

Retail NPL at Scale Requires a Controlled Operating Model

Collectius – Specialist investor and servicer of retail NPL portfolios across Southeast Asia

7

Markets

MY · TH · PH · ID · VN · IN · SG

8.6M+

Customers Managed

\$129M+

Deployed

1,200

Employees

In-House Collections

Contactable, higher-value accounts – managed via call center, digital, field & legal teams

Outsourced Collections

Lower-probability portfolios – external agencies for scale, regional reach & cost efficiency

☐ Once debt is acquired, **operating model quality determines returns.**





Returns Are Lost Through Operational Leakage

Underwriting Risk

Incomplete seller data · Portfolio mispricing

People Risk

Poor performance · Fraud · High attrition · Weak management

Performance Risk

Forecast vs. actual gap · Strategy execution failure

Counterparty Risk

Weak partners · Poor legal enforceability · Inaccurate reporting

The Cost of Leakage

- **5% lower collector productivity** → material EBITDA loss
- **3-month onboarding delay** → reduced IRR
- **Poor segmentation** → wasted call cost + missed recoveries
- **Staff fraud** → direct financial loss + reputation damage



In retail NPL, **leakage is silent but expensive.**

Poor Conduct Can Destroy Enterprise Value

Sources of Reputational Risk

- Harassment complaints & privacy breaches
- Social media escalation
- Regulatory action
- Poor third-party agency behavior

Investor Impact

- Client loss · Lower deal flow
- Valuation discount · Higher regulatory scrutiny

Collectivus Mitigation

- "Customer" not "debtor" philosophy
- call logging & QA monitoring
- Ethical scripts and controls



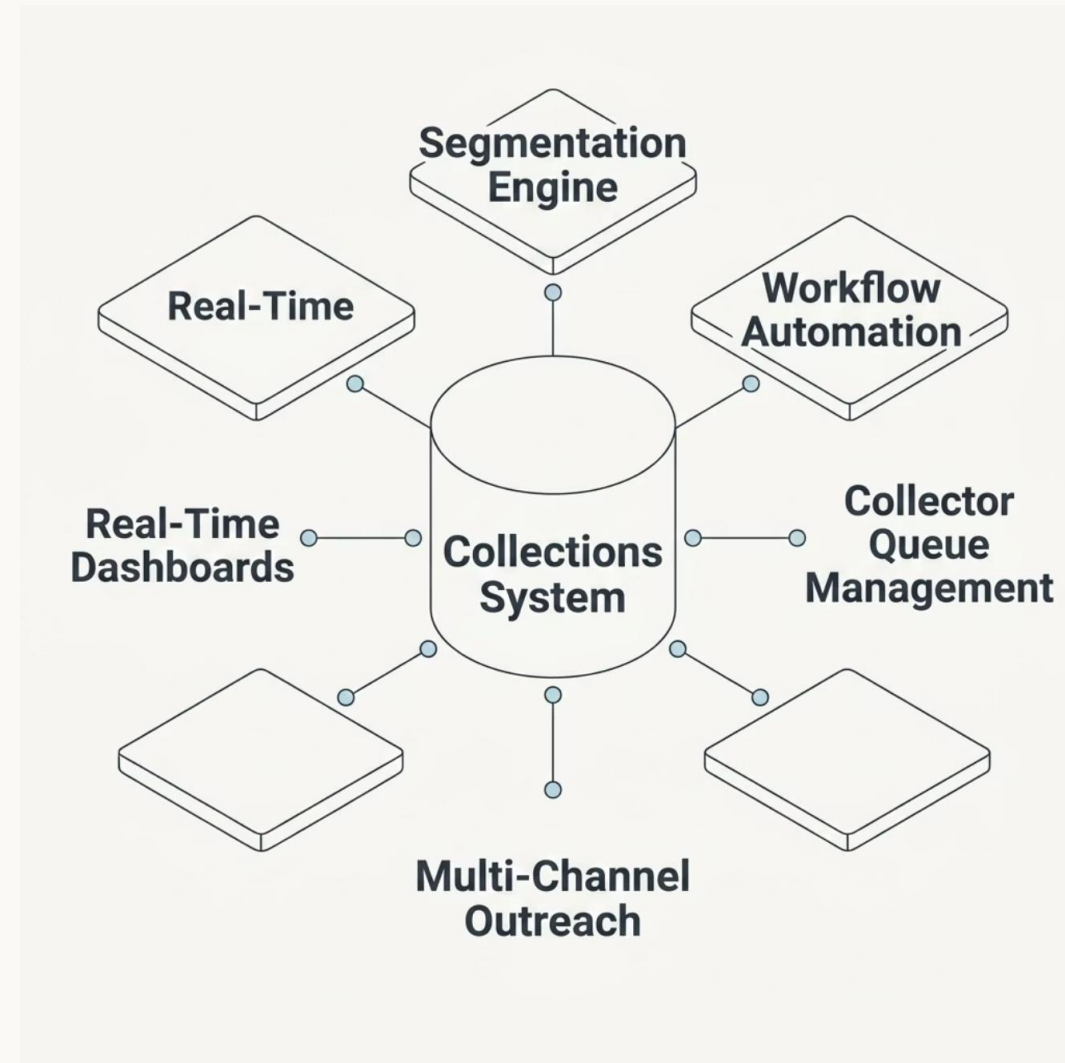
☐ Reputation directly affects future earnings.

Without Data and Systems, Strategy Cannot Be Executed

The Data Challenge

Operational Consequences

- Poor segmentation – wrong collectors on wrong accounts
- Overspending on low-yield portfolios
- Missing high-value recoveries



Seller data incomplete / outdated

Credit bureau maturity varies by market

Low contactability – 10–20% across many SEA portfolios

☐ **Collections systems convert strategy into cash.**

Scale Requires Control Over Both Internal and External Channels

External Agency Risks

- Compliance breaches
- Fake payments / misreporting
- Poor customer treatment
- Weak recovery quality

In-House Risks

- Data theft · Payment diversion
- Side settlements · Internal collusion

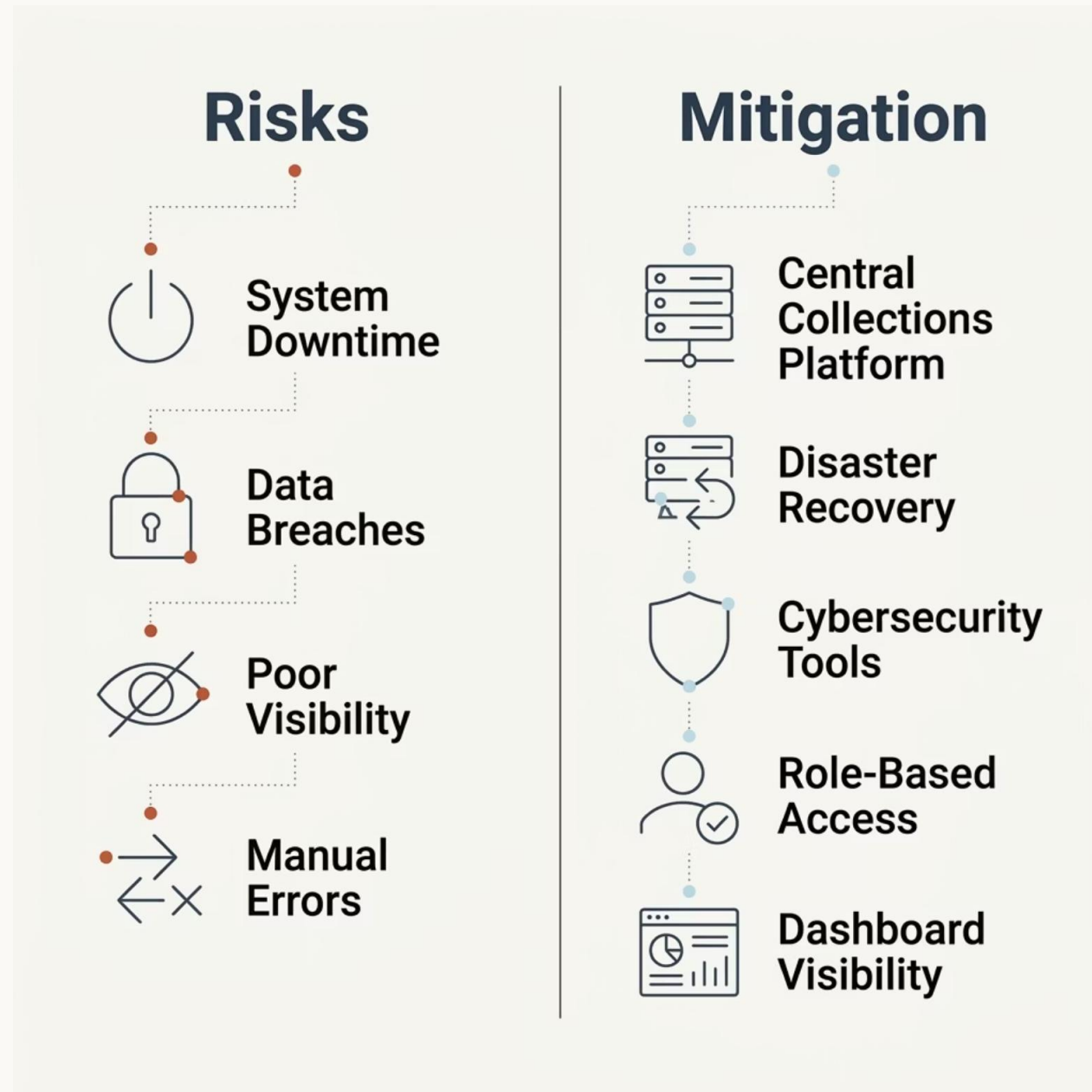
Controls Required

- Segregation of duties
- Payments to company-controlled accounts only
- Call & communications monitoring
- Access controls and audit logs
- Surprise audits
- Whistleblowing channel

 **Fraud risk exists inside and outside the company.**



Technology is the Control Layer of Modern Collections



Why Systems Infrastructure Is Non-Negotiable

Collections performance depends on continuous, accurate system operation. Downtime, breaches, or poor visibility translate directly into recovery shortfalls.

- ✔ Stable systems support **stable collections** — and stable investor returns.

One Region, Seven Different Rulebooks

Thailand & Malaysia

Established licensing regimes with defined compliance frameworks

Vietnam

Restricted outsourcing – local operational models required

Indonesia

OJK regulatory environment with evolving NPL guidelines

All Markets

Privacy rules tightening – data governance increasingly scrutinized

Investor Impact

- Slower portfolio onboarding timelines
- Higher compliance costs per market
- Localized operating models are a necessity, not an option

📌 **Regional scale requires local compliance precision.**





People Drive Collections Performance

Key Risks

- High attrition & weak negotiation skills
- Low morale & poor leadership pipeline

Mitigation

- 📄 **Collections is still a people business** – supported by technology.

Incentive design aligned to recovery outcomes

Continuous training programs

Strong country leadership

Performance scorecards

Competitive Advantage Built on Execution



Integrated Model

In-house + outsourced channel optimization



Regional Footprint

7 markets with deep local expertise



Strong Systems

Segmentation + workflow execution at scale



Governance

Robust controls and institutional reporting



Reputation

Trusted by leading banks and institutional investors

Institutional Governance Reduces Tail Risk

The Governance Loop

Operational Risk Policy

Risk Event Examples

- Fraud incidents · Customer complaint spikes
- Payment diversion · Data leakage
- Vendor failure · System outage



✔ **Good operators turn incidents into stronger controls.**

People

Process

Systems

Outsourcing

Conduct

Fraud

The Formula for Sustainable NPL Returns



Strong Reputation

Trusted relationships with banks & institutions



Strong Controls

Governance, fraud prevention, conduct standards



Strong People

Trained, incentivized, accountable collectors



Strong Systems

Segmentation, automation, real-time visibility



Strong Data

Accurate inputs drive every downstream decision

In retail NPL, **alpha is not created when buying debt**. It is created every day – by reducing operational leakage.