

Pioneer Credit strengthens relationship with Big 4 bank

Pioneer Credit Limited (ASX: PNC) has strengthened its relationship with one of Australia's Big 4 banks, finalising a new agreement for the acquisition of a parcel of customer accounts.

Pioneer has been acquiring accounts from this institution for the past two years on a modest scale, with an investment of approximately \$5 million per annum.

Under the new agreement, which runs for two years, the annual investment will increase to approximately \$20 million.

Managing Director Keith John said: "In line with our disciplined approach, Pioneer has used a 'start low and grow' strategy with this client. This approach has enabled us to develop a deep understanding of the value of these accounts and how they are best liquidated over time.

"This new agreement, which we believe validates not just Pioneer's relationship with the bank but also our long-term partnership model, sits alongside other material agreements which we believe will underpin a total FY17 investment of at least \$50 million.

"As at the date of this agreement, approximately 70% of this investment is under contract. We expect this to increase during the first half of FY17 as other agreements enter renewal phases."

During FY16, Pioneer has maintained its long-held strategy of requiring stringent minimum return hurdles, while steering clear of chasing short-term growth which may ultimately prove unsustainable.

"To put it another way, we are unashamedly particular about the accounts we acquire, and proudly so. The business is stronger as a result," Mr John said.

"Following a year of fairly static purchasing as we have waited for the market to shake out from what we regard as overpaying by others in the market, the changing dynamics have resulted in a lessening of some competition.

"At the same time, there has been a refocus by major financial institutions on quality – across both operational strategy and corporate strategy – and a preference for dealing with companies such as Pioneer with strong and growing balance sheets.

T: 08 9323 5000

www.pioneercredit.com.au

“As always in a growing and dynamic market, opportunities to invest and grow our business will continue to present themselves. Pioneer will ensure that every opportunity is considered fully and entered into only if it meets the very strong guidelines that we have in place so that returns are genuinely accretive to shareholders, while ensuring credit risk is both understood and fully priced.”

The new agreement includes appropriate reviews for both parties throughout the two year agreement period.

Pioneer confirms its guidance for after tax profit of at least \$8.8 million for the current financial year.

About Pioneer Credit

Pioneer Credit is an Australian company bringing a fresh new approach to financial services. We began life as a financial services provider to people in financial difficulty. Today, with more than 140,000 customers Australia-wide, we continue to focus on helping people get their finances back on track and achieve their goals. In 2016 we will embark on the next chapter in our growth story, with the launch of a range of products to our customers. Ultimately, our aim is to help customers achieve home ownership, using loans we will broker back through our valued banking partners.

For further information about Pioneer see www.pioneercredit.com.au

Investors / Media:

Keith R. John
Managing Director
P: 08 9323 5001
E: krjohn@pioneercredit.com.au

David Ikin
Senior Account Director
Professional Public Relations
P: 08 9388 0944 / 0408 438 772
E: david.ikin@ppr.com.au