Credit Corp Group

Market update and equity raising

29 April 2020

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Disclaimer

This presentation (the **Presentation**) has been prepared by Credit Corp Group Limited ABN 33 092 697 151 (**Credit Corp** or the **Company**) and is dated 29 April 2020.

Summary information: This Presentation contains summary information about the Company's activities current as at the date of this Presentation in connection with a capital raising comprising an offer of new fully paid ordinary shares in the Company (**New Shares**) under a fully underwritten institutional placement (**Placement**) and a share purchase plan (**SPP**) to eligible shareholders, (together the Placement and the SPP are referred to as the **Offer**).

The information in this Presentation is of a general background nature and does not purport to be complete or contain all the information security holders would require to evaluate their investment in the Company, nor does it contain all the information which would be required in a prospectus or product disclosure statement prepared in accordance with the Corporations Act 2001 (Cth) (**Corporations Act**). The Company is not responsible for updating, nor undertakes to update, this Presentation. This Presentation should be read in conjunction with the Company's other periodic and continuous disclosure announcements which are lodged with the Australian Securities Exchange (**ASX**) available at https://www.asx.com.au/.

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Conduct of Offer: The Placement will be conducted under section 708A of the Corporations Act and will be made available to certain persons who are "professional" or "sophisticated" investors (within the meaning of subsections 708(8) and 708(11) of the Corporations Act). The SPP will only be made available to certain eligible shareholders in Australia and New Zealand and will be conducted in accordance with ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547 [LI 19/547].

Determination of eligibility of investors for the purposes of the Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of the Company and the Lead Manager. To the maximum extent permitted by law, the Company and the Lead Manager each disclaim any duty or liability (including for fault or negligence) in respect of the exercise of that discretion or otherwise.

You acknowledge and agree that the Company is required by the terms of the ASX Class Waiver Decision – Temporary Extra Placement Capacity dated 22 April 2020 to announce to the market reasonable details of the approach it took in identifying investors to participate in the Placement and how it determined their respective allocations in the Placement, and the Company must within 5 business days of completing the Placement supply to the Australian Securities and Investments Commission (**ASIC**) and ASX (but not for public release) an allocation spread sheet showing full details of the persons to whom the Placement was allocated, including the name, existing holding, number of Shares they applied for or were offered in the Institutional Placement and the number of New Shares they were allocated in the Placement (including any zero allocations) and this will necessitate disclosing your application and allocation.

You acknowledge and agree that your existing holding, if any, of shares in the Company will be estimated by reference to the Company's beneficial register on 28 April 2020 which shows historical holdings as at that date and is not up to date. There will be no verification or reconciliation of the holdings as shown in the historical beneficial register and accordingly this may not truly reflect your actual holding of shares in the Company. The Company and the Lead Manager do not have any obligation to reconcile assumed holdings (eg for recent trading or swap positions) when determining allocations nor do they have any obligation to allocate pro rata on the basis of existing security holdings. If you do not reside in a permitted jurisdiction you will not be able to participate in the Placement. The Company and the Lead Manager disclaim any duty or liability (including for fault or negligence) in respect of the determination of your allocation using your assumed holdings.

You further acknowledge and agree that allocations are at the sole discretion of the Company and/or the Lead Manager. The Company and the Lead Manager disclaim any duty or liability (including, without limitation, any liability arising from fault or negligence) in respect of the exercise or otherwise of that discretion, to the maximum extent permitted by law.

Past performance: Past performance information given in this Presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.

Future performance: This Presentation contains certain "forward-looking statements" and comments about future events, including about the plans, strategies and objectives of Credit Corp's management, the industry and the markets in which Credit Corp operates, Credit Corp's expectations in relation to the financial and operating performance of its business, the potential impact and duration of the COVID-19 pandemic, the timetable and outcome of the Placement and the proceeds thereof. Forward looking statements can generally be identified by the use of forward looking words such as "anticipate", "expect", "likely", "intend", "should", "could", "may", "propose", "will", "believe", "forecast", "estimate", "target", "outlook", "guidance" and other similar expressions within the meaning of securities laws of applicable jurisdictions and include, but are not limited to, the future performance of the Company and the outcome and effects of the Offer and use of proceeds. Forward-looking statements, opinions and estimates provided in this Presentation are inherently uncertain and are based on assumptions and estimates which are subject to certain risks, uncertainties and change without notice, as are statements about market and industry trends, which are based on interpretation of market conditions. Actual results and performance may vary materially because events and actual circumstances frequently do not occur as forecast and future results are subject to known and unknown risks such as changes in market conditions and in regulations. This includes, in particular, the duration and long-term impact of the Covid-19 pandemic and the long-term impact on Credit Corp's business, which is at present highly uncertain. Investors should form their own views as to these matters and any assumptions on which any of the forward-looking statements are based and not place reliance on such statements. To the maximum extent permitted by law, the Company and its directors, officers, employees, advisers, agents and intermediaries disclaim any obligation or undertaking to release any updates or revisions to the information to reflect any change in expectations or assumptions.

An investment in the Company's shares is subject to investment and other known and unknown risks, some of which are beyond the control of the Company, including possible loss of income and capital invested. Please see the key risks section of this Presentation for further details about some of those risks. The Company does not guarantee any particular rate of return or the performance of the Company, nor does it guarantee the repayment of capital from the Company or any particular tax treatment. Persons should have regard to the risks outlined in this Presentation.

Not financial product advice or offer: Information in this Presentation, including any forecast financial information, should not be considered as financial advice or a recommendation to investors or potential investors in relation to holding, purchasing or selling New Shares in the Company and has been prepared without taking into account the objectives, financial situation or needs of individuals. Before acting on any information, you should consider the appropriateness of the information having regard to these matters, any relevant offer document and in particular, you should seek independent legal, financial, and/or taxation advice that you deem necessary or appropriate. The Company is not licensed to provide financial product advice.

Effect of rounding: Unless otherwise stated, all dollar values are in Australian dollars ($ or A$). A number of figures, amounts, percentages, estimates, calculations of value and fractions in this Presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Presentation. All references to financial years appearing in this presentation are to the financial years ended on 30 June of the indicated year, unless stated otherwise.

Financial data: Investors should be aware that financial data in this presentation include "non-IFRS financial information" under ASIC Regulatory Guide 230 "Disclosing non-IFRS financial information" published by the Australian Securities and Investments Commission and also "non-GAAP financial measures" within the meaning of Regulation G under the U.S. Securities Exchange Act of 1934, as amended.

All dollar values are in Australian dollars (A$), unless expressly stated otherwise.

Summary

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Market update	▪ All segments performing well prior to COVID-19 ▪ Initial customer impacts may have been cushioned by government support ▪ All businesses remain operational with a significant number of staff working from home ▪ Our response to date has been to protect cash flow while preserving operational capacity and our ability to continue to realise debt purchasing and collection opportunities
Institutional placement and SPP[1]	▪ Credit Corp is today announcing a fully underwritten Institutional Placement ("Placement") to raise approximately $120m and a non-underwritten Share Purchase Plan ("SPP") which aims to raise $30m ▪ The main objective of the raising is to position the company to continue to provide sustainable debt purchasing services and realise future opportunities in all markets ▪ The company has entered this uncertain period with a strong balance sheet but the raising is required to allow the company to manage through a significant downturn without putting its businesses into run-off for a prolonged period

1. Credit Corp reserves the right (in its absolute discretion) to scale back applications (pro-rata to shareholders' existing holdings) if demand exceeds $30m or to raise a higher amount

All segments in a strong position pre Covid-19…

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ANALYTICS & DISCIPLINE

Australian / NZ debt buying

- Largest database
- History of pricing accuracy
- Purchasing levels vary inversely with pricing

USA debt buying

- Adapted knowledge to US environment
- Large market opportunity
- Diversified purchasing across major sellers

Australian / NZ lending

- Leverage knowledge of consumer
- Up-front loss provisioning
- Analytical monitoring
- Unique statistical underwriting

OPERATIONAL EXCELLENCE

- Highest asset turnover[1]
- Lowest cost to collect[2]
- High performing on-shore and off-shore platforms
- Leading technology and use of data

- Significant growth in productive capacity with opening of second site
- Emphasis on payment arrangements and a lower proportion of litigated outcomes

- Automated decisioning
- Collection strength
- Unmatched efficiency

SUSTAINABILITY & COMPLIANCE

- No adverse orders or undertakings
- Low complaint rate
- $1.4b in ongoing repayment arrangements

- Low regulator complaint rate
- Strong client audit outcomes

- APRs below cap applicable to mainstream credit
- Regulatory upside - no 'payday loans'
- Superior pricing disrupting the market

Long-term growth

ROE 16% - 18%

Low gearing

1. FY20 H1 ratio of cash collections from PDLs to average PDL carrying value in Australian Debt Ledger Purchasing segment of 1.2x
2. FY20 H1 ratio of cash costs of the Australian Debt Ledger Purchasing segment to collections of 35%

…with solid metrics leading into the pandemic

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AUS/NZ debt buying

- For the 9 months to March 2020:
    - collections up 9% over pcp
    - productivity up 4% over pcp
    - headcount capacity up 16% over pcp
- Record face value of accounts under arrangement of $1.4b at March 2020 representing 80% of collections

US debt buying

- For the 9 months to March 2020:
    - collections up 57% over pcp
    - productivity in line with pcp despite headcount growth
    - headcount capacity up 72% over pcp
- Record face value of accounts under arrangement of $0.3b at March 2020 representing 73% of collections

AUS/NZ consumer lending

- Customer settlements up 12% over the pcp for 9 months to March 2020
- Arrears and losses in line with prior year and below pro-forma

Initial customer impact may have been cushioned by government support

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Top line customer results for April 2020 to date:

- Collections below pre COVID-19 expectations
  - Aus/NZ by 15%
  - US by 16%
- Loan book arrears up by 2ppts on run rate (still within pro-forma)
- Loan application volumes halved from pre COVID-19 expectations

The medium term impact on credit impaired consumers may be more severe once temporary government support and community forbearance is withdrawn

Our customer response has been to supplement our leading approach to hardship with additional measures including:

- temporary interest freeze on debt purchase accounts
- messaging to encourage online rescheduling of repayment plans, leading to a doubling in online activity
- implementation of repayment moratoriums
- temporary suspension of:
  - legal and repossession activity
  - credit reporting

All businesses remain operational while ensuring the safety of our people

Aus/NZ debt purchase and support functions

- > 75% of onshore staff working effectively from home, with the remainder working from company offices
- Despite lockdown in Manila, 60% of staff now working

US debt purchase

- Utah site operating effectively on a split-shift basis to meet local workplace distancing requirements
- Washington state in lockdown – a small component working from home
- Collection activity subject to temporary restrictions in some states

Lending

- Staff working effectively from home
- Cash lending criteria tightened leading to an 80% reduction in lending volume against pre COVID-19 expectations
- Auto lending suspended with some staff stood down

We are protecting cash flow while preserving capacity and the ability to realise future opportunity

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- Short-term cost reductions of ~$2m per month
  - Directors' fees and CEO salary reduced by 50%
  - Support and other executive salaries reduced by 25%
  - Executive short term incentives zeroed
  - Significant reductions in discretionary expenditure
  - Limited stand-downs, primarily in locked-down locations
- Working closely with clients to introduce more flexibility into ongoing purchasing arrangements. Measures agreed to date include:
  - shortened notice periods
  - reduced pricing
  - some terminations
- Most issuers have been keen to maintain sale programs, but in ways which preserve our ability to deliver sustainable customer outcomes

Capital position will remain solid

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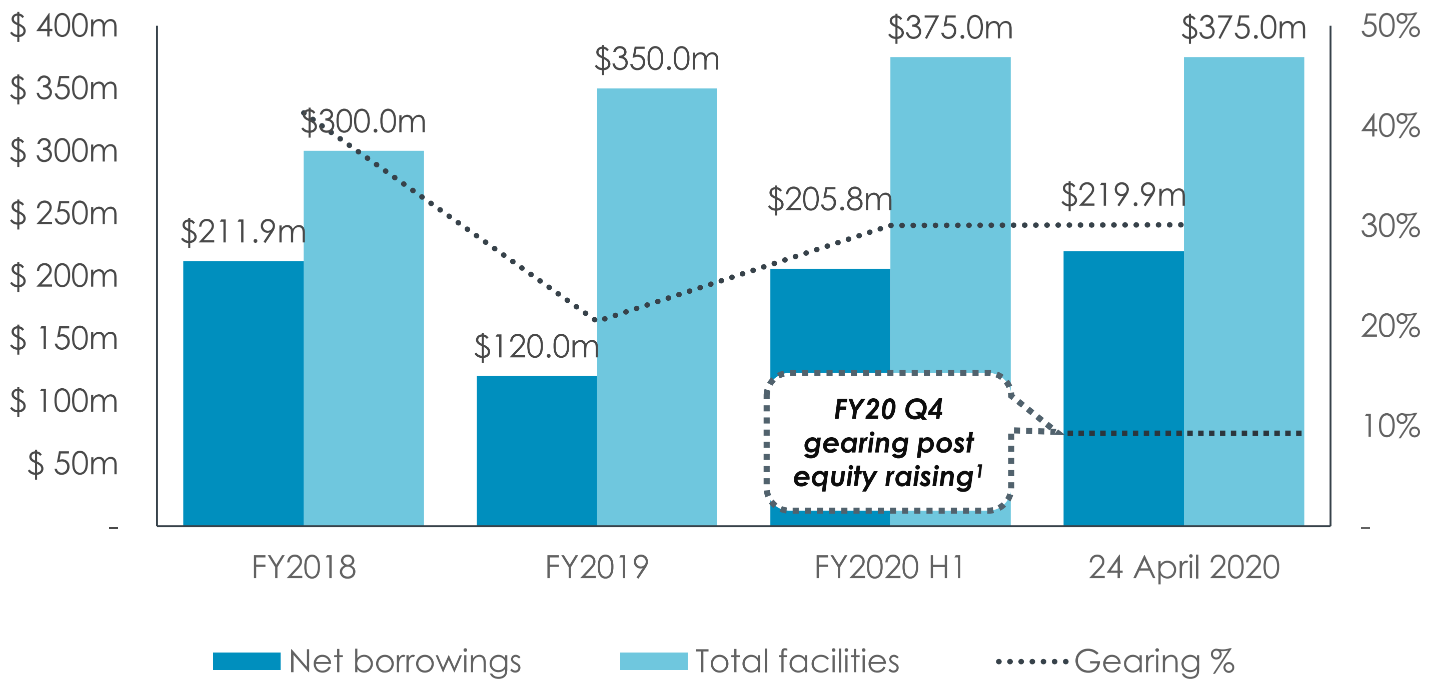
FACILITY HEADROOM AND GEARING

- Banking facilities of $375m maturing in 2022 and 2023



1. Pro forma gearing assumes full take up of the $30m SPP

Equity raising strategic imperative

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Strengthening the balance sheet

- Management has stress-tested the balance sheet to assess a range of downside scenarios from the more benign to extremely severe
- Under all scenarios, Credit Corp's balance sheet can withstand these extreme economic 'shocks'
- In some of the scenarios, however, the company's financial assets move into prolonged run-off
- Enables Credit Corp to provide sustainable debt purchasing services to clients

Responding to increased supply

- Credit issuers reporting increased provisioning in anticipation of rising delinquency and charge-offs

Building flexibility

- Greater capital headroom will maximise flexibility to respond to market conditions including one-off opportunities to acquire competitor books
  - Gearing will reduce to ~10%[1] of the carrying value of financial assets post the equity raising

Sizing sufficient to secure investment opportunity to return to pre COVID 19 earnings trajectory in the medium term[2]

1. Pro forma gearing assumes full take up of the $30m SPP
2. Based on downside scenarios incorporating a medium term recovery

Equity raising

Offer details

Offer timetable

Offer details

Placement size and structure	• Fully underwritten institutional placement (“Placement”) to raise approximately $120 million • Approximately 9.6 million new shares to be issued (“New Shares”), representing 17.5% of Credit Corp’s existing shares on issue
Use of proceeds	• Proceeds from the equity raising will be used to enhance balance sheet flexibility, support the business during the current macro-economic uncertainty and materially increase liquidity and reduce net debt
Placement pricing	• Fixed issue price of $12.50 per share represents: o 11.6% discount to the last closing price of $14.14 on 28 April 2020 o 10.5% discount to the 5 day VWAP of $13.97 on 28 April 2020
Ranking	• All New Shares issued under the Placement and SPP will rank equally with existing Credit Corp shares from respective issue dates
Underwriting[1]	• The Placement is fully underwritten by J.P. Morgan Securities Australia Limited • The SPP is not underwritten
Share purchase plan[2]	• Non-underwritten share purchase plan (“SPP”) offered to existing eligible shareholders for the opportunity to apply for up to $30,000 of fully paid ordinary shares at the SPP issue price, being the lower of the Placement issue price and the VWAP over the five trading days up to, and including, the last day of the SPP offer period less a 2.5% discount • Credit Corp is targeting to raise approximately $30 million under the SPP, with the ability to scale back applications (pro rata to shareholders existing holdings) should it receive demand above that target or issue a higher amount above that target, in its absolute discretion (and if a higher amount is issued, either accept applications in full or scale back applications on the same basis)

1. Refer to the overview of key risks on slide 15 for further information on the risks associated with underwriting
2. The equity raising structure balances the need for certainty of proceeds received through the Placement (for the purposes described in this presentation) with Credit Corp’s desire to provide its retail shareholders with the opportunity to participate through the SPP. The cap on the SPP of $30 million is considered appropriate to provide the majority of Credit Corp’s retail shareholders with the opportunity to achieve a pro rata allocation having regard to the total equity raising size, the construct of the share register and historical take-up rates in SPPs. Full details of the SPP will be set out in the SPP offer booklet, which will be sent to eligible shareholders in due course

Offer timetable

Event	Date
Record date for the SPP	7pm (Sydney time), Tuesday, 28 April
Trading halt, announcement of the Placement and SPP	Wednesday, 29 April
Placement bookbuild	Wednesday, 29 April
Placement completion announcement	Thursday, 30 April
Trading halt lifted	Thursday, 30 April
Settlement of New Shares issued under the Placement	Monday, 4 May
Allotment and normal trading of New Shares issued under the Placement	Tuesday, 5 May
SPP Offer opening date; dispatch of SPP booklet	Friday, 8 May
SPP Offer closing date	Tuesday, 2 June
Issue date for SPP Shares	Thursday, 4 June
New Shares issued under the SPP commence trading on ASX	Wednesday, 10 June
Holding statements for SPP shares dispatched	Thursday, 11 June

* The above timetable is indicative only and subject to change; The commencement and quotation of New Shares is subject to confirmation from ASX; Subject to the requirements of the Corporations Act, the ASX Listing Rules and other applicable rules, Credit Corp reserves the right to amend this timetable at any time, including extending the period for the SPP or accepting late applications, either generally or, in particular cases, without notice

Key risks

Overview of risks

Key risks

General risks

Overview of key risks

- There are a number of factors, specific to Credit Corp and of a general nature including those that are COVID-19 related, which may affect the future operating and financial performance of Credit Corp and the industry in which it operates. This section discusses some of the key risks associated with an investment in the New Shares.

- The risks set out on the following pages are not listed in order of importance and do not necessarily constitute an exhaustive list of all risks involved with an investment in Credit Corp. Before investing in Credit Corp, you should consider whether this investment is suitable for you. Potential investors should consider publicly available information on Credit Corp (such as that available on the websites of Credit Corp and ASX), carefully consider their personal circumstances and consult their professional advisers before making an investment decision. Additional risks and uncertainties that Credit Corp is unaware of, or that it currently considers to be immaterial, may also become important factors that adversely affect Credit Corp's operating and financial performance.

- You should note that the occurrence or consequences of many of the risks described in this section are partially or completely outside the control of Credit Corp, its directors and senior management, in particular those related to a recession or depression caused by COVID-19. Further, you should also note that this section focuses on the potentially key risks and does not purport to list every risk that Credit Corp may have now or in the future. It is also important to note that there can be no guarantee that Credit Corp will achieve its stated objectives or that any forward-looking statements or forecasts contained in this presentation will be realised or otherwise evaluated. All potential investors should satisfy themselves that they have a sufficient understanding of these matters, including the risks described in this section, and have regard to their own investment objectives, financial circumstances and taxation position. Cooling off rights do not apply to the acquisition of shares.

Key risks (1/7)

COVID-19

- Credit Corp has observed that in response to COVID-19 a growing number of governments globally are imposing restriction on the movement of their citizens and limiting non-essential services and activities.
- Given the high degree of uncertainty surrounding the extent and duration of COVID-19 and any government measures which are enacted in response, it is not currently possible to assess the full impact of COVID-19 on Credit Corp's business.
- However a prolonged reduction in economic activity across the business' key markets (particularly across Australia, New Zealand and the U.S.) will materially adversely impact Credit Corp's financial performance and profitability.
- The key risks and consequences of COVID-19 for the business are as follows:
  - limited debt buying and agency tender contract re-negotiations underway in response to the uncertain economic outlook associated with COVID-19;
  - difficulty pricing new debt ledgers given economic uncertainty and volatility;
  - rising unemployment reducing collections and increasing consumer loan book delinquency;
  - withdrawal of issuers from the market due to regulatory or compliance reasons;
  - the risk of additional regulation and/or industry scrutiny by Governments and regulators creating additional restrictions and/or costs on the industry as well as shutting the industry segments in which Credit Corp operates down entirely;
  - banks and other providers of capital withdrawing funding lines resulting in investment needing to be reduced and the flexibility to be opportunistic as a debt buyer diminished
  - incorrect or inappropriate asset valuation including provisioning / impairment resulting in potential inaccurate financial statements as well as potential debt covenant breaches;
  - reduced ability to operate effectively and efficiently under a sustained period of isolation measures; and
  - breach of loan covenants dependent upon the degradation in collections.
- While Credit Corp expects it will have sufficient liquidity to deal with the circumstances relating to COVID-19 as a result of the Offer, there is a risk that if the duration of events surrounding COVID-19 are prolonged, Credit Corp may need to raise further capital.

Key risks (2/7)

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Macroeconomic risks

- The prevailing unemployment rate is the key macroeconomic risk in the segments in which Credit Corp operates. The unemployment rate is increasing in each market in which Credit Corp operates as a result of COVID-19. In debt buying, increased unemployment will impact returns from the existing payment arrangement book as it typically results in higher rates of default. The extent of the impact and to what extent there is a permanent diminution in returns depends on the extent of the increase in unemployment and how long the higher rate of unemployment lasts. In respect of the consumer lending business, increasing unemployment would be expected to result in increasing arrears and losses on the consumer lending loan book. Rising unemployment would reduce approval rates and likely result in the book balance reducing relatively rapidly. Credit Corp relies on repayment of loans in order to meet its own obligations under its debt funding arrangements and in the event of prolonged high unemployment this could in a worst case make it harder for Credit Corp to meet its lending covenants.

- The macroeconomic impact of COVID-19 will differ in each jurisdiction in which Credit Corp operates. For example, it is possible that the increase in unemployment and associated impact on the business in the United States differs from that in Australia.

Key risks (3/7)

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Adverse regulatory and legislative change

- Credit Corp operates in highly regulated industries and is subject to extensive laws and regulations in Australia, New Zealand and the United States. In the COVID-19 environment, there is a risk of additional government intervention and/or industry scrutiny by governments and regulators creating additional restrictions and/or costs on the industry as well as shutting the industry segments in which Credit Corp operates down entirely.
- There is the risk of debt collection practices being restricted by regulators. For example, some U.S. states have imposed restrictions on some collection activities during COVID-19 shutdowns. It is also possible that debt sellers may feel they need to withdraw from debt sale or place more restrictions on post sale collection activities.
- Overall, there are a number of government policies and regulations that, if changed, may have a material adverse impact on the Company's financial performance, including by increasing costs or reducing fees or demand for its services. The nature, timing and impact of future government policy and regulatory changes are not predictable and beyond the Company's control. It is possible that legislative or other regulatory changes could adversely impact the ability of the Company to continue its business activities and/or do so in a fashion that will enable the Company to achieve its hurdle return on equity. In addition, failure by the Company to comply with applicable laws, regulations and other professional standards and accreditation may lead to enforcement actions that disrupt the Company's operations and result in it being subject to fines, penalties and damages. The Company manages this risk by placing a strong emphasis on its regulatory compliance.

Inability for Credit Corp to renegotiate its future purchase commitments from issuers

- Credit Corp has committed to purchase a specific value of debt ledgers from its partners each month at fixed prices. These arrangements were entered into and priced based on an assumed collection percentage. Credit Corp is in the process of renegotiating some of the arrangements given the decreasing collection percentage.

Key risks (4/7)

Credit Corp Group

Withdrawal from debt sale by credit issuers

- There is the risk that some (or even all) credit issuer clients who sell books of charged-off debts to Credit Corp withdraw from selling debts, which may be elevated in the COVID-19 environment. This could, for example, be in response to a major compliance issue involving one or more industry participants (even if that is not the Company) and/or regulatory intervention in the sector. The Company relies on its strong compliance record to mitigate this risk. Were there to be a reduction in the amount of charged-off debts being sold to the Company, this could have a material adverse impact on the financial performance of the Company as it relies on the ability to recover such debts for the majority of its revenues.

Loss of key relationships

- A significant decrease in the volume of portfolios available for purchase from any significant vendor on acceptable terms would force Credit Corp to seek alternative sources of portfolios to purchase. The duration of collections from purchased debt ledgers may be relatively short and accordingly run-off of the debt ledger book could occur relatively quickly in the COVID-19 environment. In addition to the factors that impact the supply of portfolios generally, vendors with whom Credit Corp has strategic relationships may not continue to sell debt portfolios to Credit Corp and Credit Corp may not be able to replace such portfolios with portfolios with other debt vendors. The loss of a key relationship with a vendor could jeopardise Credit Corp’s existing relationships with other vendors or its ability to establish new relationships. Credit Corp may be unable to find alternative sources from which to purchase portfolios which in turn could materially and adversely affect Credit Corp’s business, financial condition and results of operations. The loss of a significant key relationship, or the loss of a number of key relationships at the same time, could prevent or restrict Credit Corp’s ability to purchase portfolios at current or forecast levels. This could impact Credit Corp’s profitability materially. Credit Corp’s diverse range of issuer relationships and strong approach to compliance mitigates this risk.

Key risks (5/7)

Deterioration in compliance performance

- Credit Corp relies upon having a strong compliance and sustainability record to mitigate the risk of experiencing adverse regulatory and legislative changes and withdrawal from debt sale by credit issuers who sell charged-off debts. Compliance is particularly important currently given regulatory focus on debt collection practices, consumer hardship and responsible lending. If Credit Corp's compliance record were to deteriorate, there is a risk that credit issuers might exclude Credit Corp from participating in debt sales processes or it may otherwise become harder for Credit Corp to be competitive in such sale processes. A deterioration in compliance performance may also have adverse implications for Credit Corp's reputation which may in turn lead to greater regulatory scrutiny and could, in extreme cases, also adversely affect the Company's access to debt funding. Credit Corp's strong operational management structures and accountability reporting and culture mitigates this risk.

Competition

- Credit Corp has a number of competitors both inside and outside Australia for the acquisition of charged-off debts and in the provision of consumer lending. If competitors invest uneconomically then they may be able to outbid the Company when seeking to acquire books of charged-off debts which are almost entirely sold in competitive tender processes. This would lead to a loss of Credit Corp's market share and reduced profitability. Similarly, in the consumer lending market, competitors may, at least for a period, increase their approval rates by investing in marketing and/or accepting relatively higher credit risk to drive demand to their loan products to the detriment of demand for Credit Corp's lending products.

Loss of key management personnel

- Credit Corp has a relatively small number of key management personnel with substantial tenure and the loss of any of them could impact on performance and operational planning. Succession planning and the depth of talent amongst the senior and middle management pools in the company mitigate this risk.

Key risks (6/7)

Lack of access to capital

- In order to sustain growth in earnings, Credit Corp requires access to capital to maximise investment across its segments. In the COVID-19 environment it may be more difficult for it to access debt capital on acceptable terms. Lack of access to capital will result in the company having to ration capital and not be able to maximise investment at its hurdle return. Mitigating factors to this risk include Credit Corp's strong balance sheet relative to its competitors and its relatively low gearing both against domestic and global industry operators.

Inaccurate analytics

- Credit Corp forecasts its expected returns on books of charged-off debts it bids on in order to determine whether it will be able to achieve its hurdle returns in the event that it acquires those debts. Inaccurate forecasting (which may be affected by COVID-19) will either mean forecast returns aren't achieved through bidding for the debts at an excessive price or if returns are conservatively forecast, this will mean the Company's forecasts aren't likely to be competitive in a bidding process, which would reduce the Company's success in acquiring new debts. In terms of the company's consumer lending business, an inaccurate assessment of a potential borrower's credit worthiness may result in a higher or lower level of arrears and losses versus the pro-forma levels required to achieve the Company's hurdle return.

Reputation from collection techniques

- Debt collection techniques employed by sector participants that are not in line with the expectations of stakeholders and the community more broadly may cause negative publicity or reputational damage to the receivables management industry as a whole. This may be as a result of distress in the general community through unfair treatment, harassment or any other number of unfair practices. These practices may become publicised and result in the vendor partners restricting, or ceasing to sell debt portfolios. Credit Corp is not able to control what other participants in the industry do and should this occur, this may detrimentally impact on Credit Corp's financial performance through reduced investment opportunities and/or additional compliance imposts.

Key risks (7/7)

Information technology

- Credit Corp relies heavily on information technology to conduct an efficient and cost effective business. Therefore, any significant or sustained failure or inadequacy in Credit Corp's core technology systems or cyber security could have a materially adverse effect on its operations in the short term, which in turn could undermine longer term confidence and impact Credit Corp's future profitability and financial position.

Security of privacy of data

- Failures or breaches of data protection and systems security can cause reputational damage, regulatory impositions and financial loss against Credit Corp. The protection of vendor, consumer, employee, third party and company data is critical to Credit Corp's operations, reputation and ability to elicit confidence and business from vendors.

General risks (1/4)

General equity market risk

- There are general risks associated with investments in equity capital, particularly given elevated levels of volatility and the potential of a recession or even depression created by COVID-19. The trading price of shares in Credit Corp may fluctuate with movements in equity capital markets in Australia and internationally. This may result in the market price for the new Shares being less than the offer price.
- Generally applicable factors which may affect the market price of shares include:
  - general movements in Australian and international stock markets;
  - investor sentiment and confidence, which has been damaged by COVID-19;
  - Australian and international economic conditions and outlook;
  - changes in interest rates and the rate of inflation and their broader impacts on economic activity;
  - changes in government regulation and policies, in particular in relation to debt collection practices, responsible lending and the length and severity of lockdown restrictions;
  - announcement of new technologies;
  - geo-political instability, including international hostilities and acts of terrorism and the flow-on effects on the economy of negative oil prices;
  - demand for and supply of Credit Corp's shares;
  - announcements and results of competitors;
  - analysts reports; and
  - the financial and operating performance of Credit Corp, which could be adversely affected by the risks set out in the section.
- No assurances can be given that the New Shares will trade at or above the price at which they are issued. None of Credit Corp, its Board or any other person guarantees the market performance of the New Shares or of Credit Corp. It is also possible that new risks might emerge as a result of Australian, U.S. or global markets experiencing extreme stress (for example, as a result of COVID-19) or existing risks may manifest themselves in ways that are not currently foreseeable. The equity markets have in the past and may in the future be subject to significant volatility.

General risks (2/4)

Liquidity risk

- There can be no guarantee of an active market in the shares in Credit Corp or that the price of the shares in Credit Corp will increase. There may be relatively few potential buyers or sellers of Credit Corp shares on the ASX at any time. This may increase the volatility of the market price of Credit Corp shares. It may also affect the prevailing market price at which shareholders are able to sell their shares in Credit Corp.

Equity raising and underwriting risk

- Credit Corp has entered into an underwriting agreement under which the J.P. Morgan Securities Australia Limited (as underwriter) has agreed to fully underwrite the Placement (but not the SPP), subject to the terms and conditions of the underwriting agreement between the parties. If certain conditions are not satisfied or certain events occur, the J.P. Morgan Securities Australia Limited may terminate the underwriting agreement. Termination of the underwriting agreement would have an adverse impact on the proceeds raised under the Placement. Please refer to the summary of the termination events in the underwriting agreement in Appendix 5 of this presentation for further information.

Interest rate risk

- Changes in interest rates will affect borrowings which bear interest at floating rates to the extent Credit Corp has not hedged against this interest rate risk. An increase in interest rates will affect Credit Corp's cost of servicing these borrowings, which may adversely impact its business, financial condition and financial performance.

General risks (3/4)

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Risk of dividends not being paid

- The payment of dividends by Credit Corp is determined by the Board from time to time at its discretion, dependent on the profitability and cash flow of Credit Corp's business and Credit Corp's strategic priorities. Circumstances may arise where Credit Corp decides or may be required to reduce or cease paying dividends for a period of time.

Changes in accounting policy

- Accounting policy standards may change. This may affect the reported earnings of Credit Corp and its financial position from time to time. There are multiple pending changes to accounting standards that may impact Credit Corp, including those governing revenue recognition, leases and financial instruments. Credit Corp has previously and will continue to assess and disclose, when known, the impact of these change in its periodic financial reporting.

Taxation

- Future changes in taxation laws in material jurisdictions in which we operate, including changes in interpretation or application of the law by the courts or taxation authorities, may affect the taxation treatment of an investment in Credit Corp shares or the holding and disposal of those shares. Further, changes in tax law, or changes in the way tax law is expected to be interpreted, in the various jurisdictions in which Credit Corp operates, may impact the future tax liabilities of Credit Corp.

General risks (4/4)

Litigation

- Legal proceedings and claims may arise from time to time in the ordinary course of Credit Corp's business and may result in high legal costs, adverse monetary judgements and damage to Credit Corp's reputation which could have an adverse impact on Credit Corp's financial position and financial performance and the price of its shares.

Foreign exchange

- Credit Corp’s reported revenue and earnings will fluctuate with changes in the currency exchange rates between the Australian dollar (Credit Corp’s reporting currency) and the currencies of Credit Corp’s offshore operations. Adverse movements in the exchange rate between the Australian dollar and those respective foreign currencies, and any other foreign currencies as a result of future international expansion, may cause Credit Corp to incur foreign currency losses. Such losses may impact Credit Corp’s financial performance and the price of its shares.

Appendices: Key Operating Metrics

Appendix 1: Pricing discipline and accuracy

Appendix 2: Collections life cycle

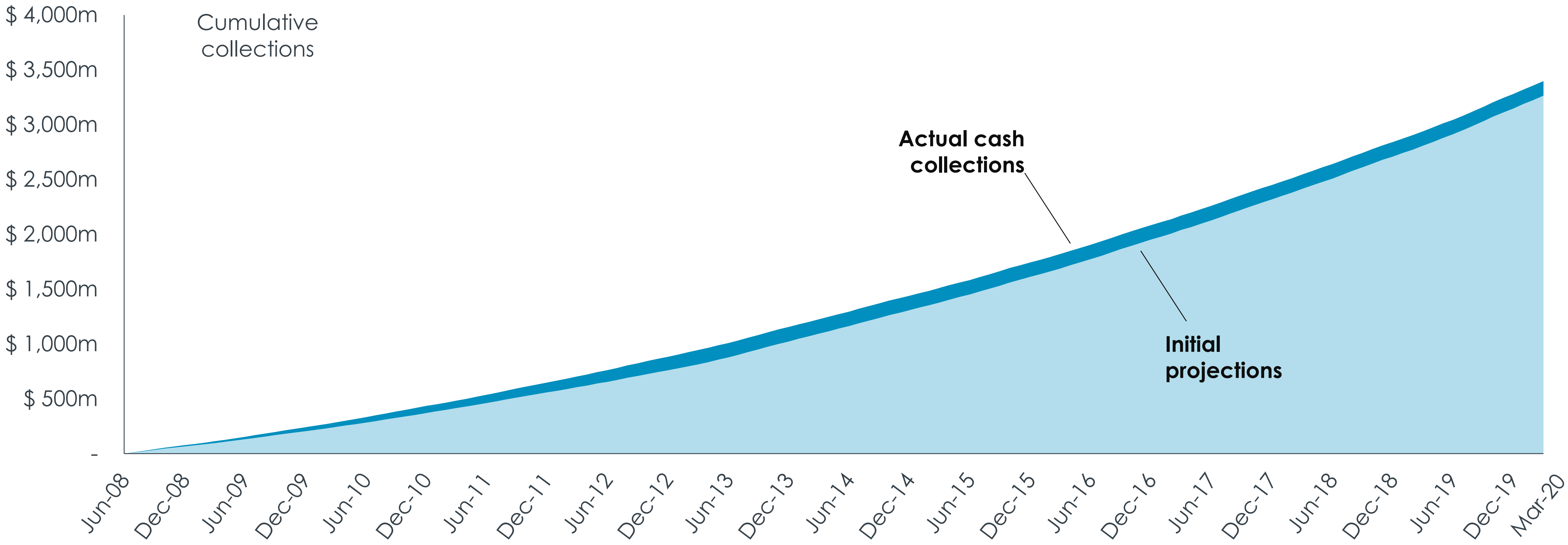
Appendix 3: Productivity

Appendix 4: Payers base

Appendix 5: Summary of underwriting agreement

Pricing discipline and accuracy

PRICING DISCIPLINE AND ACCURACY

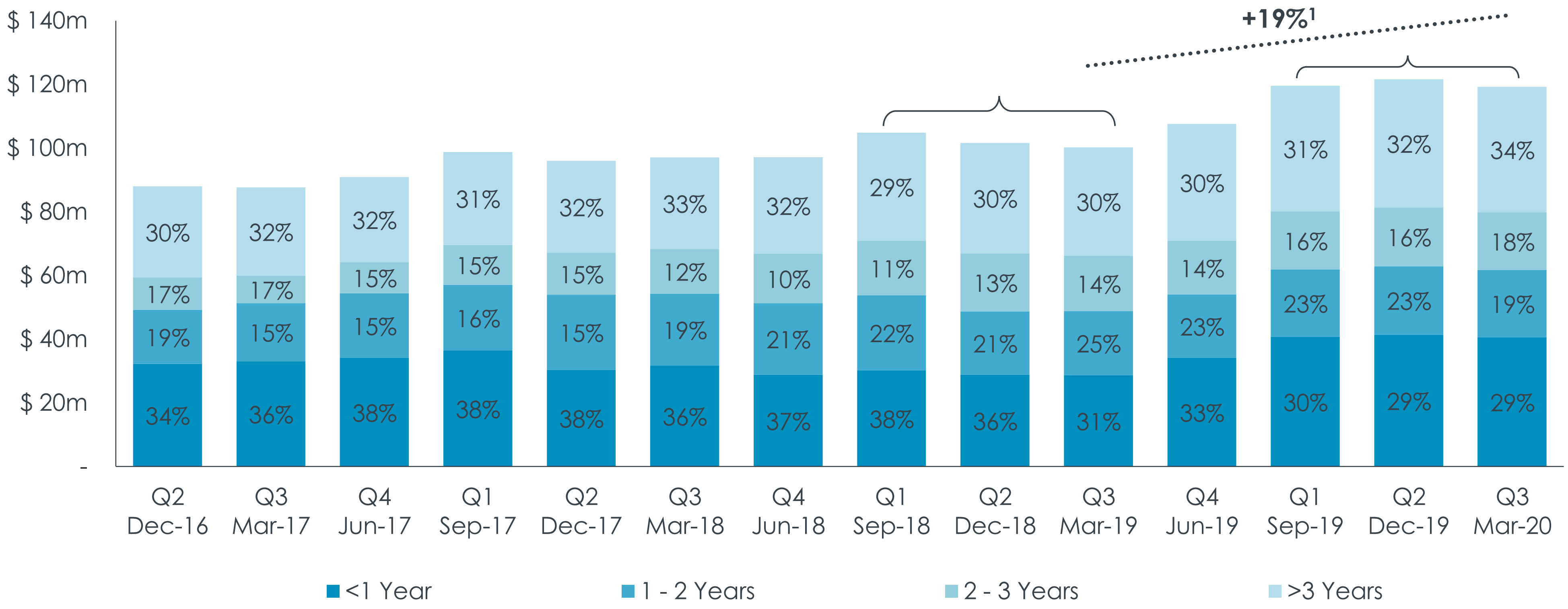


* For all PDLs held at June 2008, initial projections represent the forecast at June 2008

APPENDIX 2

Collections life cycle

PDL COLLECTIONS BY VINTAGE



1. 19% growth in FY2020 Q3 vs. FY2019 Q3

Productivity

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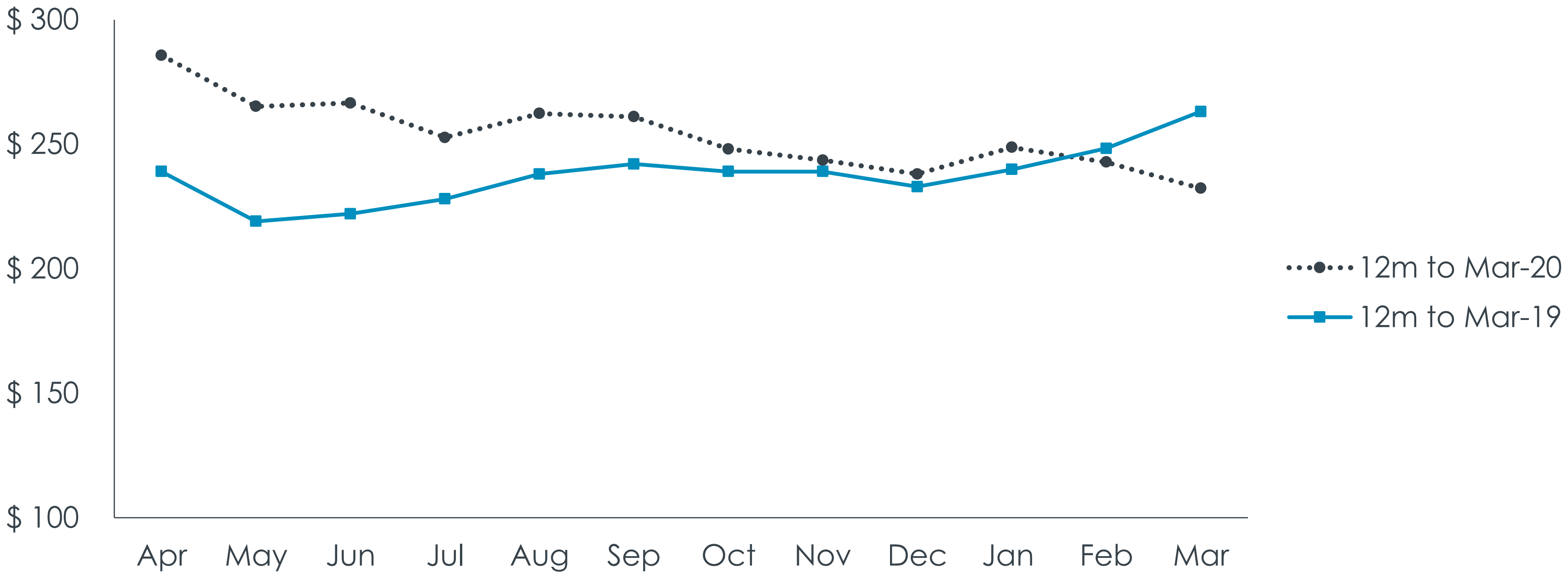
PDL COLLECTIONS PER HOUR



Quarterly average

FY2020 Q3: $241

FY2019 Q3: $250

Payers base

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PORTFOLIO SUMMARY: AUS/NZ DEBT BUYING ONLY

Total portfolio	Dec-17	Jun-18	Dec-18	Jun-19	Dec-19	Mar-20
Face value	$5.9b	$6.0b	$6.2b	$6.4b	$7.8b	$7.8b
Number of accounts	710,000	710,000	753,000	786,000	1,268,000	1,232,000
Payment arrangements						
Face value	$1,300m	$1,300m	$1,300m	$1,300m	$1,400m	$1,403m
Number of accounts	153,000	157,000	154,000	157,000	200,000	198,000
% of PDL collections	**78%**	**81%**	**79%**	**78%**	**81%**	**80%**

APPENDIX 5

Summary of underwriting agreement

Credit Corp has entered into an underwriting agreement with the Lead Manager (Underwriting Agreement) pursuant to which the Lead Manager has been appointed as the sole lead manager, bookrunner and underwriter of the Placement.

The Underwriting Agreement contains representations, warranties and indemnities in favour of the Lead Manager. The Lead Manager may terminate its obligations under the Underwriting Agreement on the occurrence of certain termination events including where:

- the conditions precedent in the Underwriting Agreement are not satisfied or waived by their respective deadlines;
- Credit Corp withdraws, or publicly indicates that it does not intend to proceed with, the Placement or the SPP;
- in the Lead Manager's reasonable opinion, a statement in the Offer announcement or subsequent Offer disclosure is or becomes false, misleading or deceptive or is likely to mislead or deceive (including by omission) in a material respect;
- an event specified in the Timetable is delayed for a certain period of time (other than as agreed between the parties in writing);
- Credit Corp is unable or, in the Lead Manager's reasonable opinion is unlikely to be able, to issue the New Shares on the allotment date;
- Credit Corp alters its capital structure (other than as contemplated in the Underwriting Agreement) or constituent documents without the prior consent of the Lead Manager;
- any ASIC or ASX relief or waivers required for Credit Corp to perform its obligations under the Underwriting Agreement or to carry out the Placement or the SPP (as contemplated in the Offer announcement) is withdrawn, revoked, varied or amended;
- ASIC issues, or threatens in writing to issue, proceedings or commences any inquiry or investigation in relation to the Placement;
- ASX makes any official statement, or indicates to Credit Corp or the Lead Manager, that existing Shares will be suspended from quotation, Credit Corp will be removed from the official list of the ASX or that quotation of all of the New Shares will not be granted by the ASX, or such approval has not been given before the time and date for allotment of the New Shares or such suspension from quotation occurs;
- an officer is charged with an indictable offence or is disqualified from managing a corporation under the Corporations Act;
- at any time between the bookbuild opening time and 5 hours after the bookbuild closing time on the bookbuild date, either the S&P/ASX 200 Index or the S&P/ASX 200 SPI Futures Index falls to a level that is 10% or more below the level of the relevant index as at the bookbuild opening time; or
- there is an event, occurrence or non-occurrence after the execution of the Underwriting Agreement which makes it illegal or commercially impossible for the Lead Manager to satisfy a material obligation under the Underwriting Agreement, or to market, promote or settle the offer of New Shares, or that causes the Lead Manager to delay satisfying a material obligation under the Underwriting Agreement, including:
  - any acts, statute, order, rule, regulation, directive or request of any government agency, orders of any courts, lockdowns, lock-outs, forced closures, restrictions on mobility, or interruptions or restrictions in transportation which has this impact; or
  - any acts of God or other natural forces, civil unrest or other civil disturbance, currency restriction, embargo, action or inaction by a government agency, or any other similar event.

Summary of underwriting agreement (cont'd)

In addition, the following termination events will depend on whether the Lead Manager has reasonable and bona fide grounds to believe and does believe that the relevant event (i) has, or may have, a material adverse effect on the marketing, settlement or outcome of the Placement or on the ability of the Lead Manager to market or promote or settle the Placement, or the likely trading price of Credit Corp's shares (including the New Shares) or the willingness of investors to subscribe for New Shares; or (ii) will, or is likely to, give rise to a liability of the Lead Manager under, or give rise to, or result in, the Lead Manager contravening, or being considered to be involved in a contravention of, any applicable laws:

- Credit Corp is in breach of the Underwriting Agreement or any of Credit Corp's representations or warranties in the Underwriting Agreement is not true or correct when made or taken to be made;
- any adverse change occurs in the assets, liabilities, financial position or performance, profits, losses or prospects of Credit Corp or the Group, including from those respectively disclosed in the Offer announcement, Credit Corp's financial results for the period ended 31 December 2019 or any other subsequent disclosure made to the ASX prior to the date of the Underwriting Agreement;
- a change in the senior management or the board of directors of Credit Corp occurs or is announced;
- any regulatory body commences any public action against an officer of the Credit Corp in his or her capacity as an officer of Credit Corp or announces that it intends to take any such action;
- any government or any governmental or regulatory body issues, or threatens to issue, proceedings or commences any inquiry or investigation into Credit Corp or the Placement;
- any of the following occurs:
  - hostilities not presently existing commence, or a major escalation in existing hostilities occurs (in each case whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States of America, the United Kingdom, any member of the European Union, Russia, Japan, Singapore, North Korea, South Korea or the People's Republic of China or a state of emergency is declared by any of those countries (other than as already declared prior to the date of the Underwriting Agreement) or a major escalation occurs in relation to a previously declared state of emergency by any of those countries or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of these countries elsewhere in the world;
  - there is introduced, or there is a public announcement of a proposal to introduce, a new law in Australia or in a country in which Credit Corp operates, or a new policy in Australia (other than a law or policy which has been announced before the date of the Underwriting Agreement) which does or is likely to prohibit or regulate or otherwise adversely affect the Placement, capital issues or stock markets;
  - a general moratorium on commercial banking activities in Australia, the United States, Hong Kong or the United Kingdom is declared by the relevant central banking authority in any of those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries;
  - trading in all securities quoted or listed on ASX, the New York Stock Exchange, the Hong Kong Stock Exchange or the London Stock Exchange is suspended or limited in a material respect for one day (or a substantial part thereof) on which that exchange is open for trading, or a Level 3 "market-wide circuit breaker" is implemented by the New York Stock Exchange; or
  - there is any adverse change or disruption to the political conditions or financial markets of Australia, the United States of America, Hong Kong or the United Kingdom or the international financial markets or any change involving a prospective adverse change in national or international political, economic or financial conditions.

If the Lead Manger terminates its obligations under the Underwriting Agreement or the Placement is otherwise withdrawn, the Lead Manager will not be obliged to perform its obligations that remain to be performed. Termination of the Underwriting Agreement could have an adverse impact on the amount of proceeds raised under the Placement. In these circumstances, Credit Corp would need to utilise alternative funding options to achieve its objectives as described in this Presentation.

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Thank you.