

Chairman's Address to Shareholders
2015 Annual General Meeting
5 November 2015

Writing the Chairman's Report for the 2015 Annual Report was one of my proudest moments as a director. At last, I feel that shareholders and investors can finally glimpse some of the vision that Thomas Beregi (CEO) and I had when we started during that difficult transition that occurred in 2008 and 2009.

The 2015 financial year has been significant for a number of reasons:

- Credit Corp celebrated its fifteenth year as a listed public company and was admitted to the elite S&P ASX 200 as one of the top 200 companies on the Australian Securities Exchange;
- More satisfying for the Board and management is that the company achieved its objective of becoming a leader in the sustainable promotion of financial inclusion through innovative financial hardship programs and lending products. These are important milestones in providing solutions to consumers who would otherwise be facing increased levels of financial exclusion; and
- At the same time the company recorded its seventh successive year of strong earnings growth and solid returns. These achievements are encapsulated in our theme 'growth with community'.

The Board of Credit Corp sincerely believes that to consistently grow shareholder wealth in the long-term we must do more than just focus on financial performance. Businesses exist within society and need to deliver long-term benefits to the societies in which they operate in order to be relevant and therefore consistently deliver tangible returns to all stakeholders.

In reviewing every plan or key decision over the last eight years, we have asked whether we are delivering outcomes which are beneficial to the communities we serve. In monitoring performance we have looked for objective facts and data to determine whether these benefits are being realised. This is particularly important for Credit Corp because our core essence is about providing solutions to consumers experiencing a degree of financial exclusion.

It is very clear that Credit Corp has made an impact and in leading by example, has positively changed the behaviour and conduct of the principal operators in the debt purchasing industry.

Financial exclusion is a significant issue in Australia, and it is not confined to the welfare-dependent. Many people are unable to access moderate amounts of credit from mainstream issuers to help them manage through unexpected expenses. Research indicates that approximately 40 per cent of Australians with annual income of \$50,000 or more do not have access to a credit card and this statistic rises to almost 60 per cent for the population with annual incomes in the range of \$25,000 up to \$50,000.

Credit Corp is very supportive of laudable government and philanthropic initiatives to address financial exclusion. The reality, however, is that a relatively small proportion of the people that such schemes assist are employed and few of these have an annual income of \$25,000 or more.

In our core debt purchasing business we provide repayment solutions to consumers who, for various reasons, have found themselves in default of their credit obligations. We agree affordable repayment plans and work with our customers over several years to improve their credit standing as a pathway to financial inclusion. At the end of the 2015 financial year we had a portfolio of more than one billion dollars of defaulted consumer credit obligations restructured into sustainable ongoing repayment arrangements across 133,000 individual customer accounts.

Our lending business model is a major disrupter for traditional lenders in this sector. It responsibly delivers sustainable loans to consumers with an impaired credit record. Credit Corp provides solutions to consumers who fall within the gap between people who qualify for credit from mainstream issuers and the vulnerable, and most welfare dependent, consumers to whom government and philanthropic services are rationed. All of Credit Corp's market-leading products are priced at fee and interest rates well below applicable legislative caps and represent substantial discount to the market. By the end of the 2015 financial year we had responsibly delivered financial inclusion of 65,000 Australians through our new loan products. The CEO will elaborate further in his following presentation.

While delivering on our commitment to financial inclusion, in 2015 Credit Corp produced strong results for shareholders and a promising outlook for the future. Net Profit after Tax grew by 10 per cent to \$38.4 million. The company maintained its Return on Equity 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. The lending business transitioned to profitability during the year. The outlook for sustained performance is strong, with 20 per cent growth in the combined carrying value of purchased debt ledgers and consumer loans over the year.

It is Credit Corp's positive culture which has enabled us to successfully deliver on our theme of 'growth with community' in 2015. Credit Corp's culture gets its strength from our staff - an extremely diverse group of people across three countries who share 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.

Credit Corp people apply the same disciplined, accountable and transparent approach to ensuring that we are delivering social benefit as we do to achieving financial objectives. Plans and aspiration can only be converted to reality through disciplined and accountable execution.

Across all of our operations, we set standards of behaviour at levels significantly above minimum legal requirements. We have a strong compliance culture which is supported by an effective control framework to ensure that we adhere to the standards that we have set for ourselves. Targets are set and performance is monitored. We openly engage with consumer stakeholders and regulators for ongoing feedback and assistance. This includes a long-term partnership with Kildonan Uniting Care to promote respectful engagement with consumers and the proactive recognition and management of financial hardship.

In the context of our achievements in 2015, it is fitting to recognise the contribution to the company of the founding Calleia family. In particular I thank Simon Calleia, who was the company's managing director at the time of listing and has continued to serve as a non-executive director for the past 15 years.

To celebrate the role of the Calleia family in founding Credit Corp and to recognise Simon's personal 15 year contribution as a director, I invite shareholders and guests to join us for refreshments following the conclusion of the AGM.

I thank my fellow directors, our CEO Thomas Beregi and his very capable management team for their stewardship of the company as they continue to enrich the lives of all stakeholders. On behalf of the Board and shareholders I also wish to thank all our employees for their continued contribution to the ongoing 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 CEO, Thomas Beregi.

Mr Donald McLay – Chairman, Credit Corp Group Limited