

7 November 2013

Credit Corp Group Limited Annual General Meeting

Chairman's Address

The 2013 year represents an inflection point in the evolution of Credit Corp as a listed company. While maintaining its record of strong earnings growth and solid returns established over the past five years, the company was transformed from solely an Australian debt buyer into a diversified financial services operator with international growth potential.

Credit Corp's performance in 2013 is the culmination of a clearly planned strategy with a unifying ethical approach to doing business and a positive culture to ensure disciplined execution.

The current Board and management set in place a strategic plan five years ago. The plan identified the potential for significant earnings growth, initially through a program of operational improvement. Key elements of the plan included:

- i. improved management through the establishment of accountability and measurement systems,
- ii. a strong focus on technical skills development in our collection operation, and
- iii. improved tools to facilitate the collection process.

The plan incorporated an increased investment in analytics to direct operations more effectively and improve the accuracy of purchasing decisions. The plan also specified the establishment of a low-cost offshore facility to improve our competitiveness in certain segments of the debt buying market. The disciplined pursuit of these elements of our plan has delivered the business results we see today.

In 2013 this program of ongoing improvement has produced impressive earnings growth and solid financial returns. Underlying Net Profit After Tax grew by 12 per cent to a record of \$29.9 million. Reported Net Profit After Tax, including a favourable one-off item, grew by 20 per cent to \$32.0 million. The company maintained its return on equity at a level which met its required rate of return and dividends grew by 28 per cent to 37 cents per share. All of this was achieved with minimal risk for shareholders.

The strategic plan recognised that in order to sustain long-term growth we needed both international expansion and domestic diversification. These initiatives have been pursued organically with proper planning and due diligence to minimise risk and maximise the likelihood of success. Credit Corp has established a high-performing debt buying operation in the United States of America which based on head count, is 16% the size of our Australian collection operations. We expect this to grow further as conditions allow. The US debt buying market is 20 times the size of Australia's and now represents a substantial long-term growth opportunity for the company.

Credit Corp has also successfully entered Australian consumer lending. The consumer lending business is focused on consumers with impaired credit records and has significant growth potential because it operates in a market segment that is not serviced by mainstream lenders. Both of these initiatives leverage the performance excellence we have established in our core debt buying operation.

Credit Corp has a strong commitment to ethical behaviours and values in all its activities. This is critical in our areas of activity and differentiates the company in the eyes of regulators and principal stakeholders. The Board and management believe that an ethical approach builds the positive stakeholder relationships required for a business to deliver sustainable growth.

We have very strong client relationships in Australia and New Zealand and our ethical approach will assist in successfully navigating regulatory changes in the US market. In our dealings with clients, the sellers of debts, it is our policy to always offer the highest prices possible which will still enable us to meet our required rate of return. We also invest heavily in compliance initiatives to ensure that our conduct enhances the positive reputations of our blue chip clients. The US debt sale market is currently experiencing a transition, where regulators are increasingly holding lenders responsible for the actions of debt buyers to whom they have sold debts. This transition represents a challenge for new entrants, such as Credit Corp, as sellers retreat to larger established buyers. We have already formed some strong relationships in the US and we are confident that our ethical approach to collection and reputation will assist in expanding our client base.

Credit Corp has a strong reputation in Australia for ethical and responsible dealings with its customers. In our collection activity we work with our customers to understand their financial situation and agree flexible repayment solutions. We appreciate the personal stress associated with financial difficulty and are respectful in our conversations. In our lending business we provide responsible and affordable products with interest and fee rates set well below legislated caps. Unlike some operators in the segments in which we operate we are not interested in exploiting consumers, but rather working with them to deliver sustainable solutions.

The Board and management of Credit Corp is committed to a high standard of corporate governance. We provide regular and detailed performance updates on all aspects of the company and we are hopeful that you, as an investor, appreciate the increased clarity and disclosure in this year's financial report.

Our positive culture is the vital factor which has enabled us to successfully execute our plans and maintain our standards. Credit Corp's culture reflects a commitment to discipline, accountability and transparency at all levels of the company. We operate with the discipline to follow through with our actions. We take accountability for performance and regularly measure ourselves against objective standards. We are open and transparent in all our dealings.

I thank my fellow directors, our CEO Thomas Beregi and his management team for their disciplined stewardship of the company as it delivers sustained growth in shareholder value. We are a people oriented company and the company's key assets are its increasingly diverse staff who invest their personal energy and consistently exceed expectations. On behalf of the Board and shareholders I wish to thank all our employees for their continued contributions to the success of the company.

Thomas will now provide you with an update on the company's performance for the first 4 months of the current financial year. He will also give you an assessment of the outlook for the balance of the year. After his presentation we will receive your questions before moving to the formal resolutions.

I now hand over to our Chief Executive, Thomas Beregi.

Donald McLay – Chairman, Credit Corp Group Limited