OUR COMMITMENT TO SUSTAINABILITY

PROTECTING THE ENVIRONMENT

Protecting the Environment

As a non-carbon intensive office and technology-based business, our environmental impact is relatively minimal and primarily arises from the energy used by our offices and three data centres, and from consumables, primarily paper.

We are committed to minimising our environmental footprint and have put in place policies and practices aimed at reducing our waste, carbon emissions and other environmental impacts.

In line with this, we are currently undertaking a review to better understand our key business environmental impacts, risks and opportunities, with a view to enhanced data collection and disclosure, and to inform our practices moving forward. This will include a climate position statement.

In recent years we have focused on reducing our business air travel to lower our CO2/GHG emissions and this has reduced even further with the travel restrictions imposed by COVID-19.

Our largest office, our head office in Sydney, produced 0.38 tonnes per FTE in CO2 emissions from energy usage consistent with the previous year. The building has a 5-star NABERS energy rating and a 3-star NABERS water rating.

Our Australian-managed data centres have a power usage effectiveness (PUE) rating of 1.5 and a 5-star NABERS rating.

Our US data centre has a PUE rating of 1.35. Our Australian third party mail house for customer communications is 100 per cent carbon neutral.

Waste management and recycling programs are in place at all our locations. At our Sydney head office this includes a broad range of items being recycled, such as food organics, paper and cardboard, e-waste, coffee cups and commingled items.

We have a cartridge recycling program in place for our office printers.

Around
1,000 KG
E-WASTE RECYCLED
across our Australian offices

WE ARE WORKING TO BETTER UNDERSTAND OUR KEY BUSINESS ENVIRONMENTAL IMPACTS, RISKS AND OPPORTUNITIES, WITH A VIEW TO ENHANCED DATA COLLECTION AND DISCLOSURE, AND TO INFORM OUR PRACTICES MOVING FORWARD. THIS WILL INCLUDE A CLIMATE POSITION STATEMENT.

OUR SUSTAINABILITY **PERFORMANCE**

This table summarises the metrics referred to in the Sustainability section of this report.

Metric	Unit	2022	2021	2020
Our People				
Total full-time equivalent (FTE)	#	**1,840**	**1,733**	**1,908**
Australia		997	969	1,013
New Zealand		96	62	97
Philippines		359	360	383
USA		388	352	415
Headcount	#	**1,926**	**1,816**	**1,944**
Australia		1,123	1,067	1,064
New Zealand		64	64	97
Philippines		358	345	381
USA		381	340	402
Employment type (headcount)	%			
Full-time		92.7	89.6	88.8
Part-time		6.7	9.9	10.7
Casual		0.6	0.5	0.5
Safety and wellbeing	#			
Injuries per 100 employees		0.31	0.27	0.21
Work-related fatalities		0	0	0
Parental leave	#			
Employees who have accessed parental leave:				
Female		29	–	–
Male		11	–	–
Employee training	hrs			
Training hours:		**58,910**	**29,800**	–
Leadership levels		3,156	–	–
Frontline employees		55,754	–	–
Average hours per FTE		32	17	–

Metric	Unit	2022	2021	2020
Our People				
Gender diversity	%			
Women in workforce		60	60	57
Women in all management roles		52	51	–
Women in frontline management roles		59	58	49
Women in top management roles		23	27	–
Women in management roles in revenue-generating functions		52	54	–
Women in STEM-related roles		33	26	–
Female Directors on Board		33	33	33
Age diversity	%			
< 30 years old		34	35	39
30-50 years old		56	56	53
> 50 years old		10	9	8
Hires				
New employee hires	#	820	514	717
Leadership positions filled by internal candidates	%	91	87	92
Internal promotions	#	176	151	–
Customer metrics				
Net Promoter Score - Wallet Wizard	#	20	18	23
Environment				
C02 Emissions - Business air travel	t	48.02	3.18	94.02
C02 Emissions from energy usage (Sydney office) per FTE	t	0.38	0.48	0.48
E-Waste recycled	kg	1,000	500	–
Power usage effectiveness rating - AU-managed data centres	PUE	1.50	1.28	1.28
Power usage effectiveness rating - US-managed data centres	PUE	1.35	1.35	1.35

Note: Some metrics have been reported for the first time in 2022. Where this is the case, the comparative figures have not necessarily been disclosed.

Assessing our Performance

We benchmark our progress as we strive to deliver better economic, social and environmental outcomes. We take part in a range of sustainability indices and surveys, including:

Morgan Stanley Capital International (MSCI):

In June 2022, Credit Corp Group received a rating of "AA" (on a scale of AAA-CCC) in the MSCI ESG Ratings Assessment, unchanged from the year before.

THE USE BY CREDIT CORP GROUP OF ANY MSCI ESG RESEARCH LLC OR ITS AFFILIATES ("MSCI") DATA, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT, RECOMMENDATION, OR PROMOTION OF CREDIT CORP BY MSCI. MSCI SERVICES AND DATA ARE THE PROPERTY OF MSCI OR ITS INFORMATION PROVIDERS, AND ARE PROVIDED 'AS-IS' AND WITHOUT WARRANTY. MSCI NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI.

MSCI ESG RATINGS AA

CCC	B	BB	BBB	A	AA	AAA

Sustainalytics:

In April 2022, Credit Corp Group received an ESG Risk Rating of 18.1 and was assessed by Sustainalytics to be at Low Risk of experiencing material financial impacts from ESG factors. The score is out of 100, where 0 equals negligible risk and 40 or above equals severe risk.

Credit Corp's ESG Risk Rating places it in the 14th percentile in the Diversified Financials industry assessed by Sustainalytics.

SUSTAINALYTICS
a Morningstar company
RATED

CORPORATE GOVERNANCE **STATEMENT**

CORPORATE GOVERNANCE OVERVIEW

Credit Corp Group Limited (the Company) and its subsidiaries (collectively, the Group) maintains governance policies and practices that provide a framework for and guide decision-making to meet stakeholder expectations of sound corporate governance, acknowledging Credit Corp's responsibilities to its shareholders, creditors, clients, customers, employees and the communities in which it operates.

The Group's corporate governance practices comply closely with the 4th edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations released by the ASX Corporate Governance Council.

Our purpose is to grow long-term shareholder wealth through successfully operating within the credit-impaired consumer segment of financial services in a sustainable and responsible way by providing customers with genuine solutions as a pathway to increased financial inclusion. Our objective is to be the leading global provider of sustainable and responsible financial services in the credit-impaired consumer segment.

Our business demands high standards of governance and control. Financial services have become a basic need in modern economies and the sector is heavily scrutinised. In our segment of the market we are more likely to encounter consumers suffering from different forms of hardship and vulnerability. Mitigating the risk associated with working with such customers requires a strong control framework overseen by the Group's Board.

Credit Corp has a positive governance culture supported by its values of discipline, accountability and transparency. Discipline involves the adherence to established standards and controls. Accountability ensures that targets for stakeholder outcomes are set and achieved to deliver continuous improvement. Transparency keeps stakeholders informed of all material aspects of performance and promotes the timely recognition of opportunities for improvement.

Our corporate governance practices also reflect these values.

This statement relates to the financial year ended 30 June 2022, and is current as at 2 August 2022.

PRINCIPLE ONE: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Board Responsibilities

The Board's roles and responsibilities are formalised in the Board Charter, which is published on the Group's website. The Board reserves to itself all functions that are likely to have a material impact on the performance and reputation of the Group.

The following functions are reserved to the Board:

- Providing leadership and setting the strategic objectives and culture of the Group;
- Appointing the Chairman;
- Appointing and, when necessary, replacing the Chief Executive Officer (CEO);
- Approving the appointment and, when necessary, the replacement of other senior executives;
- Monitoring senior management's performance, implementation of strategy and allocation of resources;
- Overseeing management's implementation of the Group's strategic objectives and its performance generally;
- Overseeing the integrity of the Group's accounting and corporate reporting systems, including the external audit;
- Overseeing the Group's process for making timely and balanced disclosure of all material information concerning the Group that a reasonable person would expect to have a material effect on the price or value of the Group's securities;
- Ensuring the Group has in place an appropriate risk management framework and setting the risk appetite within which the Board expects management to operate;
- Approving the Group's remuneration framework;
- Approving and monitoring the corporate governance of the Group; and
- Approving and monitoring operating budgets, major capital expenditure and financial and other reporting.

In fulfilling its roles and responsibilities, the key focus areas of the Board during the 2022 financial year are set out below.

Key focus areas of the Board during the 2022 financial year included:

- Reviewing and refreshing the Group's strategic plan for the next three to five years.
- Reviewing and approving the Radio Rentals and Collection House New Zealand secondary ledger book acquisitions.
- Reviewing the organisation structure of the Group, particularly the management structure supporting US operations.
- Reviewing business cases and the performance of pilots to diversify the product suite of the lending business.
- Approving and oversight the geographic expansion of the lending business with the commencement of a US lending pilot.
- With the assistance of the Audit and Risk Committee, reviewing and refreshing the Group's risk appetite and risk management framework and monitoring operations to ensure adherence to the risk appetite set by the Board.
- Reviewing credit risk settings and performance for consumer lending.
- Reviewing and monitoring purchased debt ledger commitments.
- Monitoring the Group's liquidity, financial position and key metrics, including financial covenants.

Management Responsibilities

The Delegation of Authority Policy detailing functions delegated to management is published on the Group's website. All matters not specifically reserved to the Board and necessary for the day-to-day operation of the Group are delegated to management.

The following functions are delegated to management:

– Formulating, recommending and implementing the strategic direction of the Group;
– Translating the approved strategic plan into operating budgets and performance objectives;
– Managing the Group's human, physical and financial resources to achieve the Group's objectives;
– Operating within the delegated authority limits set by the Board;
– Assuming day-to-day responsibility for the Group's conformance with relevant laws and regulations and its compliance framework and all other aspects of the day-to-day running of the Group;
– Performing against established Key Performance Indicators (KPI) to deliver the objectives of the Group;
– Developing, implementing and managing the Group's risk management and internal compliance and control systems to ensure the Group is operating within the risk appetite set by the Board;
– Developing, implementing and updating policies and procedures;
– Advising the Board promptly of any material matters impacting, or potentially impacting, the Group's operations;
– Providing the Board with accurate, timely and clear information to enable the Board to perform its responsibilities; and
– Keeping abreast of industry and economic trends in the Group's operating environment.

Appointment of New Directors

The Board, with the support of the Nomination Committee, has responsibility for the selection and nomination to shareholders of new or retiring directors. The Group's Appointment of Directors Policy is published on its website and sets out the Group's policy for the selection, appointment and re-election of directors.

Where a candidate is recommended by the Nomination Committee, the Board will assess that candidate against a range of criteria, including skills, experience, expertise, personal qualities and cultural fit with the Board and the Group. In addition, appropriate checks are made of a candidate's background as well as assessing any actual or perceived issues of independence.

If, after carrying out this checking and assessment, the Board appoints the candidate as a director, that director will confirm his or her appointment at the next Annual General Meeting (AGM). All material information in the Group's possession that is relevant to a decision on whether or not to elect or re-elect the director is provided to shareholders.

New directors are provided with a written agreement in the form of a formal letter of appointment setting out the key terms and conditions of employment, including their duties and responsibilities and requirement to disclose interests affecting independence or conflict of interest. New senior executives also sign an employment contract setting out the terms of their appointment.

Accountability of Company Secretary

The Company Secretaries are accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.

Diversity and Inclusion Report

The Group recognises the important contribution that people of various cultural backgrounds, ethnicity, experience, gender and age make to the Group. Diversity includes all characteristics that make individuals different from each other, including characteristics such as religion, race, ethnicity, language, gender, sexual orientation, disability, age or any other area of potential difference.

The Group's diverse workforce is in fact a key to continued growth and improved operating performance. In particular, employees of diverse backgrounds and experience are able to provide exceptional customer service to our equally diverse customer base.

In order to attract and retain a diverse workforce, to service our diverse customer base, the Group is committed to providing an environment where employees are treated with fairness and respect and have equal access to development and promotion opportunities.

The Group has established a Diversity Policy that outlines the Board's objectives to achieve diversity. A summary of the policy is available on the Group's website.

Measurement of progress against these diversity objectives occurs annually by the Board. The Group also has a specific objective for achieving gender diversity in the composition of the Board, which is to have not less than 30 per cent of each gender.

The table below sets out these diversity objectives and the progress made towards achieving them in the 2022 financial year. The Board will review these objectives in the 2023 financial year and report on progress being made towards their achievement.

CORPORATE GOVERNANCE **STATEMENT**

CONTINUED

Objectives	Progress in achieving objectives
Provide equal opportunities for candidates regardless of cultural, gender or any other difference.	– The primary goal of the Group's assessment centre-based recruitment process for all operational roles is to maximise objectivity in the decision-making process for frontline employees. – The Group continues to assess and recruit all frontline candidates against a set of core competencies.
Retain and encourage a diverse workforce at all levels of the Group.	The Group continues to reflect significant gender diversity, including within management levels. The percentage of individuals who identify as females in the Group is as follows: (see table below) – Over the past three years, a number of employees worked under flexible work arrangements to balance family and other commitments with their employment. During the reporting period, six per cent of the Group's workforce utilised a formal flexible work arrangement. Since the onset of the COVID-19 pandemic, more than three-quarters of the Group's workforce have worked flexibly between remote and office-based work.
Provide development opportunities for employees regardless of cultural, gender or any other difference.	– The Group provided nationally recognised accredited training to all eligible employees. – Leadership training was provided to all employees in management positions during the year. – Documented career pathways enabled frontline supervisors to support their progression into management roles.
Promote an inclusive culture where all employees are treated with respect and fairness.	– Each year the Group reiterates its zero tolerance policy towards any discrimination, bullying or victimisation of employees with clear escalation channels through which any concerns can be raised. – Annual online training promotes the Group's expectations and educates employees on their part in creating our inclusive culture. – The annual employee engagement survey enables the Group to gather data on issues relating to equality, respect and fairness and uses this data to set measurable goals. – The Group's Reconciliation Action Plan (RAP) sets out the initial steps to build relationships, respect and trust between the Aboriginal and Torres Strait Islander peoples and the wider Australian community. This process is facilitated by the RAP Working Group established to set relevant objectives and foster understanding across the Group. The RAP Working Group brings together people from across the different business units and locations, including Aboriginal and Torres Strait Islander staff.
Ensure internal promotion decisions within the Group are merit-based.	– Recruitment procedures for selection into frontline supervisory roles and management development programs are in place to maximise objectivity in the decision-making process. – This includes having panels of senior management from Human Resources (HR) and Operations participating in the decision-making process.

	2022	2021
Board	**33%**	33%
CEO and Executive management[1]	**14%**	14%
Frontline management	**59%**	58%
The Group's workforce	**60%**	60%

1. The CEO and Executive direct reports of the CEO.

Board's and Committees' Performance Reviews

The Board reviews its performance on a regular basis, including the performance of its Committees and individual directors, in accordance with the Performance Management Policy, which is available on the Group's website. The Board uses surveys for the purpose of its Board and Committee performance reviews. These reviews ensure that individual directors and the Board work effectively in meeting their responsibilities as described in the Board and Committee charters. These reviews occurred during FY2022.

Executive Performance Review

The performance of all key executives is reviewed annually against the Group's performance targets and individual KPIs.

The performance review of the CEO is undertaken by the Chairman of the Board, reviewed by the Remuneration and HR Committee and approved by the Board. The performance reviews of other executives are undertaken by the CEO and approved by the Remuneration and HR Committee. Performance reviews for each executive were conducted in FY2022.

PRINCIPLE TWO: STRUCTURE THE BOARD TO ADD VALUE

Nomination Committee

The Nomination Committee is to ensure a formal, rigorous and transparent process for the appointment and reappointment of directors to the Board. The responsibilities of the Nomination Committee are set out in the Nomination Committee Charter, which is available on the Company's website, and includes the following:

- Assist the Board to develop and maintain a Board skills matrix;
- Make recommendations to the Board on the size and composition of the Board, including reviewing Board succession plans;
- Review the ongoing independence of Non-Executive Directors;
- Make recommendations to the Board on the criteria for nomination as a director and the membership of the Board more generally;
- Assist the Board in relation to its performance evaluation as well as Committees and individual directors;
- Assist the Board with its appointment and succession planning responsibilities; and
- Review and provide recommendations to the Board on the content of the Corporate Governance Statement in so far as it pertains to matters of Board succession, performance and appointment.

The Nomination Committee consists of three of the Group's independent directors: Leslie Martin (Chairman), Eric Dodd and Richard Thomas. The Nomination Committee has met twice during the year.

Key focus areas of the Nomination Committee during the 2022 financial year included:

Identifying and considering potential candidates to fill Board positions leading to the appointment of new Non-Executive Directors in July and December 2021 as part of an ongoing process of Board renewal.

Identifying the mix of skills, experience, diversity, independence and other qualities of existing directors and those sought from potential candidates to join the Board.

Establishing Board, Committee and individual Non-Executive Directors' accountabilities and key performance indicators to be used in undertaking the performance evaluation processes for the Board, Committees and Individual Non-Executive Directors.

Board Composition

The term held by each director in office during the year at the date of this report, or at the date of retirement, is as follows;

Name	Term in office	Independent
Mr. Eric Dodd (Chairman)	13 years	Independent
Ms. Leslie Martin	8 years	Independent
Ms. Trudy Vonhoff	3 years	Independent
Mr. Richard Thomas	16 years	Independent
Mr. Phillip Aris[1]	1 year	Independent
Mr. James M. Millar AM[2]	–	Independent
Mr. Donald McLay (retired 18 November 2021)	13 years	Independent

1. Mr. Phillip Aris was appointed an independent director on 15 July 2021.
2. Mr. James M. Millar was appointed an independent director on 21 December 2021.

The roles of the Board members in office at the date of this report are summarised as follows:

	Member of			
	Board	Audit & Risk Committee	Remuneration & HR Committee	Nomination Committee
Mr. Eric Dodd	🟠	🟢	🟢	🟢
Ms. Leslie Martin	🟢			🟠
Ms. Trudy Vonhoff	🟢		🟠	
Mr. Richard Thomas	🟢			🟢
Mr. Phillip Aris	🟢	🟢	🟢	
Mr. James M. Millar AM	🟢	🟠		

🟠 Chairman of Board or Sub-Committee 🟢 Member of Board or Sub-Committee

The Chairman of the Board is Mr. Eric Dodd, an independent director. The CEO of the Group, Mr. Thomas Beregi, is not a director of the Group.

CORPORATE GOVERNANCE **STATEMENT**

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The Board regularly reviews the independence of each director and requires directors to promptly advise of any change in circumstances that may affect their independence as a director. Any change in circumstances that materially affects their independence as a director will be disclosed promptly. There are procedures in place to enable directors to seek independent professional advice in the carrying out of their duties, at the Group's expense.

The Board has specifically reviewed the independence of the directors with tenure of more than 10 years and is satisfied that their independence is not compromised by their relatively long tenure.

During the 2022 financial year, all of the Board members are considered to be independent and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the unfettered exercise of their independent judgement.

Board Skills

The Board considers that the directors bring professional skills, knowledge and experience as well as personal attributes which enable the Board to operate effectively and meet its responsibilities to the Group and stakeholders. The skills and experience of each director are detailed in the Directors' Report and also in the following skills matrix.

Board skills matrix	Number of directors with substantial experience
Governance Listed public company experience. Experience in the establishment and oversight of governance frameworks, policies and processes.	6
Leadership and commercial acumen Skills gained whilst performing at a senior executive level for a considerable length of time. Includes delivering superior results, running complex businesses, leading complex projects and leading workplace culture.	6
Financial services experience Experience working in or advising the banking and financial services industry.	6
Financial management Good understanding of financial statements and drivers of financial performance for a business of significant size, including the ability to assess the effectiveness of financial controls.	6
Risk Experience in anticipating, recognising and managing risks, including regulatory, financial and non-financial risks. Experience in monitoring risk management frameworks and controls.	6
Technology and digital transformation Experience in organisations with a significant technology focus, including adaptation to digital change and innovation.	4
People, culture and remuneration Experience in people matters including workplace culture, management development, succession and remuneration. A demonstrated commitment to the promotion of diversity and inclusion.	3
Strategy Experience in developing and setting strategic direction. Experience in driving growth and transformation and executing against a clear strategy.	6
Listed company experience Held two or more executive positions or non-executive directorships on Australian or internationally listed companies.	6
International Senior leadership experience involving responsibility for operations across borders. Exposure to a range of political, cultural, regulatory and business environments.	4

Induction of New Directors

New Directors undergo an induction program which includes meetings with members of management, the Chairman of the Board and the Chairman of each relevant Committee to gain an insight into the Group's business, values and culture. The Directors utilise various programs and opportunities, including through their professional associations and accreditations, to maintain and enhance their skills and knowledge.

PRINCIPLE THREE: ACT ETHICALLY AND RESPONSIBLY

Code of Conduct

The Employee Code of Conduct adopted by the Group is a key element of the Group's corporate governance framework. Its purpose is to guide directors, executives and employees on the minimum standards of conduct expected of them in the performance of their duties, including their dealings with customers, clients, shareholders, employees and other stakeholders.

Compliance with the Employee Code of Conduct is a condition of appointment as a director of, an employee of, or a contractor to, the Group.

The Employee Code of Conduct is published on the Group's website.

Our Values

The Group believes that its values represent its culture and underpin its success. All staff are encouraged to embrace these values. During induction, new staff are introduced to the values and staff are publicly recognised across the business where they demonstrate exceptional alignment to one or more of the Group's values.

The Group's values are:

- *'Doing the right thing' or Discipline:* Doing the right thing means adhering to controls to ensure that established standards are always achieved.
- *'Making it happen' or Accountability:* Making it happen is all about delivering the right results by taking responsibility for setting targets and measuring outcomes.
- *'Being open and honest' or Transparency:* Being open and honest means providing accurate and balanced communication to stakeholders together with recognising challenges and issues so they can be addressed.

Whistleblower Policy

The Group's Whistleblower Policy is designed to ensure alignment to the values of the Group, with transparency being one of its core values. This policy ensures that the confidentiality of the whistleblower's identity is safeguarded and the whistleblower is protected from retaliation or victimisation. The policy provides direction for staff, contractors, and service providers to raise concerns to the Group in relation to unlawful, unethical or irresponsible behaviour. Training is provided to staff annually on what whistleblowing is, how to make a whistleblowing complaint, what process the Group will follow if it receives such a complaint and the protections that are available for whistleblowers.

Anti-Bribery and Anti-Corruption Policy

The Group's Anti-Bribery and Anti-Corruption Policy is included in the Gifts and Entertainment Policy which is available on the Group's website. The policy identifies that giving or receiving bribes or other improper payments is prohibited. The policy requires that breaches are reported to the Risk and Compliance team who then report any material breaches to the Board. Training is provided to staff annually.

PRINCIPLE FOUR: SAFEGUARD INTEGRITY OF CORPORATE REPORTS

Audit and Risk Committee

The Group has formed an Audit and Risk Committee to assist the Board in fulfilling its responsibilities for the Group's financial reporting and related processes, including the external audit process, the effectiveness of the Group's risk management framework (for both financial and non-financial risks), systems of internal control and the Group's compliance with applicable laws and regulations.

The responsibilities of the Audit and Risk Committee are set out in the Audit and Risk Committee Charter which is available on the Group's website and includes accountabilities to review and provide recommendations to the Board on the following:

- Approval of the annual and interim financial statements of the Group with the review process to include consideration as to whether the financial statements provide a true and fair view of the financial position and performance of the Group;
- Review of the Group's risk management framework to ensure that it continues to be sound and that the Group is operating with due regard to the risk appetite set by the Board;
- The appointment, re-appointment, rotation or removal of the external auditor with such appointment subject to shareholder approval in a general meeting; and
- Review and assessment of the effectiveness of the Group's compliance program in ensuring compliance with relevant legal and regulatory requirements, having regard to the Group's obligations in all jurisdictions in which it operates.

All members of the Audit and Risk Committee are Non-Executive and independent directors. During the year the members were:

- Mr. James M. Millar AM
- Mr. Eric Dodd
- Mr. Phillip Aris

The Chairman of the Audit and Risk Committee is Mr. James M. Millar. The qualifications of the members and their attendance at meetings of the Audit and Risk Committee are disclosed in the Directors' Report.

Key focus areas of the Audit and Risk Committee during the 2022 financial year included:

Reviewing and assessing the Group's processes which ensure the integrity of financial statements and reporting and associated compliance with accounting, legal and regulatory requirements.

Monitoring the Group's information security framework, including data security management and third party data risk management.

Reviewing the insurance cover for the Group.

Reviewing and refreshing the Group's risk appetite, risk management framework and monitoring that the Group is operating within the risk appetite set by the Board.

Monitoring the Group's tax compliance program both in Australia and overseas to ensure its obligations are met in the jurisdictions in which the Group operates.

Reviewing the Group's Anti-Money Laundering (AML) and Counter-Terrorism Financing (CTF) Policy and the Business Continuity Plan (BCP) to ensure both remain compliant and conform to best practice.

CORPORATE GOVERNANCE **STATEMENT**

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Financial Statements Approval

Prior to the approval of the Group's financial statements for each reporting period the CEO and the Chief Financial Officer (CFO) give the Board a declaration that, in their opinion:

– the financial records have been properly maintained;
– the financial statements comply with accounting standards and give a true and fair view of the financial position and performance of the Group; and
– that opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The Audit and Risk Committee reviews the Group's interim and annual financial reports and makes recommendations to the Board on adopting them.

Annual General Meeting (AGM)

The AGM gives shareholders the opportunity to hear the CEO and Chairman provide updates on the Group's performance, ask questions and to express views and vote on the various matters of Group business on the agenda.

Live webcasting of the AGM is also conducted to allow shareholders to view and hear the proceedings of the meeting online.

Shareholders also have the opportunity to ask questions of the Group's external auditors at the meeting in relation to the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Group in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit. The Group encourages shareholders to attend its AGM.

PRINCIPLE FIVE: MAKE TIMELY AND BALANCED DISCLOSURE

Continuous Disclosure

The Group's Continuous Disclosure Policy, which is published on its website, is designed to ensure compliance with disclosure obligations under the ASX Listing Rules and to ensure accountability at senior executive level for that compliance.

This policy also allows the Group to ensure shareholders and the market are fully informed of its strategy, performance and details of any information or events that could have a material impact on the value of the Group's shares.

The CEO and the Company Secretary, in consultation with the Board, are responsible for the review, authorisation and disclosure of information to the ASX and for overseeing and co-ordinating information disclosure to the ASX, shareholders, brokers, analysts, the media and the public.

PRINCIPLE SIX: RESPECT THE RIGHTS OF SHAREHOLDERS

Communication with Shareholders

The Group recognises the rights of its shareholders and other interested stakeholders to access balanced, understandable and timely information concerning the operations of the Group. The CEO and the Company Secretary are primarily responsible for ensuring communications with shareholders are delivered in accordance with the rights of shareholders and the Group's policy of continuous disclosure.

The Group's website contains all corporate governance related policies, including the Security Holders' Rights and Communication Policy, which sets out the communication strategy of the Group and includes:

– *Electronic facilities* The Group maintains a website that provides information on its services and its business in general, as well as an investor relations section that contains information for shareholders of the Group. The Group's announcements are made on this website as well as the ASX website. There is a facility on the Group's website for security holders to lodge questions.
– *Formal reporting to security holders* Formal reporting to shareholders is conducted through the interim report for the six months ended 31 December and the annual report for the financial year ended 30 June. The Group also releases market updates summarising the Group's performance during each other quarter of the financial year.
– *AGMs* The Group invites and encourages shareholders to attend and participate in these meetings and also provides live webcasting of its AGM to allow security holders to view and hear the proceedings of the meeting.

In addition, shareholders may electronically communicate with the share registry, Boardroom Pty Limited (Boardroom). The relevant contact details are disclosed in the Corporate Directory section of the annual report.

A direct voting facility is provided through Boardroom's website to allow security holders to vote ahead of the AGM. Details of this facility are included in the Notice of AGM. Shareholders can also submit questions in advance of the meeting via the Group's share registry or the Group's auditor.

Shareholders who do not currently receive electronic communications from Boardroom may update their communication options via a secure online service offered by Boardroom at www.investorserve.com.au

PRINCIPLE SEVEN: RECOGNISE AND MANAGE RISK

Risk Management

The Group has established a Risk Management Policy to identify, assess, monitor and manage material business risks, both financial and non-financial, to minimise their impact on the achievement of organisational goals. Business risks comprise, but are not limited to, economic, technological, operational, legal, political and social risks. These specified risks are managed both through the Group's risk management system and insurance program, which are approved by the Board.

As discussed above in relation to principle four, the Audit and Risk Committee provides a review function in respect of the risk framework and aggregated risk profiles at the Group level on behalf of the Board. The Committee's charter is published on the Group's website. Management has been given responsibility for the establishment, implementation and maintenance of the system of risk management, including measures of its effectiveness.

Internal control systems and procedures are monitored and reviewed by the Group's Compliance Manager who reports his findings to the Audit and Risk Committee. The composition of the Audit and Risk Committee is detailed in the section relating to principle four and the attendance of members at the meetings of the Committee is disclosed in the Directors' Report.

The Group's Risk Management Policy is published on its website. The Audit and Risk Management Committee reviewed the Group's risk appetite and framework during the 2022 financial year.

The Group has an internal audit process within the compliance function. This process tests compliance with the various standards for which the Group is accredited or required to comply with, as well as internal controls associated with the Group's risk management framework.

The Group considers that, due to the nature of its activities, it has no material exposure to environmental risks. The Group recognises the risks associated with the provision of financial services to credit-impaired customers and maintains a strong framework of internal controls to mitigate these risks. Over many years of operation this framework has proved effective in producing strong compliance metrics.

PRINCIPLE EIGHT: REMUNERATE FAIRLY AND RESPONSIBLY

Remuneration and HR Committee

The Board has formed a Remuneration and Human Resources (HR) Committee to assist it in fulfilling its responsibilities in overseeing Board and executive remuneration.

The responsibilities of the Remuneration and HR Committee are set out in the Remuneration and HR Committee Charter, which is available on the Group's website and includes accountabilities to review and provide recommendations to the Board on the following:

- The Company's executive remuneration framework, policy and practice to ensure that it supports the Company's strategic objectives and core values and delivers outcomes consistent with the Company's risk management framework and risk appetite;
- The structure, design and maximum award values applicable to the Company's short-and long-term incentive plans;
- Non-Executive Director remuneration, including any aggregate NED fee cap amendments;
- The design of the performance appraisal system and the annual performance appraisals of Executives other than the CEO;
- Employee engagement surveys and action plans;
- Succession planning for executives other than the CEO; and
- Objectives to achieve gender diversity in the composition of Executives and the total workforce and the Group's progress in achieving its objectives.

The Remuneration and HR Committee Charter, which sets out its role and responsibilities, and the Remuneration Policy are published on the Group's website. Further information on performance-based remuneration is disclosed in the remuneration report of the Directors' Report.

All members of the Remuneration and HR Committee are independent directors, and during the year were:

- Ms. Trudy Vonhoff
- Mr. Eric Dodd
- Mr. Phillip Aris

The Chairman of the Remuneration and HR Committee is Ms. Trudy Vonhoff. The remuneration for all key management personnel (KMP), the qualifications of the Remuneration and HR Committee members and their attendance at Committee meetings are disclosed in the Remuneration Report of the Directors' Report.

Key focus areas of the Remuneration and HR Committee during the 2022 financial year included:

- Reviewing and making recommendations to the Board in respect of the fixed and variable remuneration of the Group CEO and other Executives.
- Reviewing and making recommendations to the Board in respect of the Group's short-and long-term Executive incentive plans, including the structure, design and maximum award values under each plan and incentive award outcomes, including the exercise of potential discretion.
- Reviewing and approving the implementation of an online performance review tool for all Group employees.
- Reviewing and making a recommendation to the Board on Non-Executive Director fees.
- Reviewing the succession and transition plans for Group Executives other than the CEO.
- Reviewing and monitoring gender diversity of the Board and across all levels of Group employees, as well as gender pay equality across the Group.

Security Trading Policy

The Group's Securities Trading Policy governs when its directors and employees may deal in Credit Corp shares and the process that must be followed in respect of such dealings. The Securities Trading Policy is published on the Group's website.

The Group's directors and employees are not permitted to deal in Credit Corp shares during any Blackout or Closed Periods:

- Two months immediately preceding the preliminary announcement of the Group's annual results until the commencement of the next trading day after the release of the annual results;
- Two months immediately preceding the announcement of the Group's interim results until the commencement of the next trading day after the release of the interim results;
- Any other periods that the Board determines, in its absolute discretion, to be a Blackout or Closed Period, including due to there being undisclosed price sensitive information.

At any time outside the Blackout or Closed Periods, directors or employees may trade in Credit Corp shares where:

- Directors, excluding the Chairman, and KMP obtain the prior written clearance of the Chairman;
- The Chairman obtains prior written clearance from the Chairman of the Audit and Risk Committee and in the event that person is not available, the Chairman of the Remuneration and HR Committee;
- Other employees obtain prior written clearance from a Company Secretary.

The Group's employees are only permitted to enter into margin loans secured against Credit Corp shares with the prior written approval of the Chairman. The Group's employees are prohibited from hedging unvested awards in the Group's shares, which would otherwise limit the economic risk of an employee's holdings on unvested securities granted under an employee incentive plan.

Website Disclosure

Further information relating to the Group's corporate governance practices and policies has been made publicly available on the Group's website at www.creditcorp.com.au/corporate/investors/ corporate-governance

DIRECTORS' **REPORT**

The Directors present their report together with the financial report of the Group for the financial year ended 30 June 2022.

Directors

The Directors of the Group at any time during the whole of the financial year and up to the date of this report are:

Mr. Eric Dodd	Chairman, Director (Non-Executive)
Qualifications	Bachelor of Economics, Fellow of the Institute of Chartered Accountants Australia and New Zealand and Fellow of the Australian Institute of Company Directors.
Experience and expertise	Appointed as a Non-Executive Director on 1 July 2009 and has been Chairman since 4 February 2021. Mr. Dodd has extensive experience in senior executive roles in the insurance, finance, banking and healthcare sectors. Mr. Dodd has previously held the positions of CEO of Insurance Australia Group, Managing Director and CEO of NRMA Insurance and Managing Director and CEO of MBF/Bupa Australia. He has served as Chairman and Non-Executive Director of a number of ASX listed companies.
Special responsibilities	Mr. Dodd is the Chairman of the Board, and a member of the Nomination Committee, the Audit and Risk Committee and the Remuneration and HR Committee.
Interest in shares and options	6,927 ordinary shares of Credit Corp Group Limited.
Ms. Leslie Martin	Director (Non-Executive)
Qualifications	Bachelor of Arts, Master of Business Administration and Fellow of the Australian Institute of Company Directors.
Experience and expertise	Appointed as a Non-Executive Director on 20 March 2014. Ms. Martin has 30 years experience in commercial banking in several countries and is a specialist in payments and corporate cash management. She has been in the start-up phase of businesses with Chase Manhattan (now JP Morgan Chase) in New York and Hong Kong. She joined Westpac in 1994 as a General Manager to establish its transaction banking capability and later led the Working Capital Services business at the Commonwealth Bank.
Special responsibilities	Ms. Martin is the Chairman of the Nomination Committee.
Interest in shares and options	11,063 ordinary shares of Credit Corp Group Limited.
Mr. Richard Thomas	Director (Non-Executive)
Qualifications	Fellow of the Australian Institute of Company Directors.
Experience and expertise	Appointed as a Non-Executive Director on 22 September 2006. Mr. Thomas was Acting Chairman between 11 February 2008 and 30 June 2008. Mr. Thomas has more than 50 years experience in the banking and finance industry in Australia, New Zealand and the United States.
Special responsibilities	Mr. Thomas is a member of the Nomination Committee.
Interest in shares and options	17,272 ordinary shares of Credit Corp Group Limited.
Ms. Trudy Vonhoff	Director (Non-Executive)
Qualifications	Bachelor of Business (Hons), Master of Business Administration, Senior Fellow of the Financial Services Institute of Australasia and Graduate Member of the Australian Institute of Company Directors.
Experience and expertise	Appointed as a Non-Executive Director on 19 September 2019. Ms. Vonhoff has extensive experience in retail and institutional banking, finance, risk, technology and operations, and agribusiness. She has previously held senior executive positions, including as divisional CFO and COO with large financial services entities including Westpac and AMP.
Directorship of listed entities	Iress Limited from 1 February 2020. Ruralco Holdings Limited from 1 September 2014 until 1 October 2019.
Special responsibilities	Ms. Vonhoff is the Chairman of the Remuneration & HR Committee.
Interest in shares and options	12,150 ordinary shares of Credit Corp Group Limited.

Mr. Phillip Aris	Director (Non-Executive)
Qualifications	Bachelor of Economics and Masters of Management.
Experience and expertise	Appointed as a Non-Executive Director on 15 July 2021. Mr. Aris brings extensive senior executive and board experience from a range of roles within the financial services and technology sectors across Australia, the United Kingdom and Asia. Past executive roles include Head of Credit Cards for Commonwealth Bank of Australia (ASX: CBA), Chief Executive Officer of CountPlus Limited (ASX: CUP) and the Regional Head of Strategy & Business Development for Thorn-EMI Asia Pacific.
Directorship of listed entities	XPON Technologies Group Limited since its listing on 16 December 2021.
Special responsibilities	Mr. Aris is a member of the Audit and Risk Committee and a member of the Remuneration and HR Committee.
Interest in shares and options	1,500 ordinary shares of Credit Corp Group Limited.

Mr. James M. Millar AM	Director (Non-Executive)
Qualifications	Bachelor of Commerce, Fellow of the Australian Institute of Company Directors and Retired Fellow of the Institute of Chartered Accountants Australia and New Zealand.
Experience and expertise	Appointed as a Non-Executive Director on 21 December 2021. Mr. Millar brings extensive senior leadership experience to the Credit Corp Board from both his professional services and Non-Executive Director careers. He has had a distinguished professional services career, initially in Corporate Reconstruction, and culminating in his role as Chief Executive Officer of the Oceania Region for EY, serving the firm's global operation. Mr. Millar is currently a Director and Chairman of the Audit, Risk and Compliance Committee of Mirvac Limited. He has previously served on the Boards of Slater and Gordon, Fairfax Media, Macquarie Media, Helloworld, Fantastic Furniture and as Chairman of the Forestry Corporation of NSW. He is also currently the Chairman of Export Finance Australia and the Vincent Fairfax Family Foundation.
Directorship of listed entities	Mirvac Limited from 19 November 2009. Macquarie Media Limited from April 2015 to October 2019.
Special responsibilities	Mr. Millar is Chairman of the Audit and Risk Committee.
Interest in shares and options	–

Mr. Donald McLay	Director (Non-Executive) (retired 18 November 2021)
Qualifications	Bachelor of Commerce, Chartered Accountant, Chartered Secretary, Associate Member of Governance Institute of Australia and Senior Fellow of the Financial Services Institute of Australasia.
Experience and expertise	Appointed as a Non-Executive Director on 31 March 2008 and was Chairman from 30 June 2008 to 4 February 2021. Mr. McLay retired on 18 November 2021. Mr. McLay has more than 40 years experience in financial markets, investment banking and broad business services. He has held executive positions in local and international investment management organisations working in London, Singapore, Auckland and Sydney.
Directorship of listed entities	Clime Investment Management Limited from 1 March 2015 to October 2020. Registry Direct Limited from 30 May 2016 to October 2020.
Special responsibilities	Mr. McLay was Chairman of the Board (until 4 February 2021) and was Chairman of the Audit and Risk Committee and a member of the Remuneration and HR Committee before his retirement on 18 November 2021.
Interest in shares and options	563,552 ordinary shares of Credit Corp Group Limited as at his retirement date.

Mr. Eric Dodd, Ms. Leslie Martin, Mr. Richard Thomas and Ms. Trudy Vonhoff held office during the whole financial year. Mr. Phillip Aris held office from 15 July 2021, and Mr. James M. Millar held office from 22 December 2021. Mr. Donald McLay held office from the beginning of the 2022 financial year until 18 November 2021.

DIRECTORS' REPORT
CONTINUED

Company Secretaries

The following persons held the position of Company Secretary during the whole financial year:

Mr. Thomas Beregi	Company Secretary
Qualifications	Bachelor of Economics, Bachelor of Laws (Hons) and Certified Practising Accountant.
Experience and expertise	Mr. Beregi joined the Group on 3 September 2007 in the role of Chief Financial Officer. He was subsequently appointed to his current position of Chief Executive Officer on 1 October 2008. Prior to joining the Group, he was the Chief Operating Officer of Jones Lang LaSalle Australia. Mr. Beregi was appointed as a Company Secretary on 21 September 2007.
Mr. Michael Eadie	Company Secretary
Qualifications	Bachelor of Accounting, Master of Applied Finance, Certified Practising Accountant and Fellow of the Financial Services Institute of Australasia.
Experience and expertise	Mr. Eadie joined the Group on 4 May 2009 as Finance Manager and was subsequently appointed Chief Financial Officer on 19 November 2010. He has previously held senior finance roles within major financial services organisations, including Macquarie Bank Limited. Mr. Eadie was appointed as a Company Secretary on 17 March 2011.

Directors Meetings

The number of directors meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Group during the financial year were:

	Directors Meetings		Audit and Risk Committee		Remuneration and HR Committee		Nomination Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Mr. Eric Dodd	14	14	6	6	5	5	3	3
Ms. Leslie Martin	14	14	4	4	–	–	3	3
Mr. Richard Thomas	14	14	4	4	–	–	2	2
Ms. Trudy Vonhoff	14	14	–	–	5	5	1	1
Mr. Phillip Aris [1]	14	14	6	6	2	2	–	–
Mr. James M. Millar AM [2]	7	7	3	3	–	–	–	–
Mr. Donald McLay [3]	7	7	3	3	3	3	–	–

1. Mr. Phillip Aris was appointed on 15 July 2021.
2. Mr. James M. Millar was appointed on 21 December 2021.
3. Mr. Donald McLay retired from the Board on 18 November 2021.

Principal Activities

The principal activities of the Group during the course of the financial year were debt ledger purchasing, debt collection services and consumer lending.

There were no significant changes in the nature of the Group's activities during the financial year.

Review of Operations

Overview

The Directors of the Group report a strong Net Profit After Tax (NPAT) of $100.7 million ($96.2 million excluding the $4.5 million US Paycheck Protection Program (PPP) loan forgiveness) for the 2022 financial year. The highlights include the following:

- 9 per cent increase in NPAT to $96.2 million (excluding the $4.5 million US Paycheck Protection Program (PPP) loan forgiveness)
- Record annual investment:
  - US purchased debt ledger (PDL) outlay 80 per cent above the previous peak in FY2020
  - Gross lending volume 24 per cent above the prior record of FY2019
- 16 per cent increase in US segment NPAT
- Recovery in lending segment earnings and loan book balance to the pre-COVID trajectory

Australian / New Zealand debt buying

PDL supply in the core Australia and New Zealand debt buying segment did not recover. Collections growth of six per cent was achieved from purchases of the Radio Rentals and Collection House New Zealand books. These one-off acquisitions offset significant run-off arising from reduced regular direct-from-issuer investment since the start of the pandemic.

US debt buying

US PDL investment accelerated in the last quarter as existing clients experienced substantial uplifts in charge-off volumes. While increased purchasing produced collections growth of 18 per cent, collections did not reach levels commensurate with the amount of investment. Performance was adversely impacted by a failure to grow the US workforce to required levels in a challenging labour market.

Various steps have been taken to address this resourcing shortfall. A Philippines-based team comprising approximately 100 experienced collectors has commenced contacting US customers. Hiring of remote workers in less competitive US labour markets has also started.

The US debt buying segment continues to provide a significant runway for growth despite the present resourcing constraints. Market volumes have increased in recent months and further increases are expected during FY2023. As resource constraints are addressed, the US debt buying segment will support consistent annual investment of more than A$200 million and be capable of producing medium-term earnings similar to those derived from Australia and New Zealand debt buying.

Consumer lending

Consumer lending demand accelerated over the course of the year. Television advertising was extended to capture the opportunity, producing record gross lending volume of $267 million for the year and a recovery in the loan book to $251 million gross of provisions.

Credit loss experience was very favourable. The successful repayment of loans previously provided for produced an excess loss provision release of $10.1 million (net of tax). This release offset the impact of additional loss expense, in accordance with the Company's up-front life-of-loan loss provisioning approach, arising from record lending volume. The resulting provision remains above both pre-COVID levels and historical loss experience to account for any ongoing uncertainty.

Credit Corp achieved a number of important milestones to secure long-term growth in the consumer lending segment. The relaunched auto loan offering produced solid growth, with this component of the gross loan book doubling over the year to $35 million. Pilots commenced in buy now pay later and US lending. Additional new products reached the final stages of development in FY2022 and are scheduled for pilot commencement during FY2023. These pilots broaden the product offering and provide alternative pathways for customer acquisition and retention. While the successful Wallet Wizard branded cash loan product has achieved significant share of its segment, other products target alternative segments and points of distribution.

Outlook

Leading indicators do not suggest a significant recovery in Australia and New Zealand direct-from-issuer PDL sale volumes and US resourcing constraints will not be overcome immediately. In FY2023 growth in US segment earnings is not expected to offset the impact of run-off in Australia and New Zealand debt buying. While FY2023 has started with a solid investment pipeline, regular investment is expected to moderate from the record levels achieved in FY2022. This should release substantial free cash flow, positioning the Group to secure any sizeable one-off purchasing opportunities that may arise in an uncertain economic environment.

Changes in State of Affairs

During the financial year, there were no significant changes in the state of affairs of the Group other than those referred to in the review of operations and financial statements or notes thereto.

Dividends Paid or Recommended

Dividends paid or declared to shareholders since the end of the previous financial year were:

Declared and paid during the year 2022	Cents per share	Total amount $'000	Date of payment
Final 2021 ordinary	36.0	24,221	10 Sep 2021
Interim 2022 ordinary	38.0	25,762	11 Mar 2022
Total		49,983	

After balance date, the following dividend was proposed by the directors:

Declared after end of year	Cents per share	Total amount $'000	Date of payment
Final 2022 ordinary	36.0	24,407	12 Sep 2022

The financial effect of this dividend has not been brought to account in the consolidated financial statements for the year ended 30 June 2022 and will be recognised in the 2023 financial report.

DIRECTORS' **REPORT**
CONTINUED

Events Subsequent To Reporting Date

In the interval between the end of the financial year and the date of this report, there has not been any item, transaction or event of a material and unusual nature that is likely, in the opinion of the directors of the Group, to significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Environmental Regulations

The Group's operations are minimally affected by environmental regulations.

Indemnifying Officers Or Auditor

The Group has provided indemnities to the current Directors (as named above), the Company Secretaries (Mr. Thomas Beregi and Mr. Michael Eadie) and all Executives of the Group against liabilities incurred as a Director, Secretary or Executive Officer to the extent permitted by the Corporations Act 2001. The Group will meet the full amount of any such liabilities, including costs and expenses.

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Group against a liability incurred by an officer or auditor.

These indemnities were in place both during and after the end of the financial year.

Potential liabilities are insured with the premiums paid by the Group. The insurance contract prohibits disclosure of any details of the policy and the premiums paid.

Proceedings On Behalf Of The Group

No person has applied for leave of the Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

Non-Audit Services

The following non-audit services were provided by the Group's Auditor, Hall Chadwick. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised. All non-audit services are reviewed and approved by the Audit and Risk Committee prior to commencement of the audit to ensure they do not impact the impartiality and objectivity of the auditor.

Details of the amounts paid to Hall Chadwick for non-audit services provided during the year are set out below:

Services other than statutory audit	$
Other services	
Taxation compliance services	34,555
Taxation services	3,922
Total	38,477

Auditor's Independence Declaration

The Auditor's Independence Declaration for the period ended 30 June 2022 has been received and can be found on page 66 of the financial statements.

Rounding Off

The Group is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with the instrument to the nearest thousand dollars, unless otherwise indicated.

INTRODUCTION FROM THE CHAIRMAN OF **THE REMUNERATION AND HR COMMITTEE**

Dear Fellow Shareholders

On behalf of the Board, I am pleased to present Credit Corp's 2022 Remuneration Report. In response to feedback from shareholders during FY2022, we reviewed the style and content of our Remuneration Report. The approach to reporting and disclosure aims to improve readability and displays a stronger link between our performance and remuneration outcomes.

FY2022 Performance and Highlights

The year started with an uncertain environment including extended periods of COVID-19 lockdowns in eastern Australia impacting demand for our consumer lending products and contributing to ongoing modest charge-off volumes in the Australian and New Zealand debt buying markets. Management and the Board remained patient and disciplined over this period and executed on an attractive opportunity to acquire the Radio Rentals consumer leasing book as well as a New Zealand secondary book from Collection House, which enabled the Group to grow earnings overall despite the challenging market conditions.

The Group retained its focus on its long-term strategic plan, investing in the development of new consumer lending products including the relaunch and growth of the auto loan offering. Consumer lending demand improved over the year and advertising was extended to capture the opportunity, producing a record closing loan balance. In the US, record PDL investment occurred as a result of purchasing relationships with all but one major financial services seller. With market volumes now improving, a strong runway for growth remains in the US.

The merits of having a diversified suite of markets and products continues to be demonstrated with strong investment during the year despite the ongoing challenges of constrained PDL supply and difficult labour markets.

Linking Remuneration Outcomes with Group Performance

With respect to the Group's performance during FY2022:

- It is anticipated that most of the Short-term incentive (STI) will be awarded to Executive KMP based on the prima-facie achievement of the NPAT gateway and individual KPIs as set out in Section 2 of the Remuneration Report.
- In advance of the formal assessment of the FY2020-22 Long-term incentive (LTI) in November, it is anticipated that the Total Shareholder Return (TSR) component will fall short of the hurdle, resulting in a maximum of half the LTI vesting to the participating Executives.

During FY2022, the LTI scheme that operated from FY2019-21 was fully awarded, with both the earnings growth rate and TSR hurdles being achieved despite the expectation in FY2020 that the vesting was unlikely. This assessment in FY2020 was due to the uncertain outlook created by the start of the COVID-19 pandemic and this situation is considered unlikely to recur.

Remuneration Changes in FY2022

Changes to fixed remuneration:

- The fixed remuneration of the Chief Financial Officer was increased from $300,000 to $350,000 following a benchmarking review undertaken of all Executive roles.
- Non-Executive Director (NED) fees were increased from the beginning of FY2022 for the first time in five years. Over that time, the market capitalisation of the Group has increased three-fold and NPAT (net profit after tax) doubled, with the increased fees benchmarked against comparable listed entities.

Changes to LTI:

- The application of the Return on Equity (ROE) gateway has been formally clarified to be applied on a pro-forma gearing basis to ensure LTI eligibility is not impacted by Board capital management decisions to hold excess capital for strategic reasons.
- As noted in Section 3 of the Remuneration Report, the FY2020-22 and FY2021-23 LTI programs had their maximum pool sizes reduced by the Board from $4.5 million to $4 million for all Executive KMP participants.

Conclusion

Half of the performance rights (PR) issued under the FY2020-22 LTI scheme will likely not vest as a result of the relatively low TSR that has adversely impacted shareholders in the Company. This likely outcome demonstrates Credit Corp's commitment to ensuring that remuneration structures support Group strategy and align reward outcomes with the creation of sustainable, long-term shareholder value.

On behalf of the Board, I invite you to read our Remuneration Report and welcome your feedback.

Trudy Vonhoff
Chairman, Remuneration and HR Committee

DIRECTORS' REPORT
AUDITED REMUNERATION REPORT
CONTINUED

REMUNERATION REPORT OVERVIEW

This Remuneration Report for the financial year ended 30 June 2022 has been prepared in accordance with section 300A of the Corporations Act 2001 and has been audited as required by section 308(3C) of the Corporations Act.

The KMP during the Reporting Period are as set out below:

Name	Position	Term as KMP
Non-Executive Directors		
Mr. Eric Dodd	Chairman	Full financial year
Ms. Leslie Martin	Non-Executive Director	Full financial year
Mr. Richard Thomas	Non-Executive Director	Full financial year
Ms. Trudy Vonhoff	Non-Executive Director	Full financial year
Mr. Phillip Aris	Non-Executive Director	From 15 Jul 2021
Mr. James M. Millar AM	Non-Executive Director	From 21 Dec 2021
Mr. Donald McLay	Non-Executive Director	Until 18 Nov 2021
Executive KMP		
Mr. Thomas Beregi	Chief Executive Officer	Full financial year
Mr. Matthew Angell	Chief Operating Officer	Full financial year
Mr. Michael Eadie	Chief Financial Officer	Full financial year

This Remuneration Report is set out in the following sections:

Section 1 Group Executive Remuneration Framework
Section 2 Remuneration Outcomes and Alignment to Performance
Section 3 Structure of Variable Remuneration
Section 4 Remuneration Governance
Section 5 Non-Executive Director Remuneration
Section 6 Statutory Remuneration Tables and Data

SECTION 1 GROUP EXECUTIVE REMUNERATION FRAMEWORK

Remuneration Principles

The Group's remuneration strategy is designed to attract, retain and motivate talented individuals, rewarding strong performance with top quartile remuneration at the maximum whilst ensuring fixed remuneration benchmarks at or below the median of comparable ASX listed companies. The principles that guide this strategy are summarised below:

Alignment	Maximise alignment to shareholders with a high proportion of performance-based remuneration subject to the achievement of sustained earnings growth and strong market performance
Transparency	Performance hurdles that are objective, easily understood and predominantly linked to financial performance
Competitive	Attract, retain and motivate talented and capable Executives to execute the Group's strategy
Culture	Throughout the Group, drive engagement via a performance-based culture
Equitable	Significant proportions of Executive remuneration are at-risk and are provided in the form of equity
Risk management	LTI eligibility linked to hurdle returns achieved with a conservative capital structure and the STI is assessed against a balanced scorecard of KPIs

SECTION 1 GROUP EXECUTIVE REMUNERATION FRAMEWORK continued

How Is Remuneration Structured?

Total Remuneration

Total remuneration is designed to attract and retain capable and experienced executives, reward them for creating long-term, sustainable value and provide a direct link between the interests of shareholders and executives.

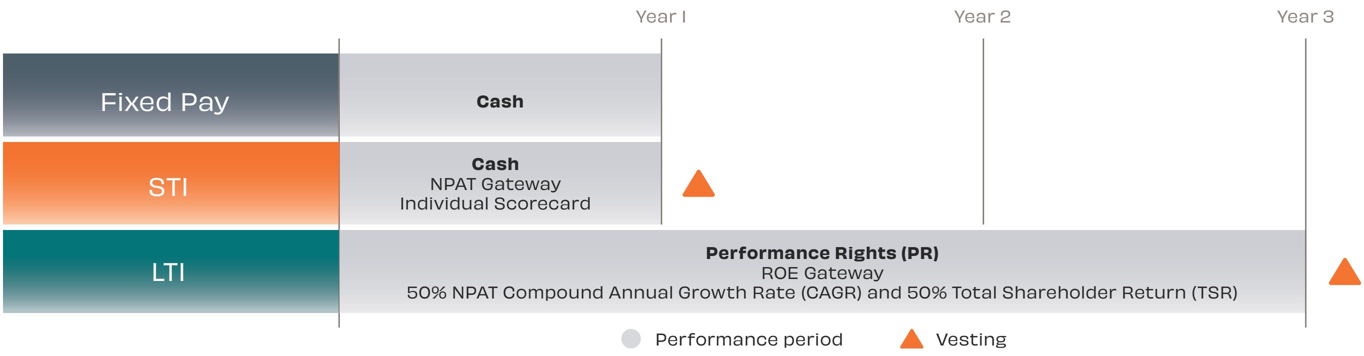
Fixed remuneration	Short-term incentive (STI)	Long-term incentive (LTI)
Purpose		
Attract and retain experienced and capable leaders	Drive and reward the achievement of challenging annual performance targets	Create long term, sustainable value and shareholder alignment through an equity-based incentive
Description		
Salary and other benefits (including statutory superannuation)	Annual incentive opportunity delivered in cash, awarded based on the achievement of financial targets as a gateway as well as a balanced scorecard of individual targets	Three-year incentive opportunity delivered through share rights, with vesting dependent on achievement of threshold measures that deliver acceptable growth in earnings as well as shareholder returns through the cycle
Link to strategy / performance		
Provides competitive ongoing remuneration in recognition of day-to-day responsibilities and accountabilities	– Supports annual delivery of key strategic and operational targets that will position the Group for longer-term growth – Earnings gateway as well as significant proportion of individual targets are linked to financial performance – Balanced scorecard ensures adherence with the Group risk appetite	– Focuses on multi-year metrics that support sustained shareholder value creation – Delivered in equity to align the interests of Executives and shareholders – Supports retention
Market positioning		
At or below median fixed remuneration in market for listed companies of similar size and operational complexity	Maximum STI set between the median and top quartile in market for listed companies of similar size and operational complexity, payable only when strong performance has occurred	Maximum LTI at the top quartile in market for listed companies of similar size and operational complexity in order to ensure commensurate remuneration outcomes for Executive KMP where shareholder value has been created
Performance measures		
Considerations: – Skills, experience, accountability – Role and responsibility	**Gateway conditions:** – Performance above annual financial budgeted earnings **CEO individual targets:** – Balanced scorecard of financial and non-financial measures focused on achieving strategic milestones required to sustain and grow earnings in the medium-term	**Gateway condition:** – Achievement of hurdle ROE (on a pro-forma gearing basis) **Vesting conditions:** *Sustained earnings growth (50% of total)* – Minimum 8 and maximum 11 per cent compound annual earnings growth over the three-year performance period *Market performance (50% of total)* – Minimum above-median and maximum top quartile performance relative to the ASX 200 excluding materials and energy stocks

DIRECTORS' REPORT
AUDITED REMUNERATION REPORT
CONTINUED

SECTION 1 GROUP EXECUTIVE REMUNERATION FRAMEWORK continued

How and When is Remuneration Delivered?

The following diagram shows how remuneration is delivered to Executives.

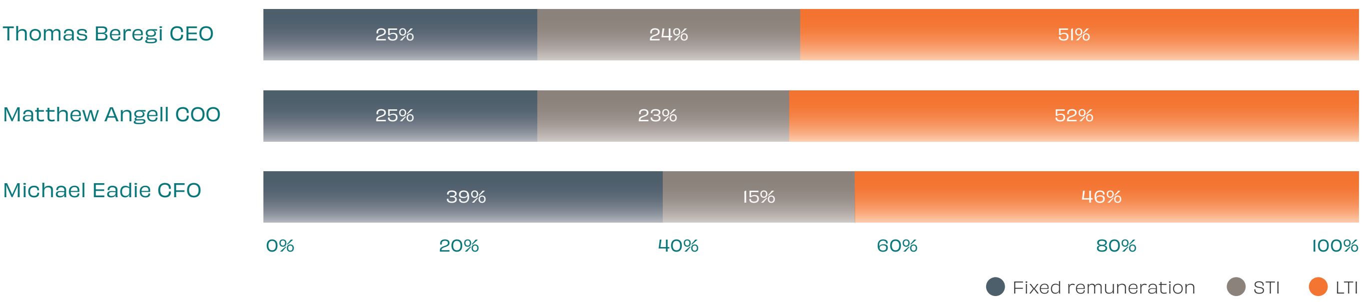


Executive Remuneration Mix

Total remuneration includes both a fixed component and an at-risk or performance-related component, comprising both short-term and long-term incentives. The Board views the at-risk component as an essential driver of a high-performance culture and one that contributes to achievement of sustainable shareholder returns.

The Board aims to ensure that fixed remuneration benchmarks at or below median remuneration of comparable listed entities with a relatively higher component of performance-based remuneration. The overall objective is to ensure that remuneration which benchmarks in the top quartile of comparable listed entities is paid only for strong performance that results in outcomes that create shareholder value.

The following illustration shows the remuneration mix at maximum achievement levels for the Group KMP Executives in FY2022.



Executive KMP		Fixed remuneration	Non-monetary benefits[1]	Maximum STI	Maximum LTI	Long-service leave[2]	Total remuneration at maximum
Mr. Thomas Beregi	CEO	$700,000	$18,616	$700,000	$1,480,498	$13,370	$2,912,484
Mr. Matthew Angell	COO	$400,000	$18,616	$400,000	$879,502	$7,261	$1,705,379
Mr. Michael Eadie	CFO	$350,000	$18,616	$150,000	$440,525	$6,303	$965,444

1. Non-monetary benefits consist of car parking.
2. FY2022 accrual for long-service leave.

Executive Remuneration Changes

The CFO's final annual fixed remuneration was increased during FY2022 from $300,000 to $350,000 based on a review which included benchmarking against similar roles.

SECTION 2 REMUNERATION OUTCOMES AND ALIGNMENT TO PERFORMANCE

Alignment Between Remuneration and Group Performance

Elements of the Group's remuneration strategy and framework are directly linked to Group performance.

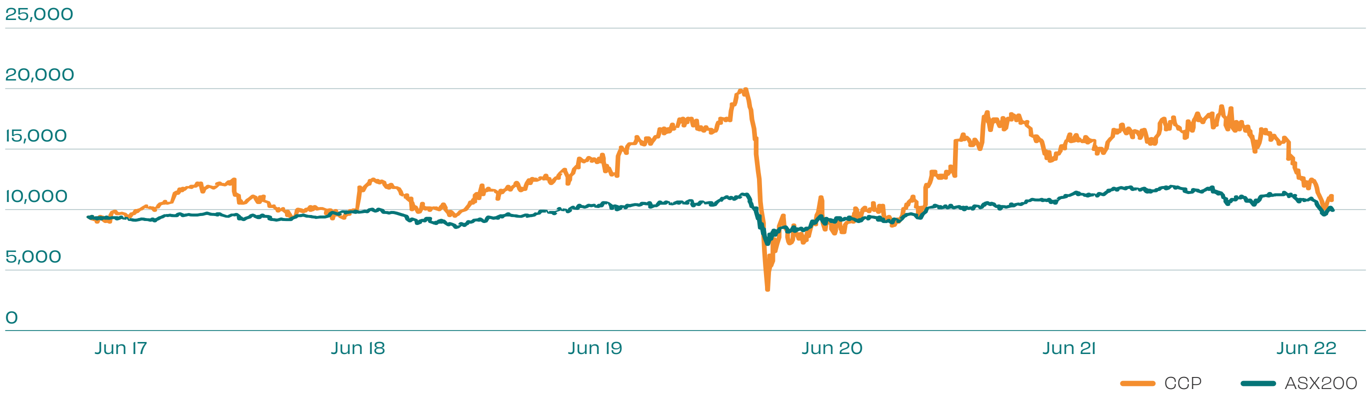
The table below sets out information about movements in shareholder wealth for the financial years ended 30 June 2018 to 30 June 2022, highlighting alignment between the Group's remuneration strategy and framework and Group performance over the past five years.

The Board believes the Group's remuneration structure, in particular the STI and LTI, has continued to ensure a significant proportion of remuneration is only payable as a result of the achievement of sustained earnings growth at an appropriate rate of return that aligns with shareholder expectations. Failure to achieve these expectations will result in no variable pay being awarded.

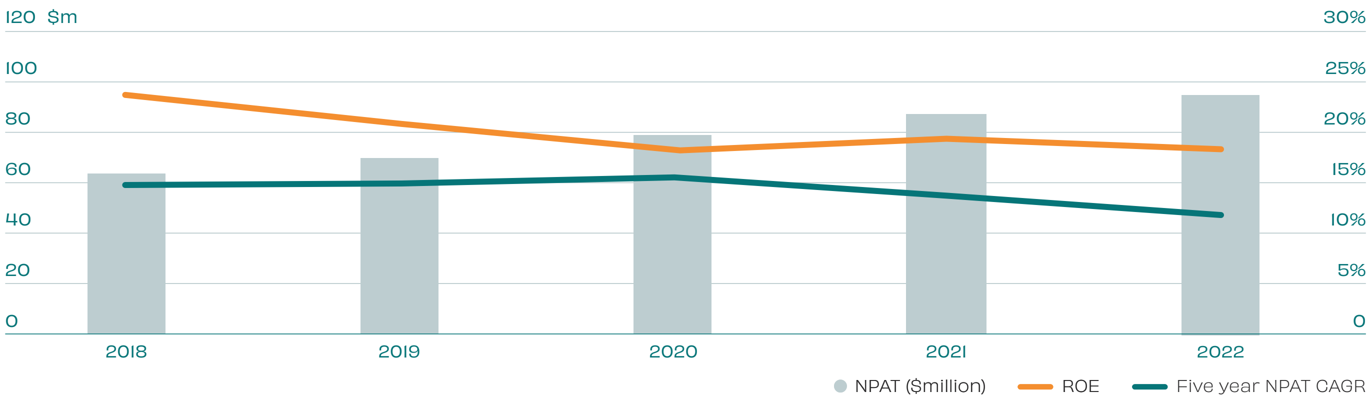
	2022	2021	2020	2019	2018
Earnings					
Total revenue ($'000)	**411,200**	374,786	313,403	324,254	298,978
NPAT ($'000) [1,2]	**96,216**	88,130	79,557	70,285	64,290
Change in NPAT	**9%**	11%	13%	9%	17%
Five year NPAT CAGR	**12%**	14%	16%	15%	15%
Shareholder value					
Share price at the end of the year ($)	**20.28**	29.73	17.17	26.52	18.07
Change in share price ($)	**(9.45)**	12.56	(9.35)	8.45	0.36
Total dividends paid / declared per share (cents)	**74**	72	36	72	67
ROE [3]	**17%**	18%	17%	21%	24%

1. FY2022 NPAT excludes US Paycheck Protection Program (PPP) loan forgiveness.
2. FY2020 NPAT excludes COVID-related impairment and loan provisioning.
3. FY2021 and FY2022 ROEs calculated assuming pro-forma (30 per cent) gearing.

CCP Share Price Versus ASX200 (excluding materials and energy stocks)



The below graph shows the earnings and ROE over FY2018-2022 and notes earnings growth CAGR.



DIRECTORS' REPORT
AUDITED REMUNERATION REPORT
CONTINUED

SECTION 2 REMUNERATION OUTCOMES AND ALIGNMENT TO PERFORMANCE continued

Remuneration Policy and Link to Strategy

The Group's Remuneration Policy is designed to ensure that remuneration outcomes are aligned with the long-term success of the Group. Incentives are based on the achievement of sustained growth in earnings at an appropriate level of ROE as well as relative shareholder return.

The overall remuneration structure remains similar to the prior year:
- Executive KMP fixed remuneration packages are at or below the median for roles with equivalent responsibilities by companies of a similar market capitalisation;
- A Short-term incentive (STI) payable only on achievement of annual financial and strategic targets;
- A Long-term incentive (LTI) paid in the form of performance rights potentially converting to shares after a three-year performance period, based on the following performance conditions:
  - 50 per cent dependent on exceeding financial targets over a three-year performance period; and
  - 50 per cent dependent on Total Shareholder Return (TSR) relative to the ASX 200 (excluding materials and energy shares) over the same three-year performance period.
- There continues to be no termination benefits payable under any contract other than in respect of the notice periods disclosed in Section 4.

Use of NPAT as a Performance Measure

Whilst exceeding earnings targets is a key metric under both the STI and LTI schemes, the application of these targets under each scheme is distinct as summarised below:

STI	– The NPAT hurdle under the STI is the annual budget set by the Board at the start of the financial year and serves two purposes: 1. Its achievement is a gateway for the funding of the STI pool; and 2. If the STI pool is funded, achieving the NPAT hurdle represents 30 per cent of the CEO's individual targets. The majority of the individual targets represent operational metrics and strategic milestones designed to support the achievement of NPAT growth in the medium-to long-term.
LTI	– The NPAT hurdle represents 50% of the vesting conditions and requires sustained growth over a three-year performance period. – The hurdle is compound annual growth rate in NPAT over three years of a minimum of 8 and a maximum of 11 per cent. This level of growth should meet or exceed shareholder expectations.

The use of the NPAT hurdles as summarised above have the following objectives:

- Ensure that if the Group underperforms its earnings and / or return targets, no STI will be payable to Executive KMP.
- Create a focus on sustained earnings growth over at least a three-year period under the LTI and ensure short-term earnings are not excessively rewarded under the STI by earnings achievement representing less than a third of the CEO's individual targets.
- Under the LTI, long-term underperformance in NPAT growth will result in at least 50 per cent of performance rights failing to convert and vest.

Remuneration Outcomes

The remainder of this section of the Remuneration Report discloses the likely outcome of awards made under:
- The FY2022 STI award (performance period 1 July 2021 – 30 June 2022); and
- The FY2022 LTI grant (performance period 1 July 2019 – 30 June 2022).

SECTION 2 REMUNERATION OUTCOMES AND ALIGNMENT TO PERFORMANCE continued

STI Outcomes

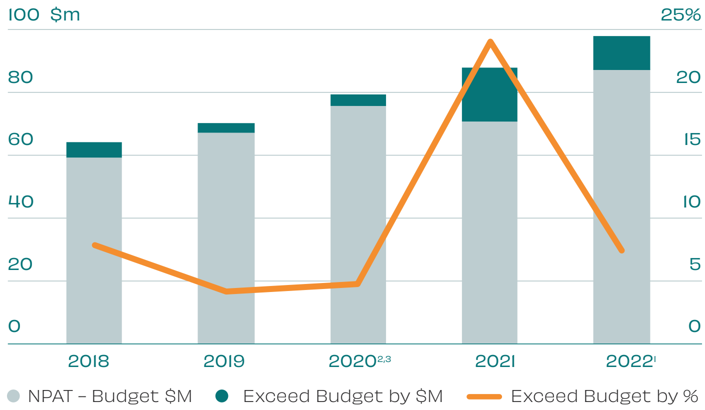
Indicative FY2022 STI Outcomes

The Group NPAT in 2022 of $96.2 million exceeded the NPAT hurdle of $89.7 million by 7 per cent.

As financial performance exceeded the budget, the gateway conditions for funding the STI pool in respect of the 2022 year were met.

The Remuneration Report discloses the expected maximum STIs payable in respect of FY2022. The actual STI payable to each Executive will be a maximum of this amount and may reduce subject to the performance review process to occur in the first quarter of FY2023. Each Executive will be assessed on their individual performance against their KPIs and role accountabilities.

Financial performance



1. Excludes US Paycheck Protection Program (PPP) loan forgiveness.
2. Excludes COVID-related impairments and loan loss provisioning.
3. No STI was awarded in respect of FY2020.

CEO Individual Targets

Scorecard measure	FY2022 outcome	Expected outcome	Further detail
Financial performance (30 per cent weighting) Company NPAT is the gateway for funding the STI pool		100 per cent	Target of $89.7 million was exceeded by 7 per cent
Employee engagement (10 per cent weighting) Improvement in employee engagement score by 8 per cent over FY2021 as a key indicator of workforce engagement		100 per cent	Employee engagement score improved by 9 per cent over the FY2021 levels
Investment objectives (20 per cent weighting) PDL (purchased debt ledger) investment in FY2022 and committed pipeline for FY2023 to sustain debt buying earnings		100 per cent	FY2022 PDL investment targets and FY2023 target committed pipeline achieved
Strategic growth initiatives (40 per cent weighting) Operational improvement, product development and market entry objectives which represent key milestones to longer-term earnings growth. The specific objectives include: – Implementation of new analytics platform – Enhancements to digital collections platform – New product development milestones – Product pilots – US consumer lending market entry pilot		100 per cent	– US operational objectives and improvement initiatives fully achieved – Consumer lending operational objectives including record loan book balance achieved – New product development objectives achieved

Formal assessment of the performance of the CEO and other Executives against their FY2022 KPIs will occur in September 2022. It is anticipated that the STI may substantially vest.

FY2021 STI Outcomes

The following table outlines the STI awarded to each Executive KMP during the 2022 financial year in respect of the 2021 financial year:

Name	Maximum STI opportunity for 2021	Maximum STI opportunity as % of fixed remuneration	STI awarded as % of maximum	STI not awarded as % of maximum
Executive KMP				
Mr. Thomas Beregi	$700,000	100%	100%	0%
Mr. Matthew Angell	$400,000	100%	100%	0%
Mr. Michael Eadie	$150,000	43%	100%	0%

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AUDITED REMUNERATION REPORT
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SECTION 2 REMUNERATION OUTCOMES AND ALIGNMENT TO PERFORMANCE continued

LTI Outcomes

Indicative FY2022 LTI Outcomes

Following FY2022, performance under the FY2020-22 LTI scheme will be considered with FY2022 being the final year of the performance period triennium. The other two on-foot LTI schemes will be assessed after FY2023 (FY2021-23 scheme) and FY2024 (FY2022-24 scheme).

The following table summarises the FY2020-22 LTI scheme performance hurdles and expected outcomes:

FY2020-22 LTI scheme			
	Minimum entry target for vesting of PRs	Maximum threshold for vesting of PRs	Indicative vesting outcome of PRs[1]
NPAT CAGR Hurdle (50%)	Cumulative 8% CAGR of NPAT	Cumulative 11% CAGR of NPAT	**Cumulative 11% CAGR of NPAT**
	40% of eligible PRs vesting	100% of eligible PRs vesting	**Likely 100% of eligible PRs may vest**
	Minimum entry target for vesting of PRs	**Maximum threshold for vesting of PRs**	**Indicative vesting outcome of PRs[1,3]**
TSR Hurdle (50%)	50th percentile relative TSR versus ASX200[2]	75th percentile relative TSR versus ASX200[2]	**42nd percentile**
	0% of eligible PRs vesting	100% of eligible PRs vesting	**Likely 0% of eligible PRs may vest**

1. The LTI outcome will not be formally assessed until after 31 October 2022, including the assessment of the Return on Equity (ROE) gateway. The NPAT CAGR for the FY2020-FY2022 triennium is at the maximum threshold of 11 per cent.
2. ASX200 excluding materials and energy stocks.
3. Actual performance will be determined based on the Group VWAP (volume weighted average price) over Group share price over the 90 days to 31 October 2022. The percentile shown is measured to 30 June 2022 for illustrative purposes

FY2021 LTI Outcomes

Following FY2021, performance under the FY2019-21 LTI scheme was assessed with FY2021 being the final year of the performance period triennium.

The following table summarises the FY2019-21 LTI scheme performance hurdles and actual outcomes:

FY 2019-21 LTI scheme			
	Minimum entry target for vesting of PRs	Maximum threshold for vesting of PRs	Actual vesting outcome of PRs
NPAT CAGR Hurdle (50%)	Cumulative 8% CAGR of NPAT	Cumulative 11% CAGR of NPAT	**Cumulative 11% CAGR of NPAT**
	40% of eligible PRs vesting	100% of eligible PRs vesting	**100% of eligible PRs vested**
	Minimum entry target for vesting of PRs	**Maximum threshold for vesting of PRs**	**Actual vesting outcome of PRs**
TSR Hurdle (50%)	50th percentile relative TSR versus ASX200[1]	75th percentile relative TSR versus ASX200[1]	**83rd percentile**
	0% of eligible PRs vesting	100% of eligible PRs vesting	**100% of eligible PRs vested**

1. ASX200 excluding materials and energy stocks.

SECTION 2 REMUNERATION OUTCOMES AND ALIGNMENT TO PERFORMANCE continued

As set out above, the FY2019-21 LTI fully vested to the participating Executives in November 2021. The Remuneration and HR Committee and Board assessed the ROE gateway on the basis of applying pro-forma gearing.

The performance rights that converted and vested to the participating KMP Executives in November 2021 were as follows:

Participating Executive	Number of PRs converted and vested
Mr. Thomas Beregi	222,127
Mr. Matthew Angell	123,403
Mr. Michael Eadie	58,874
Other non-KMP Executives	112,108
	516,512

SECTION 3 STRUCTURE OF VARIABLE REMUNERATION

Short-Term Incentive (STI)

STI award eligibility is determined by KPIs set before the start of each year. These KPIs are annual operational and financial targets that are established at levels to achieve shorter-term financial and operational objectives aligned with the Group's longer-term strategic goals.

The following table outlines the major features of the 2022 STI plan:

Features	Description
Performance period	1 July 2021 to 30 June 2022
Purpose	To motivate and reward participants for achieving a balanced scorecard, with weighted allocations to financial and non-financial measures that position the Group to achieve its medium- to long-term strategic goals. Achievement of the STI outcomes provides the foundation for achievement of the three-year strategic plan objectives of the LTI program.
Financial gateway for funding of STI pool	The STI pool is funded if: – The Group achieves its budgeted NPAT; and – The Group complies with its banking covenants.
Appropriateness of budgeted NPAT	The FY2022 budget of $89.7 million, although only a small increase to the FY2021 NPAT, needs to be considered in the context of: – Very low charge-off volumes in the Australian / New Zealand debt buying market, which still represents ~60 per cent of Group earnings. Only secondary investments in the Radio Rentals and Collection House New Zealand books prevented degradation of earnings in FY2022. – The drag on earnings created by the planned growth of the domestic consumer lending volumes resulting in substantial customer acquisition and other up-font loan origination costs.
Minimum criteria required to be achieved before any payments are made	If the STI pool is funded, the proportion of each individual's targeted STI that is paid depends on satisfactory performance against individual: – Satisfactory performance against individual KPIs; and – Satisfactory performance against individual job accountabilities.

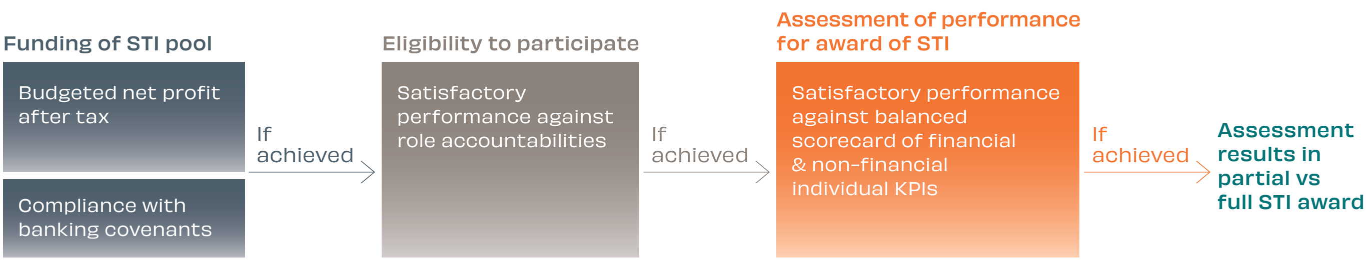
DIRECTORS' REPORT
AUDITED REMUNERATION REPORT
CONTINUED

SECTION 3 STRUCTURE OF VARIABLE REMUNERATION continued

<table>
<tr><th>Features</th><th>Description</th></tr>
<tr><td>Maximum STI that can be earned</td><td>The amount is set at the start of the year by the Remuneration and HR Committee and is approved by the Board. The maximum STI amount for FY2022 for each Executive KMP is summarised below:
<table>
<tr><th>Executive KMP</th><th>Maximum FY2022 STI</th><th>% of fixed remuneration</th></tr>
<tr><td>Mr. Thomas Beregi</td><td>$700,000</td><td>100%</td></tr>
<tr><td>Mr. Matthew Angell</td><td>$400,000</td><td>100%</td></tr>
<tr><td>Mr. Michael Eadie</td><td>$150,000</td><td>43%</td></tr>
</table></td></tr>
<tr><td>Assessment of STI</td><td>Gateway
1. Achievement of Group budgeted NPAT for year; and
2. Compliance with banking facility covenants

Assessment of individual performance
1. Satisfactory performance against role accountabilities; and
2. Performance against balanced scorecard of individual KPIs. For the CEO, this consists of:
<table>
<tr><th>CEO KPIs</th><th></th><th>Weighting</th></tr>
<tr><td>Financial performance</td><td>Achievement of Company NPAT in current year</td><td>30%</td></tr>
<tr><td>Employee engagement</td><td>Achievement of improved workplace engagement</td><td>10%</td></tr>
<tr><td>Investment objectives</td><td>Investment at sufficient levels to sustain debt buying earnings</td><td>20%</td></tr>
<tr><td>Strategic growth initiatives</td><td>Achievement of key milestones under the Company's strategic plan to facilitate longer-term earnings growth</td><td>40%</td></tr>
</table></td></tr>
<tr><td>Approval</td><td>Post completion of the annual financial statement audit and performance review process in September 2022, the proportion of the targeted STI payable to each Executive KMP will be determined by the Remuneration and HR Committee and approved by the Board.</td></tr>
<tr><td>Payment timing</td><td>October 2022</td></tr>
<tr><td>Form of payment</td><td>Cash</td></tr>
<tr><td>Terminating Executive KMP</td><td>There is no mandatory STI entitlement where an Executive KMP's employment terminates prior to the payment date for the STI.</td></tr>
</table>

The operation of the STI is summarised diagrammatically below:



Long-Term Incentive (LTI)

The LTI is designed to align the interests of shareholders and Executive KMP by motivating and rewarding Executive KMP to achieve strong annual earnings growth and shareholder returns over the medium-to long-term. The LTI operates on a rolling three-year performance period basis.

The LTI is based on the following performance hurdles:
– Earnings-based hurdle (CAGR of NPAT); and
– Relative TSR against the performance of the ASX 200, excluding materials and energy companies.

In 2020, the decision was taken to amend the structure of the LTI program. For the three-year performance cycle for 2020 to 2022 and beyond, the Remuneration and HR Committee has adopted an annual grant of performance rights, the conversion and vesting of which is assessed against performance over the ensuing three-year performance period.

SECTION 3 STRUCTURE OF VARIABLE REMUNERATION continued

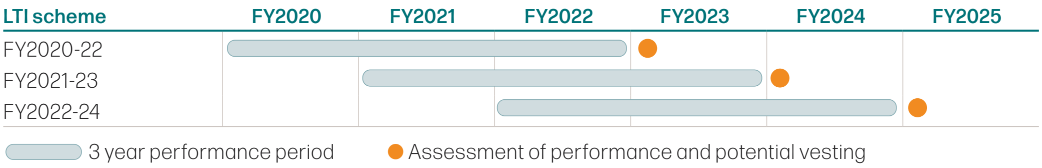
This change was for the following reasons:

– Targets can be more rapidly adjusted in response to market expectations or individual years of out-performance; and
– Annual grants mean there is the potential for performance rights to convert and vest annually, driving retention and alignment with shareholder interests more effectively relative to bullet grant schemes, which create cliff-vesting retention risks.

There were three LTI schemes on-foot during FY2022 with each featuring annual grants of performance rights:

– A scheme with a performance period from 2020-2022; and
– A scheme with a performance period from 2021-2023; and
– A scheme with a performance period from 2022-2024.

Features	Description
Performance period	The performance period for the NPAT hurdle under each on-foot scheme is a three-year period (2020-2022, 2021-2023 and 2022-2024), with earnings growth being assessed on a cumulative basis with a minimum CAGR hurdle of 8 per cent. Similarly, performance under the TSR is also assessed on a cumulative basis over the same three-year performance periods.



Features	Description
Purpose	The Group established the LTI plan to assist in motivating, retaining and rewarding key employees. The Group's LTI plan aligns the interests of shareholders and Executive KMP by: – 50 per cent of the potential award being based on achieving and exceeding target cumulative earnings growth, with earnings growth being a critical driver of shareholder returns; and – 50 per cent of the potential award using relative TSR as a performance hurdle, which directly aligns the financial interests of Executive KMP and shareholders by linking reward to the Group's relative share price performance. These performance hurdles operate independently and are designed to mitigate the risk of an excessive focus on share price performance by Executives while still driving strong alignment with shareholder outcomes.
Pool size	The annual pool size of $4.5 million across all participants was reduced by the Board on the recommendation of the Remuneration and HR Committee to $4.0 million, or by 11 per cent. This change applied to both the FY2020-22 and FY2021-23 LTI schemes. This was to recognise the full vesting of the FY2019-21 LTI scheme, considered unlikely prior to FY2021 when an unexpectedly strong recovery in profitability and performance occurred.
Allocation	The allocation of performance rights to Executive KMP, as determined by the Remuneration and HR Committee and the Board, for each of the on-foot LTI schemes is summarised below:

	Pool size[1]	Allocation to KMP Executives[1,2]	Fair value allocated to KMP Executives	Multiple of fixed remun-eration	Number of PRs issued	Determination of valuation
FY2020-22 scheme						
CEO		37.0%	$1,480,000	2.1x	171,022	Fair value determined using Monte-Carlo simulation and binomial tree valuation models utilising the VWAP share price over 90 days up to grant date.
COO		22.0%	$880,000	2.2x	101,688	
CFO		11.0%	$440,000	1.3x	50,844	
Total	**$4.0 million**				**466,320**	
FY2021-23 scheme						
CEO		37.0%	$1,480,000	2.1x	148,000	Fair value determined using Monte-Carlo simulation and binomial tree valuation models utilising the VWAP share price over 90 days up to grant date.
COO		22.0%	$880,000	2.2x	88,000	
CFO		11.0%	$440,000	1.3x	44,000	
Total	**$4.0 million**				**427,000**	
FY2022-24 scheme						
CEO		34.9%	$1,570,500	2.2x	65,618	Fair value determined using Monte-Carlo simulation and binomial tree valuation models utilising the VWAP share price over 90 days up to grant date.
COO		20.7%	$931,500	2.3x	38,920	
CFO		10.4%	$468,000	1.3x	19,554	
Total	**$4.5 million**				**188,017**	

1. Allocation of PRs under the FY2020-22 and FY2021-23 LTI schemes reflected a reduced $4 million pool size.
2. Remaining 30 per cent of the FY2020-22 and FY2021-23 LTI pools and the remaining 34 per cent of the FY2022-24 pool were allocated to other Executives not considered KMP.

DIRECTORS' REPORT
AUDITED REMUNERATION REPORT
CONTINUED

SECTION 3 STRUCTURE OF VARIABLE REMUNERATION continued

Features	Description
Performance eligibility	– A minimum Return on Equity (ROE) of 16 per cent must be achieved, on average, in each three-year performance period. Gearing is adjusted to the pro-forma 30 per cent level in assessing ROE; and – Satisfactory performance by an Executive KMP against their job accountabilities as assessed in the annual performance review process described in the STI section above.
Vesting	**Relative TSR (50%)** The proportion of performance rights converting to shares and vesting is as follows: 50th percentile – Nil 50th-75th percentile – Pro-rata nil to 100% 75th percentile – 100% vesting The TSR performance is measured on a cumulative basis over the three-year performance period under each LTI plan. The TSR for the testing period is calculated using the volume weighted average price (VWAP) during the testing period, in order to mitigate the impact of short-term price gyrations on the TSR calculation. The testing period is the 90 days to 31 October following the conclusion of each three-year performance period. The TSR is compared to the TSR of the peer group for the purposes of determining the Group's ranking. The peer group is comprised of the ASX 200 (excluding materials and energy shares). The use of a broad peer group: – Reflects the absence of a relevant peer group amongst financial services stocks with Credit Corp's operating model being relatively unique; – Avoids comparison to the Diversified Financials index, which is considered inappropriate with the constituent listed Companies including funds managers, listed investment companies (LIC) and insurance companies with business models far removed from Credit Corp's business; and – Effectively compares the returns achieved from investing in Credit Corp shares with returns available from alternative investments in Australian equities by Credit Corp's investors. **NPAT CAGR (50%)** Over each three-year performance period, the proportion of performance rights converting to shares and vesting is as follows: 8% cumulative CAGR of NPAT – 40% 8% and 11% cumulative CAGR of NPAT – Pro-rata 40% to 100% 11% cumulative CAGR of NPAT – 100% vesting The benefit of assessing earnings growth over a three-year performance period is that it represents sustained earnings growth. The 8-11 per cent compound annual NPAT growth range aligns with the financial objectives of the Group's strategic plan.
Use of NPAT versus EPS	NPAT with an ROE qualifier adjusted for a pro-forma capital structure means that Executives under the LTI are incentivised to maximise investment at the hurdle return with an agnostic capital structure perspective. This means there is no implicit incentive to return shareholder capital to achieve an EPS hurdle, nor an incentive to maximise gearing to achieve an ROE target. Management is not disincentivised to recommend to the Board the retention of capital headroom in anticipation of upcoming investment opportunities. Capital headroom allows investment to be maximised in those periods of opportunity.
Dividends	An LTI participant has no entitlement to dividends until the performance rights have been converted into shares and vested.
Forfeiture	Forfeiture of an LTI participant's account will occur should the Executive KMP be terminated by the Group for any reason, remain employed but no longer form part of the leadership group or be terminated from the plan for any reason. There is no mandatory LTI entitlement where an Executive KMP's employment terminates prior to the vesting date of an LTI benefit.
Change of control	There is no mandatory entitlement to any benefit under the LTI in the event of a change in control of the Group and the Board has absolute discretion to vary any terms of the LTI program in these circumstances.

SECTION 4 REMUNERATION GOVERNANCE

Overview

The following diagram illustrates the Company's remuneration governance framework:

BOARD

The Board reviews, amends and approves the recommendations from the Board's Committees around governance, strategy, performance, and the remuneration arrangements for all Group Executives and Non-Executive Directors

REMUNERATION & HR COMMITTEE

Oversees remuneration philosophy and framework.

The Committee is responsible for reviewing compensation arrangements for the Directors, CEO and Group Executives, including the Company's KMP, and making recommendations in that regard for determination by the Board. The Committee comprises only Non-Executive Directors of the Board.

EXTERNAL ADVISORS

The Board and the Committee seek advice from independent experts and advisors from time to time on various matters, including remuneration. The Committee appoints remuneration consultants and external advisors and ensures independence.

CEO AND MANAGEMENT

The CEO makes recommendations to the Committee regarding Executives' remuneration. Together with other Executives, the CEO also provides information and recommendations for deliberation and implements arrangements once they have been approved.

Executive Service Agreements

All contracts with Executive KMP may be terminated by either party with agreed notice periods. Remuneration and other terms of employment are formalised in employment contracts. Details of these contracts are:

Name	Title	Term of agreement	Details
Mr. Thomas Beregi	Chief Executive Officer (CEO)	Ongoing, 3 month notice period	Fixed salary package of $700,000, consisting of base salary and superannuation, reviewed annually by the Remuneration and HR Committee.
Mr. Matthew Angell	Chief Operating Officer (COO)	Ongoing, 1 month notice period	Fixed salary package of $400,000, consisting of base salary and superannuation, reviewed annually by the Remuneration and HR Committee.
Mr. Michael Eadie	Chief Financial Officer (CFO)	Ongoing, 1 month notice period	Fixed salary package of $350,000, consisting of base salary and superannuation, reviewed annually by the Remuneration and HR Committee.

Share Trading Policy

The Group's share trading policy prohibits Group Executives from entering into margin lending or similar arrangements in relation to the Group's securities, including transferring securities into an existing margin loan account and / or selling securities to satisfy a call pursuant to a margin loan.

Breaches of the Group's share trading policy are regarded very seriously and may lead to disciplinary action being taken (including termination of employment).

The Group does not maintain a minimum shareholding policy for its KMP.

Remuneration Consultants

No remuneration consultants were utilised to provide any remuneration recommendations during the year.

DIRECTORS' REPORT
AUDITED REMUNERATION REPORT
CONTINUED

SECTION 5 NON-EXECUTIVE DIRECTOR REMUNERATION

Components and Details of Non-Executive Remuneration

Under the Group's Remuneration Policy, Non-Executive Directors are to be awarded fair remuneration that is appropriate to their responsibilities, performance, knowledge and skills. Fees for Non-Executive Directors are fixed and are not linked to the performance of the Group. This is to ensure the independence of the Non-Executive Directors.

Remuneration levels of comparable companies are reviewed annually for benchmarking purposes and allowance is made for various factors, including demands on time, the level of commitment required and any special responsibilities. An annual aggregate cap of $1.5 million was approved by the shareholders at the 2021 AGM. The increase in the aggregate fee cap was to allow the appointment of up to seven Non-Executive Directors to broaden the skills and experience of the Board as the Company continues to grow and diversify, and to allow for continued Board renewal.

Minimum Shareholdings

The Group does not have a policy mandating that a Non-Executive Director maintain a minimum shareholding in the Group's equity.

Remuneration of Non-Executive Directors

The remuneration structure is set out below:

	2022 $	2021 $
Chairman	**250,000**	220,000
Director and Committee Chairman	**135,000**	120,000
Director and Committee member	**125,000**	110,000
Director	**110,000**	95,000

The above remuneration does not include the 10.0 per cent (2021: 9.5 per cent) statutory superannuation entitlement.

Non-Executive Directors' fees were reviewed with effect from 1 July 2021. These increases were benchmarked to comparable listed entities to the Group in terms of market capitalisation, total assets, revenue and operational scope. It is further noted that Non-Executive Director remuneration was last reviewed in 2016, five years ago, and in the intervening period, market capitalisation has increased three-fold and NPAT has doubled.

No increase in Non-Executive Directors' fees from 1 July 2022 occurred.

SECTION 6 STATUTORY REMUNERATION TABLES AND DATA

Compensation of Directors and Other Key Management Personnel

Statutory Reporting Basis – year ending 30 June 2022

Directors		Short-term benefits: Salary and fees $	Short-term benefits: Short-term incentive[1] $	Short-term benefits: Non-monetary benefits[2] $	Total $	Post-employment benefit: Superannuation $	Long-term benefit: Long-term incentive[3] $	Long-term benefit: Long-service leave $	Total $	Proportion of remuneration performance-related %
Mr. Eric Dodd Non-Executive Director, Chairman of Board	**2022**	**250,000**	**–**	**18,616**	**268,616**	**23,568**	**–**	**–**	**292,184**	**–**
	2021	150,385	–	8,766	159,151	14,287	–	–	173,438	–
Mr. Richard Thomas Non-Executive Director, Member of Nomination Committee	**2022**	**125,000**	**–**	**–**	**125,000**	**12,500**	**–**	**–**	**137,500**	**–**
	2021	103,654	–	–	103,654	9,847	–	–	113,501	–
Ms. Leslie Martin Non-Executive Director, Chairman of Nomination Committee	**2022**	**135,000**	**–**	**–**	**135,000**	**13,500**	**–**	**–**	**148,500**	**–**
	2021	107,385	–	–	107,385	10,201	–	–	117,586	–
Ms. Trudy Vonhoff Non-Executive Director, Chairman of Remuneration and HR Committee	**2022**	**135,000**	**–**	**–**	**135,000**	**13,500**	**–**	**–**	**148,500**	**–**
	2021	114,955	–	–	114,955	2,631	–	–	117,586	–
Mr. Phillip Aris[4] Non-Executive Director, Member of Audit and Risk Committee and Remuneration and HR Committee	**2022**	**118,616**	**–**	**–**	**118,616**	**11,862**	**–**	**–**	**130,478**	**–**
	2021	–	–	–	–	–	–	–	–	–
Mr. James M. Millar AM[4] Non-Executive Director, Chairman of Audit and Risk Committee	**2022**	**79,442**	**–**	**–**	**79,442**	**7,944**	**–**	**–**	**87,386**	**–**
	2021	–	–	–	–	–	–	–	–	–
Mr. Donald McLay[5] Non-Executive Director, Chairman of Audit and Risk Committee before retirement	**2022**	**77,115**	**–**	**–**	**77,115**	**7,712**	**–**	**–**	**84,827**	**–**
	2021	169,231	–	13,149	182,380	16,077	–	–	198,457	–
Mr. John Nesbitt[6] Non-Executive Director, Chairman of Audit and Risk Committee before retirement	**2022**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2021	83,077	–	–	83,077	7,892	–	–	90,969	–
Executive KMP										
Mr. Thomas Beregi Chief Executive Officer, Company Secretary	**2022**	**676,432**	**700,000**	**18,616**	**1,395,048**	**23,568**	**1,480,498**	**13,370**	**2,912,484**	**75**
	2021	639,173	700,000	21,915	1,361,088	21,694	1,110,000	12,900	2,505,682	72
Mr. Matthew Angell Chief Operating Officer	**2022**	**376,432**	**400,000**	**18,616**	**795,048**	**23,568**	**879,502**	**7,261**	**1,705,379**	**75**
	2021	363,465	400,000	21,915	785,380	21,694	660,000	7,230	1,474,304	72
Mr. Michael Eadie Chief Financial Officer, Company Secretary	**2022**	**326,432**	**150,000**	**18,616**	**495,048**	**23,568**	**440,525**	**6,303**	**965,444**	**61**
	2021	269,314	150,000	21,915	441,229	21,694	330,000	5,213	798,136	60
Total remuneration	**2022**	**2,299,469**	**1,250,000**	**74,464**	**3,623,933**	**161,290**	**2,800,525**	**26,934**	**6,612,682**	**61**
	2021	2,000,639	1,250,000	87,660	3,338,299	126,017	2,100,000	25,343	5,589,659	60

1. The STI has been included in the above table on an accrual basis and has been recorded at 100 per cent of the maximum potential payment. Individual performance reviews to be conducted after the finalisation of the FY2022 audited consolidated financial statements will determine the final entitlement.
2. The non-monetary benefits represent car parking provided during the year.
3. The LTI has been included in the above table on an accruals basis. It is payable in the form of performance rights, convertible into shares upon achievement of the earnings-based and / or relative TSR performance hurdles over a three-year performance period.
4. Mr. Aris was appointed on 15 July 2021, and Mr. Millar was appointed on 21 December 2021.
5. Mr. McLay retired from the Board on 18 November 2021.
6. Mr. Nesbitt retired from the Board on 19 March 2021.

DIRECTORS' REPORT
AUDITED REMUNERATION REPORT
CONTINUED

SECTION 6 STATUTORY REMUNERATION TABLES AND DATA continued

Performance Rights Held, Vested and Granted as at 30 June 2022

A reconciliation of performance rights (PR) issued to Executive KMP in respect of each LTI scheme is as follows:

	LTI schemes	PRs issued	Vested during the year	Forfeited during the year	Closing balance at 30 June 2022
	Number	Number	Number	Number	Number
Executive KMP					
Mr. Thomas Beregi	LTI scheme 2019-2021	222,127	(222,127)	–	–
	LTI scheme 2020-2022	171,022	–	–	171,022
	LTI scheme 2021-2023	148,000	–	–	148,000
	LTI scheme 2022-2024	65,618	–	–	65,618
Mr. Matthew Angell	LTI scheme 2019-2021	123,403	(123,403)	–	–
	LTI scheme 2020-2022	101,688	–	–	101,688
	LTI scheme 2021-2023	88,000	–	–	88,000
	LTI scheme 2022-2024	38,920	–	–	38,920
Mr. Michael Eadie	LTI scheme 2019-2021	58,874	(58,874)	–	–
	LTI scheme 2020-2022	50,844	–	–	50,844
	LTI scheme 2021-2023	44,000	–	–	44,000
	LTI scheme 2022-2024	19,554	–	–	19,554

Shares Held in Credit Corp Group Limited as at 30 June 2022

The movements during 2022 in the number of ordinary shares in Credit Corp Group Limited held directly, indirectly or beneficially by each KMP, including their related parties are:

	Opening balance at 1 July 2021	Shares vested during the year	Shares acquired during the year	Other changes during the year	Closing balance at 30 June 2022
	Number	Number	Number	Number	Number
Directors					
Mr. Eric Dodd	6,927	–	–	–	6,927
Ms. Leslie Martin	11,063	–	–	–	11,063
Mr. Richard Thomas	17,272	–	–	–	17,272
Ms. Trudy Vonhoff	9,975	–	2,175	–	12,150
Mr. Phillip Aris	–	–	1,500	–	1,500
Mr. James M. Millar AM	–	–	–	–	–
Mr. Donald McLay[1]	663,552	–	–	(663,552)	–
	708,789	**–**	**3,675**	**(663,552)**	**48,912**
Executive KMP					
Mr. Thomas Beregi	41,086	222,127	–	(222,127)	41,086
Mr. Matthew Angell	399	123,403	–	(123,403)	399
Mr. Michael Eadie	–	58,874	–	(58,874)	–
	41,485	**404,404**	**–**	**(404,404)**	**41,485**
Total	**750,274**	**404,404**	**3,675**	**(1,067,956)**	**90,397**

1. Mr. McLay retired on 18 November 2021 and his shareholding balance as at 30 June 2022 is not included above.

Transactions with KMP

No transactions with KMP occurred during the year other than remuneration arrangements as disclosed in this report.

Trudy Vonhoff
Chairman of Remuneration and HR Committee

Eric Dodd
Chairman of Board

Date: 2 August 2022

MOMENTUM

FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AUDITOR'S INDEPENDENCE **DECLARATION**

HALL CHADWICK
Chartered Accountants & Business Advisors

CREDIT CORP GROUP LIMITED
ABN 33 092 697 151
AND CONTROLLED ENTITIES

AUDITOR'S INDEPENDENCE DECLARATION
UNDER S 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF CREDIT CORP GROUP LIMITED

In accordance with s 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Credit Corp Group Limited. As the lead audit partner for the audit of the financial report of Credit Corp Group Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

i. the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

ii. any applicable code of professional conduct in relation to the audit.

Hall Chadwick

HALL CHADWICK (NSW)
Level 40, 2 Park Street
Sydney NSW 2000

DREW TOWNSEND
Partner
Dated: 2 August 2022

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CONSOLIDATED
INCOME STATEMENT

For the year ended 30 June 2022

	Note	2022 $'000	2021 $'000
Purchased debt ledger (PDL) interest revenue	4	**289,996**	266,843
Consumer lending revenue	4	**93,737**	78,886
Other revenue	4	**27,467**	29,057
Finance costs		**(5,166)**	(5,932)
Employee benefits expense		**(150,095)**	(137,408)
Depreciation and amortisation expense		**(10,510)**	(10,838)
Office facility expenses		**(18,438)**	(17,786)
Collection expenses		**(30,654)**	(29,700)
Consumer loans loss provision expense		**(32,476)**	(32,891)
Marketing expenses		**(13,316)**	(8,390)
Other expenses		**(7,530)**	(5,899)
Profit before income tax		**143,015**	125,942
Income tax expense	5	**(42,299)**	(37,812)
Profit for the year		**100,716**	88,130
Earnings per share for profit attributable to owners of the Company			
Basic earnings per share (cents per share)	6	**148.9**	130.9
Diluted earnings per share (cents per share)	6	**148.5**	129.9

The above financial statements should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2022

	2022 $'000	2021 $'000
Profit for the year	**100,716**	88,130
Other comprehensive income		
Items that may be reclassified subsequently to profit / (loss):		
Foreign currency translation reserve, net of income tax	**18,523**	6,444
Other comprehensive income for the year, net of income tax	**18,523**	6,444
Total comprehensive income for the year	**119,239**	94,574

The above financial statements should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF **FINANCIAL POSITION**

As at 30 June 2022

	Note	2022 $'000	2021 $'000
Current assets			
Cash and cash equivalents	8	**29,705**	61,677
Trade and other receivables	9	**7,192**	15,531
Consumer loans receivables	10	**126,152**	95,814
Purchased debt ledgers	11	**240,343**	234,856
Finance lease receivables	15	**325**	756
Other assets	12	**5,328**	3,623
Total current assets		**409,045**	412,257
Non-current assets			
Consumer loans receivables	10	**72,235**	39,358
Purchased debt ledgers	11	**396,978**	232,465
Plant and equipment	13	**7,682**	6,502
Right-of-use assets	14	**26,619**	21,783
Finance lease receivables	15	**–**	303
Deferred tax assets	5	**61,254**	67,782
Intangible assets	16	**800**	800
Total non-current assets		**565,568**	368,993
Total assets		**974,613**	781,250
Current liabilities			
Trade and other payables	17	**26,050**	39,027
Current tax liabilities	5	**8,451**	7,934
Lease liabilities	14	**7,910**	7,067
Provisions	18	**23,621**	19,512
Total current liabilities		**66,032**	73,540
Non-current liabilities			
Borrowings	19	**128,589**	3,608
Deferred tax liabilities	5	**9,758**	8,006
Lease liabilities	14	**21,463**	17,607
Provisions	18	**8,130**	11,426
Total non-current liabilities		**167,940**	40,647
Total liabilities		**233,972**	114,187
Net assets		**740,641**	667,063
Equity			
Issued capital	21	**361,232**	346,738
Reserves	22	**33,314**	24,963
Retained earnings		**346,095**	295,362
Total equity		**740,641**	667,063

The above financial statements should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

For the year ended 30 June 2022

	Note	Issued capital $'000	Reserves $'000	Retained earnings $'000	Total equity $'000
Balance at 1 July 2021		**346,738**	**24,963**	**295,362**	**667,063**
Total comprehensive income for the year					
Profit for the year		**–**	**–**	**100,716**	**100,716**
Foreign currency translation reserve	22	**–**	**18,523**	**–**	**18,523**
Total comprehensive income for the year		**–**	**18,523**	**100,716**	**119,239**
Transactions with owners in their capacity as owners					
Transfer from reserve on vesting of performance rights	21	**14,494**	**(14,494)**	**–**	**–**
Performance rights issued net of transaction costs		**–**	**4,322**	**–**	**4,322**
Dividends paid or provided for	7	**–**	**–**	**(49,983)**	**(49,983)**
Transactions with owners in their capacity as owners		**14,494**	**(10,172)**	**(49,983)**	**(45,661)**
Balance at 30 June 2022		**361,232**	**33,314**	**346,095**	**740,641**
Balance at 1 July 2020		346,738	16,019	231,453	594,210
Total comprehensive income for the year					
Profit for the year		–	–	88,130	88,130
Foreign currency translation reserve	22	–	6,444	–	6,444
Total comprehensive income for the year		–	6,444	88,130	94,574
Transactions with owners in their capacity as owners					
Performance rights issued net of transaction costs		–	2,500	–	2,500
Dividends paid or provided for	7	–	–	(24,221)	(24,221)
Transactions with owners in their capacity as owners		–	2,500	(24,221)	(21,721)
Balance at 30 June 2021		346,738	24,963	295,362	667,063

The above financial statements should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF **CASH FLOWS**

For the year ended 30 June 2022

	Note	2022 $'000	2021 $'000
Cash flows from operating activities			
Receipts from customers and debtors		**667,182**	600,870
Payments to suppliers and employees		**(241,883)**	(183,135)
Interest received on bank deposits		**30**	134
Interest paid - leases		**(901)**	(907)
Interest paid - other		**(3,802)**	(3,474)
Income tax paid		**(33,919)**	(27,480)
Cash flows from operating activities before changes in operating assets		**386,707**	386,008
Changes in operating assets arising from cash flow movements			
Net funding of consumer loans		**(92,004)**	(25,167)
Acquisition of purchased debt ledgers		**(394,999)**	(293,115)
Changes in operating assets arising from cash flow movements		**(487,003)**	(318,282)
Net cash (outflow) / inflow from operating activities	20	**(100,296)**	67,726
Cash flows from investing activities			
Acquisition of plant and equipment	13	**(3,820)**	(2,783)
Net cash outflow from investing activities		**(3,820)**	(2,783)
Cash flows from financing activities			
Proceeds from borrowings		**128,906**	30,000
Repayment of borrowings		**–**	(49,944)
Repayment of lease principal		**(7,385)**	(7,907)
Dividends paid	7	**(49,983)**	(24,221)
Net cash inflow / (outflow) from financing activities		**71,538**	(52,072)
Net (decrease) / increase in cash and cash equivalents		**(32,578)**	12,871
Cash and cash equivalents at 1 July		**61,677**	48,660
Effect of exchange rate fluctuations on cash held		**606**	146
Cash and cash equivalents at 30 June	8	**29,705**	61,677

The above financial statements should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED **FINANCIAL STATEMENTS**

NOTE 1: CORPORATE INFORMATION

The consolidated financial statements of Credit Corp Group Limited (the Company) and its subsidiaries (collectively, the Group) for the year ended 30 June 2022 were authorised for issue in accordance with a resolution of the directors on 2 August 2022.

Credit Corp Group Limited is a for-profit company limited by shares incorporated in Australia whose shares are publicly traded on the ASX. The address of its registered office and principal place of business is Level 15, 201 Kent Street, Sydney NSW 2000, Australia.

The Group is primarily involved in operations within debt ledger purchasing, as well as mercantile collections and consumer lending. Further information on the nature of the operations and principal activities of the Group is provided in the directors' report. Information on the Group's structure is provided in Note 25: Subsidiaries. Information on other related party relationships of the Group is provided in Note 30: Related party transactions.

The parent entity, Credit Corp Group Limited, has not prepared separate financial statements as permitted by the *Corporations Act 2001*. The financial information for the parent entity is disclosed in Note 34: Parent entity information.

NOTE 2: BASIS OF PREPARATION

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board.

a) Compliance with international financial reporting standards

The consolidated financial statements also comply with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

b) Accruals basis

Except for cash flow information, the Consolidated Financial Statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

c) Rounding of amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with the instrument to the nearest thousand dollars, unless otherwise indicated.

d) Use of accounting judgements, estimates and assumptions

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and from within the Group.

In the application of the Group's accounting policies, the directors of the Group are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors considered to be relevant. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Key estimates	Note	Page
Purchased debt ledgers (PDL)	11	81
Impairment of financial assets	9, 10 & 11	79, 80 & 81
Provisions	9, 10 & 18	79, 80 & 86
Share-based payments	31	95
Goodwill and impairment	16	85

e) Significant accounting policies

The significant accounting policies adopted in the presentation of these consolidated financial statements are set out below. Other significant accounting policies are contained in the notes to the financial report to which they relate. The policies have been consistently applied to all the years presented, unless otherwise stated.

Principles of consolidation

These consolidated financial statements incorporate the assets, liabilities and results of all subsidiaries at 30 June 2022.

Subsidiaries are all entities over which the Company has control. The Company controls an entity if it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Profit or loss and other comprehensive income of controlled entities acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable. In preparing the financial report, all intercompany balances, transactions and unrealised profits arising within the Group are eliminated in full.

NOTE 2: BASIS OF PREPARATION continued

Functional currency

Amounts in the directors' report and financial report are presented in Australian dollars, which is the Group's functional currency.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency, being Australian dollars, using the exchange rates prevailing at the date of transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity; otherwise the exchange difference is recognised in the statement of profit or loss.

Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. All borrowing costs are recognised in the statement of profit or loss and other comprehensive income in the period in which they are incurred.

Government grants

Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the periods in which the expenses are recognised.

f) New and amended standards adopted by the Group

The Group has considered the implications of new or amended Accounting Standards that have become applicable for the current financial reporting period as set out below:

AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform- Phase 2

AASB 2021-3 Amendments to Australian Accounting Standards – COVID-19-Related Rent Concession beyond 30 June 2021

AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and other Amendments

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the profit or loss or financial position of the Group.

NOTE 3: OPERATING SEGMENTS

a) Financial reporting by segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenue and / or incur expenses. The Group has identified its operating segments based on the internal reports that are reviewed and used by the chief operating decision-maker, the Chief Executive Officer (CEO), to make strategic decisions. The Group has three main operating segments: debt ledger purchasing (Australia and New Zealand), debt ledger purchasing (United States) and consumer lending (Australia, New Zealand and the United States). All operating segments and results are reviewed regularly by the CEO of the Group, who reviews the operating segments' results on an ongoing basis to assess performance and allocate resources.

The reportable segments are as follows:

Debt ledger purchasing – Australia and New Zealand

This business purchases consumer debts at a discount to their face value from credit providers in Australia and New Zealand, with the objective of recovering amounts in excess of the purchase price over the collection life cycle of the receivables to produce a return.

This segment also includes the contingent collection services business in Australia and New Zealand.

Debt ledger purchasing – United States

This business purchases consumer debts at a discount to their face value from credit providers in the United States, with the objective of recovering amounts in excess of the purchase price over the collection life cycle of the receivables to produce a return.

Consumer lending – Australia, New Zealand and the United States

This business offers various market-leading sustainable financial products to credit-impaired consumers.

NOTES TO THE CONSOLIDATED **FINANCIAL STATEMENTS**

CONTINUED

NOTE 3: OPERATING SEGMENTS continued

Following is the information provided to the CEO:

	Debt ledger purchasing: Australia & New Zealand $'000	Debt ledger purchasing: United States $'000	Consumer lending: Australia, New Zealand & United States $'000	Total for continuing operations $'000
Year ended 30 June 2022				
Segment revenue				
External revenue	**230,182**	**87,281**	**93,737**	**411,200**
Segment result				
Segment profit	**93,365**	**34,549**	**30,777**	**158,691**
Finance costs				**(5,166)**
Depreciation and amortisation expense				**(10,510)**
Profit before income tax expense				**143,015**
Income tax expense				**(42,299)**
Profit after income tax expense				**100,716**
Year ended 30 June 2021				
Segment revenue				
External revenue	219,446	76,454	78,886	374,786
Segment result				
Segment profit	93,101	26,266	23,345	142,712
Finance costs				(5,932)
Depreciation and amortisation expense				(10,838)
Profit before income tax expense				125,942
Income tax expense				(37,812)
Profit after income tax expense				88,130

b) Geographical information

The Group predominantly operates in two geographic segments, Australia and the United States.

NOTE 4: REVENUE

The Group recognises revenue from the following major sources:

Interest revenue from PDLs

Revenue from PDLs represents the component designated as interest income through the application of the credit-adjusted effective interest rate to the amortised cost of the PDLs.

Interest revenue also includes realisations derived from fully amortised PDLs.

Revenue from PDLs includes the impact of changes in expected realisations, which represent an impairment loss or gain. When material, these gains or losses are disclosed as a separate line item within revenue.

Interest and fee income from consumer lending

Interest and fee income is recognised when payments are received.

The following is the Group's revenue for the year from continuing operations:

	2022 $'000	2021 $'000
PDL interest revenue	**289,996**	266,843
Interest and fee income from consumer lending	**93,737**	78,886
Other interest received	**30**	134
Other income	**27,437**	28,923
Total	**411,200**	374,786

Revenue from contracts

Other income mainly consists of revenue from contracts from the contingency business in Australia and New Zealand. The contingency business provides contingent collection services to clients. Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a client and excludes amounts collected on behalf of third parties.

Revenue is recognised at a point in time when the service has been performed and the Group has a right to invoice.

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities that are recoverable from, or payable to, the ATO are presented as operating cash flows.

NOTE 5: INCOME TAX

The Group operates in various tax jurisdictions, including Australia, New Zealand and the United States.

Current tax

Current tax expense charged to the income statement is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities are therefore measured at the amounts expected to be paid to the relevant taxation authority.

Deferred tax

Deferred tax is accounted for based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and tax offsets, to the extent that it is probable that sufficient future profits will be available against which those deductible temporary differences can be utilised. No deferred income tax is recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the assets are realised or the liabilities are settled, based on tax rates enacted or substantively enacted at balance date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related assets or liabilities.

Income taxes relating to items recognised directly in equity are recognised directly in equity and not in the income statement and other comprehensive income.

Tax consolidation

Credit Corp Group Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation legislation. The head entity, Credit Corp Group Limited, and its subsidiaries in the income tax consolidated group have entered a tax funding arrangement whereby each company in the income tax consolidated group contributes to the income tax payable in proportion to their contribution to the Group's taxable income. Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement is recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

NOTES TO THE CONSOLIDATED **FINANCIAL STATEMENTS**

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NOTE 5: INCOME TAX continued

Components of the tax balances are detailed below:

	2022 $'000	2021 $'000
a) Income tax expense		
Current tax	**(33,907)**	(42,014)
Deferred tax	**(8,280)**	4,222
(Under provision) / over provision in respect of prior years	**(112)**	(20)
Total	**(42,299)**	(37,812)
b) Reconciliation between tax expense and pre-tax accounting profit		
Profit for the year	**143,015**	125,942
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2021: 30%)	**(42,905)**	(37,783)
Difference in overseas tax rate	**200**	151
Tax effect of amounts that are not taxable (deductible) in calculating taxable income:		
Other non-taxable (non-deductible) items	**518**	(160)
	(42,187)	(37,792)
(Under provision) / overprovision in respect of prior years	**(112)**	(20)
Income tax expense	**(42,299)**	(37,812)
Applicable weighted average effective tax rates (%)	**30%**	30%
c) Tax assets and liabilities		
Current tax assets		
Tax receivable	**–**	–
Non-current tax assets		
Deferred tax assets	**61,254**	67,782
Total	**61,254**	67,782
Current tax liabilities		
Tax liabilities	**8,451**	7,934
Non-current tax liabilities		
Deferred tax liabilities	**9,758**	8,006
Total	**18,209**	15,940

NOTE 5: INCOME TAX continued

	Assets 2022 $'000	Assets 2021 $'000	Liabilities 2022 $'000	Liabilities 2021 $'000	Net 2022 $'000	Net 2021 $'000
Deferred tax assets and liabilities are attributable to:						
Provision for employee benefits	**4,272**	3,211	**–**	–	**4,272**	3,211
ROU assets	**–**	–	**(7,972)**	(6,476)	**(7,972)**	(6,476)
Lease liabilities	**8,780**	7,336	**–**	–	**8,780**	7,336
Provision for impairment of trade receivables	**17**	29	**–**	–	**17**	29
Provision for expected credit losses	**15,527**	14,607	**–**	–	**15,527**	14,607
Accruals on wages and bonuses	**100**	118	**–**	–	**100**	118
Accruals on employee share plan	**–**	2,040	**–**	–	**–**	2,040
Difference between accounting and tax depreciation	**1,125**	904	**(673)**	–	**452**	904
Onerous forward purchasing contract provision	**–**	45	**–**	–	**–**	45
US PDL change in lifetime ECL	**16,988**	14,278	**–**	–	**16,988**	14,278
Other accruals not tax deductible until expense incurred	**14,445**	25,214	**(1,113)**	(1,530)	**13,332**	23,684
Net tax assets	**61,254**	67,782	**(9,758)**	(8,006)	**51,496**	59,776

	Opening balance $'000	Recognised in profit or loss $'000	Recognised in other comprehensive income $'000	Closing balance $'000
Movement in temporary differences during the year				
Year ended 30 June 2022				
Provision for employee benefits	**3,211**	**1,061**	**–**	**4,272**
ROU assets	**(6,476)**	**(1,496)**	**–**	**(7,972)**
Lease liabilities	**7,336**	**1,444**	**–**	**8,780**
Provision for impairment of trade receivables	**29**	**(12)**	**–**	**17**
Provision for expected credit losses	**14,607**	**920**	**–**	**15,527**
Accruals on wages and bonuses	**118**	**(18)**	**–**	**100**
Accruals on employee share plan	**2,040**	**(2,040)**	**–**	**–**
Difference between accounting and tax depreciation	**904**	**(452)**	**–**	**452**
Onerous forward purchasing contract provision	**45**	**(45)**	**–**	**–**
US PDL change in lifetime ECL	**14,278**	**2,710**	**–**	**16,988**
Other accruals not tax deductible until expense incurred	**23,684**	**(10,352)**	**–**	**13,332**
Total	**59,776**	**(8,280)**	**–**	**51,496**
Movement in temporary differences during the year				
Year ended 30 June 2021				
Provision for employee benefits	4,815	(1,604)	–	3,211
ROU assets	(8,261)	1,785	–	(6,476)
Lease liabilities	8,891	(1,555)	–	7,336
Provision for impairment of trade receivables	29	–	–	29
Provision for expected credit losses	13,081	1,526	–	14,607
Accruals on wages and bonuses	44	74	–	118
Accruals on employee share plan	750	1,290	–	2,040
Difference between accounting and tax depreciation	(209)	1,113	–	904
Onerous forward purchasing contract provision	3,545	(3,500)	–	45
Acquired on business combination	15,135	(15,135)	–	–
US PDL change in lifetime ECL	8,014	6,264	–	14,278
Other accruals not tax deductible until expense incurred	9,720	13,964	–	23,684
Total	55,554	4,222	–	59,776

NOTES TO THE CONSOLIDATED **FINANCIAL STATEMENTS**

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NOTE 6: EARNINGS PER SHARE

	2022	2021
Basic earnings per share (cents)	**148.9**	130.9
Diluted earnings per share (cents)	**148.5**	129.9
Weighted average number of ordinary shares – basic ('000)	**67,643**	67,316
Add: Adjustment for calculation of diluted earnings per share (performance rights) ('000)	**190**	517
Weighted average number of ordinary shares at 30 June – diluted ('000)	**67,833**	67,833

Basic and diluted earnings per share are calculated by dividing profit for the year by the weighted average number of shares on issue over the year.

Performance rights

Performance rights granted under the Group's Long-Term Incentive (LTI) plan are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share. The rights have not been included in the determination of basic earnings per share. Details relating to the rights are set out in the remuneration report and Note 31.

NOTE 7: DIVIDENDS PAID AND PROPOSED

	Cents per share	Total $'000	Franked / unfranked	Date of payment
The following dividends were declared and paid by the Group:				
Year ended 30 June 2022				
Interim 2022 ordinary	**38.0**	**25,762**	**Franked**	**11 Mar 2022**
Final 2021 ordinary	**36.0**	**24,221**	**Franked**	**10 Sep 2021**
Total		**49,983**		
Year ended 30 June 2021				
Interim 2021 ordinary	36.0	24,221	Franked	12 Mar 2021
Total		24,221		

After 30 June 2022 the following dividends were proposed by the directors. The dividends have not been provided for and there are no income tax consequences.

Final 2022 ordinary	36.0	24,407	Franked	12 Sep 2022

	2022 $'000	2021 $'000
Franking account		
Balance of franking account at year-end adjusted for franking credits arising from payment of provision for income tax and franking debits arising from payment of dividends	**175,023**	164,367
Subsequent to year-end, the franking account would be reduced by the proposed dividend	**(10,460)**	(10,380)
Total	**164,563**	153,987

NOTE 8: CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise bank deposits with maturities of less than three months and cash on hand that are subject to an insignificant risk of change in their fair value, and are used by the Group in the management of its short-term commitments.

	2022 $'000	2021 $'000
Cash and cash equivalents	**29,705**	61,677

The cash and cash equivalents as at end of 30 June 2022 includes $6 million (2021: $6 million) of cash held on behalf of clients. The Group's exposure to interest rate risk and a sensitivity analysis of financial assets and liabilities is disclosed in Note 23.

NOTE 9: TRADE AND OTHER RECEIVABLES

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less any provision for doubtful debts and impairment.

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

	2022 $'000	2021 $'000
Current		
Trade receivables	**3,808**	4,326
Less: Provision for impairment	**(3)**	(71)
	3,805	4,255
Other receivables	**3,387**	11,307
Less: Provision for impairment	**–**	(31)
	3,387	11,276
Total	**7,192**	15,531

The Group applies the AASB 9 simplified approach in measuring expected credit losses, which permits the use of the lifetime expected loss provision for all trade receivables.

The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience, adjusted for macroeconomic factors affecting the ability of the customers to settle the receivables and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group has recognised a loss allowance of 100 per cent against receivables over 120 days past due, excluding lease bonds and deposits, because historical experience has indicated that these receivables are generally not recoverable.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The following table details the loss allowance as at 30 June 2022 and 30 June 2021. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer bases.

Note 23 provides detail about the Group's exposure to credit risk.

	Current $'000	> 30 days past due $'000	> 60 days past due $'000	> 120 days past due $'000	Total $'000
Year ended 30 June 2022					
Expected loss rate	**0%**	**0%**	**0%**	**100%**	
Gross carrying amount	**6,807**	**358**	**27**	**3**	**7,195**
Provision for impairment	**–**	**–**	**–**	**(3)**	**(3)**
Net carrying amount	**6,807**	**358**	**27**	**–**	**7,192**
Year ended 30 June 2021					
Expected loss rate	0%	0%	0%	100%	
Gross carrying amount	13,788	1,405	338	102	15,633
Provision for impairment	–	–	–	(102)	(102)
Net carrying amount	13,788	1,405	338	–	15,531

The fair value of the trade and other receivables is $7.2 million (2021: $15.5 million).

NOTES TO THE CONSOLIDATED **FINANCIAL STATEMENTS**

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NOTE 9: TRADE AND OTHER RECEIVABLES continued

The following table shows the movement in lifetime expected credit loss that has been recognised for trade and other receivables in accordance with the simplified approach set out in AASB 9.

	2022 $'000	2021 $'000
Lifetime expected credit loss		
Opening balance	(102)	(103)
Decrease in loss allowance recognised in profit or loss during the year	99	1
Closing balance	(3)	(102)

No trade receivables are recognised at balance date that are past due and deemed impaired. The Group has provided a loss allowance of $0.003 million at reporting date (2021: $0.071 million).

NOTE 10: CONSUMER LOANS RECEIVABLES

Consumer loans are initially recognised at fair value of the loan written and subsequently measured at amortised cost using the effective interest rate method, less provision for expected credit losses. Given the nature of loans written, a lifetime expected credit loss provision is taken up upon initial recognition of a consumer loan receivable. The loan balance is categorised into current and non-current consumer loans according to the due date within the contracted loan terms. Amounts due within 12 months are classified as current assets, with the remainder classified as non-current assets.

Provision for expected credit losses is recognised based on expected life of loan loss rates derived from static pool analysis of the performance of loan products. These estimates are updated on an ongoing basis.

Note 23 provides more details in relation to carrying amounts and the Group's exposure to credit risk.

	2022 $'000	2021 $'000
Current		
Consumer loans receivables	**156,291**	129,146
Less: Provision for expected credit losses	**(30,139)**	(33,332)
	126,152	95,814
Non-current		
Consumer loans receivables	**93,979**	54,774
Less: Provision for expected credit losses	**(21,744)**	(15,416)
	72,235	39,358
Total	**198,387**	135,172
Provision for expected credit losses		
Movement in the provision for expected credit losses		
Opening balance	**(48,748)**	(43,602)
Net movement for the year	**(3,135)**	(5,146)
Closing balance	**(51,883)**	(48,748)

Loan book arrears performance management

The arrears composition of the loan products is monitored closely to ensure that there is no significant increased delinquency which may indicate that future losses could be greater than the pro-forma benchmarks. With payments being made on the loan book weekly, fortnightly and monthly by customers, monitoring the collections and changes in arrears compositions provides a timely lead indicator of changes in the credit risk of the loan book based on the real-time data provided. At present the 30 plus day arrears have maintained below pro-forma as a result of customers prioritising debt repayments.

Sensitivity analysis

The Group performed sensitivity analysis to assess the impact of changing loss allowance for expected credit loss balances compared to the carrying value of the loss allowance. The variance across the various scenarios is immaterial.

NOTE 11: PURCHASED DEBT LEDGERS (PDL)

PDLs are considered purchased or originated credit-impaired assets (POCI) under AASB 9 Financial Instruments. For POCIs, the fair value at initial recognition already takes into account lifetime expected credit losses and represents the consideration paid. PDLs are subsequently measured at amortised cost by applying the credit-adjusted effective interest rate, in accordance with AASB 9 Financial Instruments. This occurs at the level of individual tranches of PDLs by using a six-year forecast of realisations or expected cash flows, which implies a level of expected credit losses. This credit-adjusted effective interest rate is derived in the period of acquisition of the tranche of PDLs and equates to the Internal Rate of Return (IRR) of the forecast cash flows without any consideration of collection costs.

This credit-adjusted effective interest rate is used over the collection life cycle to apportion cash collections between the principal and interest components. Changes in expected realisations are determined at the level of each tranche of PDLs, which are then aggregated to generate either an impairment loss or gain.

The fair value of the PDLs is materially the same as the carrying value measured under amortised cost using the credit-adjusted effective interest rate, as the risk-adjusted discount rate used in applying fair value would be similar to the credit-adjusted effective interest rate used in amortised cost measurement.

Note 23 provides detail about the Group's exposure to credit risk.

	2022 $'000	2021 $'000
Current	**240,343**	234,856
Non-current	**396,978**	232,465
Total	**637,321**	467,321
Debt ledger balance movement		
Opening balance	**467,321**	422,620
Other PDL investments	**394,999**	293,115
Amortisation	**(245,231)**	(225,295)
Realisation of onerous forward contract provision	**–**	(11,656)
Foreign currency revaluation	**20,232**	(11,463)
Total	**637,321**	467,321

Sensitivity analysis

The Group performed sensitivity analysis on PDL carrying value by analysing the trend of asset carrying value changes impacted by the increase or decrease in future collections over the six-year period. The result shows that the change in asset carrying value is relatively the same ratio as the change in future collections.

NOTE 12: OTHER ASSETS

	2022 $'000	2021 $'000
Prepayments	**4,706**	3,227
Inventory	**622**	396
Total	**5,328**	3,623

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NOTE 13: PLANT AND EQUIPMENT

Plant and equipment are measured at historical cost less accumulated depreciation and accumulated impairment losses. In the event the carrying amount is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised. A formal assessment of the recoverable amount is made when impairment indicators are present. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the statement of profit or loss and other comprehensive income.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Class of fixed asset	Years
Leasehold improvements	Period of the lease
Plant and equipment	2 to 5 years
Computer software	2.5 to 4 years

The residual values, useful lives and methods of depreciation of plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

	Plant and equipment $'000	Computer software $'000	Leasehold improvements $'000	Total $'000
a) Cost or valuation				
Year ended 30 June 2022				
Opening balance	**13,382**	**5,120**	**11,199**	**29,701**
Additions	**987**	**94**	**2,739**	**3,820**
Revaluation	**127**	**(42)**	**212**	**297**
Disposals	**(198)**	**–**	**1**	**(197)**
Closing balance	**14,298**	**5,172**	**14,151**	**33,621**
Year ended 30 June 2021				
Opening balance	12,222	4,979	9,359	26,560
Additions	846	145	1,792	2,783
Revaluation	370	(4)	(8)	358
Reclassification	(56)	–	56	–
Closing balance	13,382	5,120	11,199	29,701
b) Accumulated depreciation or amortisation				
Year ended 30 June 2022				
Opening balance	**(11,406)**	**(3,788)**	**(8,005)**	**(23,199)**
Revaluation	**(80)**	**32**	**(39)**	**(87)**
Depreciation / amortisation for the year	**(1,206)**	**(628)**	**(1,016)**	**(2,850)**
Disposals	**198**	**–**	**(1)**	**197**
Closing balance	**(12,494)**	**(4,384)**	**(9,061)**	**(25,939)**
Year ended 30 June 2021				
Opening balance	(9,722)	(2,972)	(7,261)	(19,955)
Revaluation	(389)	(2)	(5)	(396)
Depreciation / amortisation for the year	(1,295)	(814)	(739)	(2,848)
Closing balance	(11,406)	(3,788)	(8,005)	(23,199)
c) Carrying amounts				
At 1 July 2021	**1,976**	**1,332**	**3,194**	**6,502**
At 30 June 2022	**1,804**	**788**	**5,090**	**7,682**
At 1 July 2020	2,500	2,007	2,098	6,605
At 30 June 2021	1,976	1,332	3,194	6,502

NOTE 14: RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group leases various offices, showrooms, car parks and equipment. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

The Group recognises leases as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use. Each lease payment is allocated between the liabilities and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

a) Right-of-use assets

Right-of-use assets are measured at cost, comprising the following:

- The amount of the initial measurement of lease liabilities;
- Initial direct costs incurred;
- Any lease payments made at or before the commencement date less any lease incentives received; and
- Restoration costs.

	2022 $'000	2021 $'000
Opening balance	**21,783**	27,782
Additions	**15,572**	3,742
Depreciation charge	**(7,687)**	(7,990)
Lease modification	**(617)**	–
Transfer to finance lease receivables	**–**	(1,155)
Effects on exchange rate changes	**35**	(596)
Disposals	**(2,467)**	–
Closing balance	**26,619**	21,783
Cost	**40,464**	30,803
Accumulated depreciation	**(13,845)**	(9,020)
Closing balance	**26,619**	21,783

b) Lease liabilities

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to exercise, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 14: RIGHT-OF-USE ASSETS AND LEASE LIABILITIES continued

The Group has the option, under some of its leases, to lease the assets for additional terms. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not exercise) the option to renew.

	2022 $'000	2021 $'000
Current lease liabilities	**7,910**	7,067
Non-current lease liabilities	**21,463**	17,607
Closing balance	**29,373**	24,674

Total cash outflow for leases and related interest paid are disclosed separately in Consolidated Statement of Cash Flows.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in statement of profit or loss and other comprehensive income. Short-term leases are leases with a lease term of 12 months or less. Low-value assets mainly comprise IT and office equipment.

NOTE 15: FINANCE LEASE RECEIVABLES

The Group has lease arrangements as a sub-lessor for its Parramatta office. The Group leases a portion of the office building and, as the sub-lease transfers substantially all of the risks and rewards of ownership of the asset, it is classified as a finance lease.

Finance lease receivables are presented in the statement of financial position as follows:

	2022 $'000	2021 $'000
Current	**325**	756
Non-current	**–**	303
Closing balance	**325**	1,059

The following table sets out a maturity analysis of finance lease receivables, showing the undiscounted lease payments comprising receivables as at the reporting date:

	2022 $'000	2021 $'000
Less than 1 year	**331**	785
1 to 2 years	**–**	331
2 to 3 years	**–**	–
Total undiscounted lease payment receivable	**331**	1,116
Unearned finance income	**(6)**	(57)
Net investment in the lease	**325**	1,059

NOTE 16: INTANGIBLE ASSETS

Intangible assets recognised by the Group consist of goodwill arising from the historical acquisition of a contingent collections business. Goodwill represents the excess of the cost of the acquisition over the fair value of the Group's share of net identifiable assets of the acquired subsidiary at the date of acquisition.

Goodwill with an indefinite useful life is not subject to amortisation and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it may be impaired. An impairment loss is recognised in the statement of profit or loss and other comprehensive income for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

	2022 $'000	2021 $'000
a) Carrying amounts		
Opening balance	**800**	800
Closing balance	**800**	800

b) Impairment testing for cash-generating unit containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's contingent collections operating unit, which represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. The Group assesses for impairment at least annually.

For the 2022 and 2021 reporting periods, the recoverable amount of the contingent collections operating unit was determined based on value-in-use calculations, which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a three-year period. Revenue projections beyond the three-year period have been kept stagnant, while expense projections have been extrapolated using an estimated growth rate of two per cent per annum. The cash flows are discounted using a pre-tax discount rate of 10 per cent per annum, reflecting a market estimate of the weighted average cost of capital adjusted to incorporate risks associated with the contingent collections operating unit. No impairment was recognised for the contingent collections operating unit during the year ended 30 June 2022 (2021: nil).

NOTE 17: TRADE AND OTHER PAYABLES

	2022 $'000	2021 $'000
Current		
Unsecured liabilities		
Trade payables	**7,523**	8,123
Employee-related accruals	**4,303**	3,997
Other payables and accruals	**14,224**	26,907
Total	**26,050**	39,027

The Group's exposure to liquidity risk related to trade and other payables is disclosed in Note 23.

NOTES TO THE CONSOLIDATED **FINANCIAL STATEMENTS**

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NOTE 18: PROVISIONS

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The nature of the provision balances are outlined below.

Employee benefits

Short-term obligations

Liabilities for wages and salaries as well as incentive payments expected to be settled within 12 months represent present obligations resulting from employees' services provided to the end of the reporting period. These are presented as payables and measured at the amounts expected to be paid when the liabilities are settled, plus on-costs.

Long-term obligations

The liability for long service leave and annual leave is presented in employee benefits provisions and measured at the present value of the expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Expected future payments are discounted using market yields on high quality corporate bonds at the end of the reporting period with terms to maturity and currency that match, as closely as possible, the estimated future payments.

Onerous forward purchasing contract provision

Some forward PDL purchasing commitments entered into prior to March 2020 were re-negotiated to reflect the reduced collections outlook as a consequence of COVID-19. The provision has been fully utilised during the year.

Restructuring provision

This provision represents the onerous portion of lease commitments taken on as part of the acquisition of Baycorp Holdings Pty Limited and its associated entities (collectively Baycorp) on 16 August 2019, as well as restructuring costs associated with the planned integration of Baycorp. As of 30 June 2022, $5.2 million of the $15.8 million provision taken up on 16 August 2019 had not been utilised.

	2022 $'000	2021 $'000
Current		
Employee benefits	**19,100**	15,760
Onerous forward purchasing contract provision	**–**	160
Restructuring provision	**2,968**	3,482
Other provisions	**1,553**	110
	23,621	19,512
Non-current		
Employee benefits	**2,922**	6,200
Restructuring provision	**2,246**	3,434
Other provisions	**2,962**	1,792
	8,130	11,426
Total	**31,751**	30,938

	Employee benefits $'000	Onerous forward purchasing contract provision $'000	Restructuring provision $'000	Other provisions $'000	Total $'000
Year ended 30 June 2022					
Opening balance	**21,960**	**160**	**6,916**	**1,902**	**30,938**
Additional provisions	**52,121**	**–**	**–**	**2,613**	**54,734**
Amounts used	**(52,059)**	**(160)**	**(1,702)**	**–**	**(53,921)**
Closing balance	**22,022**	**–**	**5,214**	**4,515**	**31,751**
Year ended 30 June 2021					
Opening balance	16,051	11,816	10,382	1,440	39,689
Reclassification	(377)	–	–	377	–
Additional provisions	37,490	–	–	85	37,575
Amounts used	(31,204)	(11,656)	(3,466)	–	(46,326)
Closing balance	21,960	160	6,916	1,902	30,938

NOTE 19: BORROWINGS

Financial liabilities mainly comprise loans and borrowings. Such liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are recognised at amortised cost, comprising the original debt less principal repayments.

	2022 Facility limit $'000	2022 Carrying amount $'000	2021 Facility limit $'000	2021 Carrying amount $'000
Bank loan facilities	**312,000**	**128,589**	312,000	3,608
Total	**312,000**	**128,589**	312,000	3,608

The Group has a corporate loan facility, which is secured by a fixed and floating charge over the assets of a number of entities in the Group. The Group also has a securitised consumer loan warehouse facility which has recourse to the securitised consumer loans.

The secured facility has a limit of $212 million and expires in March 2024 and March 2025. The securitised consumer loan warehouse facility has a limit of $100 million and expires in October 2022 following a two-year availability period and a two-year repayment period. The warehouse facility is in the advanced stages of being extended.

The secured loan facility requires compliance with various undertakings. These include compliance with minimum Tangible Net Worth (TNW) and maximum Loan to Valuation Ratio (LVR) requirements. The minimum TNW undertaking is set as the greater of $440 million and 85 per cent of the TNW at the end of the preceding financial year. The maximum LVR is 60 per cent of the carrying value of PDLs in the consolidated accounts.

All undertakings under the bank loan facilities, including the TNW and LVR requirements, were complied with during the year ended 30 June 2022.

NOTE 20: CASH FLOW INFORMATION

	2022 $'000	2021 $'000
a) Reconciliation of cash flow from operations with profit after income tax		
Cash flows from operating activities		
Profit for the year	**100,716**	88,130
Non-cash items in profit and loss		
– Foreign currency revaluation	**(138)**	(349)
– Depreciation and amortisation	**10,510**	10,838
– Share-based payments	**4,322**	7,000
– Amortisation of borrowing costs	**463**	1,551
– Consumer loan – expected credit losses	**32,476**	32,891
– Other	**(4,735)**	–
(Increase) / decrease in assets		
– Trade and other receivables	**8,332**	(15,873)
– Consumer loans receivables	**(90,070)**	(24,062)
– Purchased debt ledgers	**(149,768)**	(52,465)
– Finance lease receivables	**734**	307
– Other assets	**(1,629)**	(107)
– Deferred tax assets	**8,420**	(1,121)
Increase / (decrease) in liabilities		
– Trade and other payables	**(20,031)**	11,054
– Tax provision	**(1,739)**	12,333
– Provisions	**208**	(1,602)
– Deferred tax liabilities	**1,633**	(799)
Net cash (outflow) / inflow from operating activities	**(100,296)**	67,726

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NOTE 20: CASH FLOW INFORMATION continued

b) Non-cash investing and financing activities

The Group did not make a dividend reinvestment plan (DRP) offer in the current year (2021: nil) and therefore no dividends have been reinvested by shareholders and not paid out in cash.

Non-cash financing activity on the acquisition of right-of-use assets is disclosed in Note 14(a).

	Borrowings $'000	Leases $'000	Total $'000
Debt as at 1 July 2021	**3,608**	**24,674**	**28,282**
Cash flows	**128,906**	**(7,385)**	**121,521**
Acquisition of leases	**–**	**15,572**	**15,572**
Foreign exchange movements	**347**	**67**	**414**
Amortisation of borrowing costs	**463**	**–**	**463**
Other changes	**(4,735)**	**(3,555)**	**(8,290)**
Closing balance as at 30 June 2022	**128,589**	**29,373**	**157,962**
Debt as at 1 July 2020	22,420	29,636	52,056
Cash flows	(19,944)	(7,907)	(27,851)
Acquisition of leases	–	3,742	3,742
Reclassification	–	(197)	(197)
Foreign exchange movements	(419)	(600)	(1,019)
Amortisation of borrowing costs	1,551	–	1,551
Closing balance as at 30 June 2021	3,608	24,674	28,282

NOTE 21: ISSUED CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

	2022 $'000	2021 $'000
Issued capital		
Opening balance	**346,738**	346,738
Performance rights converted during the year	**6,994**	–
Performance rights converted in prior year	**7,500**	–
Total	**361,232**	346,738

The Group does not have a fixed authorised capital or par value for its issued shares. All issued shares are fully paid. Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares on issue.

	2022 '000	2021 '000
Number of fully paid ordinary shares		
On issue at 1 July	**67,316**	67,316
Shares issued during the year:		
Performance rights converted during the year	**516**	–
On issue at 30 June	**67,832**	67,316

Refer to Note 31 for further details on the LTI and the employee share scheme.

NOTE 22: RESERVES

	2022 $'000	2021 $'000
Share-based payment reserve	**8,167**	18,340
Foreign currency translation reserve	**25,147**	6,623
Total	**33,314**	24,963

Share-based payment reserve

The share-based payment reserve is used to recognise:

– The fair value of performance rights granted to executives and senior management; and
– Other share-based payment transactions.

Refer to the remuneration report on pages 57 and 64, and Note 31 for further details on the LTI and the employee share scheme.

Foreign currency translation reserve

The foreign currency translation reserve records exchange differences arising on translation of the controlled foreign subsidiaries.

NOTE 23: FINANCIAL RISK MANAGEMENT

The Group's financial assets and liabilities consist mainly of PDLs, consumer loans receivables, deposits with banks, trade and other receivables, payables, lease liabilities and borrowings.

The Group does not engage in the trading of derivative instruments.

The main risks the Group is exposed to through its financial instruments are market risk (including foreign currency risk and interest rate risk), liquidity risk and credit risk.

The Board has established written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments. They are managed and measured consistently year-on-year.

The Group holds the following financial assets and liabilities:

	Note	2022 $'000	2021 $'000
Financial assets			
Cash and cash equivalents	8	**29,705**	61,677
Trade and other receivables	9	**7,192**	15,531
Consumer loans receivables	10	**198,387**	135,172
Purchased debt ledgers	11	**637,321**	467,321
Total		**872,605**	679,701
Financial liabilities			
Trade and other payables	17	**26,050**	39,027
Current tax liabilities	5	**8,451**	7,934
Borrowings	19	**128,589**	3,608
Lease liabilities	14	**29,373**	24,674
Total		**192,463**	75,243

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NOTE 23: FINANCIAL RISK MANAGEMENT continued

a) Market risk management

Currency risk

Overseas operations expose the Group to foreign exchange risk. This may result in the fair value of financial assets or liabilities fluctuating due to movements in Australian dollar foreign exchange rates of currencies in which the Group holds overseas financial assets and liabilities.

Fluctuations in the United States dollar, New Zealand dollar and the Philippine peso relative to the Australian dollar have the potential to impact the Group's financial results. The Group adopts a hedging strategy to hedge the revaluation of foreign currency denominated assets and liabilities to minimise the impact of these revaluations on earnings.

As a result, at balance date, had the Australian dollar weakened or strengthened by five per cent against any or all of the above currencies, the impact on both profit for the year and equity would have been immaterial. This assumes all other variables remain constant.

Interest rate risk

The Group is exposed to interest rate risk as it borrows funds at floating interest rates.

Profile

At balance date, the interest rate profiles of the Group's interest-bearing and non-interest-bearing financial instruments were:

		Fixed interest rate		Floating interest rate		Non-interest bearing		Total	
	Note	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Financial assets									
Cash and cash equivalents	8	–	–	29,705	61,677	–	–	29,705	61,677
Trade and other receivables	9	–	–	–	–	7,192	15,531	7,192	15,531
Consumer loans receivables	10	198,387	135,172	–	–	–	–	198,387	135,172
Purchased debt ledgers	11	637,321	467,321	–	–	–	–	637,321	467,321
Total		835,708	602,493	29,705	61,677	7,192	15,531	872,605	679,701
Financial liabilities									
Trade and other payables	17	–	–	–	–	26,050	39,027	26,050	39,027
Current tax liabilities	5	–	–	–	–	8,451	7,934	8,451	7,934
Borrowings	19	–	–	128,589	3,608	–	–	128,589	3,608
Lease liabilities	14	29,373	24,674	–	–	–	–	29,373	24,674
Total		29,373	24,674	128,589	3,608	34,501	46,961	192,463	75,243

Sensitivity analysis for variable rate instruments

A change of two percentage points in interest rates at balance date would have increased or decreased the Group's equity and profit or loss over the ensuing 12 months as shown below. These sensitivities assume all other variables remain constant.

	2022 $'000	2021 $'000
Change in net profit after tax		
Increase in interest rates by two percentage points	(1,800)	(51)
Decrease in interest rates by two percentage points	1,800	51
Change in equity		
Increase in interest rates by two percentage points	(1,800)	(51)
Decrease in interest rates by two percentage points	1,800	51

NOTE 23: FINANCIAL RISK MANAGEMENT continued

b) Liquidity risk management

Liquidity risk arises from the possibility that the Group might encounter difficulties in settling its debts or otherwise meeting its obligations relating to financial liabilities. Ultimate responsibility for liquidity risk management resides with the Board, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages this risk through the following mechanisms:

- Preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities;
- Monitoring undrawn credit facilities;
- Maintaining a reputable credit profile;
- Managing credit risk related to its financial assets;
- Investing surplus cash only with major financial institutions; and
- Comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The following table reflects an undiscounted contractual maturity analysis for financial liabilities. The timing of cash flows represented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectation that banking facilities will be rolled forward.

		< 1 year		1 - 2 years		> 2 years		Total	
	Note	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Non-derivative financial liabilities									
Trade and other payables	17	**26,050**	39,027	**–**	–	**–**	–	**26,050**	39,027
Current tax liabilities	5	**8,451**	7,934	**–**	–	**–**	–	**8,451**	7,934
Borrowings	19	**–**	–	**–**	–	**128,589**	3,608	**128,589**	3,608
Lease liabilities	14	**7,910**	7,067	**6,391**	6,652	**15,072**	10,955	**29,373**	24,674
Total		**42,411**	54,028	**6,391**	6,652	**143,661**	14,563	**192,463**	75,243

c) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Group.

The maximum exposure to credit risk, excluding the value of any collateral or other security at balance date, for recognised financial assets is the carrying amount net of any provisions for impairment or losses, as disclosed in the statement of financial position and notes to the financial statements.

The Group does not have any material credit risk exposure to any single debtor or group of debtors. Management has a Credit Policy in place and the exposure to credit risk is monitored on an ongoing basis.

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure.

	Note	2022 $'000	2021 $'000
Cash and cash equivalents	8	**29,705**	61,677
Trade and other receivables	9	**7,192**	15,531
Consumer loans receivables	10	**198,387**	135,172
Purchased debt ledgers	11	**637,321**	467,321
Total		**872,605**	679,701
AA-rated counterparties		**30,203**	62,522
Counterparties not rated		**842,402**	617,179
Total		**872,605**	679,701

NOTES TO THE CONSOLIDATED **FINANCIAL STATEMENTS**

CONTINUED

NOTE 23: FINANCIAL RISK MANAGEMENT continued

The Group's maximum exposure to credit risk on the above financial assets at balance date by type of counterparty was:

	2022 $'000	2021 $'000
Government	**38**	80
Bank	**30,165**	62,442
Other	**842,402**	617,179
Total	**872,605**	679,701

d) Fair value versus carrying amounts

For all assets and liabilities, the fair value approximates the carrying value.

NOTE 24: CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balances. The Group's overall strategy for capital management, which is based on the following principles, remains unchanged from 2021:

- Ensuring all capital is invested or reinvested to achieve the hurdle ROE;
- Ensuring sufficient capital is available to sustain the operations of the Group;
- Maintaining gearing at relatively modest levels in line with the risk of the business and to provide headroom to grow the business; and
- Generally returning to shareholders any excess cash that accumulates and is unable to be reinvested at the hurdle return.

The Group's bank facilities require compliance with various undertakings. These are described in Note 19. By maintaining gearing at a relatively modest level, the Group generally maintains significant covenant headroom.

The composition of the capital of the Group and the gearing ratios for the years ended 30 June 2022 and 30 June 2021 are as follows:

	Note	2022 $'000	2021 $'000
Borrowings	19	**128,589**	3,608
Less: Cash and cash equivalents	8	**(29,705)**	(61,677)
Net debt / (cash)		**98,884**	(58,069)
Total consumer loans receivables and PDLs		**835,708**	602,493
Gearing ratio		**12%**	–

NOTE 25: SUBSIDIARIES

Interests in subsidiaries are:

		Percentage owned	
	Country of incorporation	**2022**	**2021**
Alpha Credit Pty Limited	Australia	**100**	100
Alupka Holdings Pty Limited	Australia	**100**	100
Alliance Factoring Pty Limited	Australia	**100**	100
BC Holdings I Pty Limited	Australia	**100**	100
BC Holdings II Pty Limited	Australia	**100**	100
Baycorp (Aust) Pty Limited	Australia	**100**	100
Baycorp (NZ) Limited	New Zealand	**100**	100
Baycorp (WA) Pty Limited	Australia	**100**	100
Baycorp Collection Services Pty Limited	Australia	**100**	100
Baycorp Collection Services (Aust) Pty Limited	Australia	**100**	100
Baycorp Group Finance Pty Limited	Australia	**100**	100
Baycorp Holdings Pty Limited	Australia	**100**	100
Baycorp Holdings (NZ) Limited	New Zealand	**100**	100
Baycorp Legal Pty Limited	Australia	**100**	100
Baycorp International Branch	Philippines	**100**	100
Baycorp International Pty Limited	Australia	**100**	100
Car Start Pty Limited	Australia	**100**	100
Certus Partners Pty Limited	Australia	**100**	100
Creditcorp BPC Pty Limited	Australia	**100**	100
Credit Corp Acceptance Pty Limited	Australia	**100**	100
Credit Corp Australia Pty Limited	Australia	**100**	100
Credit Corp BC AU Pty Ltd	Australia	**100**	100
Credit Corp Baycorp Holdings I Pty Limited	Australia	**100**	100
Credit Corp Baycorp Holdings II Pty Limited	Australia	**100**	100
Credit Corp Brokering Services Pty Limited	Australia	**100**	100
Credit Corp Collections Pty Limited	Australia	**100**	100
Credit Corp Collections Agency Inc.	United States	**100**	100
Credit Corp Collections Agency US Holdings Inc.	United States	**100**	100
Credit Corp Collections Agency US Inc.	United States	**100**	100
Credit Corp Collections US Holdings Inc.	United States	**100**	100
Credit Corp Employee Share Administration Pty Limited	Australia	**100**	100
Credit Corp Facilities Pty Limited	Australia	**100**	100
Credit Corp Financial Services Pty Limited	Australia	**100**	100
Credit Corp Financial Services Holdings Inc.	United States	**100**	100
Credit Corp Financial Services Inc.	United States	**100**	100

NOTES TO THE CONSOLIDATED **FINANCIAL STATEMENTS**

CONTINUED

		Percentage owned	
	Country of incorporation	2022	2021
Credit Corp Financial Solutions Pty Limited	New Zealand	**100**	100
Credit Corp Group US Collections GP	United States	**100**	100
Credit Corp Leasing Pty Limited	Australia	**100**	100
Credit Corp Lending Pty Limited	Australia	**100**	100
Credit Corp Management Pty Limited	Australia	**100**	100
Credit Corp Management (NZ) Limited	New Zealand	**100**	100
Credit Corp New Zealand Pty Limited	Australia	**100**	100
Credit Corp Queensland Pty Limited	Australia	**100**	100
Credit Corp Receivables Pty Limited	Australia	**100**	100
Credit Corp Recoveries Pty Limited	Australia	**100**	100
Credit Corp Services (NH) Pty Limited	Australia	**100**	100
Credit Corp Services Pty Limited	Australia	**100**	100
Credit Corp Services Malaysia Pty Limited	Australia	**100**	100
Credit Corp Services US Collections Inc.	United States	**100**	100
Credit Corp Services US Holdings Inc.	United States	**100**	100
Credit Corp Solutions Inc.	United States	**100**	100
Credit Corp US Collections Pty Limited	Australia	**100**	100
Credit Corp US Holdings Inc.	United States	**100**	100
Credit Corp Western Australia Pty Limited	Australia	**100**	100
Credit Plan B Pty Limited	Australia	**100**	100
Customer Assist Pty Limited	Australia	**100**	100
Dayroma Pty Limited	Australia	**100**	100
Hudson Legal Pty Ltd	Australia	**100**	100
Malthiest Pty Limited	Australia	**100**	100
National Credit Management Limited	Australia	**100**	100
Personal Insolvency Management Pty Limited	Australia	**100**	100
PMG Collect Pty Limited	Australia	**100**	100
Ruily Pty Limited	Australia	**100**	100
TFS Newco Pty Ltd	Australia	**100**	100
Torbige Pty Limited	Australia	**100**	100
Tulovo Pty Limited	Australia	**100**	100
Valute Pty Limited	Australia	**100**	100
Vindelo Pty Limited	Australia	**100**	100
Votraint No. 1537 Pty Ltd	Australia	**100**	100

NOTE 26: CONTINGENT LIABILITIES

The Group had contingent liabilities in respect of:

	2022 $'000	2021 $'000
US collections agency licensure bonds[1]	**2,037**	2,036
Collection House out-performance participation (maximum amount payable)[2]	**15,000**	15,000
Total	**17,037**	17,036

1. Licensure bonds are issued in the normal course of business to the State Board of Collection Agencies in the United States to guarantee that collected funds are remitted to clients under contracts.
2. On 24 December 2020, Credit Corp entered into a binding agreement with Collection House to acquire their Australian PDL book. Under the terms of the transaction, Collection House is eligible to receive a proportion of cumulative collections, up to a maximum of $15 million, over an eight-year period, if the acquired assets produce returns well in excess of the Group's hurdle investment return.

NOTE 27: CAPITAL COMMITMENTS

	2022 $'000	2021 $'000
Within one year	**180,000**	150,000

The Group is committed, through existing arrangements, to acquire PDLs that will become available in the coming months. The details of these arrangements are commercially confidential, however, the estimated investment is expected to be $180 million (2021: $150 million). These purchases will be funded by existing cash flows and bank facilities currently in place.

NOTE 28: SUBSEQUENT EVENTS

In the interval between the end of the financial year and the date of this report, there has not been any item, transaction or event of a material and unusual nature that is likely, in the opinion of the directors of the Group, to significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

NOTE 29: KEY MANAGEMENT PERSONNEL (KMP) COMPENSATION

The aggregate compensation made to directors and other members of the KMP of the Group is set out below.

	2022 $	2021 $
Short-term employee benefits	**3,623,933**	3,338,299
Post-employment benefits	**161,290**	126,017
Other long-term benefits	**26,934**	25,343
Equity-settled share-based payments	**2,800,525**	2,100,000
Total	**6,612,682**	5,589,659

NOTE 30: RELATED PARTY TRANSACTIONS

The immediate parent and ultimate controlling entity of the Group is Credit Corp Group Limited.

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

There were no transactions between the KMP and the Group other than as disclosed in Note 29 and in the Directors' report.

NOTE 31: SHARE-BASED PAYMENTS

The Group provides benefits to employees in the form of share-based payment transactions whereby employees render services in exchange for rights over shares.

The cost of employee remuneration in the form of equity-settled transactions in relation to the Group's LTI plan is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised in employee benefits expense, together with a corresponding increase in equity (reserve) over the period in which the service and, where applicable, the performance conditions are fulfilled. This estimate requires determination of the most appropriate inputs to the valuation model, including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about those inputs.

Performance rights are eligible for conversion and vesting based on achievement of performance hurdles. Please refer to the remuneration report for further details on the Group's LTI plan.

NOTES TO THE CONSOLIDATED **FINANCIAL STATEMENTS**

CONTINUED

NOTE 32: AUDITOR'S REMUNERATION

	2022 $	2021 $
Audit services		
Audit and review of financial reports	**373,000**	335,000
Services other than statutory audit		
Taxation compliance services	**34,555**	109,400
Taxation services	**3,922**	22,045
Total	**411,477**	466,445

NOTE 33: CROSS GUARANTEE

Pursuant to ASIC Class Instrument 2016/785 dated 10 October 2016, the wholly-owned subsidiaries listed below are relieved from the *Corporations Act 2001* requirements for the preparation, audit and lodgement of financial statements and a directors' report.

It is a condition of the Class Order that the Group and each of the participating subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that the Group guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the *Corporations Act 2001*.

The subsidiaries subject to the Deed are:

- Alpha Credit Pty Limited
- Alupka Holdings Pty Limited
- Car Start Pty Limited
- Certus Partners Pty Limited
- Credit Corp Acceptance Pty Limited
- Credit Corp Australia Pty Limited
- Credit Corp Brokering Services Pty Limited
- Credit Corp Collections Pty Limited
- Credit Corp Employee Share Administration Pty Limited
- Credit Corp Facilities Pty Limited
- Credit Corp Financial Services Pty Limited
- Credit Corp Leasing Pty Limited
- Credit Corp Lending Pty Limited
- Credit Corp New Zealand Pty Limited
- Credit Corp Queensland Pty Limited
- Credit Corp Receivables Pty Limited
- Credit Corp Recoveries Pty Limited
- Credit Corp Services Pty Limited
- Credit Corp Services (NH) Pty Limited
- Credit Corp Services Malaysia Pty Limited
- Credit Corp US Collections Pty Limited
- Credit Corp Western Australia Pty Limited
- Credit Plan B Pty Limited
- Creditcorp BPC Pty Limited
- Customer Assist Pty Limited
- Dayroma Pty Limited
- Hudson Legal Pty Limited
- Malthiest Pty Limited
- National Credit Management Limited
- Personal Insolvency Management Pty Limited
- Ruily Pty Limited
- TFS Newco Pty Ltd
- Torbige Pty Limited
- Tulovo Pty Limited
- Valute Pty Limited
- Vindelo Pty Limited
- Votraint No. 1537 Pty Limited
- Credit Corp Baycorp Holdings I Pty Limited (previously known as Encore Australia Holdings I Pty Limited)
- Credit Corp Baycorp Holdings II Pty Limited (previously known as Encore Australia Holdings II Pty Limited)
- BC Holdings I Pty Limited
- BC Holdings II Pty Limited
- Baycorp Holdings Pty Limited
- Baycorp Group Finance Pty Limited
- Baycorp Collections PDL (Australia) Pty Ltd
- Baycorp (Aust) Pty Limited
- Alliance Factoring Pty Limited
- PMG Collect Pty Limited
- Baycorp Collection Services (Aust) Pty Limited
- Baycorp Legal Pty Limited
- Baycorp (WA) Pty Limited
- Baycorp Collection Services Pty Limited
- Baycorp International Pty Ltd

NOTE 33: CROSS GUARANTEE continued

Set out below is the statement of profit or loss and the statement of financial position comprising the Group and its subsidiaries that are parties to the Deed, after eliminating all transactions between these parties, at balance date.

	2022 $'000	2021 $'000
a) Statement of comprehensive income		
Revenue	**321,648**	290,920
Finance costs	**(4,973)**	(5,650)
Employee benefits expense	**(114,902)**	(100,283)
Depreciation and amortisation expenses	**(7,466)**	(7,912)
Office facility expenses	**(12,931)**	(12,611)
Collection expenses	**(10,883)**	(8,781)
Consumer loans loss provision expense	**(30,833)**	(32,331)
Marketing expenses	**(11,965)**	(8,144)
Other expenses	**(5,576)**	(4,653)
Profit before income tax	**122,119**	110,555
Income tax expense	**(39,012)**	(38,542)
Profit for the year	**83,107**	72,013
b) Other comprehensive income		
Profit for the year	**83,107**	72,013
Other comprehensive income net of income tax	**–**	–
Total comprehensive income for the year	**83,107**	72,013
c) Movements in retained earnings		
Opening balance	**317,997**	270,205
Dividends recognised during the year	**(49,983)**	(24,221)
Net profit attributable to parties in the Deed of Cross Guarantee	**83,107**	72,013
Closing balance	**351,121**	317,997

NOTES TO THE CONSOLIDATED **FINANCIAL STATEMENTS**

CONTINUED

NOTE 33: CROSS GUARANTEE continued

	2022 $'000	2021 $'000
d) Statement of financial position		
Current assets		
Cash and cash equivalents	**18,190**	33,186
Trade and other receivables	**136,244**	12,461
Consumer loans receivables	**119,171**	94,315
Purchased debt ledgers	**124,766**	141,695
Finance lease receivables	**325**	756
Other assets	**4,237**	2,967
Total current assets	**402,933**	285,380
Non-current assets		
Consumer loans receivables	**72,235**	39,358
Purchased debt ledgers	**152,155**	143,437
Plant and equipment	**4,000**	2,912
Deferred tax assets	**36,510**	41,812
Intangible assets	**800**	800
Investment in subsidiaries	**252,686**	252,686
Finance lease receivables	**–**	303
ROU assets	**22,090**	15,086
Total non-current assets	**540,476**	496,394
Total assets	**943,409**	781,774
Current liabilities		
Trade and other payables	**17,496**	28,698
Current tax liabilities	**6,493**	4,830
Provisions	**21,427**	17,919
Lease liabilities	**6,012**	5,033
Total current liabilities	**51,428**	56,480
Non-current liabilities		
Borrowings	**128,589**	3,608
Provisions	**7,748**	11,038
Deferred tax liabilities	**7,739**	5,514
Lease liabilities	**17,947**	11,602
Total non-current liabilities	**162,023**	31,762
Total liabilities	**213,451**	88,242
Net assets	**729,958**	693,532
Equity		
Issued capital	**361,232**	346,738
Reserves	**17,605**	28,797
Retained earnings	**351,121**	317,997
Total equity	**729,958**	693,532

NOTE 34: PARENT ENTITY INFORMATION

	2022 $'000	2021 $'000
a) Statement of comprehensive income		
Profit for the year	**30,245**	27,564
Other comprehensive income net of income tax	**–**	–
Total comprehensive income for the year	**30,245**	27,564
b) Statement of financial position		
Assets		
Current assets	**500,823**	358,460
Non-current assets	**237,589**	246,452
Total assets	**738,412**	604,912
Liabilities		
Current liabilities	**30,242**	40,261
Non-current liabilities	**188,763**	29,828
Total liabilities	**219,005**	70,089
Net assets	**519,407**	534,823
Equity		
Issued capital	**361,232**	346,738
Reserves	**10,414**	20,586
Retained earnings	**147,761**	167,499
Total equity	**519,407**	534,823

c) Contractual commitments

At balance date, the parent entity has not entered into any material contractual agreements for the acquisition of plant or equipment other than as separately noted in the financial statements (2021: nil).

DIRECTORS' **DECLARATION**

In accordance with a resolution of the directors of Credit Corp Group Limited, the directors of the Company declare that:

1) The financial statements and notes, as set out on pages 66 to 99 are in accordance with the *Corporations Act 2001*, and:
   a) Give a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the year ended on that date; and
   b) Comply with Australian Accounting Standards, which, as stated in the notes to the financial statements, constitute compliance with International Financial Reporting Standards.
2) In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
3) The directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer.

At the date of this declaration, the Company is within the class of companies affected by ASIC Class Instrument 2016/785. The nature of the Deed of Cross Guarantee is such that each company party to the Deed guarantees to each creditor payment in full of any debt in accordance with the Deed of Cross Guarantee.

In the directors' opinion, there are reasonable grounds to believe that the Company and the companies to which the ASIC Class Order applies, as detailed in Note 33 to the financial statements, will, as a group, be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the Deed of Cross Guarantee.

Eric Dodd
Chairman

James M. Millar AM
Non-Executive Director

2 August 2022

AUDITOR'S **REPORT**

HALL CHADWICK
Chartered Accountants & Business Advisors

CREDIT CORP GROUP LIMITED
ABN 33 092 697 151
AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CREDIT CORP GROUP LIMITED

Report on the Financial Report

Opinion

We have audited the financial report of Credit Corp Group Limited (the company) and its controlled entities (the group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the group is in accordance with the *Corporations Act 2001*, including:

a. giving a true and fair view of the group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and

b. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the year ended 30 June 2022. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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AUDITOR'S **REPORT**

CONTINUED

HALL CHADWICK (NSW)

CREDIT CORP GROUP LIMITED
ABN 33 092 697 151
AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CREDIT CORP GROUP LIMITED

Key Audit Matter	How Our Audit Addressed the Key Audit Matter
Carrying value of purchased debt ledgers ($637.3 million) *Refer to Note 11 "Purchased debt ledgers"*	
The carrying value of purchased debt ledgers is mainly dependent on the forecast collections and the internal rate of return and any impairment charge that determines the net realisable value of the debt ledgers. We focused on this area as a key audit matter due to amounts involved being material and the inherent estimates and judgements involved in assessing the key assumptions and the difficulty to reliably measure these assumptions including the estimated internal rate of return and forecast cash collections including the consideration of the impact of COVID-19.	Our audit procedures included, amongst others: • We assessed and performed appropriate procedures on the valuation models used to determine the purchased debt ledgers carrying value including reviewing the relevant data and calculations that produce the associated journals and also tested the mathematical accuracy of the models. • We tested the mathematical accuracy of the model used to recognise the carrying value of purchased debt ledgers. • Furthermore, we checked and validated that the determined internal rate of return remains unchanged over the life of the debt. • We assessed, challenged and compared with historical actuals, key forward looking assumptions including forecast cash collections. • We assessed sensitivity analysis in relation to the key forward looking assumptions.
Provision for expected losses on the consumer loans ($51.9 million) *Refer to Note 10 "Consumer loans receivables"*	
The net carrying value of consumer loans receivable is subsequently measured at amortised cost after providing for expected losses. Past arrears and write-offs are analysed to determine an expected loss curve by product which is used to determine the estimated life of loan expected loss levels to be provided against each product. Levels of provisions are reviewed and updated for the most recent expected life of loan loss estimates at each reporting date. We focused on this area as a key audit matter due to amounts involved being material and the inherent subjectivity and difficulty to reliably measure the key forward looking assumptions including a deterioration in credit risk and future loan defaults including the consideration of the impact of COVID-19.	Our audit procedures included, amongst others: • We have tested the mathematical accuracy of the arrears model. • We have assessed the application of the group's model for impairment that considers the past arrears and write-offs and the expected life of loan loss estimates. • We have assessed, compared to historical actuals and challenged management's view of credit risk that impacts the recognition of expected losses upon initial recognition over the life of the loans. • We have assessed sensitivity analysis in relation to the key forward looking assumptions.

HALL CHADWICK (NSW)

CREDIT CORP GROUP LIMITED
ABN 33 092 697 151
AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
CREDIT CORP GROUP LIMITED

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the group's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.

AUDITOR'S REPORT

CONTINUED

HALL CHADWICK (NSW)

CREDIT CORP GROUP LIMITED
ABN 33 092 697 151
AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CREDIT CORP GROUP LIMITED

– Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

– Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2022.

In our opinion, the remuneration report of Credit Corp Group Limited for the year ended 30 June 2022 complies with s 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Hall Chadwick

HALL CHADWICK (NSW)
Level 40, 2 Park Street
Sydney NSW 2000

DREW TOWNSEND
Partner
Dated: 2 August 2022

FIVE-YEAR **FINANCIAL SUMMARY**

	2022 $'000	2021 $'000	2020 $'000	2019 $'000	2018 $'000
Income and profit					
Purchased debt ledger collections	**535,227**	492,138	488,340	403,794	380,901
Less: Purchased debt ledger amortisation	**(245,231)**	(225,295)	(233,020)	(183,789)	(173,329)
PDL change in lifetime expected credit losses	**–**	–	(68,576)	–	–
Interest revenue from purchased debt ledgers	**289,996**	266,843	186,744	220,005	207,572
Interest and fee income from consumer lending	**93,737**	78,886	99,445	93,839	79,259
Other revenue	**27,467**	29,057	27,214	10,410	12,147
Total revenue	**411,200**	374,786	313,403	324,254	298,978
NPAT	**100,716**	88,130	15,454	70,285	64,290
Financial position					
Current assets	**409,045**	412,257	331,129	304,375	281,196
Non-current assets	**564,768**	368,193	390,721	344,296	284,725
Intangible assets	**800**	800	800	800	800
Total assets	**974,613**	781,250	722,650	649,471	566,721
Current liabilities	**66,032**	73,540	66,528	40,573	48,859
Non-current liabilities	**167,940**	40,647	61,912	145,296	231,359
Total liabilities	**233,972**	114,187	128,440	185,869	280,218
Net assets	**740,641**	667,063	594,210	463,602	286,503
Borrowings	**128,589**	3,608	22,420	142,702	227,888
Shares on issue ('000)	**67,832**	67,316	67,316	54,918	47,709
Cash flows					
From operating activities	**(100,296)**	67,726	115,646	(3,083)	23,934
From investing activities	**(3,820)**	(2,783)	(70,860)	(1,894)	(1,481)
From financing activities	**71,538**	(52,072)	(18,835)	11,670	(12,543)
Net (decrease) / increase in cash	**(32,578)**	12,871	25,951	6,693	9,910
Key statistics					
Earnings per share					
– Basic (cents)	**148.9**	130.9	25.5	141.9	135.1
– Diluted (cents)	**148.5**	129.9	25.5	141.2	133.7
Dividends per share (cents)	**74.0**	72.0	36.0	72.0	67.0
NPAT / revenue	**24%**	24%	5%	22%	22%
ROE (on pro-forma gearing basis)	**17%**	18%	17%	21%	24%
NTA backing per share (dollar)	**10.51**	9.57	8.40	8.43	5.99

SHAREHOLDER **INFORMATION**

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below:

Twenty largest shareholders as at 30 June 2022	Ordinary shares Number	%
Citicorp Nominees Pty Limited	17,770,189	26.2
J.P. Morgan Nominees Australia Pty Limited	13,434,961	19.8
HSBC Custody Nominees (Australia) Limited	9,121,342	13.4
National Nominees Limited	3,687,396	5.4
BNP Paribas Noms Pty Limited	3,157,987	4.7
BNP Paribas Nominees Pty Limited	1,085,049	1.6
Dixson Trust Pty Limited	854,688	1.3
152 Pty Limited	427,553	0.6
Netwealth Investments Limited	381,734	0.6
Torres Holdings Pty Limited	321,908	0.5
Uptons Salvage Trading Pty Limited	305,977	0.5
UBS Nominees Pty Ltd	187,243	0.3
Australian Executor Trustee	177,394	0.3
Mr Frederick Benjamin Warmbrand	142,930	0.2
Mr Donald Evan McLay	140,289	0.2
Broadgate Investments Pty Limited	135,000	0.2
DB18 Pty Limited	130,000	0.2
Nagarit Pty Limited	104,028	0.2
Ms Alison Bryant	90,000	0.1
Mr Craig Southerwood	85,000	0.1
Total	**51,740,668**	**76.4**

Substantial shareholders

At 30 June 2022 the following shareholders were registered by the Company as a substantial holder, having declared a relevant interest in accordance with the Corporations Act 2001, in the voting shares below:

Holder	Ordinary shares	%	Date of notice
Bennelong Australian Equity Partners Limited	9,550,942	17.4	3 April 2020
AustralianSuper Pty Limited	5,079,996	7.6	5 October 2021
Commonwealth Bank of Australia	3,408,351	5.0	30 June 2022

Details of ordinary shareholdings

Details of the spread of ordinary shareholdings at 30 June 2022 are:

Category	Number of shareholders	Number of shares	%
1 - 1,000	7,843	2,390,504	3.52
1,001 - 5,000	2,260	5,003,736	7.38
5,001 - 10,000	344	2,440,504	3.60
10,001 - 100,000	282	6,521,867	9.61
100,001 and over	21	51,475,668	75.89
Total	**10,750**	**67,832,279**	**100.00**

414 shareholders (representing 3,377 fully paid ordinary shares) held less than a marketable parcel.

Other information

The Group does not have a current on-market buy-back program.

Dividend reinvestment plan

The dividend reinvestment plan is currently suspended.

Voting rights

Each person who is a voting shareholder and who is present at a general meeting or by proxy, attorney or official representative is entitled:

- On a show of hands - to one vote; and
- On a poll - to one vote for each share held or represented.

If a shareholder is entitled to cast two or more votes at the general meeting, the shareholder may appoint not more than two proxies to attend and vote on the shareholder's behalf.

If a shareholder appoints two proxies, each proxy should be appointed to represent a specified proportion or number of the shareholder's votes.

Enquiries

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GLOSSARY AND **ABBREVIATIONS**

AASB	The Australian Accounting Standards Board is an Australian Government agency that develops and maintains financial reporting standards applicable to entities in the private and public sectors of the Australian economy.
AGM	Annual General Meeting of shareholders, typically held in early November of each year.
Amortised cost	Amortised cost accounting method applied under accounting standard AASB 9 Financial Instruments used to measure the carrying values of PDLs post their acquisition by applying the credit-adjusted effective interest rate.
ASIC	Australian Securities and Investments Commission. The principal regulator for all Australian lending and debt collection activities on financial services debts.
ATO	Australian Taxation Office.
CAGR	Compound annual growth rate.
CCP	Credit Corp Group Limited's stock ticker or abbreviation on the Australian Securities Exchange (ASX).
COVID-19	A viral disease, declared as a pandemic by the World Health Organization on 11 March 2020.
DPS	Dividends per share.
ECL	Expected credit losses. Provision for expected credit losses is recognised based on expected life of loan loss rates derived from static pool analysis of the performance of loan products.
EDR	External Dispute Resolution. The EDR body in Australia is the Australian Financial Complaints Authority (AFCA).
EIR	The credit-adjusted effective interest rate derived in applying the amortised cost account method in measuring PDLs. The EIR is the rate that discounts the forecast cash flows for a PDL over the assumed collection life cycle to the cost of that PDL.
EPS	Earnings per share.
ESG	Environmental, social and governance.
FTE	Full-time equivalent. A calculation based on number of hours worked by full and part-time employees as part of their normal duties.
FWC	Fair Work Commission.
IFRS	International Financial Reporting Standards. Australian Generally Accepted Accounting Principles (AGAAP) closely follow IFRS, but are not identical.
KMP	Key management personnel as set out in the Company's Remuneration Report. KMP consist of the Board of Directors as well as the Chief Executive Officer, Chief Operating Officer and Chief Financial Officer.
KPI	Key performance indicator. These are set for the Executive KMP at the start of each financial year and the achievement of these determines eligibility for STI awards.
LTI	Long-Term Incentive awards. These are performance rights which convert and vest based on performance over a three-year time horizon for executive KPI against NPAT growth hurdles (with an ROE qualifier) as well as relative TSR over the same period against the ASX 200 (excluding materials and energy shares).
NPAT	Net Profit after Tax.
NPS	Net Promoter Score.
NTA	Net tangible assets. (Total equity less goodwill and other intangible assets less minority interests) divided by the number of ordinary shares on issue (reported).
PCP	Prior corresponding period.
PDL	Purchased debt ledgers or books of charged-off receivables acquired by debt buyers such as Credit Corp, usually direct from credit issuers including banks, finance companies as well as telco and utility providers.
PUE	Power usage effectiveness.
ROE	Return on Equity. Net profit attributable to the owners of CCP divided by average ordinary equity.
ROU assets	Right-of-use assets as defined in AASB16.
STI	Short-Term Incentive awards.
TSR	Total Shareholder Return.

CORPORATE **DIRECTORY**

Credit Corp Group Limited

ABN 33 092 697 151

The shares of Credit Corp Group Limited are listed on the Australian Securities Exchange under the trade symbol CCP, with Sydney being the home exchange.

Directors

Mr. Eric Dodd
Ms. Leslie Martin
Mr. Richard Thomas
Ms. Trudy Vonhoff
Mr. Phillip Aris
Mr. James M. Millar AM

Company Secretaries

Mr. Thomas Beregi
Mr. Michael Eadie

Head Office and Registered Office

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