Australian Shareholders' Association

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Company	Credit Corp Group Ltd
Code	CCP
Meeting	AGM
Date	11am Thursday 4 November 2019
Venue	Boardroom, 225 George Street, Sydney
Monitor	Sue Erbag (assisted by) Patricia Beal

Number attendees at meeting	25 shareholders plus 30 visitors
Number of holdings represented by ASA	96
Value of proxies	$7,962,688
Number of shares represented by ASA	248,834 (13th largest shareholding in Top 20 list)
Market capitalisation	$1.73bn
Were proxies voted?	Yes, on a poll
Pre AGM Meeting?	Yes, with Chair Don McLay, and CFO Michael Eadie.

Cross-border expansion

For the second consecutive year Credit Corp (CCP) held both a poll and a webcast.

We noted last year that Credit Corp's management team was male dominated with only one female board member. It was therefore good to see CCP heading in the right direction with the appointment of another female board member in 2019, Trudy Vonhoff.

Our questions this year were focussed on two areas, CCP's share issue in the first half of 2019 and transparency. Whilst the annual reports again contained a good level of information, they still didn't include a remuneration table showing actual take home pay. When we brought this issue up this year, CCP's response was that they felt it was sufficient to show what was required on a statutory basis. Additionally, we commented that by using fair value rather than market value to calculate performance rights, there was a lack of transparency regards KMP incentives and actual take home pay. CCP again repeated that the statutory requirement was only for fair value and this was the reason they chose to use this method. In total there was a 5.3% vote against the remuneration report, however the percentages were not displayed on the screen and we will make another request for this moving forward.

As we pointed out last year CCP's executives currently have no requirement to hold a minimum number of shares in CCP and have developed a pattern of selling their shares shortly after receiving them. This year their new board member Trudy Vonhoff who was appointed to the board shortly after last year's AGM, made an on market purchase of CCP shares to the value of $129,000. We took this as an opportunity to both directly congratulate Ms Vonhoff during the meeting on her purchase and state how good it would be if all the executives had more skin in the game.

CCP continues to be very positive regards their outlook for their US operations and will soon open their second US premises in Seattle to support their expansion. They added that these premises would eventually accommodate 300 people and they expected to grow their total US staff count to 700 people over the next two years. CCP expects to see increased earnings from the United States, which will push profit up as much as 10% for 2019-20.

CCP undertook a share issue during 2019 and raised $240m ($15m through a SPP capped raising for retail investors). We brought to CCP's attention that the ASA favors the PAITREO method for capital raising, and that we had been contacted by shareholders expressing dissatisfaction at the SPP $15m cap. CCP's response was that they understood retail shareholders would have preferred a greater allocation of new shares being made available to them, but timing constraints were a factor and using the SPP method with a cap of $15m was a quicker more cost effective method than the PAITREO method and therefore better for all shareholders in general.

CCP explained that the purpose of the offer was strategic expansion initiatives and balance sheet flexibility. CCP has indicated it is open to further acquisitions, with debt headroom of $165 million after the acquisition

CCP announced its acquisition of Baycorp for $65 million and lifted its 2020 profit guidance to between $81 million to $83 million, up from $75 million to $77 million, shortly after releasing its annual results. CCP expects debt collection activity to grow if a global recession eventuates over the next few years, however it has also pointed out that the low interest rate environment may mean lower distressed loans which could temper its growth rate.