



PNGX Announcement

15 March 2023

Credit Corporation Results for Financial Year 2022

Credit Corporation is pleased to announce its financial results for the year ending 31 December 2022.

Financial highlights

- Core operating profit K98.8m, up 25.0% on pcp
- NPAT K86.04m, up 11.9%
- ROA 6.9%, up from 5.4%
- Total Risk Weighted Capital Ratio 45.0%, up from 40.1%
- Dividend per share 22.5 toea, up 25.0%
- Finance Division NPAT K36.6m, up 41.9%
- Property Division Core Operating Profit K13.4m, up 31.0%
- Dividend Income K61.5m, up from K52.9m
- Earnings per share 28 toea per share, up from 25 toea

Credit Corporation delivers K98.8m FY22 core operating profit result.

Credit Corporation delivered a strong performance in FY22 and is well positioned to drive continued business growth as it moves towards achieving its strategic objectives in FY23 and beyond.

Commenting on the results, Chair Dr Albert Mellam said: “We are delighted with the strong performance the Group delivered over the period despite the ongoing challenging operating environments.”

“It is also gratifying to note that each of the Group’s business divisions contributed strongly to the overall improved performance,” Dr Mellam said.

“Our focus on investing in the knowledge and skills of our people has enabled us to deliver exceptional service to our customers, increased value for our shareholders and contribute to addressing the challenging issues that impact upon the communities where we operate, notably youth unemployment and access to quality educational resources.”

Profitability was notably higher with a Core Operating Profit increase of 25% to K98.8m and a 11.9% increase in NPAT to K86.0m, compared to FY21.

The Group’s strong capital position and balance sheet continue to facilitate healthy returns to shareholders. As a result, the Group has declared a final dividend for FY22 of 12.3 toea per share which is payable in May 2023. In addition to the interim dividend for FY22 of 10.2 toea per share, the full year dividend per share results in an increase of 25.0% to 22.5 toea per share, compared to 18.0 toea per share in FY21.



Timing of the dividend payment is as follows:

- Ex-date: Friday 24th March 2023
- Record date: Wednesday 29th March 2023
- Payment date: Friday 5th May 2023

“Despite the macro-economic challenges of the past year, the Board and management team have embraced the first year of a progressive five-year strategy aimed at becoming a simpler, more focused business, transitioning to becoming a bank and ultimately listing on the ASX,” he said.

Dr Mellam said, “Credit Corporation’s transition to a fully-fledged niche commercial bank received increased impetus recently when the Bank of PNG granted it ‘Approval in Principle’ for an unrestricted banking licence.”

The Bank of PNG ‘Approval in Principle’ is for a period of 12 months and allows Credit Corporation to prepare to upgrade its current licence from a financial institution to a niche commercial bank.

Segment overview

The Finance segment made a net profit after tax of K36.6m, an increase of 41.9% compared to the pcp. The net loan book remained relatively flat at K413.6m given a range of factors including operating difficulties faced by our customers during the period, and a higher run-off rate.

The Group reduced its exposure to high-cost funds resulting in a 21.0% reduction in finance costs to K15.9m, compared to the pcp.

The Property division recorded a core operating profit of K13.4m, up from K10.2m in the pcp. This improvement in performance has been the result of increased occupancy levels as border restrictions due to COVID-19 were relaxed and economic activity improved.

Yields on the Group’s investments improved during FY22, predominantly driven by its BSP shares. The improvement in BSP’s share price and dividend pay-outs compared to FY21 have resulted in favourable results during FY22. Dividend income to the Group increased by K8.6m to K61.5m

Outlook

Credit Corporation Group CEO Danny Robinson said: “From an operational perspective, our focus will be on pursuing growth opportunities whilst also maintaining our disciplined approach to managing the quality of our loan book and preserving an overall strong and resilient balance sheet.”

“The Group will continue to focus on control of net interest margins and operating costs, while we continue to concentrate on collections and credit procedures to lower impairment costs.”

“As Credit Corporation advances through its transformational journey I am delighted to advise that we have already made significant investment decisions which will set us up for success. These include upgrading our core banking system, introducing a new web-based application, and enhancing our processes. Additionally, we have strategically recruited new talent and invested in upskilling our people.”



“Following our ‘Approval in Principle’ from the Bank of PNG, we are diligently working towards our launch as a new PNG bank next year,” he said.

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About Credit Corporation (PNG) Ltd:

Credit Corporation (PNG) Limited commenced business in 1978 as a general finance company. It has grown successfully to become recognised as one of the South Pacific’s most progressive institutions. For more information about Credit Corporation PNG visit: www.creditcorporation.com.pg