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Credit Corp Group

2015 Annual General Meeting

Performance Update

Thomas Beregi | *Chief Executive Officer*

Michael Eadie | *Chief Financial Officer*

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Competitive leadership in the credit-impaired consumer segment

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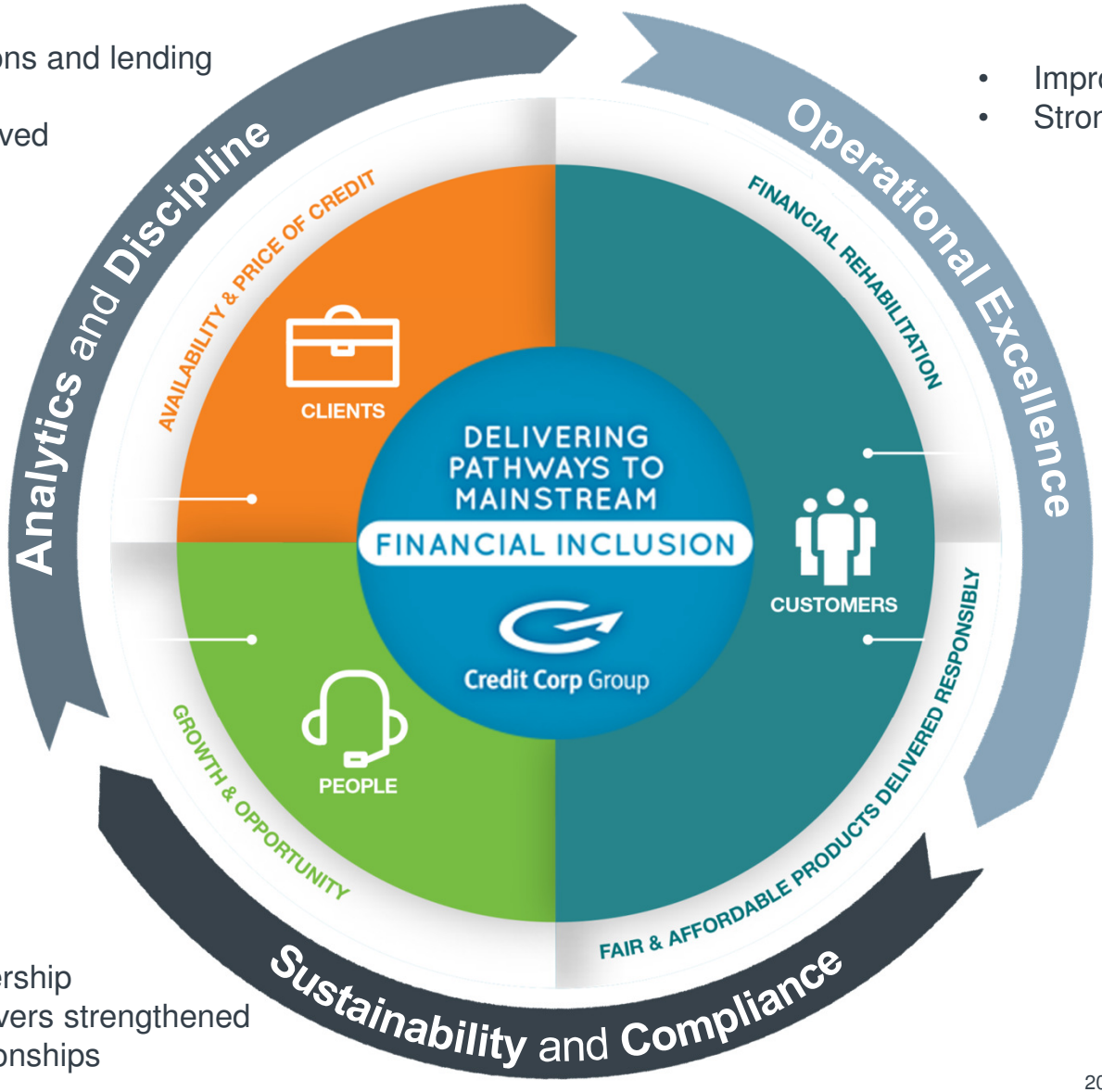
- PDL acquisitions and lending growth
- Returns achieved



- Improved operating metrics
- Strong outlook

- Compliance leadership
- Sustainability delivers strengthened stakeholder relationships

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Operational leadership delivers improved outlook

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Full year guidance update

Aug-15 Expectation	Nov-15 Update
• PDL acquisitions of $90 - $120m	• Favourable forward-flow renewals • Now on track for $125 - $145m • Operational improvement maintains returns
• Net lending volume of $30 - $40m	• Volumes unaffected by SACC decision • Currently ahead of expectations
• NPAT of $40 - $42m	• Improved operating metrics • Year to date collections growth of 10% • NPAT on track for $42 - $44m

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Leadership in sustainability strengthens relationships and drives growth

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Unrivalled sustainability and compliance

Core debt purchasing

- Impeccable record, despite being the largest and longest-established debt buyer and collector
  - Never subject to a regulatory order or undertaking
  - No reportable EDR systemic issues
  - Never engaged an EDR provider in litigation

- Lowest industry EDR compliant rate – EDR complains / $m collected (1)

	FY15	FY14
General	0.6	0.6
Credit reporting (2)	0.7	0.6
Total	1.3	1.2

- Four largest competitors show a general complaint rate of between 16% and 226% higher than Credit Corp
- Most successful consumer hardship program in the industry
  - $1.1bn of defaulted credit obligations restructured into sustainable ongoing payment arrangements
  - 76% of total collections from mutually-agreed ongoing payment arrangements

(1) Number of complaints reported to external dispute resolution (EDR) services divided by total PDL collections expressed in millions of dollars.
(2) Almost exclusively relate to credit listings made by the original credit issuer.

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Leadership in sustainability strengthens relationships and drives growth

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Unrivalled sustainability and compliance

Lending business

- Impeccable record, despite operating in the credit-impaired segment
  - Never subject to a regulatory order or undertaking
  - No reportable EDR systemic issues
  - No investigations
- Significantly lower complaint rate per loan than either the credit card or personal loan averages reported by the EDR provider to mainstream credit product issuers
- Market-leading fees and rates, as low as one half of the applicable legislated caps
- Uniquely affordable products which, on average, account for less than 5% of borrower income, compared to 13.8% for the majority of the market (1)

(1) Comparison of Credit Corp Small Amount Credit Contract (SACC) average to market average for 85% of the SACC market per Credit Corp analysis.

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Operational leadership underpins financial strength and returns

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	Domestic						International	
	Credit Corp	Collection House	Baycorp	Pioneer Credit	Cash Converters	Thorn Group	Encore Capital	PRA
Carrying value of financial assets (PDLs / Receivables) (1)	$244m	$256m	$93m	$82m	$124m	$323m	$3,474m	$2,621m
Annualised cash from financial assets (collections, repayments, interest) (2)	$365m	$128m	$95m	$52m	$242m	$395m	$2,246m	$2,056m
Financial asset turnover (3)	1.63x	0.52x	0.62x	0.74x	1.92x	0.90x	0.73x	0.85x
External debt (4)	$65m	$119m	$45m	$33m	$127m	$144m	$4,081m	$1,958m
Debt as % of carrying value (5)	27%	46%	48%	40%	102%	45%	117%	75%
ROE (6)	23%	14%	3%	15%	(8%)	17%	18%	24%

(1) The carrying value at the most recent reporting date for each entity.
(2) The cash generated from financial assets including collections and principal and interest loan repayments during the last fiscal year for the domestic entities and the last four quarters for the international entities.
(3) Represents the ratio of the cash generated from financial assets described at (2) above to the average carrying value of financial assets. For the domestic entities (other than Baycorp), average carrying value of financial assets is calculated as a three point average over the last fiscal year, for the international entities as a five point average over the last four quarters and for Baycorp a two point average over the last fiscal year.
(4) The carrying value at the most recent reporting date for each entity.
(5) Calculated as external debt described at (4) above divided by the carrying value of financial assets described at (1) above.
(6) Calculated as net profit after tax for the most recent fiscal year for the domestic entities and the most recent four quarters for the international entities divided by average net assets. For the domestic entities (other than Baycorp), average net assets is calculated as a three point average over the last fiscal year, for the international entities as a five point average over the last four quarters and for Baycorp a two point average over the last fiscal year.

Financial capacity for growth

- Strengthened relationship with principal banker
- Westpac facility increased to accommodate near-term asset growth
  - Short-term increase from $75 to $85m
- Reviewing long-term alternatives in light of the strong growth outlook across all businesses

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Putting competitive leadership to work - improved purchasing outlook

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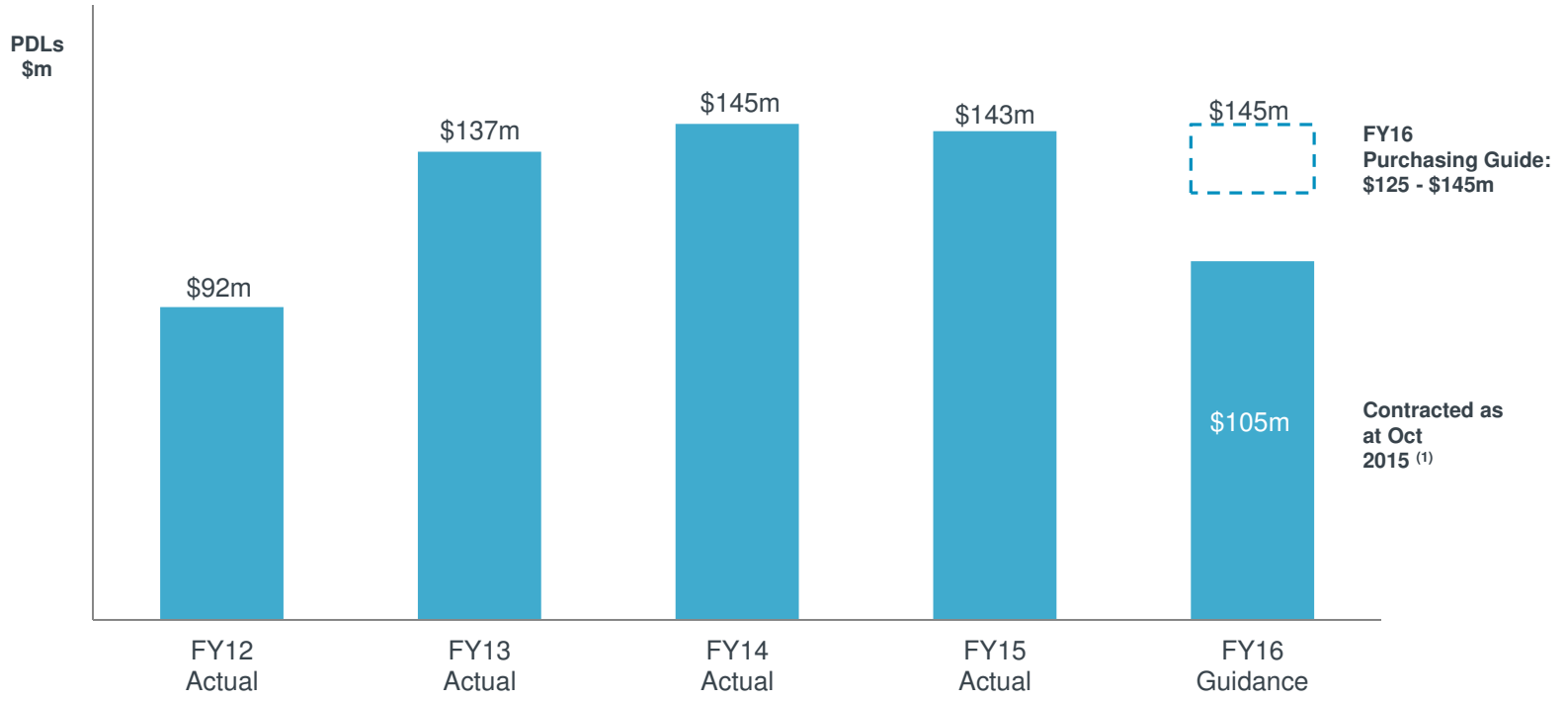
- Compelling proposition for clients
  - Operational improvement has facilitated strong pricing
  - Leading sustainability and compliance delivers brand / reputation
- Recently expiring forward flows have been renewed
- Some instances of increased market share



(1) Includes US purchases. Prior year $65m.

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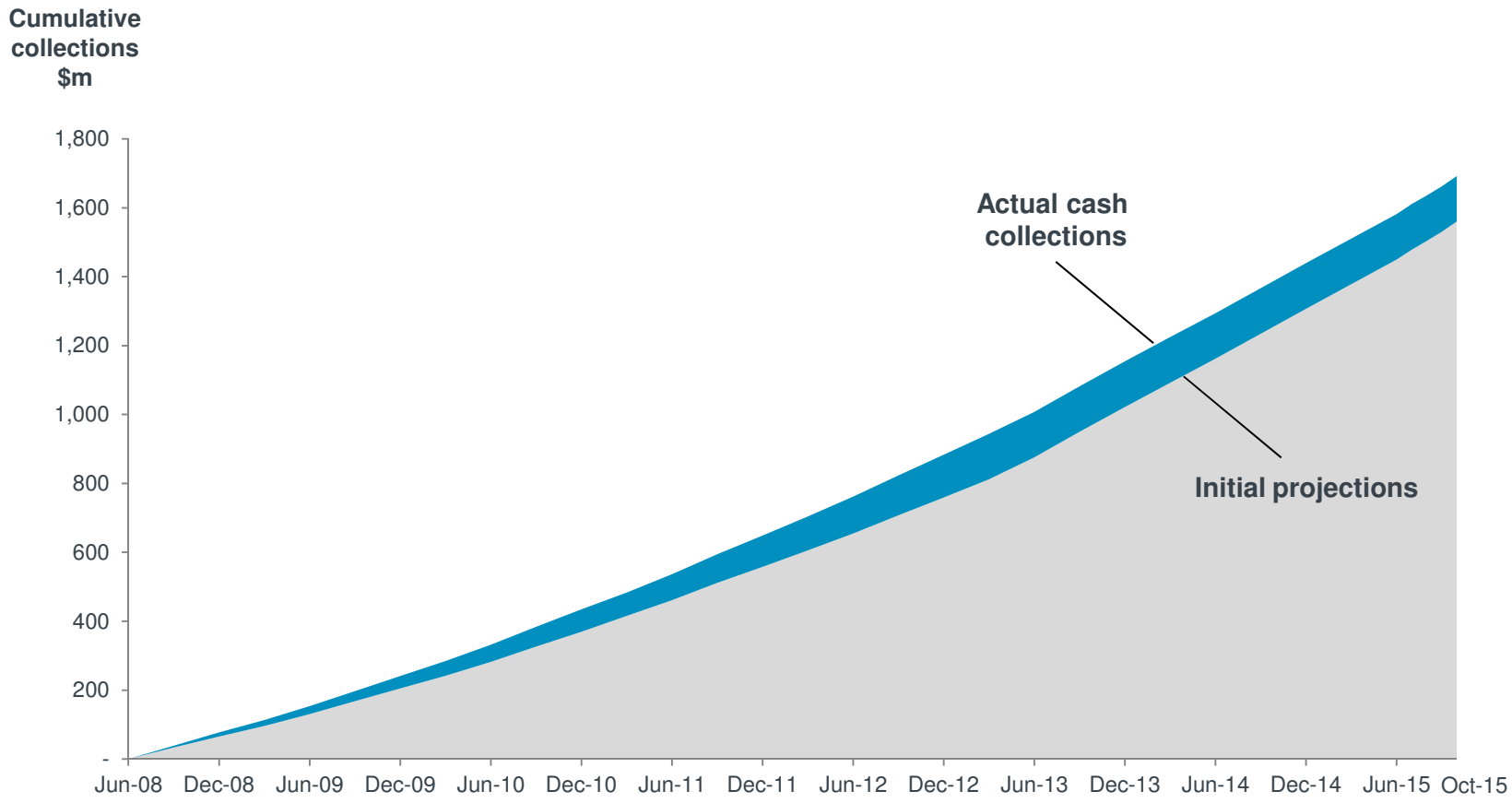
Operational metrics - return disciplines maintained



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

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Operational metrics improved - collection life-cycle

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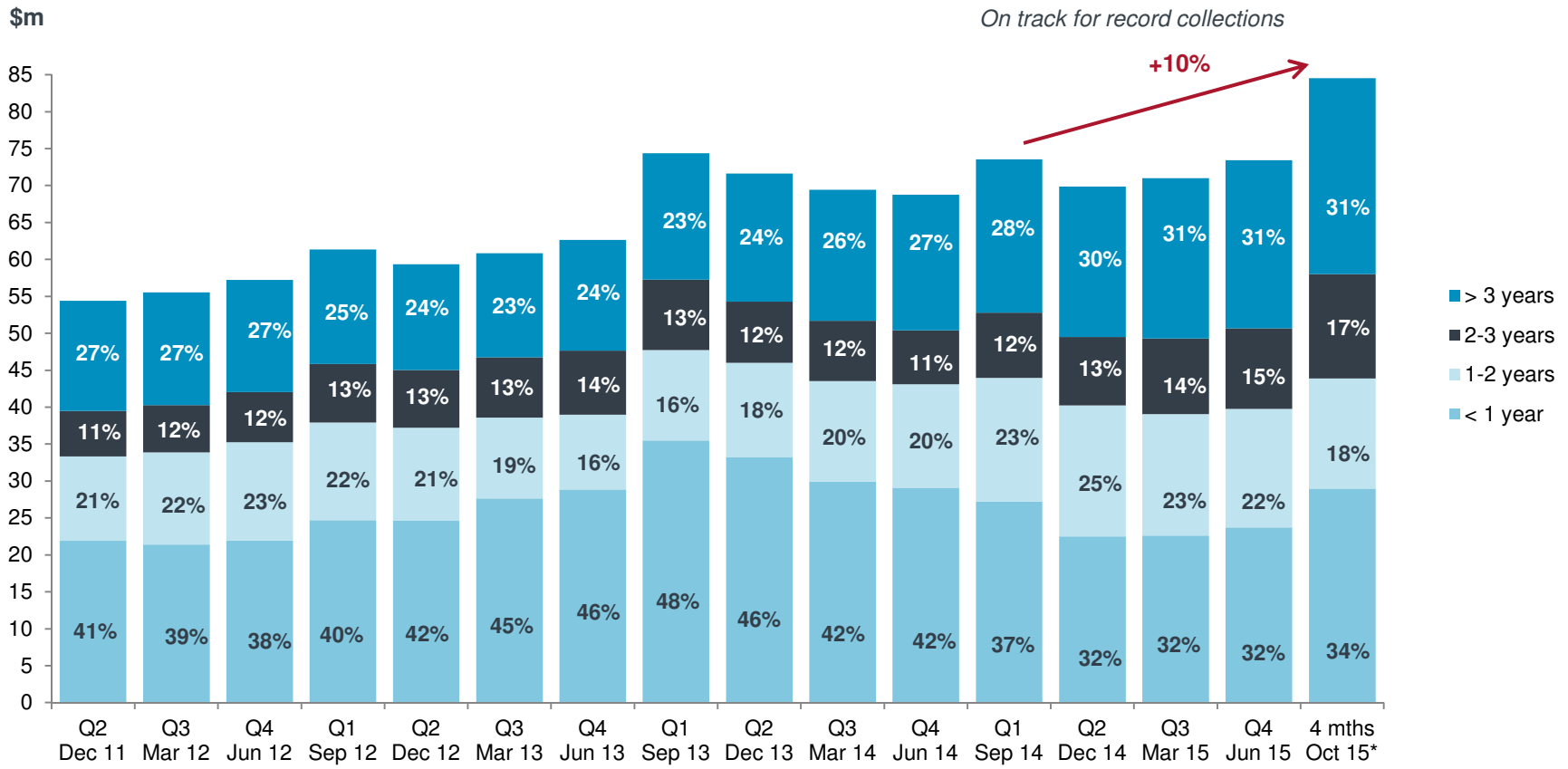
PDL collections by date of purchase



* pro-rated to a quarterly average.

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Operational metrics improved - productivity

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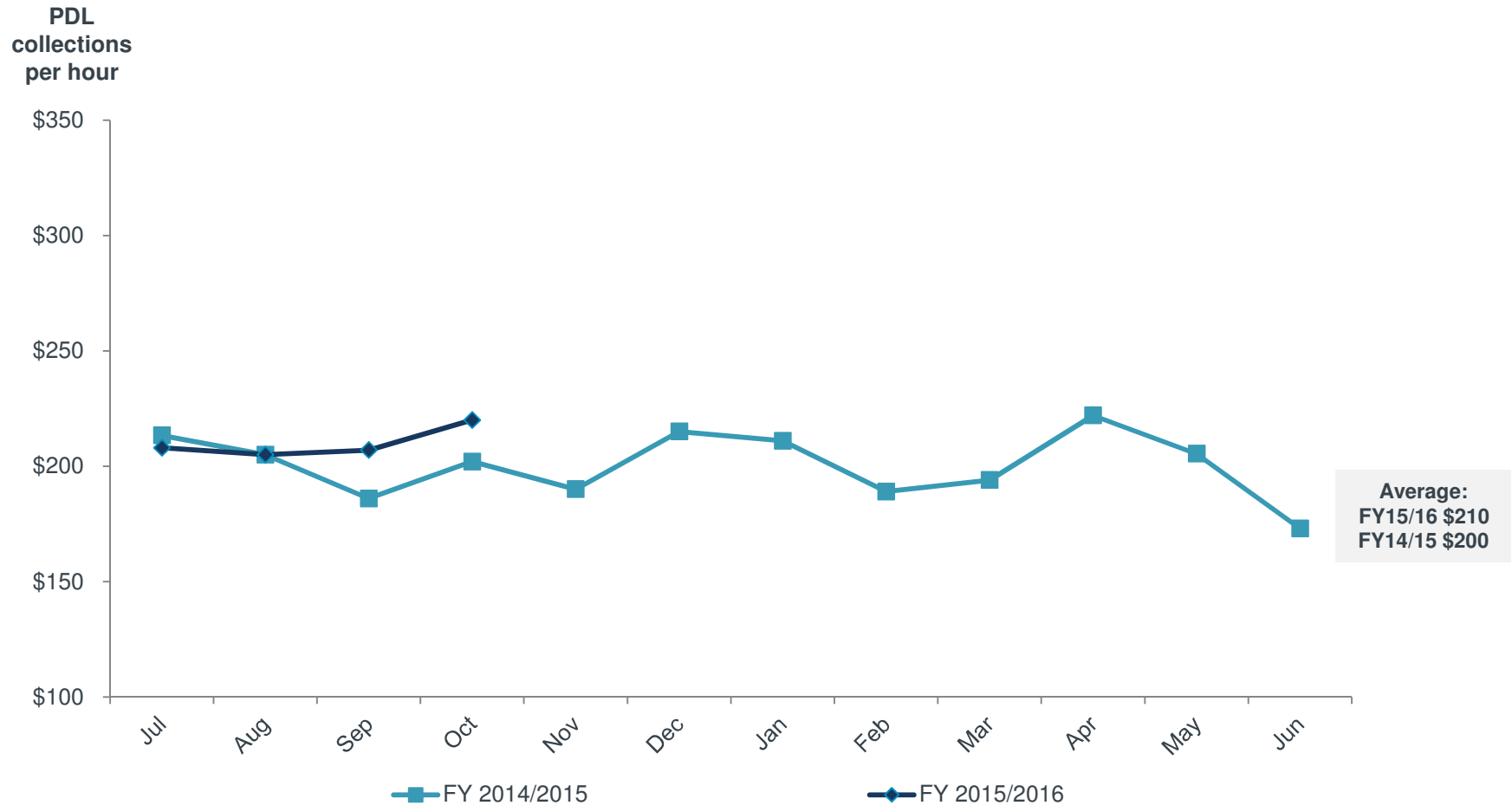
Debt purchase productivity (direct collection staff only)



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Operational metrics improved - payers base

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Total portfolio	Oct 15	Jun 15	Dec 14	Jun 14	Dec 13	Jun 13
Face value	$5.1bn	$4.9bn	$4.8bn	$4.7bn	$4.5bn	$4.0bn
Number of accounts	696,000	703,000	698,000	744,000	759,000	711,000

Payment arrangements						
Face value	$1,081m	$1,044m	$963m	$909m	$791m	$742m
Number of accounts	139,000	133,000	125,000	120,000	111,000	106,000
% of PDL collections	76%	75%	73%	73%	71%	72%

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Consumer lending growth momentum maintained

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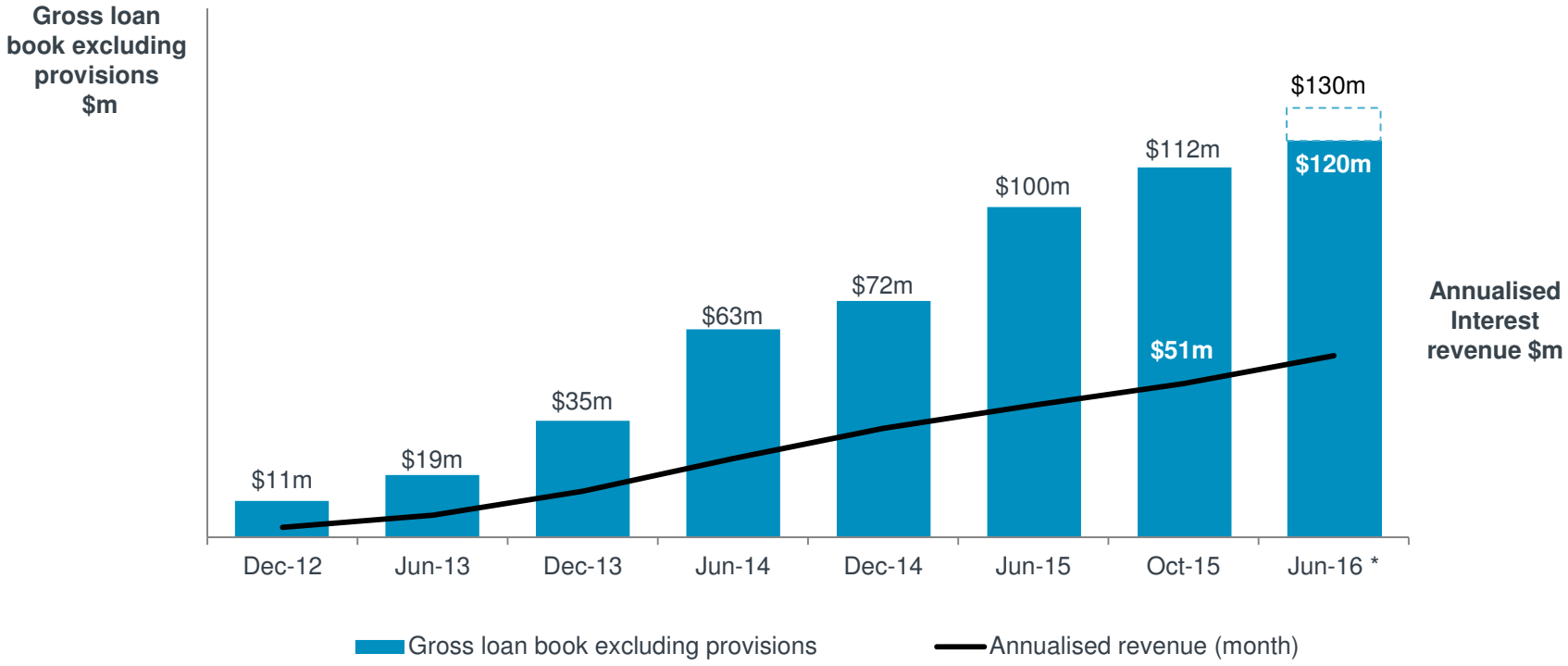

*Projected gross loan book reflecting $30 to $40m net lending guidance.

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Longer duration products an increased proportion of the loan book…

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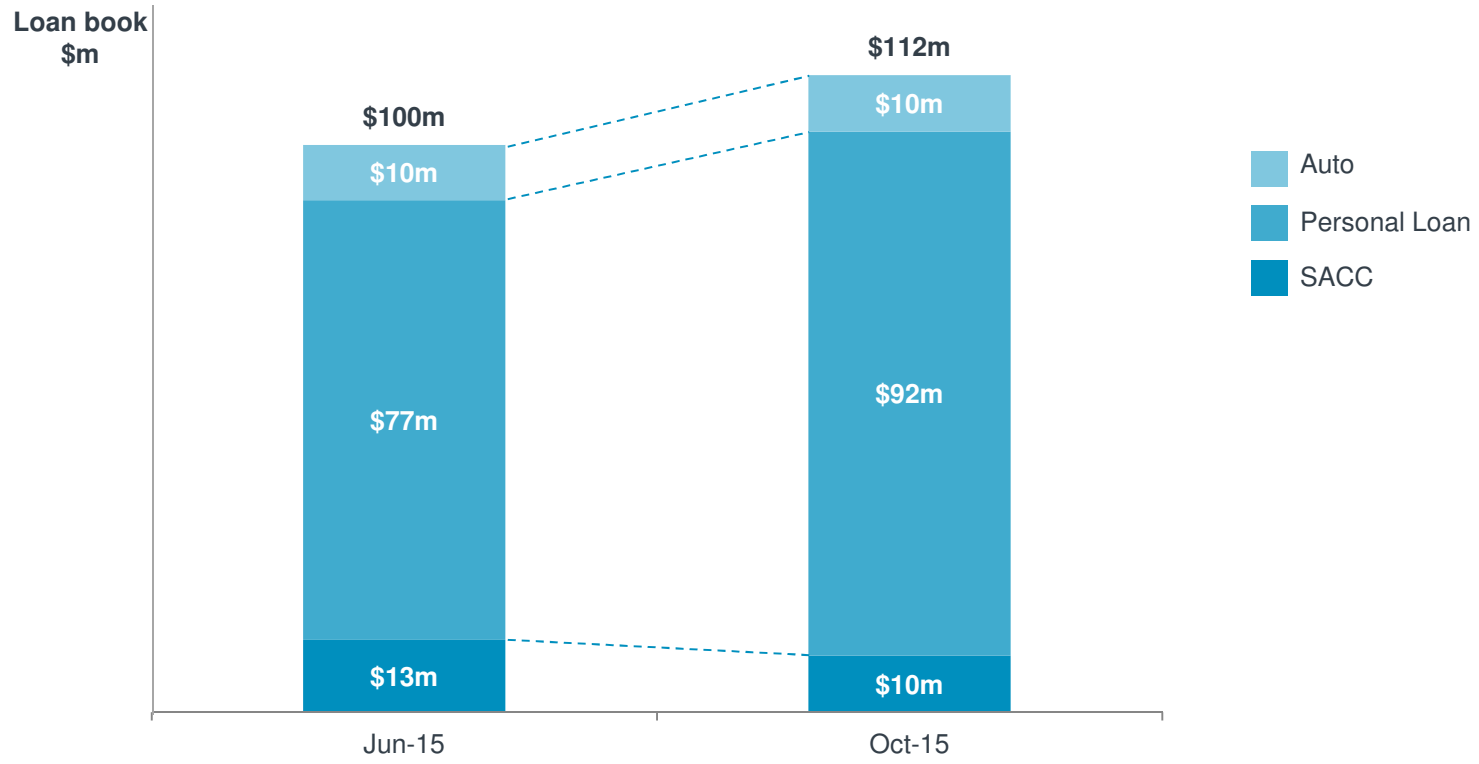

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…but we will withdraw from the SACC segment by March 2016

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- Inaccurate application of the term 'payday loan' to all SACCs regardless of duration
- Unacceptable impact on our reputation and relationships
- Pejorative connotations discourage legitimate providers
- We will work hard to set the record straight through the current government review
- Credit Corp's SACC is a uniquely sustainable solution which meets government policy objectives

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 (1)	$479	37 days	2.6 fortnightly payments of $229	13.8%	20% upfront 4% monthly

- The decision will not affect our ability to achieve current year lending growth targets
- Strengthened stakeholder relationships will facilitate new growth in 'second look' lending opportunities

(1) <90 day duration SACCs comprise 85% of the SACC market.

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US business is moving forward despite unchanged conditions

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- Supply conditions remain constrained
  - Recent consent orders (enforceable undertakings) by major issuers (Chase) and debt buyers (Encore and PRA) provide a regulatory template
  - Proposed rules still unlikely to be released prior to the June 2016 quarter
- Substantially improved operating model for recent purchases
  - Collection efficiency on track for 35% improvement
  - Legal performance on track to achieve internal target
- If these improvements can be confirmed then increased purchasing at current prices will bring the US business to breakeven in future years

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Updated FY16 guidance

Credit Corp Group

	Issued Aug-15	Updated Nov-15
PDL acquisitions	$90 - $120m	**$125 - $145m**
Net lending	$30 - $40m	**$30 - $40m**
NPAT	$40 - $42m	**$42 - $44m**
EPS (basic)	86 - 91 cents	**91 - 95 cents**