



PNGX Announcement

15 March 2024

Credit Corporation Results for 2023 Financial Year

Credit Corporation is pleased to announce its financial results for the twelve months to 31 December 2023.

The Group reported an improved financial performance for the reporting period, with core operating profit increased by 7.1% to K105.9m and Net Profit After Tax up 56.8% to K134.9m.

Finance Division

- Net loan receivables K493m, up 19%
- Net Interest Margin 12.72%, down 4 basis points
- Deposits K511m, up 10.4%
- Interest Income K73m, up 10%
- Impaired Assets % of Gross Loans 18% down from 26% PCP
- NPAT K30.1m, down from K36.6m in 2022, reflects movement in loan impairments

Property Division

- Rental Income K34m, up 5%
- Core Operating Profit K15m, up 11%
- Occupancy rate steady at 84%

Investment Portfolio

- Fair Value of listed Investments K502m, up 10.2%
- Dividend Yield 12.1%, steady year-on-year
- Dividend Income K64.9m, up 5.5%

Group Results

- NPAT K134.9m, up 56.8%
- Core Operating Profit K106m, up 7.1%
- Final Dividend declared of 13.1 toea per share, taking total dividends for the full year to 24.1 toea per share, up 7.1%
- Group Return on Equity 11.1%, up 4%

Growth in net operating income and disciplined cost control across the business supported the improved financial performance for the twelve months to December 2023, reflecting the Group's commitment to sustainable growth.

Chair, Dr Albert Mellam said: "It is pleasing that all of our divisions made solid contributions to the Group's strong 2023 financial performance."



“We have also maintained our diligent focus on efficient operations and managing costs within the business, which has contributed to enhanced profitability and ultimately, improved returns to our shareholders.”

The Group maintained a strong capital position, enabling the Board to declare a Final Dividend of 13.1 toea per share. Combined with the Interim Dividend of 11.0 toea per share, the total dividend payment to shareholders for FY23 will be 24.1 toea per share, an increase of 7.1% over FY2022.

Segment overview

The Finance segment made a net profit after tax of K30.1m, a decrease of 17.8% compared to the prior corresponding period, which resulted from a release of provisions bolstering financial performance for the division in FY22. Total loan provisions stood at K56.9m.

The segment also reported 10% growth in deposits to K511.0m and a 19.1% increase in the net loan book to K492.7m compared to the prior corresponding period.

The Property division reported a core operating profit of K14.9m, up 11% from K13.4m in the prior corresponding period. This improvement in performance has been the result of an increase in rental yields to 13.9% and stable average occupancy rates.

The Investment segment recorded a 10.2% increase in valuations for listed investments. Dividend income increased by 5.5% for the year, to K64.9m.

Outlook

Group Outlook

Credit Corporation Group CEO Danny Robinson said the Group will continue to focus on strengthening operational performance through prudent and disciplined management of credit risks and operating costs.

“Our financial performance in the 2023 financial year shows that the work we are doing to streamline and strengthen our operations while we pursue new growth opportunities is gathering momentum within the business.”

“We have also made solid progress in implementing the key initiatives in our five-year strategy to upgrade our core banking system, introduce new products, enhance our processes, and upskill our people.”

Pacific Economic Outlook

While economic growth in Papua New Guinea was slower than anticipated in 2023 at 2.7%, it is expected to accelerate to 5.3% in 2024¹ as a result of improving output in the nation’s resources sector and a significant pipeline of government capital projects.

¹ PNG Department of Treasury, 2024 National Budget



Fiji's economic growth is forecast at 3.9%² with a strong recovery in tourism offset by weak production in a number of sectors of the economy.

The Solomon Islands economy continues its recovery from the pandemic. GDP growth of 2.4%³ is forecast for 2024, supported by the flow-on benefits from the 2023 South Pacific Games in Honiara and national elections

Vanuatu's economy is expected to rebound from a challenging position in 2023 resulting from the damage caused by tropical cyclones. The IMF has forecast real GDP growth of 2.6%⁴, supported by an anticipated increase in visitor arrivals.

ENDS

For further information, interviews, or images contact:

Danny Robinson, Chief Executive Officer, (+675) 308 5500 or [drobinson@creditcorporation.com.pg](mailto:d Robinson@creditcorporation.com.pg)

About Credit Corporation (PNG) Ltd:

Credit Corporation (PNG) Limited commenced business in 1978 as a general finance company. Our vision is to be recognised as one of the leading financial services groups in the South Pacific.

For more information about Credit Corporation PNG visit: www.creditcorporation.com.pg

² International Monetary Fund, January 2024

³ *ibid*

⁴ *ibid*