Credit Corp Group Limited
ABN 33 092 697 151

Level 15, 201 Kent Street
GPO Box 4475
Sydney NSW 2001

Phone +61 2 8651 5000
Fax 1300 483 926
www.creditcorp.com.au

Withdrawal from SACC lending
Friday 23 October 2015

Credit Corp Group (ASX:CCP) today announced its intention to withdraw from the Small Amount Credit Contract (SACC) consumer loan segment with effect from 1 March 2016.

SACCs comprise less than 5% of the carrying value of Credit Corp's total consumer receivables. The Company reaffirmed its 2016 financial year guidance.

Credit Corp CEO Thomas Beregi said the company had resolved to exit SACC lending as a consequence of a decision by the Australian Securities and Investments Commission in March 2015 (ASIC Report 426) to apply the pejorative description 'payday loan' to all SACC products regardless of duration, affordability and pricing.

"We believe that Credit Corp's SACC products meet the objectives of Government to provide more affordable, longer duration loans. Our average SACC has a six-month term, and is offered with much lower fees than the current regulations permit. We do not believe these are payday loans and yet that is how the definition is being applied. Our business has an excellent and valuable reputation and, after extensive consultation with our stakeholders, we have decided that we will not offer products which attract this description by the regulator. Accordingly, from March next year Credit Corp will withdraw from the SACC segment," Mr Beregi said.

Mr Beregi said Credit Corp's decision to exit SACC lending was not an easy one for the Company because of the impact it would have on customers.

The National Consumer Credit Protection Act 2009 (the Credit Act) defines the term Small Amount Credit Contract as an unsecured consumer loan of up to $2,000 over a term of 16 days to one year, while prior to March 2015 the term 'payday loan' was limited to loans with a maximum duration of 90 days.

Credit Corp entered the SACC segment following changes to the Credit Act made in July 2013 to encourage competition in the segment and the provision of longer term SACCs with more affordable repayments to minimise repeat borrowing and the risk of customers becoming caught in a debt spiral.

Credit Corp offers more manageable credit solutions for consumers in a segment where 85% of the market comprises of loans of less than 90 days' duration and 45% of these loans require repayments which account for more than 15% of the borrower's income and, as a result, may be unaffordable, leading to a high incidence of repeat borrowing and the potential for a debt spiral.

Product	Average loan amount	Average term	Payments	Repayment % of income	Standard fees
Average Credit Corp SACC	$835	6 months	13 fortnightly payments of $85	4.8%	15% upfront 2% monthly
Average < 90 day SACC	$479	37 days	2.6 fortnightly payments of $229	13.8%	20% upfront 4% monthly

Credit Corp is the only provider in the segment to offer loans with a minimum duration of four months and with consumer fees and charges well below legislated caps.

Credit Corp has lodged a comprehensive submission with Federal Treasury, as part of the current review of the SACC laws, recommending that the term 'payday loan' is properly defined in the Credit Act to apply to loans with a maximum duration of 90 days and that additional limitations are imposed on such 'payday loans'. A copy of Credit Corp's submission is available at www.creditcorp.com.au/corporate/ccp-submission

Credit Corp believes that it is imperative that reforms which encourage competition from responsible providers are put in place to promote better products and lending practices.

Credit Corp will continue to offer consumer loans in amounts and over durations above the limits prescribed in the definition of a SACC.

For more information, please contact:

Mr Thomas Beregi
Chief Executive Officer
Tel: +61 2 8651 5777
Email: tberegi@creditcorp.com.au

Mr Michael Eadie
Chief Financial Officer
Tel: +61 2 8651 5542
Email: meadie@creditcorp.com.au