

6 November 2014

**Credit Corp Group Limited
Annual General Meeting**

Chairman's Address

In 2014 Credit Corp maintained its record of strong earnings growth and solid returns established over the past six years. At the same time it demonstrated the potential for sustained and accelerated growth from the organic transformation of the company from a mono-line Australian debt buyer into a diversified financial services operator with international growth potential.

The commitment to operational excellence established by the current Board and Management has created a robust business capable of sustained performance. In our core business, the company has continued to devote resources to support management through refined accountability and measurement systems, a heavy focus on technical skill development and improved tools. Additional investments were made in Analytics to direct operations more effectively and improve the accuracy of decisions. The disciplined pursuit of these ongoing improvements has delivered the business metrics and results we see today.

In 2014 these improvements produced impressive earnings growth and solid financial returns. Underlying Net Profit after Tax (NPAT) grew by 16 per cent to a record \$34.8 million. The company maintained its Return on Equity (ROE) at a level above its required rate of return. This was achieved with a low level of bank debt and minimal financial risk for shareholders. At the same time Credit Corp demonstrated the sizeable potential of its strategic agenda with growth in revenue of 26 per cent to \$174.0 million.

Credit Corp's Australian consumer lending business delivered 40 per cent of the company's total revenue growth. This 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. Despite just three years of operation, Credit Corp has been able to expand its consumer lending confidently because it leverages operating excellence established in the company's core activities.

Throughout the year additional lending products were introduced and improvements were made to marketing, distribution and underwriting systems. These enhancements facilitated accelerated growth, bringing the loan book to \$63.0 million. Credit Corp's lending business is now poised to contribute to the company's earnings growth in 2015.

The United States of America (US) debt purchasing business delivered 19 per cent of the company's total revenue growth. The US represents a very large opportunity for Credit Corp and the Board and Management are excited by the company's progress in this market. During the year a 100 person facility was established in Salt Lake City, Utah. This facility has delivered impressive operational results and has the capacity to expand significantly.

Notwithstanding this opportunity, regulatory change in the US has resulted in a temporary reduction in supply which has increased prices of Purchased Debt Ledgers (PDLs) to levels beyond those at which our return criteria can be achieved. While the US operation is not expected to deliver growth and profits in 2015 it has the potential for significant upside as market conditions improve.

Credit Corp has a strong commitment to ethical behaviour and values in all its activities. The Board and management believe that an ethical approach builds the positive stakeholder relationships required for a business to deliver long-term sustainable growth.

Our ethical approach is the foundation of the strong client relationships we enjoy across Australia, New Zealand and the US. We invest heavily in compliance initiatives to ensure that our conduct enhances the positive reputations of our valued clients. Our track record for compliance and fair dealing in our core market is very strong and we are confident that our ethical approach to collection activity will assist in expanding our client base in the US.

In our collection activity we work with 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 also devote considerable resources to understanding each customer in order to provide responsible and affordable products with interest and fee rates set well below legislated caps. Across all our businesses it is our objective to work with customers to deliver sustainable solutions.

Both the Board and Management of Credit Corp are 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 shareholders will appreciate the clarity and level of disclosure in this year's financial report.

Our positive culture is the vital factor that has enabled us to successfully execute our plans and maintain our ethical approach. 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.

On becoming chairman, a key priority was to establish a systematic strategic planning function that focused on specific time frames and the outputs that needed to be delivered across that timeframe and beyond.

The first plan was established in late 2009 and covered improvements to operating performance in our debt purchasing business until June 2012. The second three year plan focused on diversification to take us beyond a mono-line business in a relatively small market. This has resulted in the diversified activities you see today, with both geographical expansion and specialised consumer lending in addition to our traditional core business.

The Board and Management are now engaged in preparing our third Plan that will take us from June 2015 to the middle of 2018. Formulating our strategic plans and their ongoing review and tuning are now a regular and exciting part of Credit Corp life for directors and the senior management team.

The commitment, energy and time required for this task cannot be underestimated. The result is worthwhile - clear direction, unambiguous management focus and a shared vision of what credit Corp will be, and look like, at the end of the planning period.

I thank my fellow directors, our CEO Thomas Beregi and his management team for their stewardship of the company as they deliver sustained growth in shareholder value. We celebrate the diversity of our staff and benefit from the energy that they bring to the business. On behalf of the Board and shareholders I also wish to thank all our employees for their continued contribution 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 Officer, Thomas Beregi.

Donald McLay – Chairman, Credit Corp Group Limited