

4 May 2023

MARKET UPDATE

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Credit Corp Group

Leadership of the credit impaired financial services segment ...

ANALYTICS & DISCIPLINE

Australian / NZ debt buying

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

US debt buying

- Large market opportunity
- Diversified purchasing across several sellers

Australian / NZ lending

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

OPERATIONAL EXCELLENCE

- High asset turnover ¹
- Low cost to collect ²
- High performing on-shore and off-shore platforms
- Strong technology and use of data

- Significant productive capacity across several sites
- Emphasis on payment arrangements and a lower proportion of litigated outcomes

- Automated decisioning
- Collection strength
- High level of efficiency

SUSTAINABILITY & COMPLIANCE

- Low dispute rate
- \$1.3b in ongoing repayment arrangements

- Low regulator complaint rate

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

Target

- Long term growth
- ROE 16% - 18%
- Low gearing

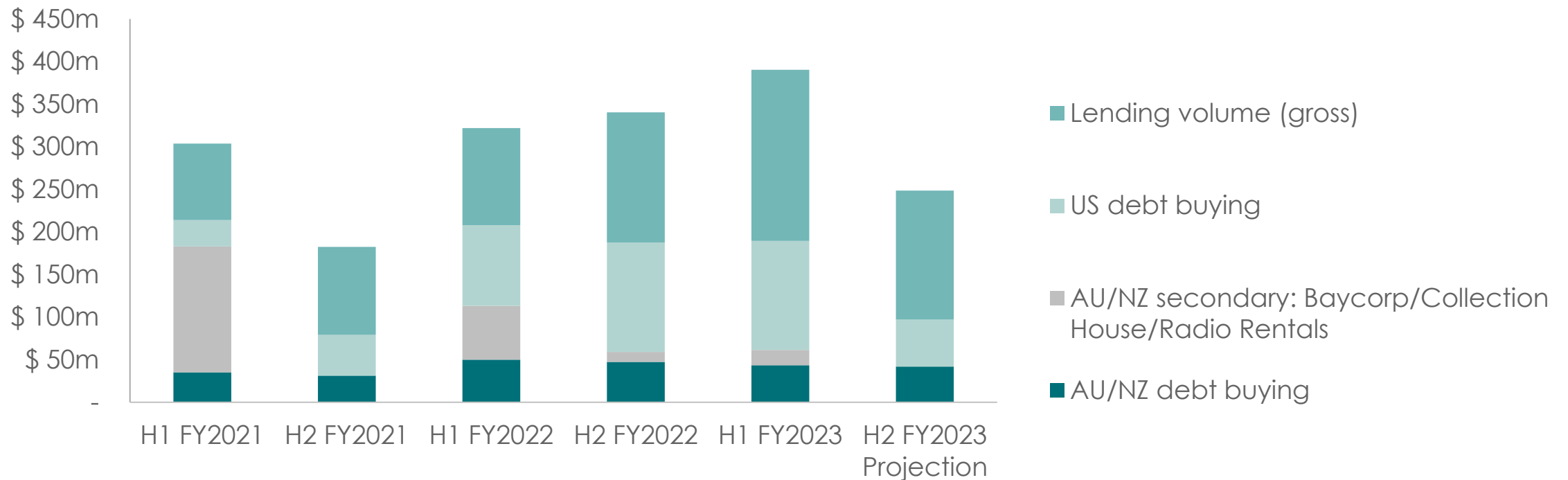
1. 1H FY2023 ratio of cash collections from PDLs to average PDL carrying value in Australian Debt Ledger Purchasing segment of 1.1x.

2. 1H FY2023 cash costs as a proportion of collections in the Australian Debt Ledger Purchasing segment of 38%.

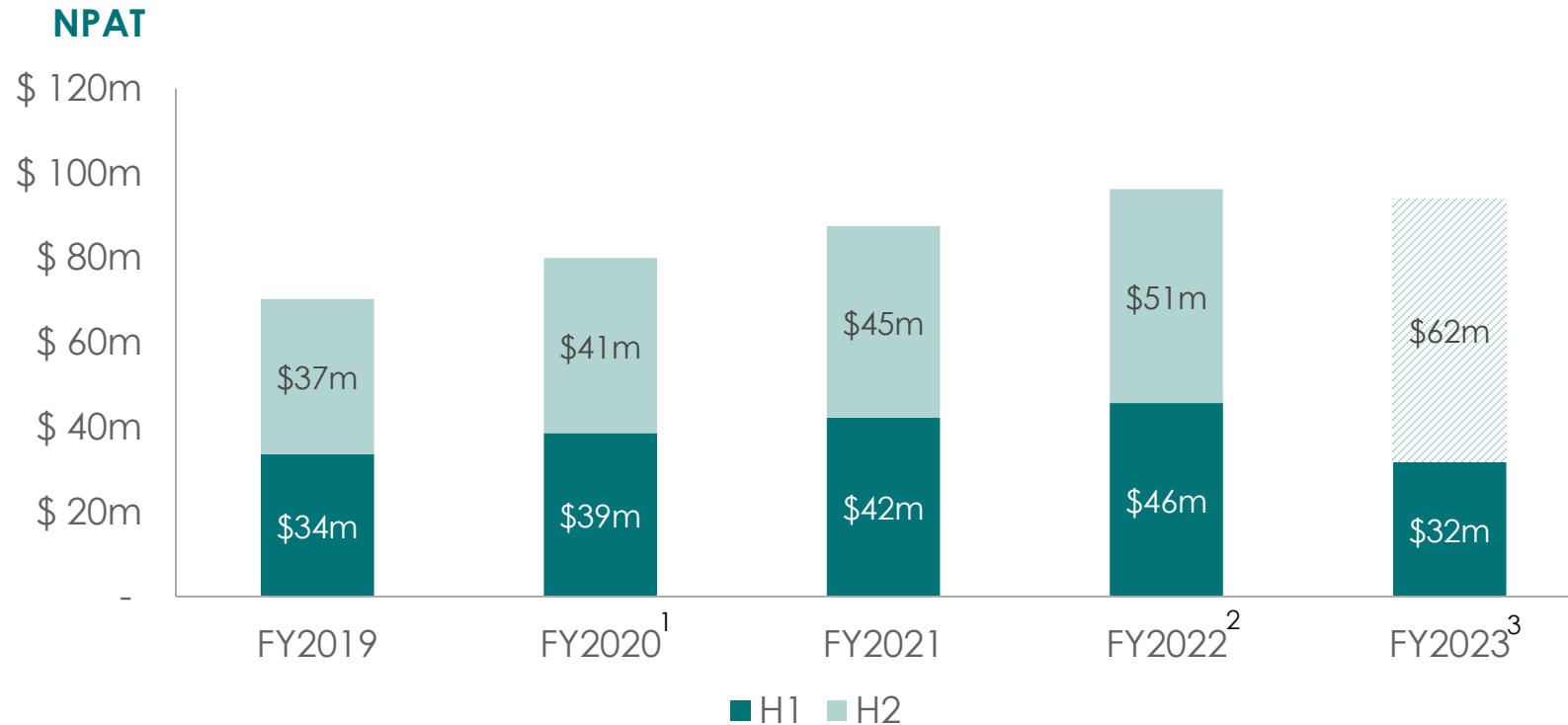
... produced record first-half investment ...

- Accelerated growth in Wallet Wizard lending
- Increased purchasing from existing US forward flows
- Investment to moderate in H2

PDL INVESTMENT AND LENDING VOLUME



... which is on track to convert to earnings in H2 ...



1. FY2020 Pre-COVID NPAT
2. Statutory NPAT of \$100.7 million and EPS of 148.9 cents includes \$4.5 million US PPP loan forgiveness which occurred in H1 FY2022
3. Assumes mid-point of FY2023 NPAT guidance of \$90-97 million

... with key issues being addressed

BUSINESS SEGMENT

ISSUES

RESPONSE

Australian / NZ debt buying

- Reduced direct from issuer sale volumes
- Collections run-off

- Late H1 one-off secondary purchase
- Deep collection focus
- Cost management

US debt buying

- Excess purchasing
- Collection performance impacted by rapid headcount growth

- Pause new investment
- Operational focus
- Stabilise headcount

Australian / NZ lending

- Rapid book growth suppressed earnings
- Increased arrears, but within pro-forma

- Moderation in demand
- Scorecard tightened in response to uncertain consumer outlook

Solid AU/NZ operational performance

- Operational headcount run-off in line with reduced collections

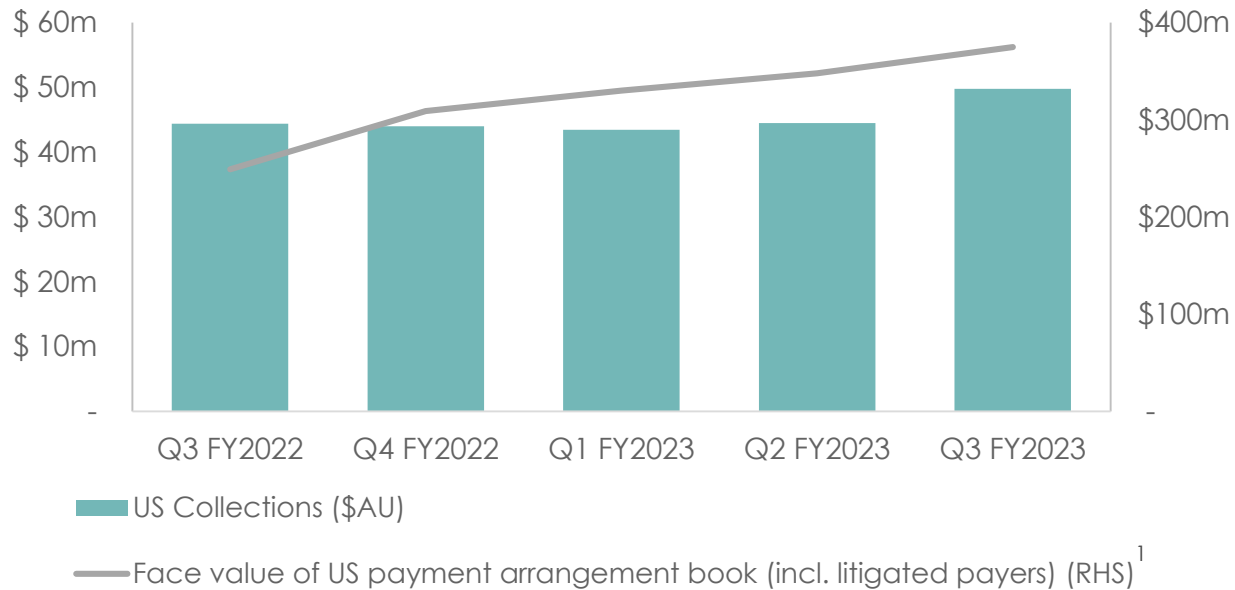
AU/NZ COLLECTIONS AND HEADCOUNT



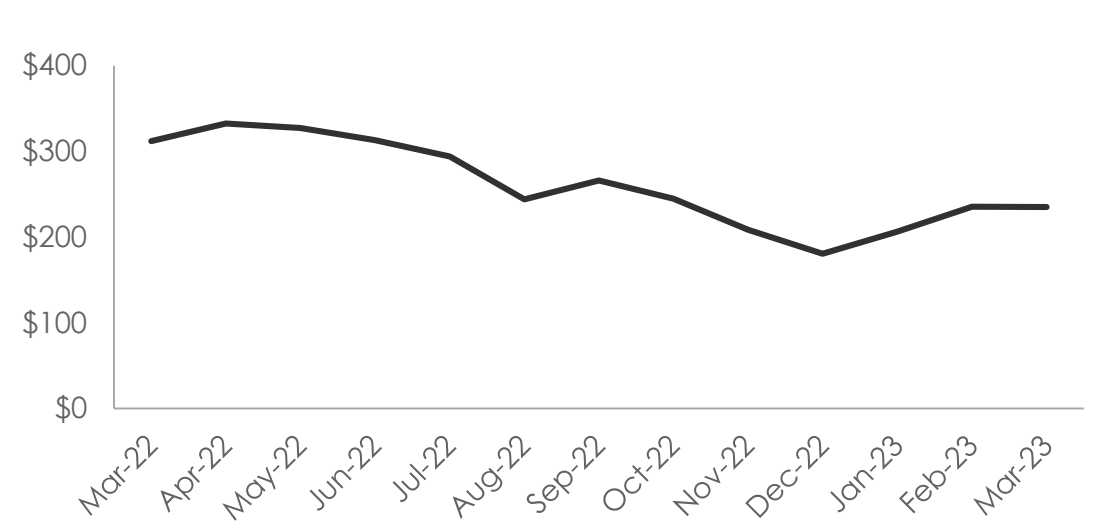
Improved US performance ...

- Collections uplift
- Headcount stabilised
- Productivity recovering

US COLLECTIONS AND ARRANGEMENT BOOK (A\$m)



US PRODUCTIVITY PER HOUR (A\$)

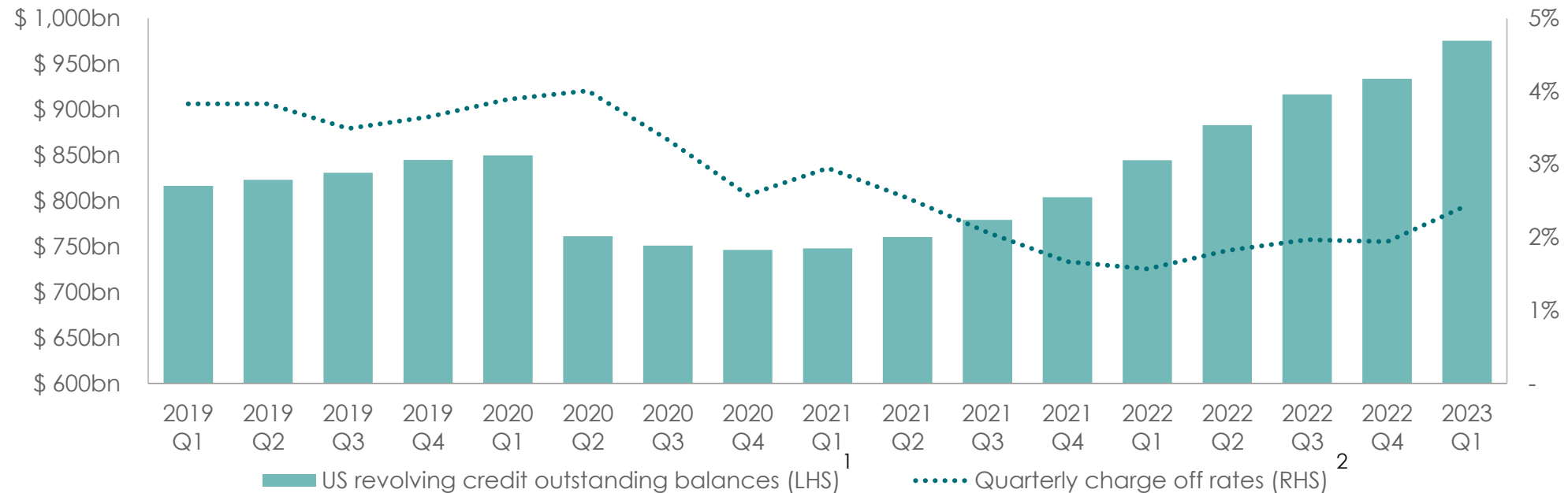


1. Litigated payers included from Q4 FY2022

US data points to improved investment conditions ...

- Potential to resume purchasing in a more favourable environment

US REVOLVING CREDIT MARKET



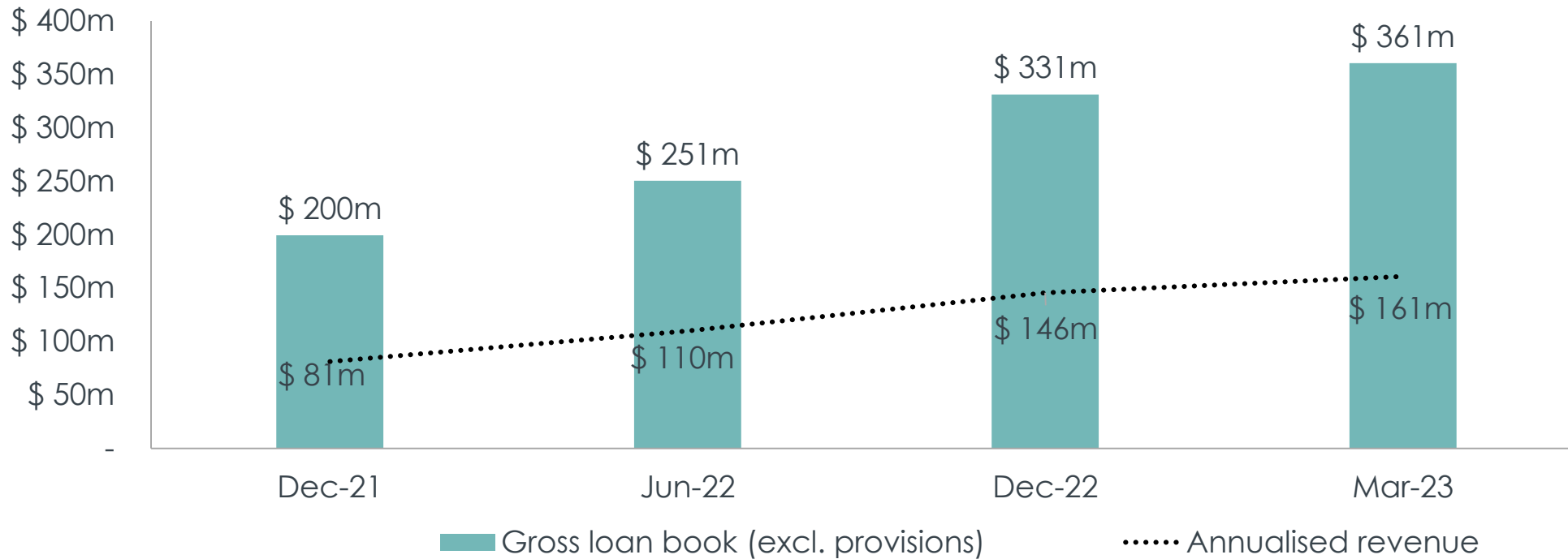
1. Total Revolving Credit Outstanding, Federal Reserve Economic Data (<https://fred.stlouisfed.org/series/CCLACBW027SBOG>)

2. Charge-Off Rate on Credit Card Loans, All Commercial Banks, Federal Reserve Economic Data (<https://fred.stlouisfed.org/series/CORCCACBN>)

Consumer lending growth slowed

- March quarter book growth in line with seasonal norm
- On track for strong FY24 starting book

CONSUMER LENDING BOOK AND REVENUE



On track to achieve earlier guidance

	FY2023 REVISED GUIDANCE FEB-23	FY2023 GUIDANCE CONFIRMED MAY-23
Ledger investment	\$290 - \$295 million	\$290 - \$295 million
Net lending	\$140 - \$150 million	\$140 - \$150 million
NPAT	\$90 - \$97 million	\$90 - \$97 million
EPS (basic)	133 - 143 cents	133 - 143 cents

Appendices - Key Operating Metrics

Appendix 1: **Pricing discipline and accuracy**

Appendix 2: **Collections life cycle**

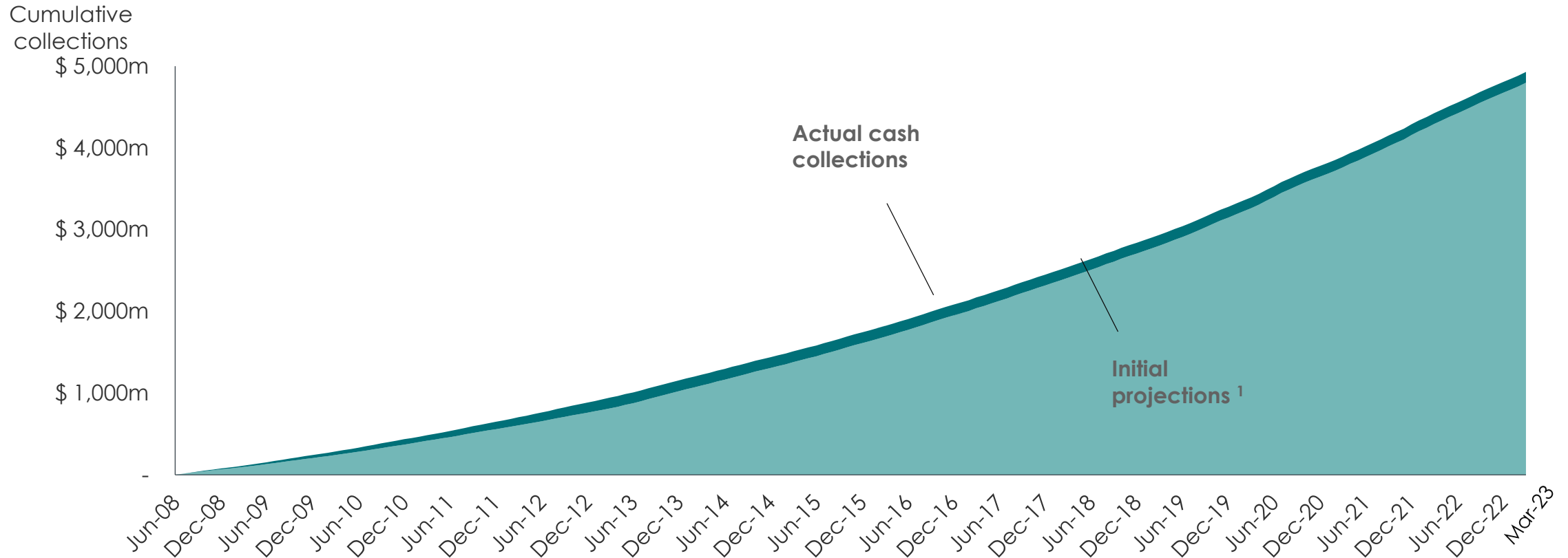
Appendix 3: **Productivity**

Appendix 4: **Payers base**

Appendix 5: **Operational and total headcount**

Pricing discipline and accuracy

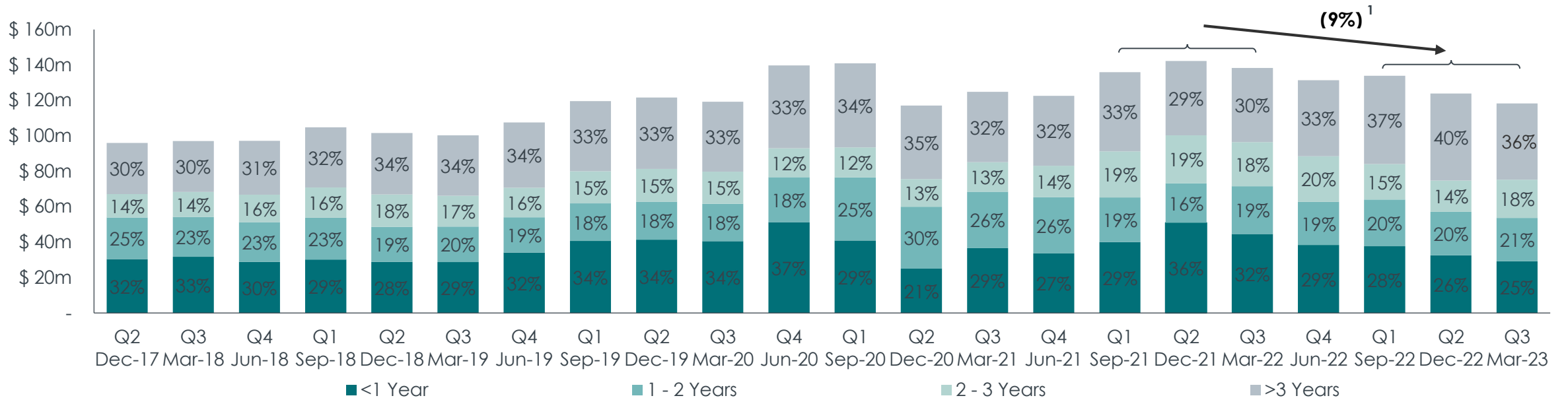
PRICING DISCIPLINE AND ACCURACY



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

Collections life cycle

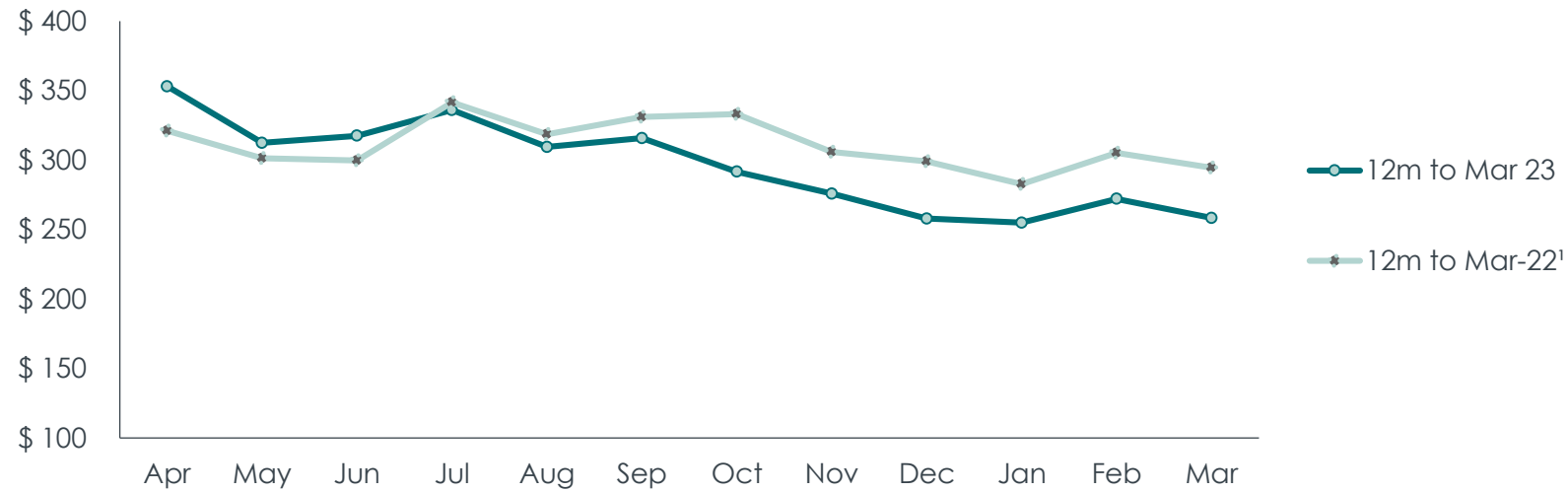
PDL COLLECTIONS BY VINTAGE



1. 9% less in FY2023 Mar YTD vs FY2022 Mar YTD. Based on constant currency

Productivity

PRODUCTIVITY PER HOUR



YTD Mar-23 average

- FY2023: \$286
- FY2022: \$312¹

1. Constant currency basis

Payers base

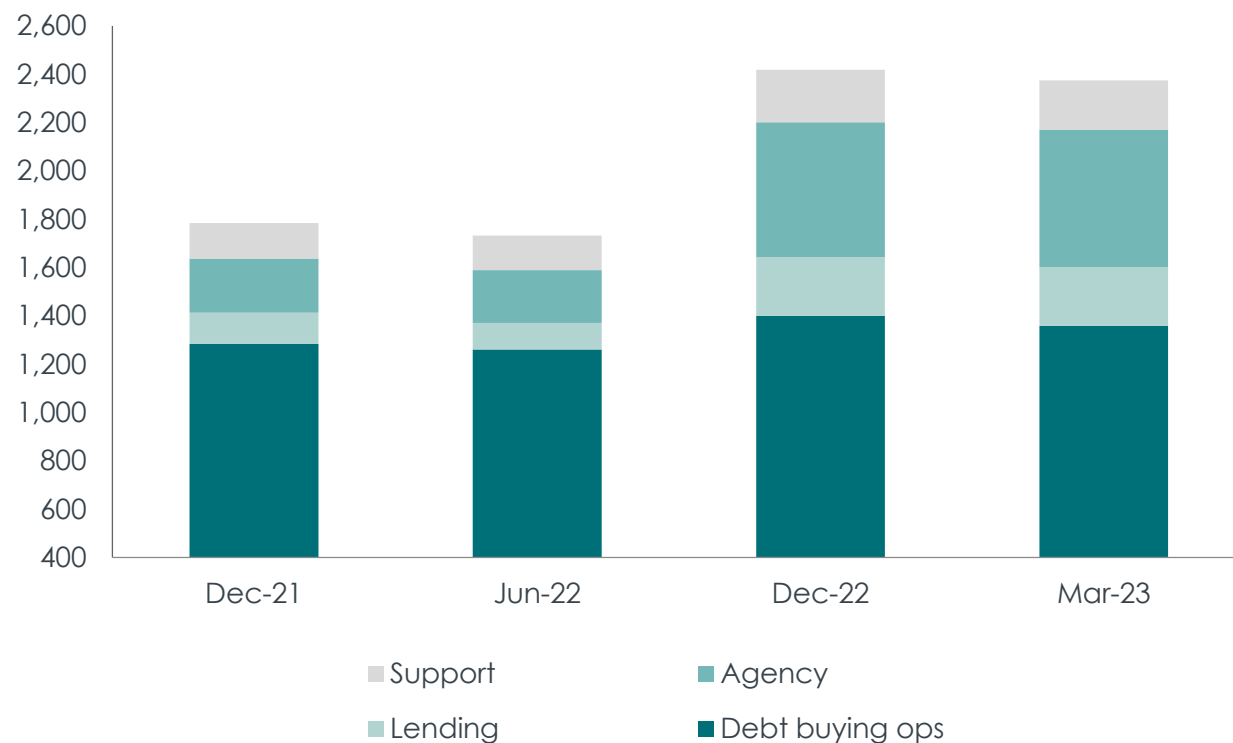
PORTFOLIO SUMMARY: DEBT BUYING

Total portfolio	AU/NZ			Combined AU/NZ/US ¹		
	Dec-20	Jun-21	Dec-21	Jun-22	Dec-22	Mar-23
Face value	\$8.6b	\$8.5b	\$7.9b	\$11.8b	\$12.7b	\$12.7b
Number of accounts	1,392,000	1,326,000	1,252,000	2,863,000	2,993,000	2,991,000
Payment arrangements						
Face value	\$1,550m	\$1,600m	\$1,555m	\$1,742m	\$1,727m	\$1,682m
Number of accounts	219,000	217,000	243,000	264,000	266,000	273,000

1. US segment included from Jun 22 onwards. Prior periods contain only AU/NZ debt buying segment.

Operational and total headcount

PERIOD END HEADCOUNT (FTE)



	Dec-21	Jun-22	Dec-22	Mar-23
Debt buying operations	1,285	1,296	1,401	1,360
Agency	223	229	558 ¹	569 ¹
Lending	129	162	243	242
Support	147	153	217 ¹	204 ¹
Total	1,783	1,840	2,419	2,375
Support %	8%	8%	9%	9%

1. Including staff acquired as part of the acquisition of Collection House during H1 FY2023

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