

A future to bank on

Investor Presentation
Results FY22





OUR COMMUNITY CONTRIBUTION

Credit Corporation assists communities with local corporate and community sponsorships across our organisation.

Our aim is to foster long-term relationships and to support important community and corporate projects.

Our total contribution to community and corporate sponsorship in FY22 was K314,868.



Major Community Sponsorships

K30,000	K20,000	K20,000	K20,000	K27,000
Agmark Gurias Rugby League Club	Port Moresby Basketball Association	Transparency International PNG	Buk Bilong Pikinini	Project Yumi "Project Wok"



Health

- CC Properties employees visited Port Moresby General Hospital to donate gift packs to the hospital's pediatric ward.



Environment

- Mangrove Planting Initiative in Gaire village in Central Province.



Sport

- Sparrows Netball Club

PROJECT YUMI – CASE STUDY

In 2022, Credit Corporation partnered with Project Yumi Inc, an Australian and PNG not-for-profit, on their youth empowerment initiative “Project Wok”. This is job readiness training program. Credit Corporation’s sponsorship of Project Wok is aimed at overcoming the youth unemployment challenge.

Project Overview

Following the pilot, Credit Corporation offered Project graduates a 2-week paid work experience opportunity.

The graduates were hosted by Credit Corporation’s Corporate Office, PNG Sales and Service Division and the Property Division.

Seven Project Wok graduates were offered permanent full-time jobs with Credit Corporation.



Key Benefits

- Provides an opportunity to help resolve a challenging social issue in PNG.
- Provides our people with an opportunity to be Volunteer Mentors, giving back to the community and developing mentoring skills.
- Develops professional relationships with the IEA College of TAFE and the Young POM Chamber of Commerce who are Project Wok supporters.
- Increases brand recognition and awareness.

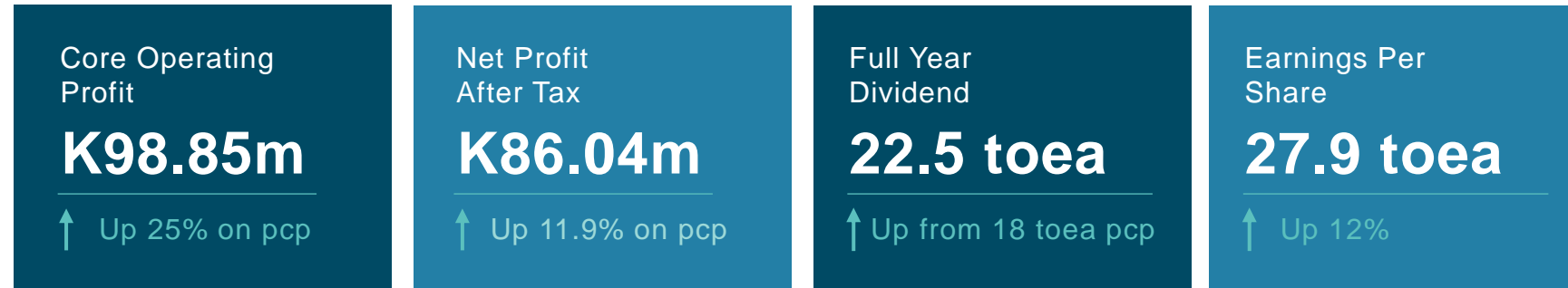


GROUP OVERVIEW

- Increase in overall profitability supported by increase in revenue flows.
- Improvements noted in impairment expenses.
- Improvement in several key performance ratios as a result of positive FY22 results.
- Credit Corporation delivers strong performance in FY2022
- Core Operating Profit (COP) K98.8m, up 25%
- NPAT K86m, up 12%
- Dividend per share 22.5 toea, up 25%
- Finance Division NPAT K37m, up 42%
- Property COP K13m, up 31%
- Dividend Income K62m, up 16%
- “Approval in Principle” from the Bank of PNG to our Application for a Niche Commercial Banking License
- Vendor selected for the new Core Banking System
- Strategic intent on track to deliver desired outcomes

FY22 – OVERVIEW

Improved financial performance



Focus on refreshed strategy

- Enhancing core finance business
- Becoming a niche commercial bank in PNG
- Divesting non-core assets
- Secondary listing on ASX

Building capability

- Enhanced Board skills and expertise with appointment of highly credentialed Director Daryl Johnson
- 11 employees completed the second annual leadership program – Accelerate Performance Program (APP)

Board and executive management diversity

- Increased bench strength while achieving gender diversity with over 50% of the executive team women
- Female directors representing 34% of Board composition

FINANCIAL HIGHLIGHTS

Group

Core Operating Profit

K98.85m

↑ Up 25%

Net Asset Backing

K3.00

↑ Up 1 toea

Net Receivables Loans

K413.6m

↑ Up 1%

Net Profit After Tax

K86.04m

↑ Up 11.9%

Total Risk Weighted Capital

45.0%

↑ Up 490 bps

Earnings Per Share

27.9 toea

↑ Up 12%

Deposits

K463m

↑ Up 8%

Segment Performance

Finance Division NPAT

K36.57m

↑ Up 41.9%

Property COP

K13.40m

↑ Up 31%

Investment income

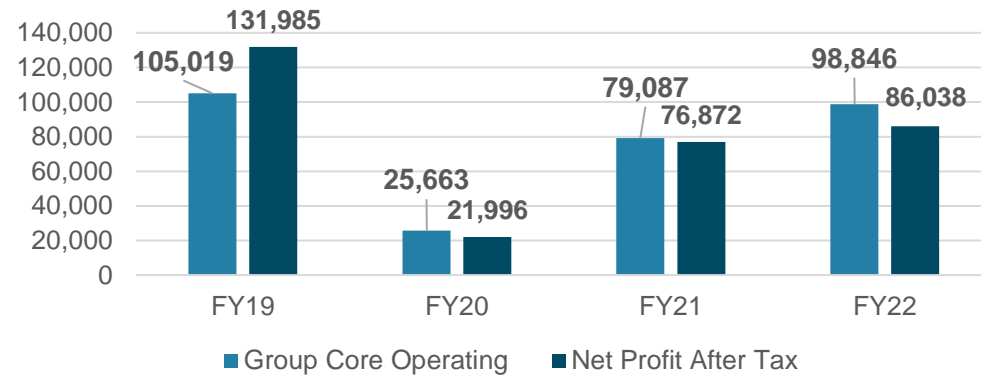
K61.54m

↑ Up 16.2%

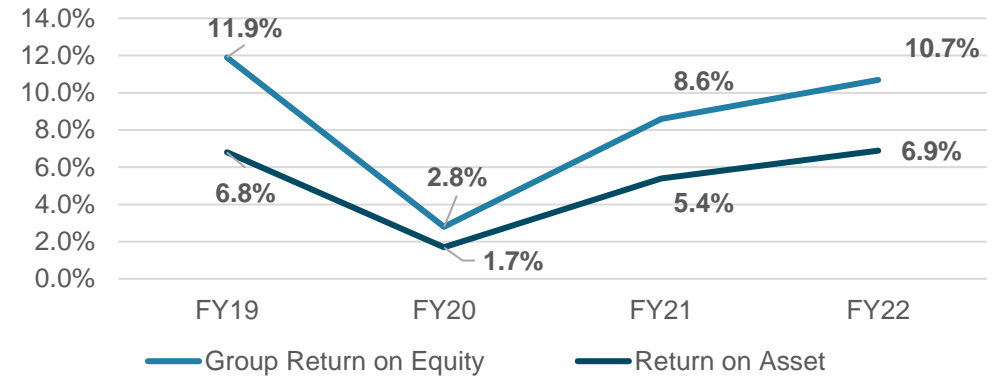


GROUP OVERVIEW

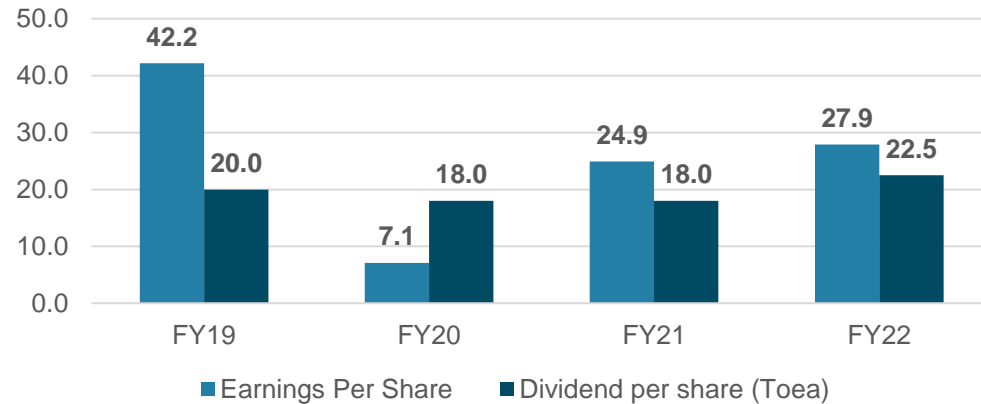
Core Operating Profit & NPAT (PGK'000)



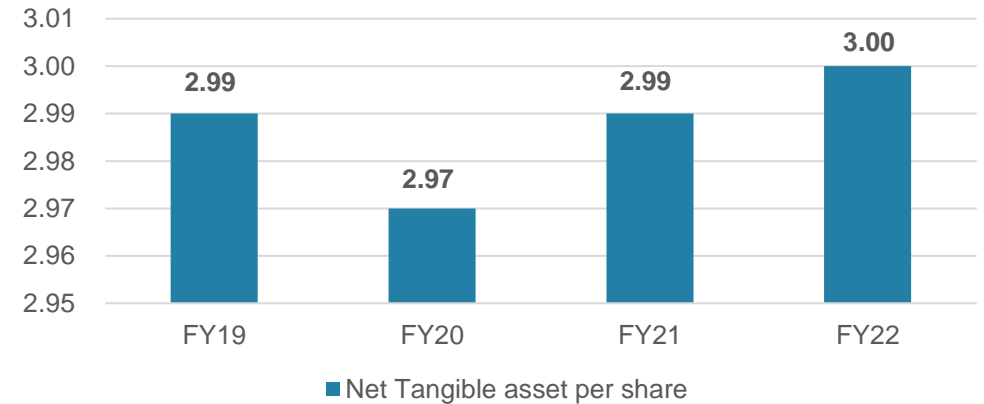
Return on Equity & Return on Assets (%)



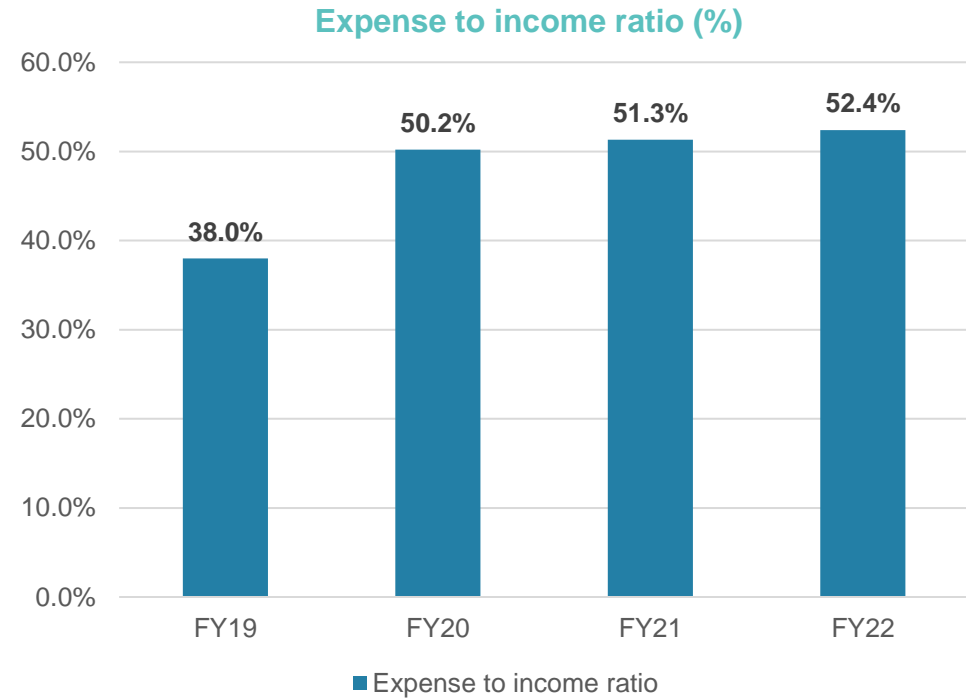
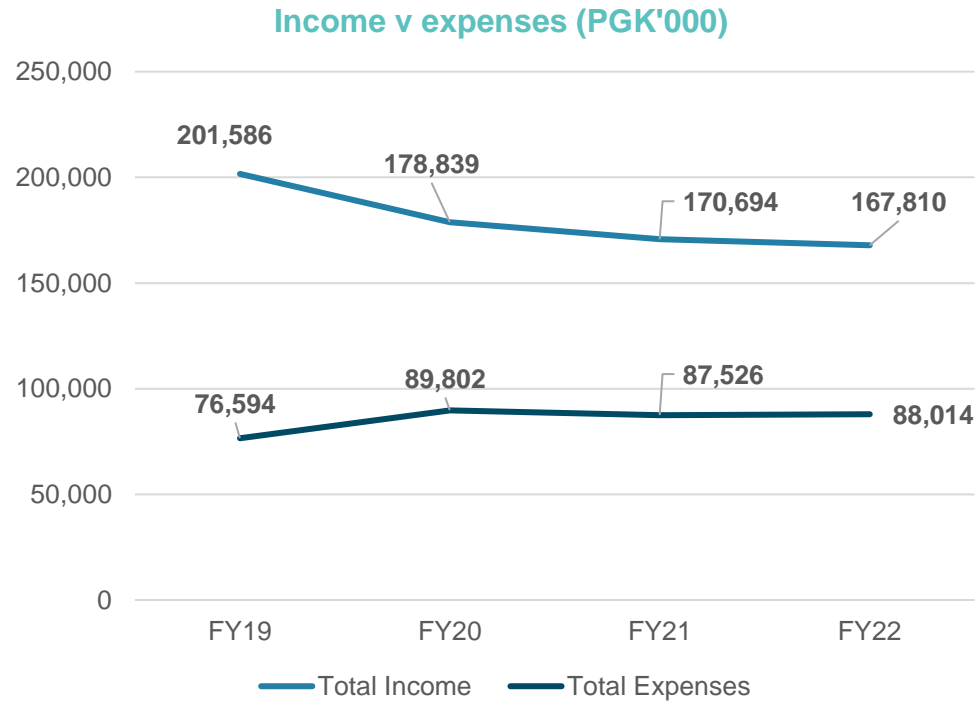
Dividend and EPS (Toea)



Net Tangible asset per share (PGK)



GROUP OVERVIEW



OVERVIEW (BY COUNTRY)

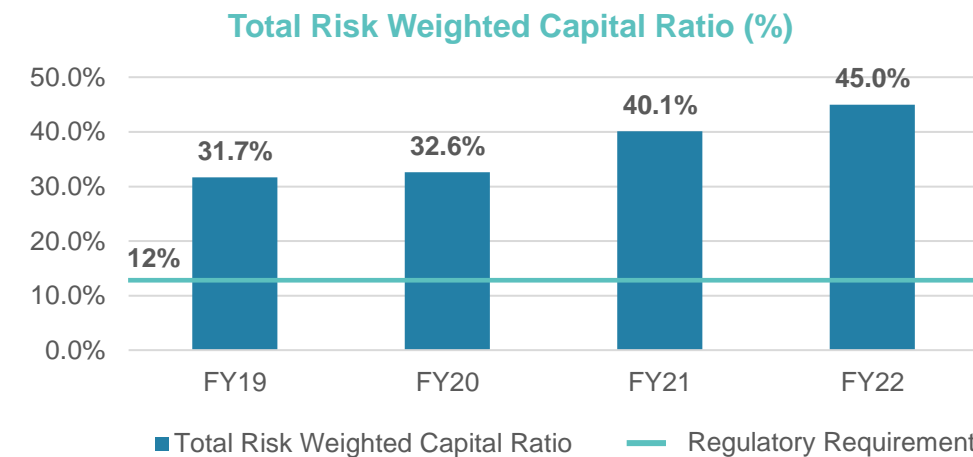
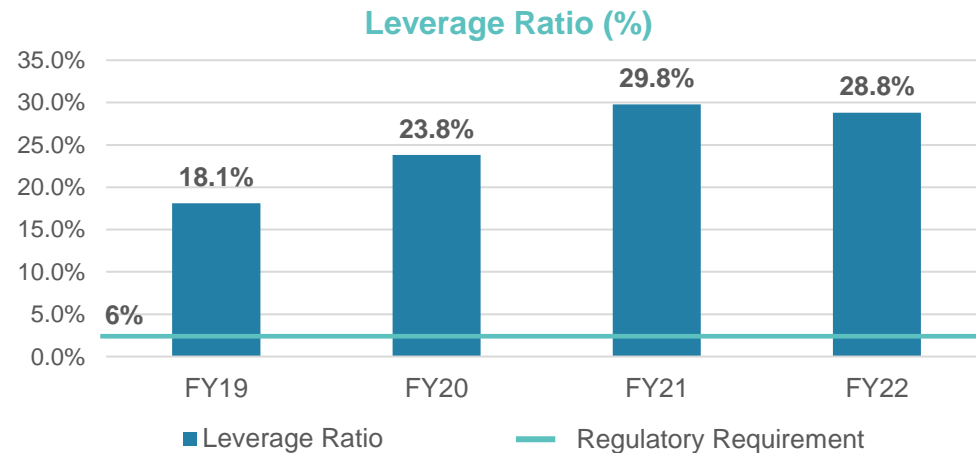
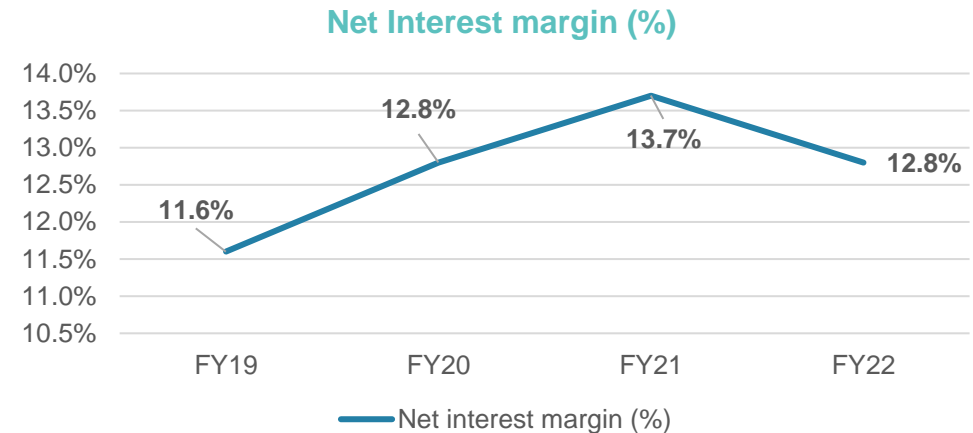
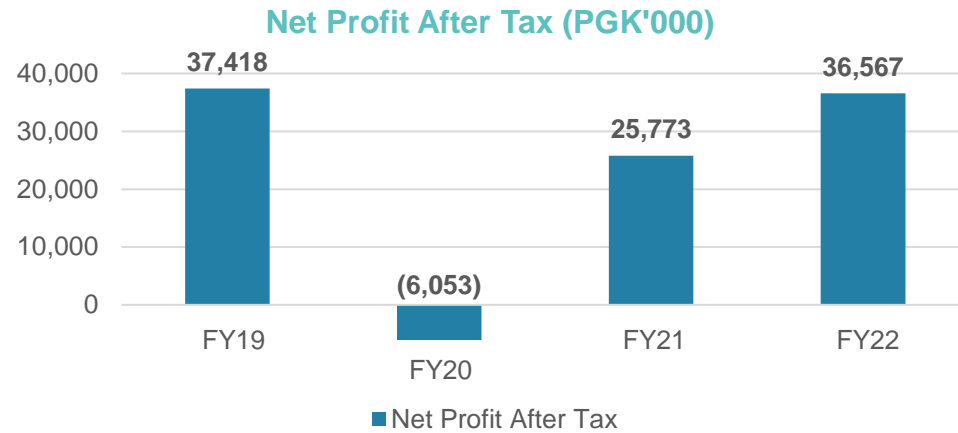
Country	NPAT (PGK'000)	Core Operating Profit (PGK'000)	Net Assets (PGK'000)	% of Total	% of Total COP
PNG	57,842	64,572	789,195	67.3%	65.4%
Fiji	24,702	30,886	94,378	28.7%	31.2%
Solomon Islands	(154)	(259)	15,702	(0.2%)	(0.3%)
Vanuatu	3,648	3,648	23,488	4.2%	3.7%
Total	86,038	98,846	922,763	100%	100%



FINANCE SEGMENT OVERVIEW

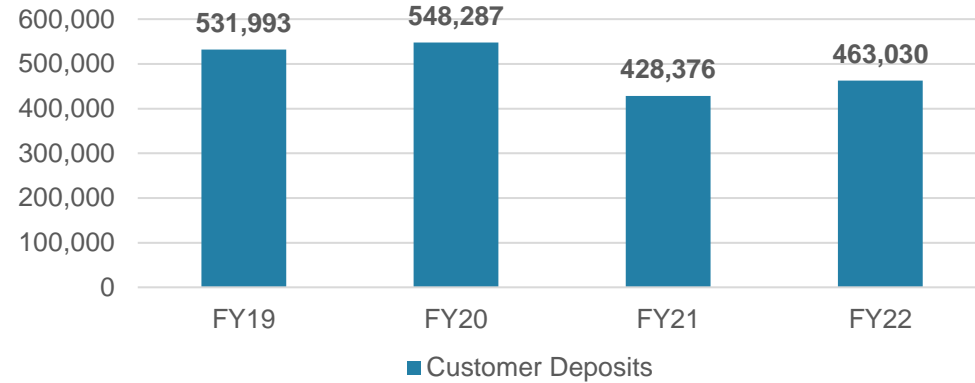
- Gradually border reopenings across jurisdictions, positively impacted new business lending.
- Finance segment performance also supported by release of excess provisioning as economies returned to pre-Covid operational levels.
- The Group continues to focus on managing its costs and improving the credit quality of its loan portfolio, including collections, and increasing its sales volume.

FINANCE SEGMENT OVERVIEW

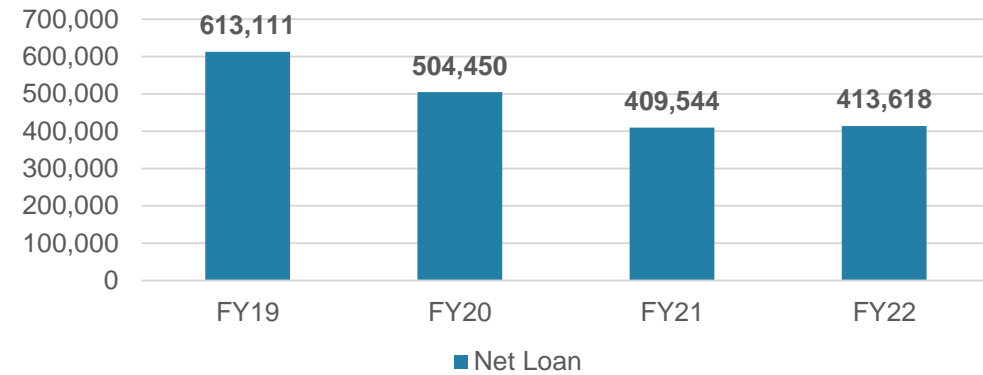


FINANCE SEGMENT OVERVIEW

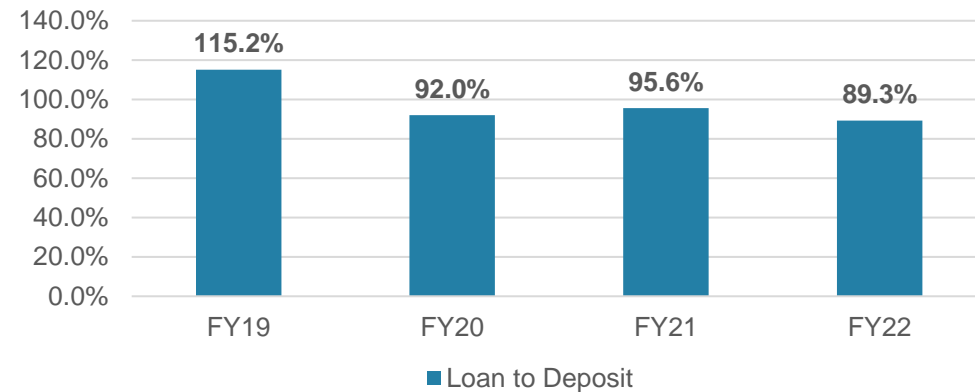
Customer Deposits (PGK'000)



Net Loan (PGK'000)

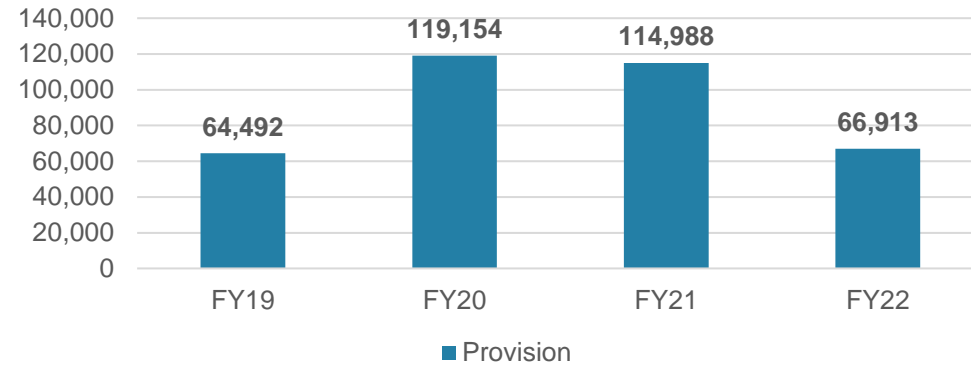


Loan to Deposit (%)

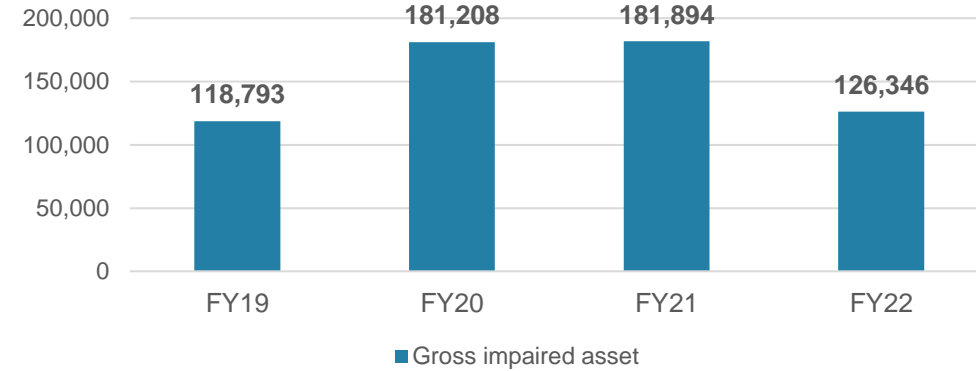


FINANCE SEGMENT OVERVIEW

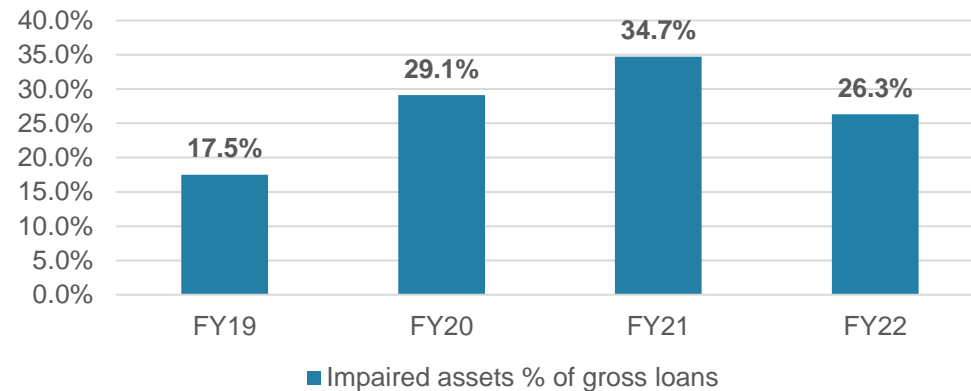
Total Provisions (PGK'000)



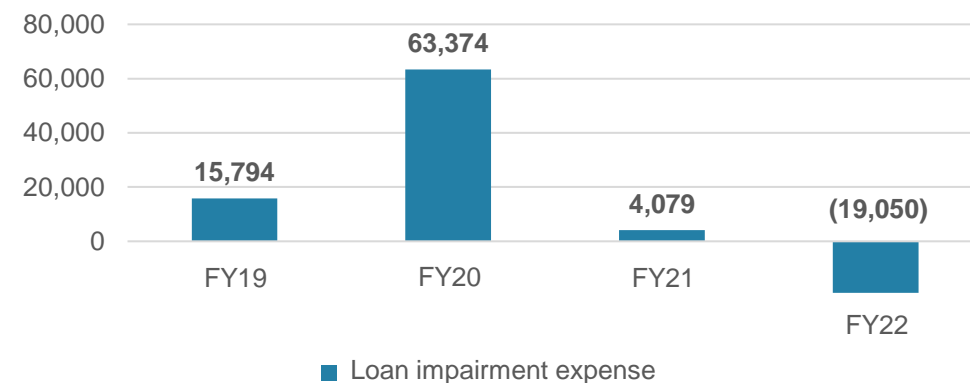
Gross Impaired Assets (PGK'000)



Impaired Assets % of Gross Loans



Loan Impairment Expense (PGK'000)



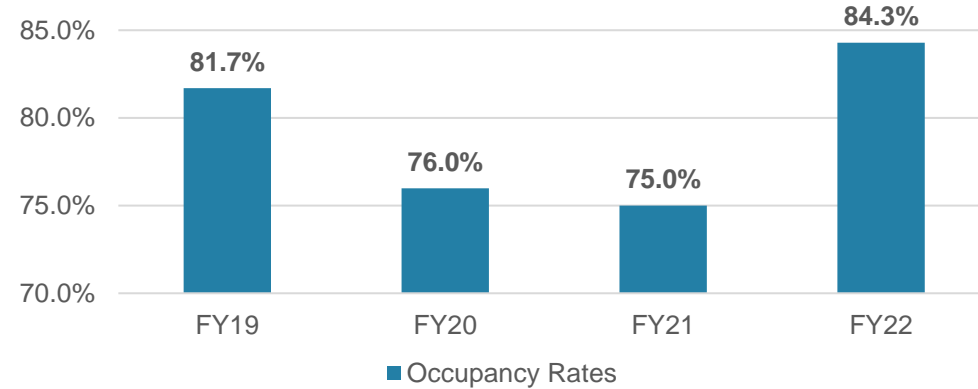


PROPERTY SEGMENT OVERVIEW

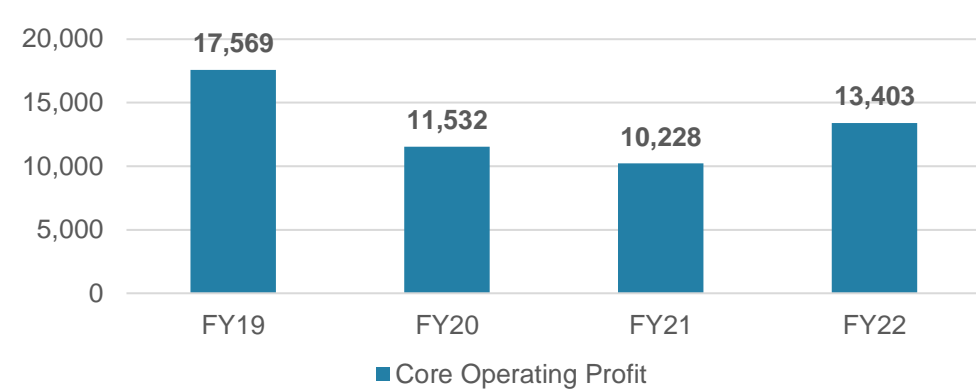
- Enhanced FY22 Core Operating profit as a result of improved economic conditions.
- Property division's residential properties achieved steady growth in occupancy rates as the economy eases out of the pandemic and its associated restrictions.
- Improved performance driven by increased occupancy rates coupled with value added incentives for tenants.
- Rental yields also benefited.

PROPERTY SEGMENT OVERVIEW

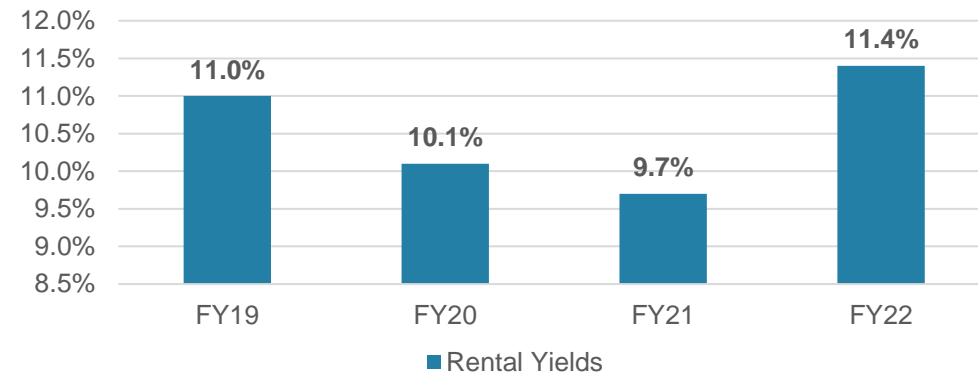
Occupancy Rate (%)



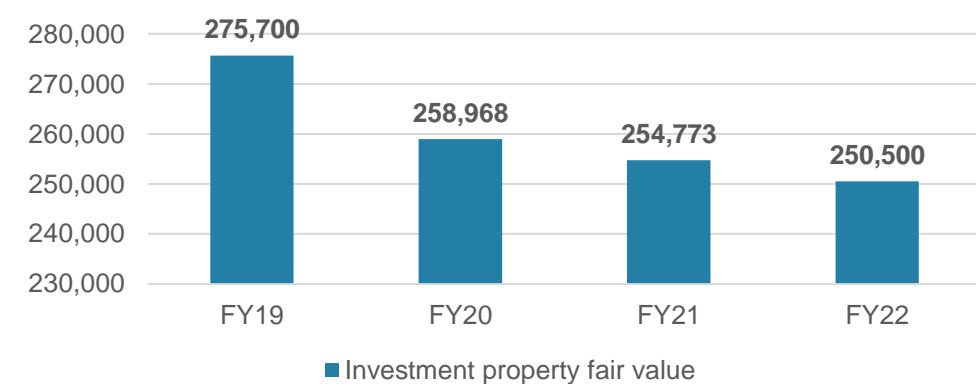
Property Core Operating Profit (PGK'000)



Rental Yields (%)



Fair Value of Property Investments (PGK'000)



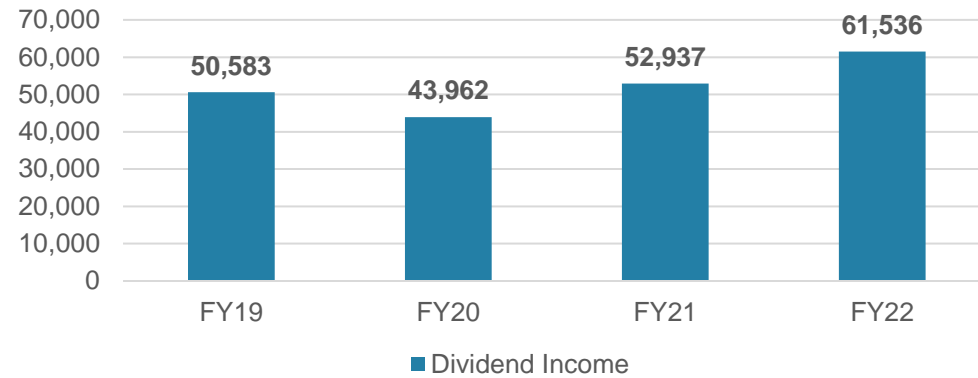


INVESTMENT SEGMENT OVERVIEW

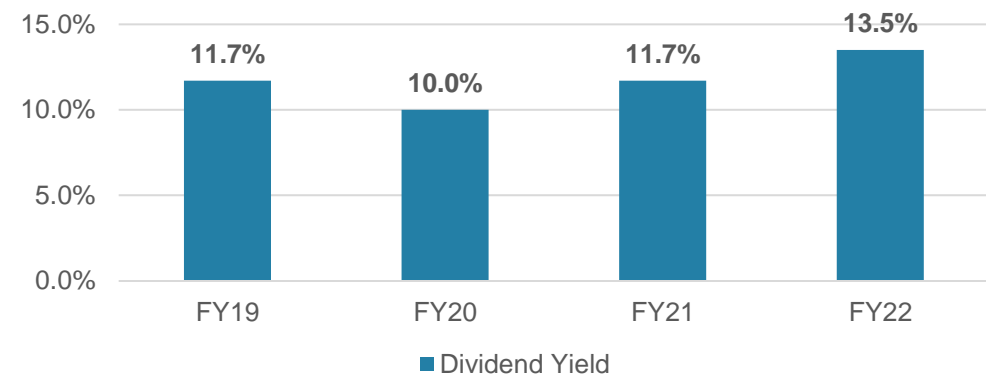
- Yields on the Group's investments improved during FY22, predominantly driven by its investment in BSP shares
- BSP share price increased over the period, resulting in a valuation increase.

INVESTMENT SEGMENT OVERVIEW

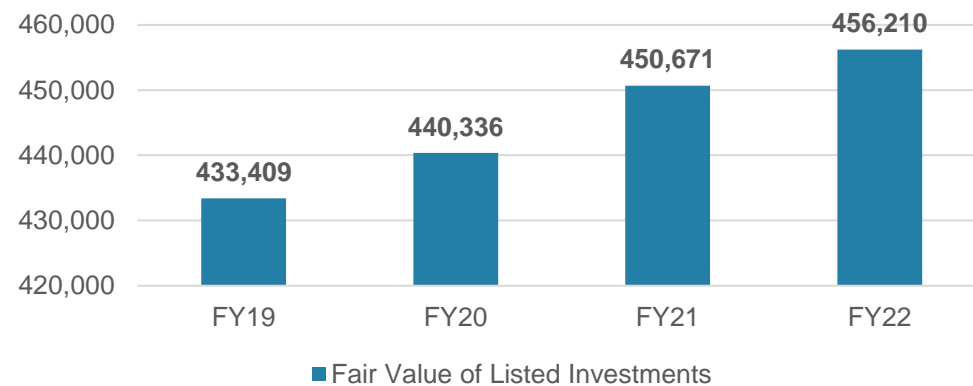
Dividend Income (PGK'000)



Dividend Yield (%)



Fair Value of Listed Investments (PGK'000)





NEW DEVELOPMENTS POST FY22

- Bank of PNG has granted the Group an “Approval in Principle” for a banking licence.
- “Approval in Principle” for a period of 12 months to prepare for upgrading Credit Corporation’s current licence from a financial institution to a niche commercial bank.
- Working with the Bank of PNG on the necessary next steps.

FOCUS FOR FY23

- Enhancing the capabilities of our people to support the transition to a niche commercial bank.
- Continuing to progress the simplification of our business, and growing our core finance company franchise, while strengthening risk management.
- Strengthening our technological foundations enabling greater emphasis on digital, data and analytics.
- Improving the credit quality of the portfolio through greater attention on collections.
- Continuing to support our customers with the products and services they need.
- Building on our “Employer of Choice” profile.



OUTLOOK FOR FY23

- As all economies in which we operate put COVID-19 in the rear vision mirror, we are seeing more new business opportunities emerge.
- With further improved economic growth forecasts, and the potential for the green light for a number of new resources projects, there is potential for positive benefits to flow through to multiple sectors.
- Lending demand is expected to gain momentum as the economies in which we operate improve.



OUR WHY

Our Vision

To be recognised as one of the leading financial services groups in the South Pacific.

Our Values-driven Culture

- Fellowship
- Impact
- Integrity
- Growth
- Customer Obsessed

Strategic Intent

- Enhance finance business
- Become a niche commercial bank
- Divest non-core assets
- Secondary listing on the ASX

