



Credit Corp Group

**CREATING
OPPORTUNITY**

1 AUGUST 2023

FY2023 **RESULTS**

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CONTINUED LEADERSHIP OF THE CREDIT IMPAIRED CONSUMER SEGMENT ...

ANALYTICS AND DISCIPLINE	OPERATIONAL EXCELLENCE	SUSTAINABILITY AND COMPLIANCE
Australian / NZ debt buying <ul style="list-style-type: none">• Large database• History of pricing accuracy• Purchasing levels vary inversely with pricing	<ul style="list-style-type: none">• High asset turnover¹• Low cost to collect²• High performing on-shore and off-shore platforms• Strong technology and use of data	<ul style="list-style-type: none">• Low dispute rate• \$1.3b in ongoing repayment arrangements
US debt buying <ul style="list-style-type: none">• Large market opportunity• Diversified purchasing across several sellers	<ul style="list-style-type: none">• Significant productive capacity across several sites• Emphasis on payment arrangements and a lower proportion of litigated outcomes	<ul style="list-style-type: none">• Low regulator complaint rate
Australian / NZ lending <ul style="list-style-type: none">• Leverage knowledge of consumer• Up-front loss provisioning• Analytical monitoring• Unique statistical underwriting	<ul style="list-style-type: none">• Automated decisioning• Collection strength• High level of efficiency	<ul style="list-style-type: none">• 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. FY2023 ratio of cash collections from PDLs to average PDL carrying value in Australian Debt Ledger Purchasing segment of 1.0x

2. Cash costs as a proportion of collections in the Australian Debt Ledger Purchasing segment of 39%

SEGMENT	ASSESSMENT OF CONDITIONS	CCP RESPONSE
Australian / NZ debt buying	<ul style="list-style-type: none"> Continued low market volumes: <ul style="list-style-type: none"> Interest-bearing credit card balances still ~40 per cent below pre-COVID levels Arrears and losses remain low Customer remediations by banking clients impacting sale volumes 	<ul style="list-style-type: none"> Manage cost base to minimise loss of operating leverage Maintain resourcing through redeployment to collections services work Deep collection focus
US debt buying	<ul style="list-style-type: none"> Unsecured credit balances ~13 per cent above pre-COVID peak driving volume growth Increased volumes had little impact on price until late in FY23 Sign of degraded collection conditions (increased repayment plan delinquency late in FY23) 	<ul style="list-style-type: none"> Resourcing build-up late in H1 and operational performance improvement during H2 Pause in new buying commitments for much of H2 and solid FY24 investment pipeline secured with easing purchasing conditions late in year Extended corporate banking facility to provide certainty to grow FY24 investment as conditions allow
Australian / NZ lending	<ul style="list-style-type: none"> Strong demand as lower income consumers re-leveraged post COVID Increased delinquency 	<ul style="list-style-type: none"> Demand managed for near-term economic uncertainty by tightening of credit settings, including reduced loan sizes for riskier cohorts Collection response, keeping expected losses within pro-forma Limited auto lending

... HAS PRODUCED SOLID FY2023 EARNINGS

	FY2022	FY2023	Var %
AU/NZ debt buying	\$230.2m	\$224.8m ³	(2%) ³
US debt buying	\$87.3m	\$100.8m ⁴	7% ⁴
AU/NZ lending	\$93.7m	\$147.8m	58%
Revenue total	\$411.2m	\$473.4m	15%
AU/NZ debt buying	\$55.0m	\$39.1m ³	(29%) ³
US debt buying	\$20.6m	\$17.1m ⁴	(21%) ⁴
AU/NZ lending ¹	\$20.6m	\$35.1m	70%
NPAT total ^{1, 2}	\$96.2m	\$91.3m	(5%)
EPS (basic) ²	142.2c	134.2c	(6%)
Dividend	74.0c	70.0c	(5%)

1. FY2022 includes release of excess loan loss provision (\$10.1m NPAT impact)

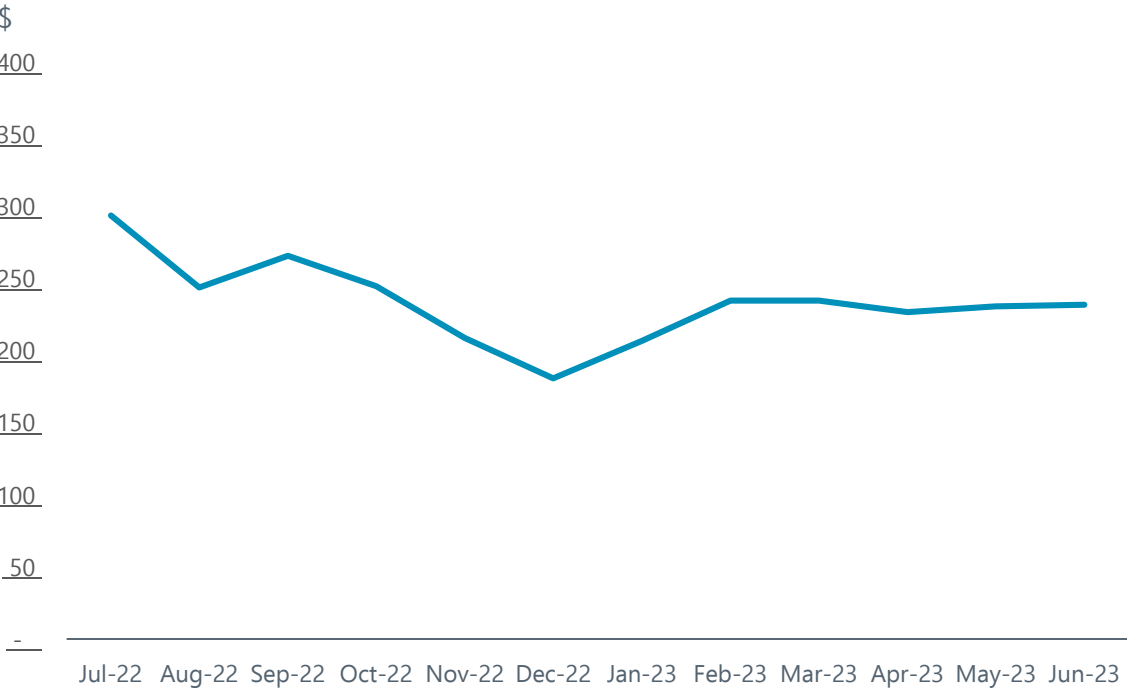
2. FY2022 statutory NPAT of \$100.7 million and EPS of 148.9 cents includes \$4.5 million US PPP loan forgiveness which occurred in H1 FY2022

3. Includes impact of Collection House acquisition which added \$29 million to revenue and a small loss at NPAT level

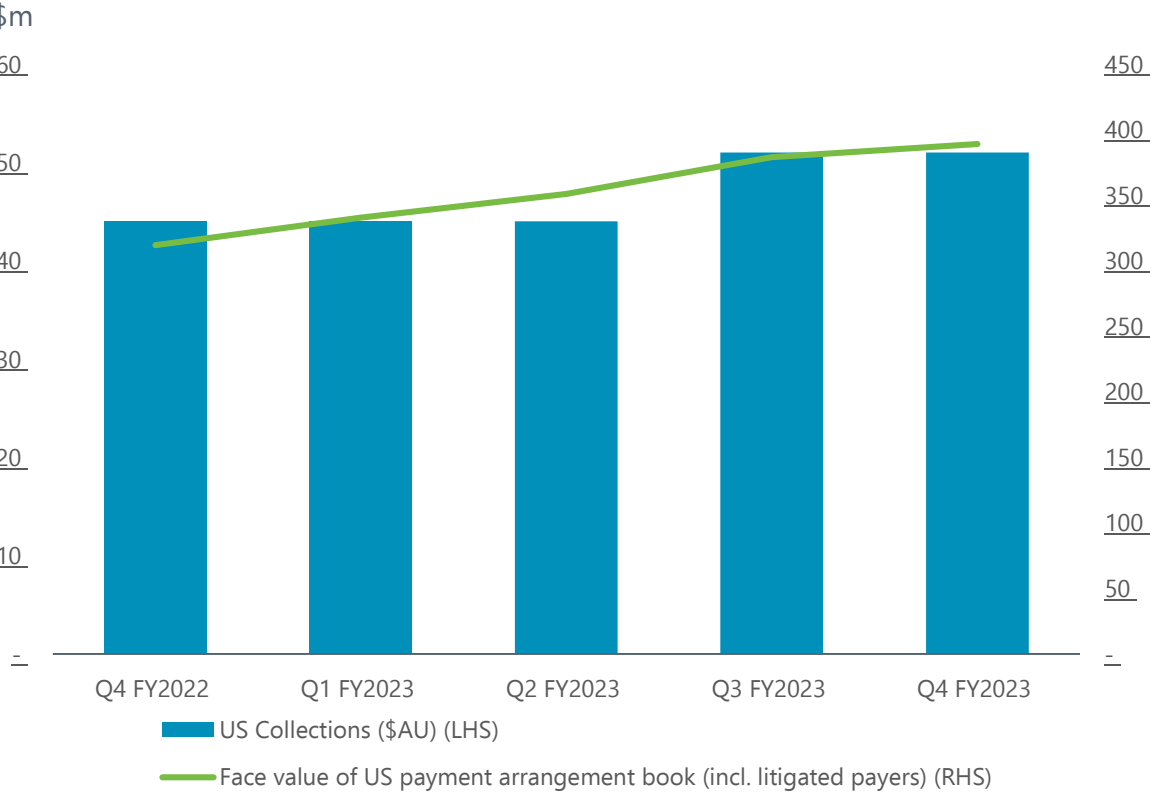
4. FY2022 recalculated based on FY23 average exchange rate to arrive at variance %

- Solid recovery in productivity and collections despite increased repayment plan delinquency late in Q4

US Productivity Per Hour (A\$)

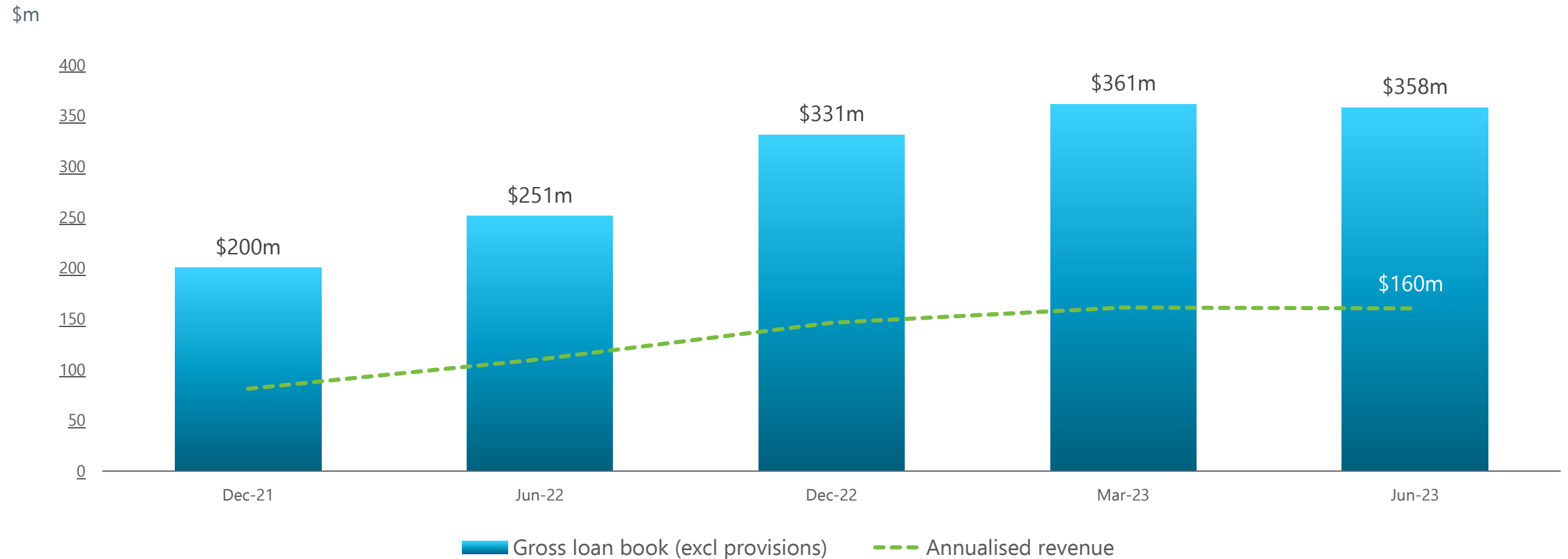


US Collections and Arrangement Book (A\$m)



... AND THE CONSUMER LENDING BOOK WAS MAINTAINED AT RECORD LEVELS ...

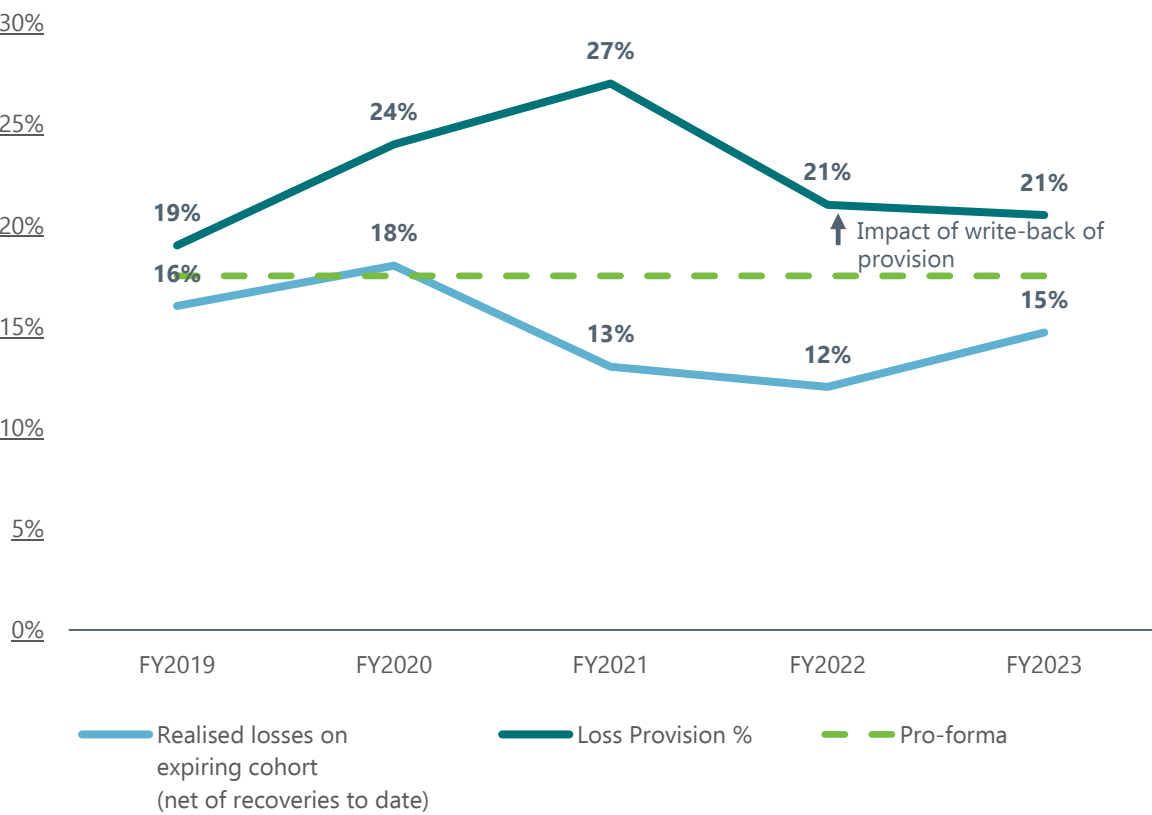
Consumer Lending Book and Annualised Revenue



... WHILE ARREARS AND LOSSES REMAIN WITHIN PRO-FORMA

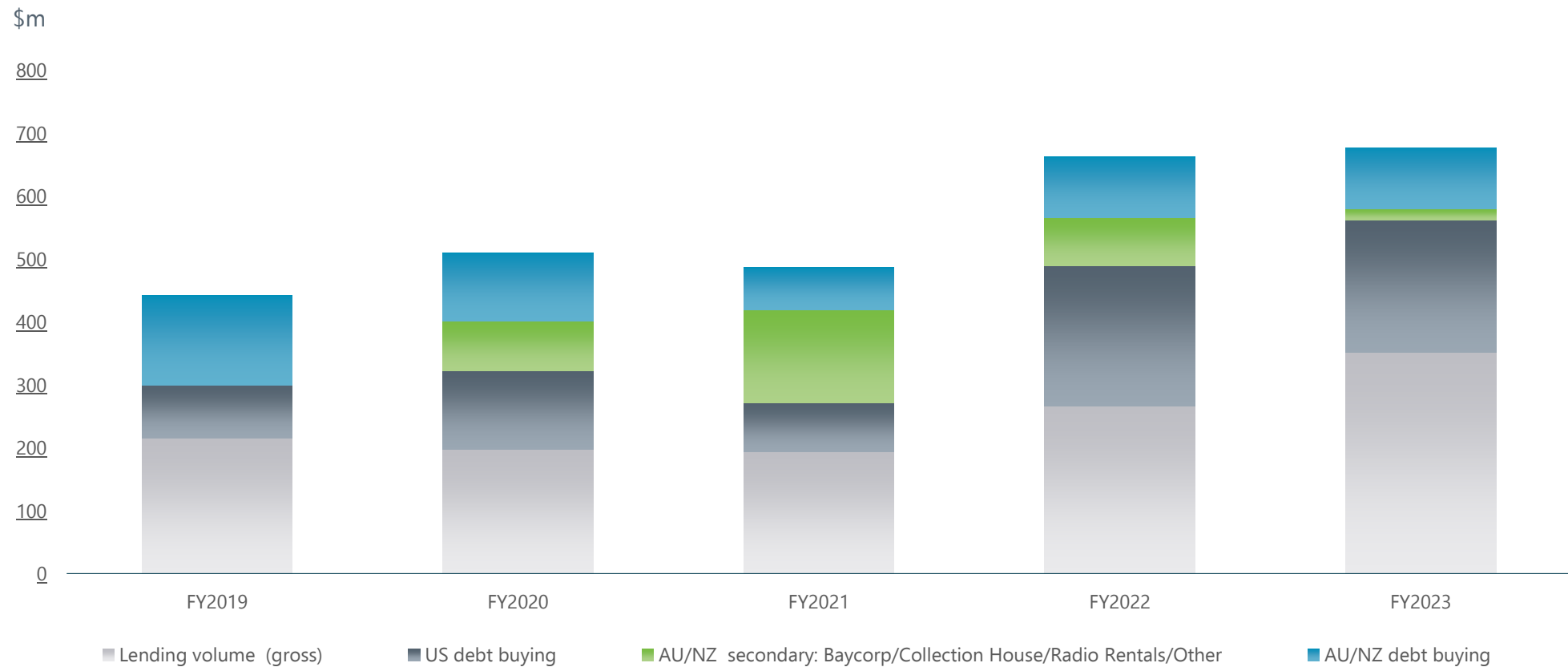
- Delinquency has increased
- Losses likely to remain within the pro-forma
- Limited origination of longer-duration auto loans
- Provision maintained in excess of pro-forma

Loss Provision to Realised Losses (%)



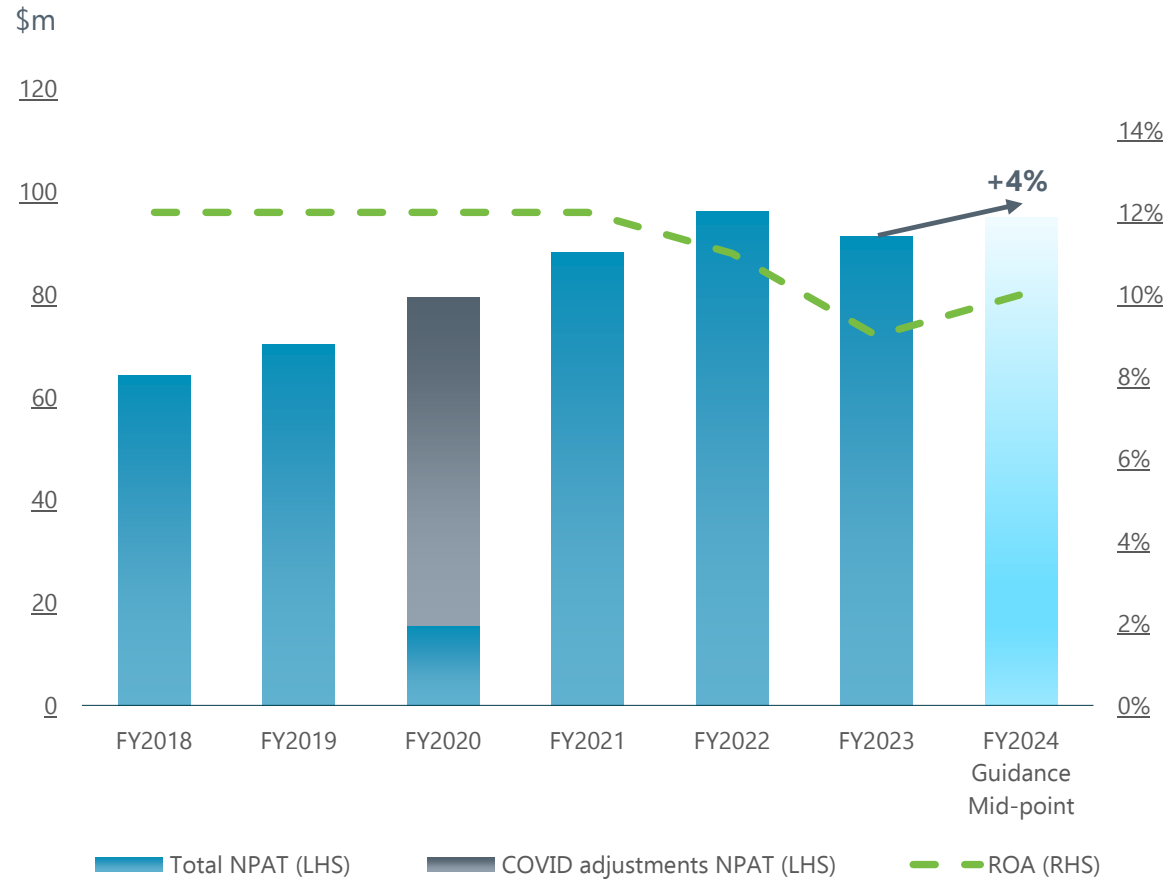
- Record consumer lending volume of \$351 million

PDL Investment and Lending Volumes

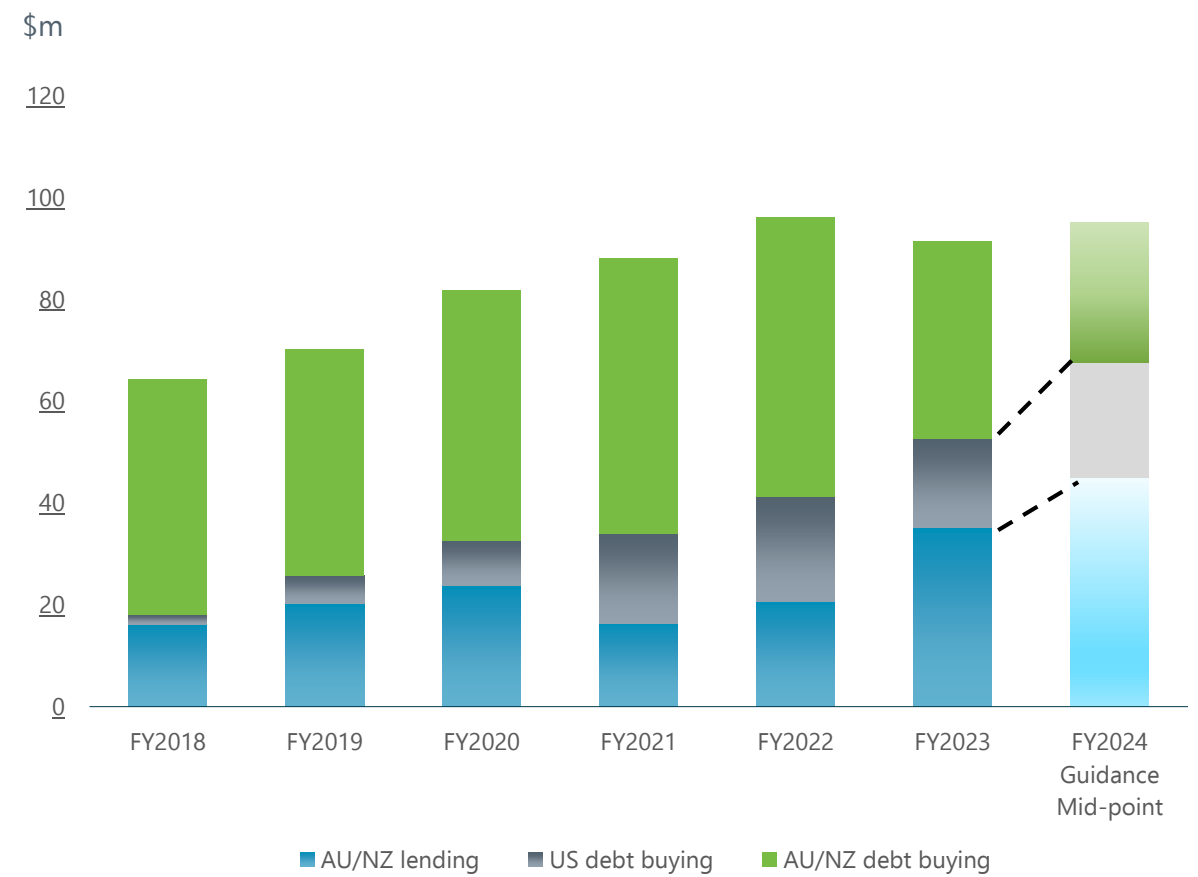


... WILL UNDERPIN STRONG FY24 EARNINGS GROWTH IN THESE SEGMENTS

NPAT and Return on Assets

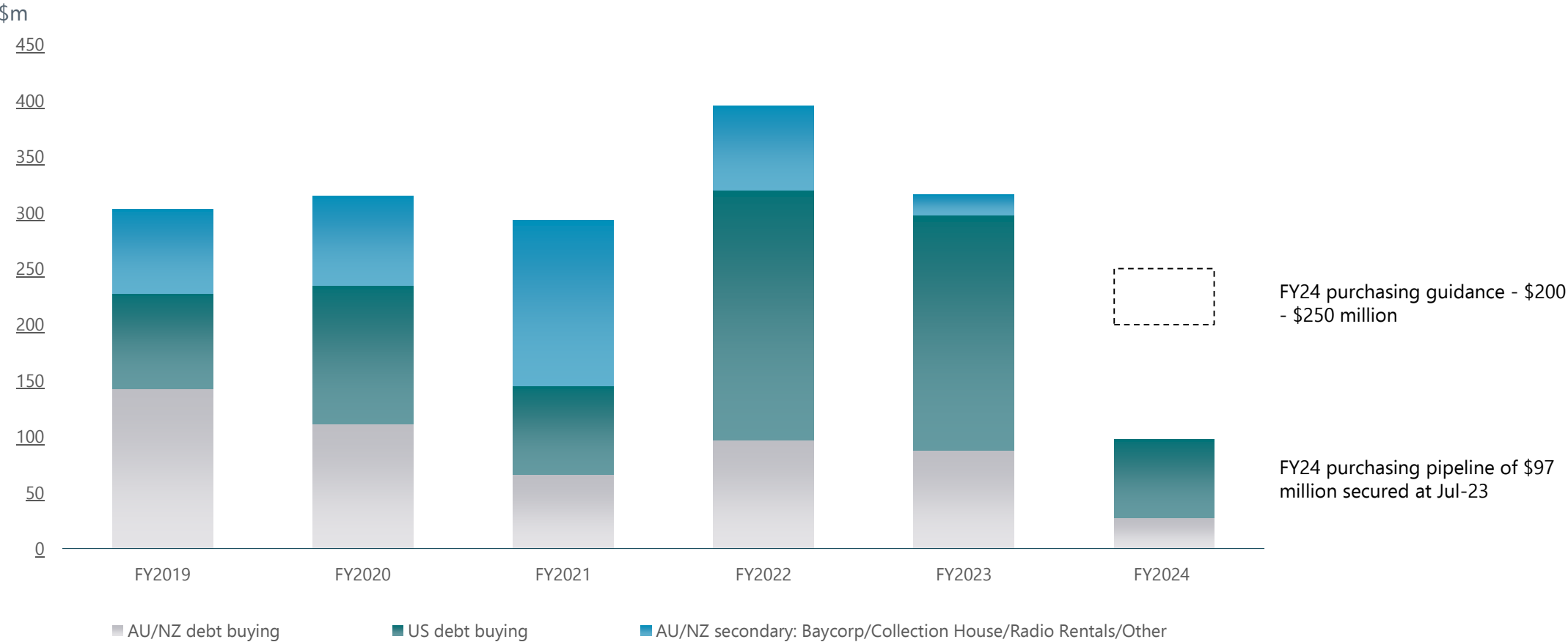


NPAT by Segment



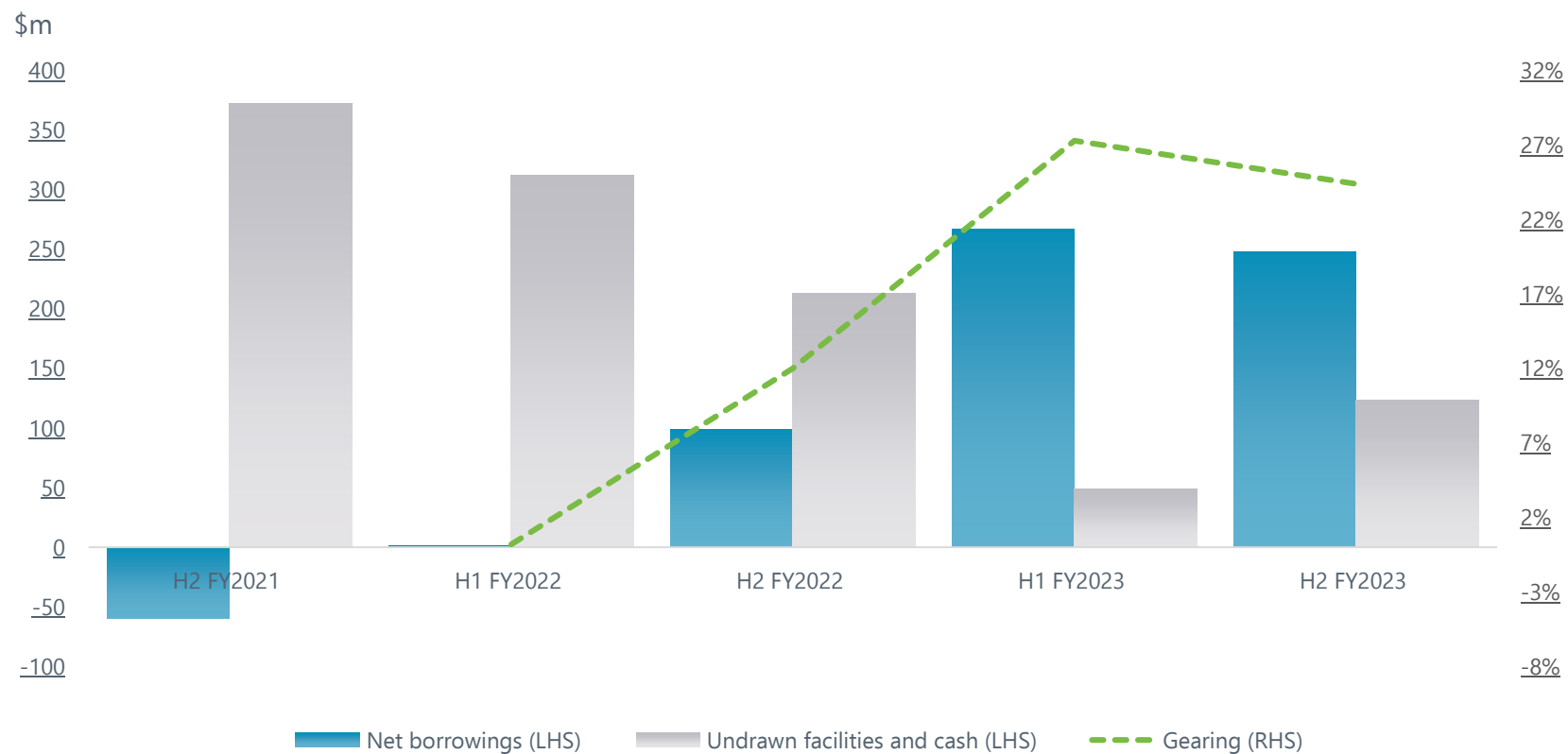
IMPROVED US PURCHASING CONDITIONS PROVIDED A SOLID FY24 PIPELINE ...

Investment



- Syndicated corporate banking facility extended to Jun-26

Gearing and Cash Facilities



FY24 GUIDANCE	
Ledger investment	\$200 - \$250 million
Net lending	\$45 - \$55 million
NPAT	\$90 - \$100 million
EPS (basic)	132 - 147 cents

APPENDICES: KEY OPERATING METRICS

APPENDICES

KEY OPERATING METRICS

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APPENDIX 1

OPERATING CASH FLOW AND GEARING

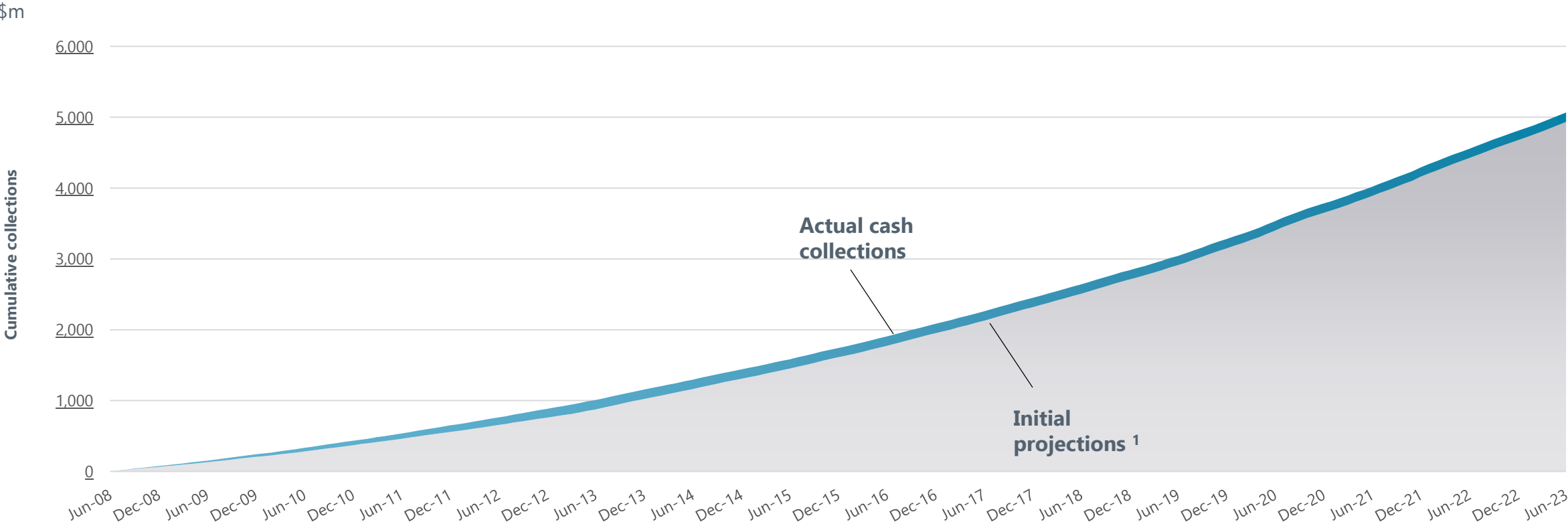
OPERATING CASH FLOWS AND GEARING	JUN-21	DEC-21	JUN-22	DEC-22	JUN-23
Collections	\$243.8m	\$272.8m	\$264.3m	\$257.2m	\$236.6m
Other income	\$55.0m	\$60.4m	\$69.6m	\$80.7m	\$117.4m
Interest expense / income	(\$2.1m)	(\$2.1m)	(\$2.6m)	(\$6.0m)	(\$9.6m)
Operating expenses including taxation	(\$101.9m)	(\$126.1m)	(\$149.6m)	(\$166.5m)	(\$124.1m)
PDL acquisitions, net lending and capex	(\$123.2m)	(\$238.0m) ¹	(\$249.0m)	(\$304.5m)	(\$166.5m)
Net operating (free) cash flow	\$71.8m	(\$33.0m)	(\$67.3m)	(\$139.1m)	\$53.8m
PDL carrying value	\$467.3m	\$557.2m	\$637.3m	\$719.0m	\$762.1m
Consumer loans net carrying value	\$135.2m	\$146.6m	\$198.4m	\$263.3m	\$284.5m
Net cash / (borrowings)	\$61.7m	\$1.1m	(\$98.9m)	(\$266.6m)	(\$248.4m)
Net borrowings / carrying value (%)	N/A	N/A	11.8%	27.1%	23.7%

1. Includes outlay of \$63 million for acquisition of Radio Rentals assets in Dec-21

APPENDIX 2
PRICING DISCIPLINE AND ACCURACY



Pricing Discipline and Accuracy

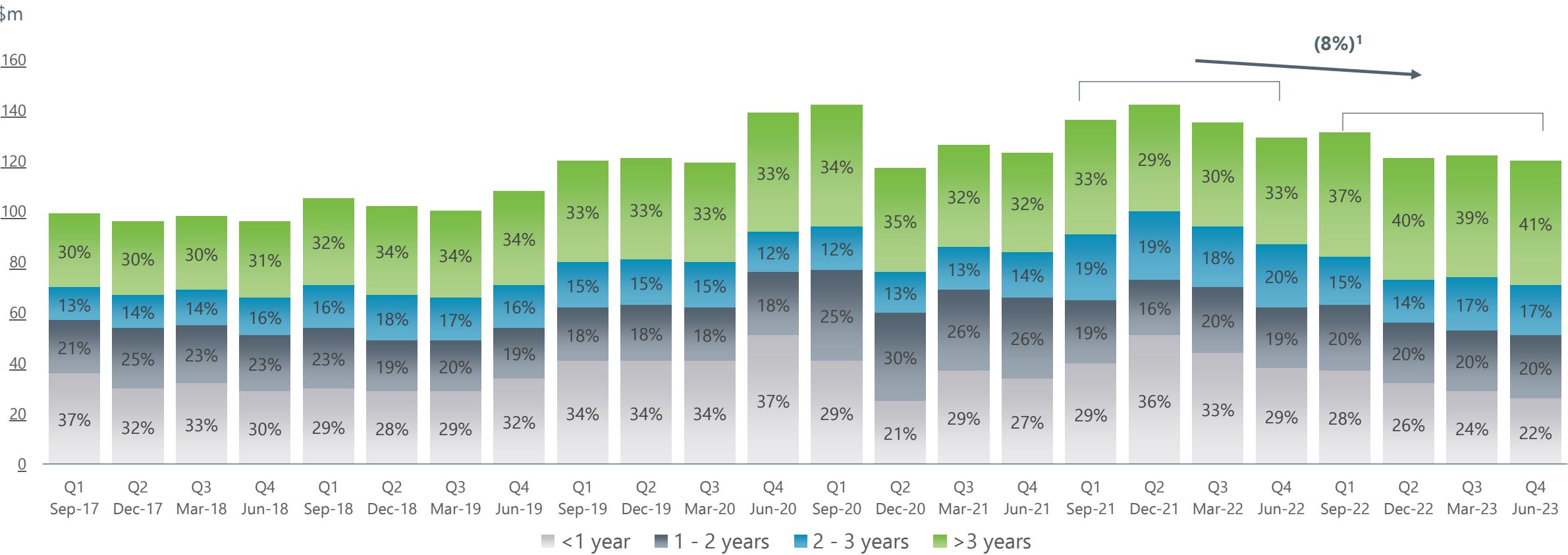


1. For all PDLs held at June 2008, initial projections represent the forecast at June 2008

APPENDIX 3
COLLECTIONS LIFE CYCLE



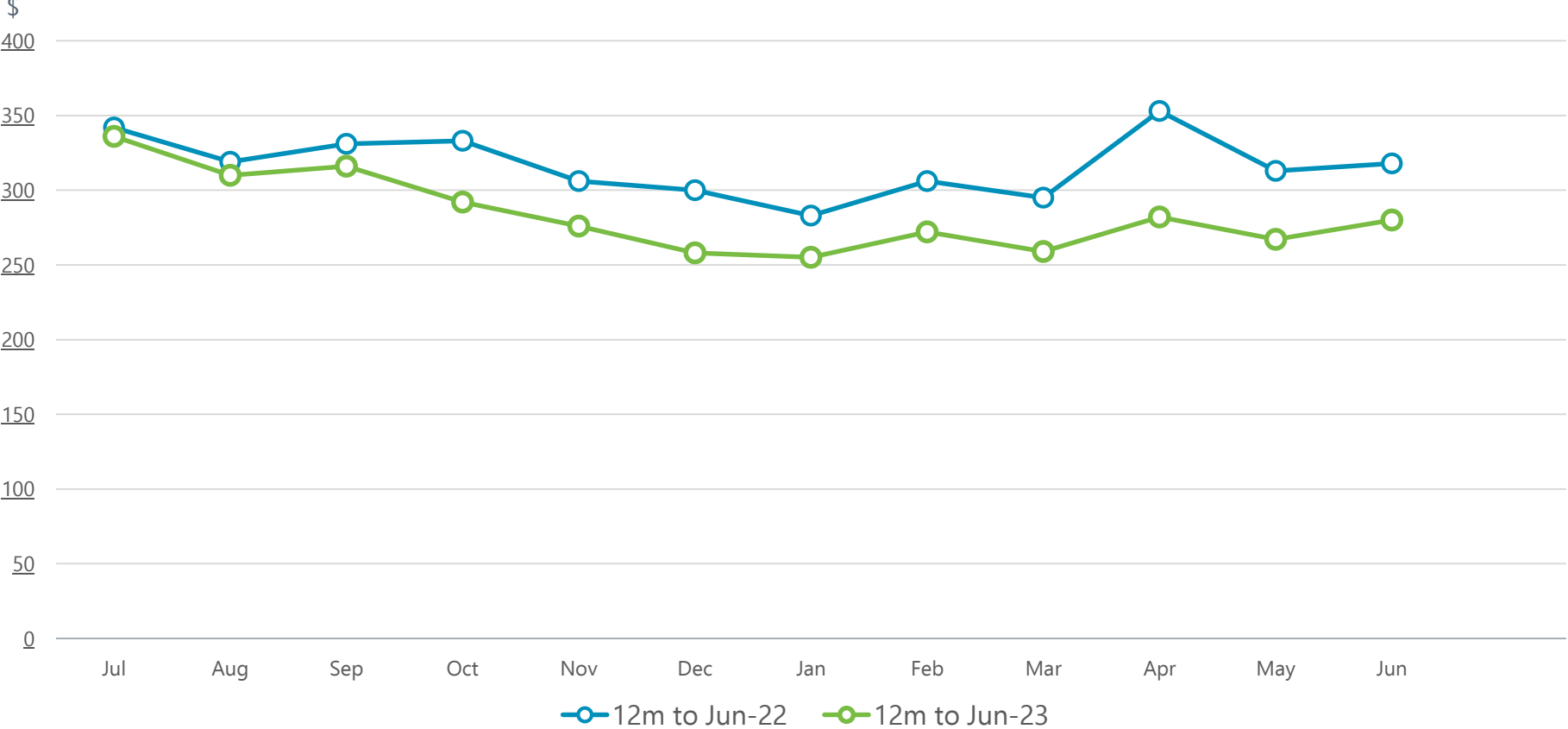
PDL Collections by Vintage



1. 8% less in FY2023 vs FY2022.

APPENDIX 4
PRODUCTIVITY

Productivity Per Hour (A\$)



FULL YEAR AVERAGE:
FY2022: \$312
FY2023: \$284

Portfolio Summary: Debt buying

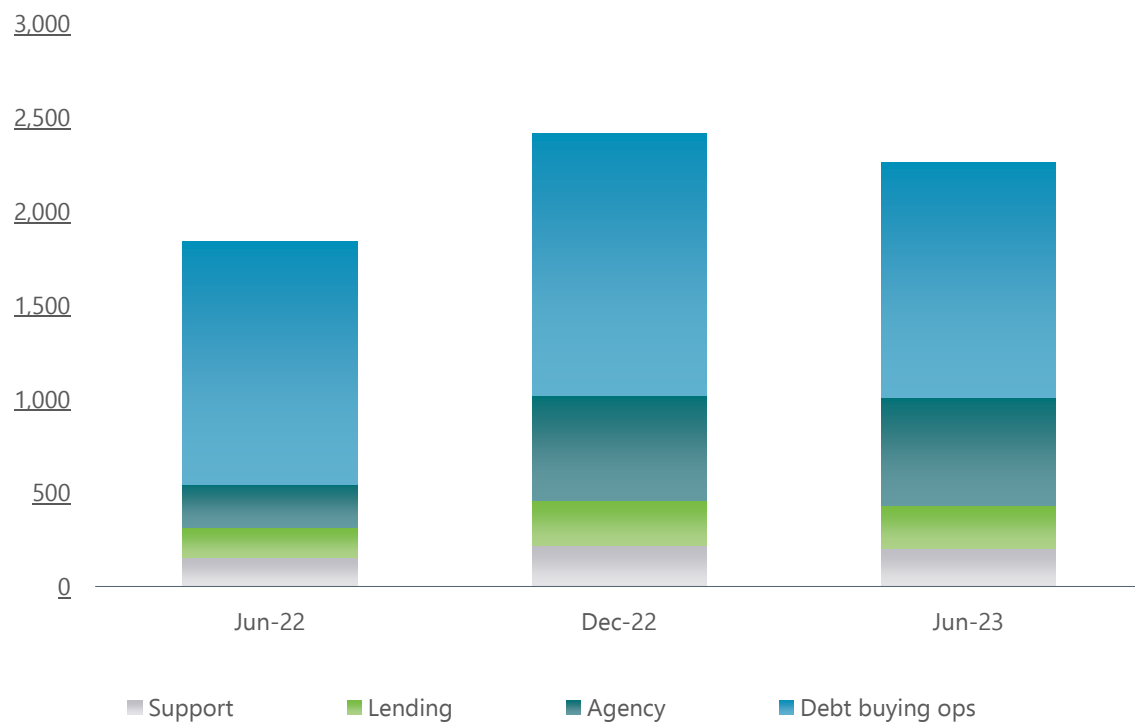
AU/NZ				COMBINED AU/NZ/US ¹		
TOTAL PORTFOLIO	DEC-20	JUN-21	DEC-21	JUN-22	DEC-22	JUN-23
Face value	\$8.6b	\$8.5b	\$7.9b	\$11.8b	\$12.7b	\$12.8b
Number of accounts	1,392,000	1,326,000	1,252,000	2,863,000	2,993,000	2,952,000
PAYMENT ARRANGEMENTS						
Face value	\$1,550m	\$1,600m	\$1,555m	\$1,742m	\$1,727m	\$1,725m
Number of accounts	219,000	217,000	243,000	264,000	266,000	274,000

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

APPENDIX 6

OPERATIONAL AND TOTAL HEADCOUNT

Period End Headcount (FTE)





	JUN-22	DEC-22	JUN-23
Debt buying operations	1,296	1,401	1,255
Collection services	229	558 ¹	571 ¹
Lending	162	243	231
Support	153	217 ¹	204 ¹
Total	1,840	2,419	2,261
Support %	8%	9%	9%

1. Including staff acquired as part of the acquisition of Collection House during H1 FY23

APPENDIX 7

AU/NZ AND US DEBT BUYING OPERATIONAL METRICS

 AU/NZ DEBT BUYING	FY2023	Δ FY2022
Collections	\$304m	(18%)
Productivity	\$308 per hour	(2%)
Operations headcount ²	697	(12%)
Payers book ²	\$1,336m	(7%)

 US DEBT BUYING	FY2023	Δ FY2022
Collections ¹	\$189m	7%
Productivity ¹	\$248 per hour	(32%)
Operations headcount ²	558	63%
Payers book ²	\$389m	25%

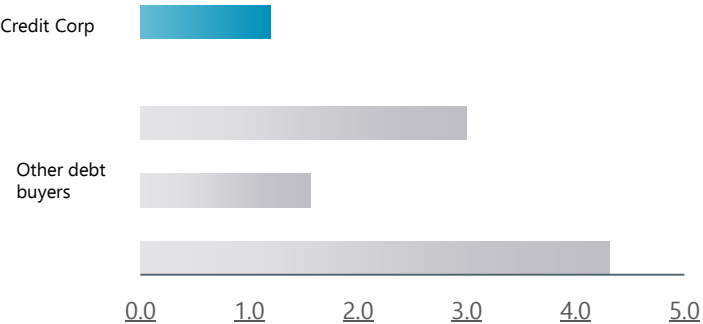
1. Constant currency basis

2. As at Jun-23

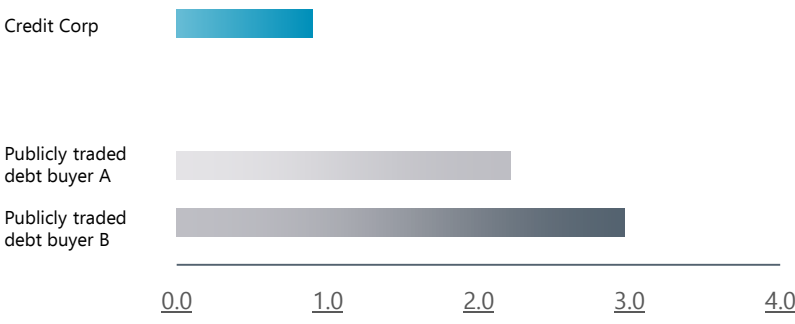
APPENDIX 8
LEADING APPROACH TO RESPONSIBLE PRACTICES

- Continued industry leadership
 - Lowest EDR rate in AU ¹ and low US dispute rate ²
 - Highest rating from consumer stakeholders
- Leading approach to hardship
- Compliance and sustainability critical in present conditions

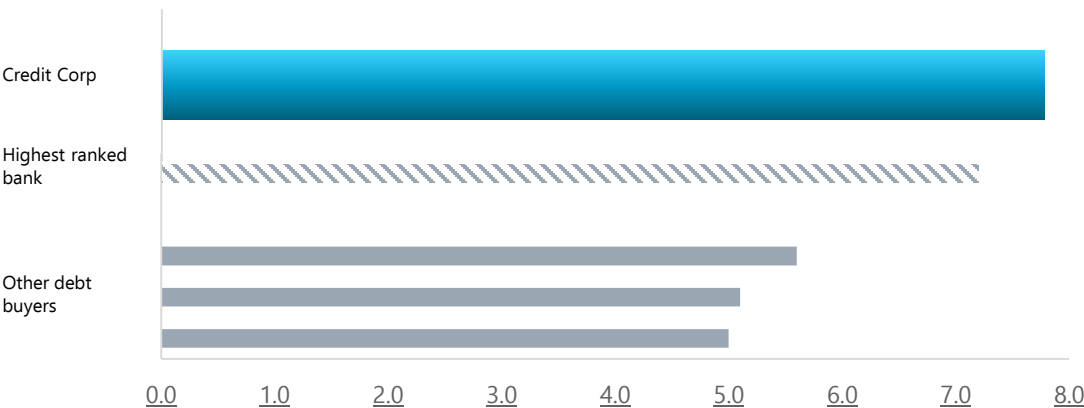
H1 FY2023 AU EDR rate ¹



12 months to Mar-23 US dispute rate ²



Rating of banks and debt buyers by financial counsellors in 2019 ³ (score out of 10)



1. No. of complaints reported by External Dispute Resolution (EDR) provider (The Australian Financial Complaints Authority) for the 6 month period to December 2022 divided by total annual PDL collections expressed in millions of dollars.

2. Complaint metrics from Consumer Financial Protection Bureau (CFPB) database for the 12 months to Mar-2023 divided by reported collections https://www.consumerfinance.gov/data-research/consumer-complaints/search/?from=0&searchField=all&searchText=&size=25&sort=created_date_desc.

3. Financial Counselling Australia: Rank the banks and other creditors survey 2019 - Rating of response to consumer hardship, July 2020, pages 7 and 19.

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