

Credit Corporation (PNG) Limited

Appendix 5C

Consolidated Financial Report

For the Year Ended to 31 December 2024

1. Company details and reporting period

Credit Corporation (PNG) Limited and subsidiaries

Reporting period - 12 months ended 31 December 2024

Previous corresponding period - 12 months ended 31 December 2023

2. Results for announcement to the market

2.1 Revenue from ordinary activities

		31 December 2024	31 December 2023
Revenue from ordinary activities (PGK'000)	▲ 11.4%	204,449	183,460

2.2 Profit from ordinary activities after tax

Profit from ordinary activities (PGK'000)	▼ 13.3%	77,444	89,313
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2.3 Net profit after tax for the period

Net profit after tax for the period (PGK'000)	▲ 95.7%	263,936	134,896
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2.4 Dividend (distributions)

	Amount per Security	PGK'000
Current reporting period 2024		
Interim dividend (PGK toea per share)	12.0	36,952
Final dividend (PGK toea per share)	7.4	22,787
Special dividend (PGK toea per share)	4.7	14,472
Previous financial period 2023		
Interim dividend (PGK toea per share)	11.0	33,872
Final dividend (PGK toea per share)	13.1	40,339

2.5 Record date

Date for determining entitlements to the dividend.

	Ex date	Record date	Payment date
Current reporting period 2024			
Interim dividend	19 September 2024	26 September 2024	24 October 2024
Final dividend and special dividend	19 March 2025	21 March 2025	11 April 2025
Previous financial period 2023			
Interim dividend	20 September 2023	25 September 2023	18 October 2023
Final dividend	22 March 2024	27 March 2024	19 April 2024

Credit Corporation (PNG) Ltd does not have a dividend reinvestment plan.

2.6 Earnings per security

	31 December 2024	31 December 2023
Basic EPS (Toea per share)	0.86	0.44
Diluted EPS	same as above	same as above
Weighted average number of ordinary shares outstanding during the period used in the calculation of the Basic EPS	307,931,332	307,931,332

3. Consolidated profit and loss

	Dec-24 K'000	Dec-23 K'000	vs Dec-23 %
Finance Income	84,750	72,810	16.4%
Finance cost	(13,895)	(13,631)	1.9%
Net finance income	70,855	59,179	19.7%
Dividend income	53,264	64,919	(18.0%)
Rental income from property	30,671	30,030	2.1%
Interest on term deposit, treasury bills and semi-government bonds	3,787	3,849	(1.6%)
Other operating income	31,977	11,852	169.8%
Fair value gain on financial assets	191,743	46,342	313.8%
Net operating income	382,297	216,171	76.8%
Impairment reversal on finance receivables	5,134	9,072	(43.4%)
Personnel expenses	(46,488)	(32,424)	43.4%
Depreciation expenses	(7,184)	(5,750)	24.9%
Loss on disposal of investment property	-	(500)	(100.0%)
Other operating expenses*	(56,571)	(45,095)	25.4%
Results from operating activities	277,188	141,474	95.9%
Share of profit of equity accounted investee	(5,251)	8,269	(163.5%)
Profit before tax	271,937	149,743	81.6%
Income tax expense	(8,001)	(14,847)	(46.1%)
Profit attributable to equity holders of the Company	263,936	134,896	95.7%

*Other operating expenses consists

<i>General administrative expenses</i>	(24,361)	(23,486)	3.7%
<i>Software licensing and other IT costs</i>	(5,174)	(3,052)	69.5%
<i>Legal Fees</i>	(512)	(35)	1,362.9%
<i>Auditors' remuneration - audit fees</i>	(1,157)	(1,265)	(8.5%)
<i>Professional advisory fees</i>	(13,712)	(10,089)	35.9%
<i>Donations</i>	(327)	(282)	16.0%
<i>Direct operating expenses for investment property that generated rental income</i>	(11,328)	(6,886)	64.5%
	(56,571)	(45,095)	

4. Consolidated Balance Sheet

	Dec-24 K'000	Dec-23 K'000	vs Dec-23 %
ASSETS			
Cash and cash equivalents	237,913	176,606	34.7%
Finance receivables	594,126	492,674	20.6%
Other receivables	12,565	11,108	13.1%
Interest bearing securities	60,897	52,099	16.9%
Other equity investments	34	34	0.0%
Investment in associate	9,274	15,539	(40.3%)
Other investments	630,866	502,553	25.5%
Inventories	1,127	1,143	(1.4%)
Income taxes receivable	5,163	2,611	97.7%
Property and equipment	88,024	64,548	36.4%
Investment property	225,132	225,846	(0.3%)
Deferred tax assets	24,137	32,030	(24.6%)
Total assets	1,889,258	1,576,791	19.8%
LIABILITIES			
Trade and other payables	12,062	13,963	(13.6%)
Employee benefits	13,604	8,917	52.6%
Deposits and borrowings	678,268	550,080	23.3%
Deferred tax liabilities	8,898	14,459	(38.5%)
Total liabilities	712,832	587,419	21.3%
Net assets	1,176,426	989,372	18.9%
EQUITY			
Share capital	21,984	21,984	0.0%
Reserves	692,094	494,872	39.9%
Retained earnings	462,348	472,516	(2.2%)
Total equity	1,176,426	989,372	18.9%

5. Consolidated statement of cash flow

	Consolidated year ended	
	31 Dec 2024 K'000	31 Dec 2023 K'000
OPERATING ACTIVITIES		
Charges earned on leases & loans	84,750	72,810
Commission, fees and rents	47,433	42,091
Interest payments	(13,895)	(13,631)
Payments to suppliers and employees	(102,080)	(84,341)
Operating cash flows before changes in operating assets	16,208	16,929
Net cash (advanced)/received in respect of finance receivables	(96,318)	(69,984)
Net cash (paid)/received in respect of deposits	126,225	47,925
Net cash from operating activities before income tax	46,115	(5,130)
Income taxes paid	(7,766)	(4,619)
Cash flows from operating activities	38,349	(9,749)
INVESTING ACTIVITIES		
Purchase of property, & equipment	(32,560)	(18,797)
Proceeds from sale of property and equipment	-	247
Capital expenditure on investment property	-	(1,053)
Proceeds from sale of investment property	-	4,000
Proceeds from sale of listed shares	86,599	-
Dividend received	54,278	65,932
Interest from funds deposited	3,787	3,849
Net cash repaid in respect of investments in term deposits and government bonds	(8,798)	(15,928)
Cash flows from investing activities	103,306	38,250
FINANCING ACTIVITIES		
Repayment of borrowings	(5,498)	(5,235)
Repayment of interest	(1,712)	(2,415)
Dividends paid	(77,291)	(71,748)
Cash flows used in financing activities	(84,501)	(79,398)
Effect of exchange rate changes on foreign subsidiaries cash and cash equivalents	4,153	7,106
Net (decrease)/increase in cash and cash equivalents	61,307	(43,791)
Cash and cash equivalents at 1 January	176,606	220,397
Cash and cash equivalents at period ended	237,913	176,606

6. Statement of changes in shareholders' equity

	Share capital K'000	Reserves K'000	Retained Earnings K'000	Total K'000
Balance at 1 January 2023	21,984	445,069	455,710	922,763
Total comprehensive income for the year	-	3,460	134,897	138,357
Transfer to reserves	-	46,343	(46,343)	-
	-	49,803	88,554	138,357
Transactions with owners				
Dividends to equity holders	-	-	(71,748)	(71,748)
Balance at 31 December 2023	21,984	494,872	472,516	989,372
Balance at 1 January 2024	21,984	494,872	472,516	989,372
Total comprehensive income for the year	-	-	264,345	264,345
Transfer to reserves	-	197,222	(197,222)	-
	-	197,222	67,123	264,345
Transactions with owners				
Dividends to equity holders	-	-	(77,291)	(77,291)
Balance at 31 December 2024	21,984	692,094	462,348	1,176,426

7. Net tangible asset backing

	31 December 2024	31 December 2023
Net tangible asset backing per ordinary security	K3.82	K3.21

8. Details of entities over which control has been gained or lost during the period

There have been no changes in ownership to Group entities during the reporting period.

9. Details of aggregate share of profits (losses) of associates

Material interests in entities which are not controlled entities

The economic entity has an interest (that is material to it) in the following entities.

Name of entity	Percentage of ownership interest held at end of period or date of disposal		Contribution to operating profit (loss) and extraordinary items after tax	
	Full Year December 2024 %	Full Year December 2023 %	Full Year December 2024 PGK'000	Full Year December 2023 PGK'000
Equity accounted +associated entities				
Capital Insurance Group	25%	25%	(5,251)	8,269
Total	25%	25%	(5,251)	8,269
Other material interests	-	-	-	-
Total	25%	25%	(5,251)	8,269

10. Reports for industry and geographical segments

10.1 Information about reportable segments

At 31 December 2024	General finance, leasing and hire purchase	Property investment	Investment company	TOTAL
	K'000	K'000	K'000	K'000
Revenue	93,049	37,569	73,831	204,449
Inter-segment revenue	2,516	5,761	19,427	27,704
Finance costs	(13,895)	-	-	(13,895)
Fair value (loss)/gain	-	(5,070)	196,813	191,743
Depreciation	(3,848)	(1,816)	(1,520)	(7,184)
Reportable segment profit before income tax	29,362	10,639	231,936	271,937
Share of profit of equity-method investee	-	-	(5,251)	(5,251)
Reportable segment assets	904,698	280,301	704,259	1,889,258
Investment in associate	-	-	9,274	9,274
Reportable segment liabilities	664,686	39,796	8,350	712,832

At 31 December 2023	General finance, leasing and hire purchase	Property investment	Investment company	TOTAL
	K'000	K'000	K'000	K'000
Revenue	81,339	34,191	67,932	183,462
Inter-segment revenue	2,456	5,937	41,862	50,255
Finance costs	(13,631)	-	-	(13,631)
Fair value (loss)/gain	-	-	46,343	46,343
Depreciation	(2,703)	(1,918)	(1,129)	(5,750)
Reportable segment profit before income tax	38,641	12,684	98,419	149,744
Share of profit of equity-method investee	-	-	8,269	8,269
Reportable segment assets	719,765	265,843	576,724	1,562,332
Investment in associate	-	-	15,539	15,539
Reportable segment liabilities	528,069	38,206	6,685	572,960

10. Reports for industry and geographical segments (continued)

10.2 Reconciliation of reportable segment revenues, profits or loss, assets and liabilities:

	Dec-24 K'000	Dec-23 K'000
Revenues		
Total revenue for reportable segments	423,896	280,060
Finance costs	(13,895)	(13,631)
Elimination of inter-segment revenue	(27,704)	(50,255)
Net operating income	382,297	216,174

Profit or loss		
Total profit or loss for reportable segments	295,577	188,477
Elimination of inter-segment profit	(18,389)	(47,002)
Share of profit of equity-accounted investee	(5,251)	8,269
Consolidated profit before tax	271,937	149,744

	Dec-24 K'000	Dec-23 K'000
Assets		
Total assets for reportable segments	2,444,140	2,124,506
Investment in equity-accounted investee	9,274	15,539
Elimination of intercompany balance	(171,331)	(184,888)
Elimination of investment in subsidiaries	(392,825)	(392,825)
Consolidated total assets	1,889,258	1,562,332

Liabilities		
Total liabilities for reportable segments	884,163	757,155
Elimination of intercompany balances	(171,331)	(184,195)
Consolidated total liabilities	712,832	572,960

Geographical segments	Net operating income		Net assets	
	K'000	K'000	K'000	K'000
	Dec-24	Dec-23	Dec-24	Dec-23
Papua New Guinea	336,347	181,906	1,048,418	847,749
Fiji	32,259	24,814	85,834	104,699
Solomon Islands	4,494	4,014	14,732	13,709
Vanuatu	9,197	5,440	27,442	23,215
Total	382,297	216,174	1,176,426	989,372

11. Commentary on the results for the period

The Group achieved a consolidated statutory net profit after tax (NPAT) of K263.9m, representing an increase of 95.7% against the prior corresponding period (PCP).

To provide a clearer insight of the underlying business performance, the Group recalculated its financials by adjusting for fair value movements during the period, resulting in a 11.8%¹ decrease in profit before tax compared to the PCP.

Net operating income, excluding fair value gains, grew by K20.7m, supported by a K11.7m increase in net interest income and other income of K20.7m. The increase in net finance income was driven by strategic expansion of the loan book, a testament to enhanced operational efficiencies and increased economic activity across the Pacific. Within the income stream, these increases were offset by the reduction in dividends received from BSP, a K11.7m reduction compared to FY23.

These positive revenue trends were partially offset by planned increases in personnel expenses and professional costs related to the transformation of the PNG finance entity into a bank, and a reduction in the release of provisions compared to the PCP. The lower provision release reflects improvements in non-performing loans demonstrating the Group's focus on prudent loan monitoring.

Against the prior year, the Group's net assets have increased by 18.9%, supported by an increase in finance receivables on the back of improved sales volumes and reduction in provision levels. Furthermore, the Group's investments in listed equities have supported the balance sheet growth on the back of higher valuations over the year.

Earnings per share (EPS) increased from 0.44 toea per share as at 31 December 2023 to 0.86 toea per share as at 31 December 2024.

The Board has declared a final ordinary dividend of 7.4 toea per share and a special dividend of 4.7 toea, bringing the total dividend per share for FY24 to 24.1 toea, consistent with the prior year.

While the Group has experienced a reduction in its underlying results due to a combination of increased operational costs and lower dividend income, the Group continues to make strategic investments in its workforce, technology, and operational infrastructure to support long-term growth. The increase in net operating income, particularly the contribution from net interest income, reflects a positive core operational revenue base, while cost escalations reflect the investment and launch of CreditBank PNG to drive growth.

¹ The underlying performance or the core operating profit (COP) has been calculated as profit before tax less any valuation gains and losses. In the prior year, one-off costs were adjusted from COP to arrive at a normalized COP balance. Current year COP does not adjust for any one-off costs. Against the prior year adjusted COP, the movement is a reduction of 19.3%.

12. Basis of preparation

The financial information has been extracted from the consolidated financial statements which have been prepared on a going concern basis in accordance with historical cost concepts, except for financial instruments designated at fair value through profit and loss and investment property which are measured at fair value through profit or loss. Cost is based on the fair values of the consideration given in exchange for assets.

All amounts are presented in Papua New Guinea Kina and are rounded off to the nearest thousand Kina, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the consolidated financial statements are consistent with those adopted and disclosed in the Group’s annual financial report for the financial year ended 31 December 2023. These accounting policies are consistent with International Financial Reporting Standards.

13. Compliance statement

This report has been prepared under accounting policies which comply with accounting standards approved by the Accounting Standards Board pursuant to the Companies Act 1997 or other standards acceptable to PNGX.

The financial information extracted from the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards. The consolidated financial statements shall be read in conjunction with the Group's annual financial report as at and for the year ended 31 December 2024.

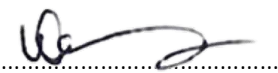
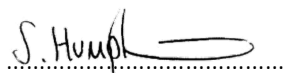
Furthermore, the Appendix 5C has been prepared in accordance with PNGX listing rule 5.13.

This report is based on financial statements to which one of the following applies.

☐	The financial statements have been audited.	☐	The financial statements have been subject to review.
☒	The financial statements are in the process of being audited or subject to review.	☐	The financial statements have <i>not</i> yet been audited or reviewed.

If the audit report or review by the auditor is not attached, details of any qualifications will follow immediately they are available.

The entity has a formally constituted audit committee.

Sign here:			
Board Chair	Lady Winifred Kamit	Director	Stephen Humphries
Date:	14 March 2025	Date:	14 March 2025