Grow at every stage

2024 Annual Report

Contents

With our customers, our people and our communities, we are reaching new milestones, and creating opportunities to grow at every stage, together.

Our business

Our vision

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

Our mission

Building on our heritage of more than 45 years, we break down barriers to provide friendly, easy-to-understand, convenient, value-for-money financial services and products for people, families and businesses throughout the South Pacific.

Our values

Integrity

I unfailingly act with integrity.

Impact

I am accountable to deliver to our customers and empowered to find impactful solutions and execute with excellence.

Fellowship

I am genuine, inclusive and collegiate.

Customer obsessed

Everything I do, every decision I make, I make with the customer in mind, helping them to fund their future and achieve their dreams.

Growth

I proactively collaborate and challenge myself and my colleagues to continually innovate, adapt and grow.

Our proud history

Since its incorporation in 1978, Credit Corporation has maintained a steady and strategic growth trajectory from providing financial services across the South Pacific and becoming a commercial bank in PNG offering a wide range of banking services.

Papua New Guinea

1978
Company officially incorporated

1979
Rabaul branch established

1980s
First ventures into property development

1990
Flagship office 'Credit House' is opened

1993
Equity acquired in Bank of South Pacific as long-term investment

1999
CCP listed on the Port Moresby Stock Exchange[1]

2004
Lae branch established

2010
PNG LNG project begins

2013
Era Dorina development completed

2014
Mt Hagen branch opened

2016
Era Matana Estate real estate development completed

2016
Insurance Premium Funding product launched

2022
Executive Car Loan product launched

2022
Lae and Rabaul branches relocated

2024
CCF granted banking licence

Solomon Islands

2005
CCP expands into Solomon Islands

Vanuatu

2007
Port Vila office established

2015
Santo office opened

Fiji

1992
CCP expands into Fiji

1994
CCP Fiji issued a Credit Institution License

1997
Nadi office established

2007
Lautoka office established

2011
Nakasi branch opened

2013
Nadi office building completed

2024
Labasa office opened

1 Now PNGX.

Our core business areas

Credit Corporation (PNG) Limited is one of the South Pacific's most progressive and trusted financial institutions. We offer our customers a diverse range of banking and lending products, own and manage prime real estate assets and an investment portfolio of listed and unlisted equities.

Our offering

Finance

We are a licensed commercial bank in Papua New Guinea and a regulated non-bank financial institution in Fiji, the Solomon Islands and Vanuatu, offering:

- Banking and lending products, Visa credit and debit cards
- Equipment finance for motor vehicles, heavy machinery, plant and equipment for commercial and business use
- Insurance premium financing solutions.

Property

The Group owns and manages a portfolio of prime real estate assets:

- Era Matana — an executive residential development in Port Moresby
- Era Dorina — one of the largest residential estates in Port Moresby
- Credit House — a premier commercial address in Port Moresby
- Commercial buildings in Suva and Nadi, Fiji.

Investment

The Group is primarily invested in BSP Financial Group Limited. Other equity investments include:

- Capital Insurance Group Limited
- City Pharmacy Limited
- Credit & Data Bureau
- Kina Asset Management
- PNG Air Limited.

Our investment proposition

Positioned for sustainable growth and greater impact in the communities we serve.

Reputation as one of the most progressive and trusted financial institutions in the South Pacific

Customer first focus for more than 45 years, delivering exceptional service and innovative products

Diversified portfolios across the region and our Finance, Property and Investment segments

Strategic focus on streamlining operations and expanding our core financial business

New opportunities from CreditBank PNG, providing digital banking and expanded product suite

Strategic investments in our people, technology and operating infrastructure

Strong Balance Sheet, disciplined credit quality and risk management

Continued focus on delivering strong shareholder returns

Our performance

Chairperson's address

I am honoured to present my first Annual Report as Chairperson of Credit Corporation (PNG) Limited. I am very grateful for the trust placed in me by the Board, and I am committed to leading the Group with the same dedication and integrity that has been its hallmark for more than four decades.

The Group has remained steadfast in its vision to be recognised as one of the leading financial services groups in the South Pacific. The launch in 2024 of CreditBank PNG is a significant milestone in the history of the Group and demonstrates our vision in action.

Over the years, we have earned a reputation as one of the region's most progressive and trusted financial institutions. This is a testament to our continued financial strength, unwavering commitment to our customers, and the positive contributions we make to our local communities. As Chairperson, I am committed to ensuring that Credit Corporation (PNG) Limited continues to support the economic growth throughout the South Pacific, driving financial solutions and economic sustainability for the communities we serve.

The successful transition to a digital commercial bank marks a pivotal moment in our history, positioning us for sustainable growth and greater impact in the communities we serve.

FY24 summary

CreditBank PNG launch

The most significant strategic achievement of the year was the establishment of CreditBank PNG. The transition has been underpinned by substantial investments in a new core banking system and the capabilities of our people. This milestone marks a new era for the Group as we expand our financial services capabilities and strengthen our ability to serve our customers.

While the Group's significant investment in launching CreditBank PNG has impacted short term profitability, it was a necessary and strategic decision to position the Group for long-term growth. Together with the lower dividend income received from the Groups investments, Core Operating Profit stood at K85.4 million, representing an 11.8% decline from the previous year.

The uplift in the valuation of our investment portfolio have contributed to a Net Profit After Tax reaching K263.9 million, an increase of K129.0 million or 95.7%.

Dividend

Reflecting our continued focus on delivering strong returns to our shareholders, the Board declared a final ordinary dividend of 7.4 toea per share and a special dividend of 4.7 toea per share. Together with the interim ordinary dividend of 12.0 toea per share, this resulted in a total dividend payment of 24.1 toea per share for 2024, consistent with the return shareholders received in 2023.

Board changes

I would like to take this opportunity to extend my gratitude on behalf of the Board to former Chairman Dr Albert Mellam for his invaluable contributions to the Group. His dedication and leadership have played a significant role in shaping the Group's success, and we deeply appreciate his service.

We are also delighted to welcome Susil Nelson-Kongoi as a new Board Director. Susil brings over 20 years of leadership experience spanning the financial, professional services, and energy sectors. Since January 2023, she has served as the Chief Executive Officer of the Papua New Guinea Institute of Banking and Business Management. Beyond her corporate achievements, Susil has made significant contributions to Papua New Guinea's economic and social landscape. We are confident that her expertise and leadership will add great value to the Board and the Group as a whole.

As we reflect on 2024, I would like to extend my sincere gratitude to our shareholders, customers, employees, and partners for their continued support. Our success is a direct result of the dedication and hard work of our team, and I am incredibly proud of the resilience and commitment demonstrated throughout the year. I would like to note that behind the amazingly dedicated and hard working team was the steady and measured leadership of our Group's CEO, Danny Robinson. The FY24 solid financial outcome, the transformation of Credit Corporation Finance Limited into a commercial bank, Credit Bank PNG and the transition into a fully operational bank attest to his innate ability to draw the team together and deliver the shareholders' return on their investment. I acknowledge his and the executive team's commitment during the year.

Looking ahead, we remain optimistic about the opportunities that lie before us. The successful transition to a digital commercial bank marks a pivotal moment in our history, positioning us for sustainable growth and greater impact in the communities we serve. We will continue to invest in our people, digital capabilities, customer-centric solutions, and financial products that meet the evolving needs of the market we operate in.

As we move forward into the next phase of our journey, we do so with confidence in our strategy, trust in our people, and an unwavering commitment to delivering long-term value for our shareholders. Together, we will build on our legacy and create a future in which Credit Corporation (PNG) Limited continues to be a leader in financial services across the South Pacific.

Lady Winifred Kamit
BOARD CHAIRPERSON

CEO’s message

The 2024 financial year has been a landmark period for Credit Corporation (PNG) Limited, reflecting both the strength of our core operations and the transformative steps we have taken toward becoming a commercial bank. Our journey has been shaped by strategic investments in technology, people, and operational infrastructure, positioning us for sustainable long-term growth.

The Group reported a strong financial performance for 2024, reflecting our prudent investment approach and disciplined credit risk management, which ensure we maintain a solid foundation for future growth. Each of our divisions made solid contributions to the Group performance, highlighting the benefits of our diverse operations.

Our transformation into a home-grown commercial bank in PNG is the strategic highlight of the year, and we are delighted with the early response from customers, many of whom are new to Credit Corporation, to our expanded range of financial services.

Transitioning to a digital commercial bank

The launch of CreditBank PNG marks a historic milestone in our 46-year journey and the initial response from customers to our expanded range of financial solutions has been outstanding. Almost 8,000 transaction and other accounts were opened from the launch in August to December 2024. New customers from every one of PNG’s 22 provinces joined Credit Corporation in the short time since the banking license was granted.

Customers have embraced our digital banking services that are accessible online and via our mobile app. CreditBank PNG offers customers a digital onboarding solution which allows them to open an account and conduct transactions online. For every new customer who opened an account in one of our branches, seven to eight new customers opened accounts online.

There are clear opportunities for Credit Corporation as a home-grown PNG commercial bank. We have deep knowledge and established relationships in the market, having served our customers for more than 45 years. The small to medium enterprise, commercial and emerging middle market segments increasingly choose to partner with providers who deliver exceptional service and innovative products. Our mission is to provide this to our customers.

Becoming a commercial bank has transformed the Group and our support for customers, not only because we now offer expanded financial services but also by making our underlying operations stronger and more competitive.

Talented people

Our people are the foundation of our success. The ways they work together and interact with our customers are the keys to our success and set us apart in the financial services sector.

We attract some of the best people from a diverse range of backgrounds and cultures, because Credit Corporation is a widely recognised and admired brand in our markets. We place a strong emphasis on creating career development opportunities for our people, so that they develop new skills and our services remain relevant and competitive for our customers.

Training and development remains a priority, with mandatory eLearning programs benefiting over 300 employees. Leadership development was a key focus in 2024, with our Accelerate Performance Program continuing to nurture high potential leaders and equip them with the skills to navigate an evolving business landscape.

We celebrate an inclusive working environment that values all of our people for their contributions. We are committed to maintaining balanced gender representation in senior management roles. Women represent 50% of our Board, 56% of our executive leadership team, and 58% of our management roles.

Our journey has been shaped by strategic investments in technology, people, and operational infrastructure, positioning us for sustainable long-term growth.

CEO's message (continued)

Strong financial performance

The Group's Finance segment reported year-on-year growth in net loans, with Net Loan Receivables of K594.1 million for the year, an increase of 20.6%. The growth was driven by an increase in sales volumes and improvement in overall asset quality, which in turn contributed to higher interest income. The continued improvement in loan portfolio credit quality drove a reduction in loan impairment expenses and impaired assets as a percentage of gross loans.

Deposits increased by 24.7% to K637.3 million, allowing the Group to fund loan growth at reduced rates. Net interest margin moderated to 12.4% owing to higher growth in the second half of the year.

Finance reported Net Profit After Tax of K26.7 million, a decrease of 11.3% compared to 2023, which reflected the investments in the development of CreditBank PNG and lower loan writebacks.

Our strong financial performance in 2024 reinforces our ability to generate sustainable growth, maintain financial resilience, and deliver value to our shareholders.

The Property division Core Operating Profit increased by 21.1% to K18.1 million. This was achieved as a result of the delay in the refurbishment projects of the residential units in 2024, supported by a modest 2.8% increase in rental income to K35.2 million.

The Investment segment saw the fair value of listed investments grow by 25.5% to K630.9 million. However, dividend income from investments declined by 18.0% to K53.3 million. As a result, dividend yield reduced to 8.4% from 12.9% in 2023. The segment recorded a K5.3 million reduction in valuation of its investment in associates, a direct result of the impact of the earthquake in Vanuatu in December 2024.

The Group's expense to income ratio increased to 60.7%, up from 52.8% in 2023. The increase reflects our investments in infrastructure and capabilities to establish CreditBank PNG.

The Group delivered compelling shareholder returns for 2024. Return on Equity increased to 24.4%[2] from 14.1% in 2023. Total Shareholder Return for the period was 47.6%, as a result of strong investor support for the Group.

Enhancing risk management

A strong risk management framework is essential as we transition into a fully regulated bank. During 2024, we made several enhancements to our risk and governance processes including the implementation of a credit scoring tool.

These initiatives reflect our commitment to maintaining a robust risk culture, ensuring that we are well-prepared for the regulatory and operational complexities of banking.

2 Based on NPAT.

Outlook

Credit Corporation's strong financial performance in 2024 reinforces our ability to generate sustainable growth, maintain financial resilience, and deliver value to our shareholders. Our five-year strategic pathway continues to guide our business, with a focus on streamlining operations, expanding our core financial services, and strengthening risk management. These initiatives will enable us to remain agile and resilient as we capitalise on new opportunities in the evolving financial landscape.

A key development in late 2024 was our decision to retain our finance business in Vanuatu after reassessing its improving financial performance and future potential. This underscores our commitment to long-term growth and our belief in the strength of our operations across the South Pacific, which include PNG, Fiji, and the Solomon Islands. We continue to support our customers across these markets, ensuring we deliver tailored financial solutions that meet their evolving needs.

Economic conditions in the region are expected to remain positive. Papua New Guinea's economy is projected to grow by 3.7% in 2025, supported by infrastructure investment, job creation, and government-led initiatives that will see the economy exceed K136 billion.

Fiji's economic outlook remains strong, with growth forecast at 3.4%, driven by the tourism, industrial, and primary sectors.

The Solomon Islands is projected to experience 2.5% growth, bolstered by continued expansion in forestry, agriculture, fishing, and mining.

In Vanuatu, real GDP is expected to grow by 1.5%, despite the challenges posed by the voluntary liquidation of Air Vanuatu and the impact of the December 2024 earthquake. The agriculture, fisheries, and forestry sectors will play a crucial role in driving economic recovery.

As we move forward, we remain committed to prudent financial management, strategic investment, and disciplined risk oversight. Our strong foundation positions us well for future success, and we look forward to capitalising on emerging opportunities in 2025 and beyond.

I am especially grateful to all of our people who have been involved in the work that has underpinned our new services, implementing the new core banking system, introducing a new digital banking application, enhancing our internal processes and upskilling our people.

I extend my gratitude to all of our employees, customers, shareholders, and Board for their continued trust and support as we shape the future of Credit Corporation.

Danny Robinson
GROUP CHIEF EXECUTIVE OFFICER

Our business performance

Finance Segment

The Group made substantial investments to support the successful launch of CreditBank PNG in August 2024 and provide a foundation for future growth in the Finance segment. The division reported an increase in sales volumes and improvement in overall asset quality which drove higher interest income.

Credit Corporation Finance Ltd (CCFL)

After a rebound in economic growth in 2024, PNG's economy was largely driven by both the mineral resources and non-mineral sectors.

CCFL successfully launched CreditBank PNG in August 2024 following BPNG approval to become a fully licensed commercial bank.

In FY24, CCFL made a Net Loss After Tax of K402,072 compared to K9.2 million in FY23 due to large investments made in launching CreditBank PNG.

Net loan book increased by 9.2% due to new business and the reduction in provisions, an outcome of an improvement in non-performing loans.

The PNG business remains well capitalised and has a sound liquidity position.

The Group made substantial investments to support the successful launch of CreditBank PNG in August 2024 and provide a foundation for future growth in the Finance segment.

Credit Corporation (Fiji) Pte Ltd (CCFJ)

The Fijian economy experienced a strong rebound in 2024, driven by a thriving tourism sector. Against this optimistic backdrop, CCFJ successfully opened its Labasa branch in June 2024, marking its entry into the northern division of Fiji on the island of Vanua Levu.

This expansion contributed to continued growth in CCFJ's lending portfolio, supporting strong financial performance. The company recorded a Net Profit After Tax of K17.1 million, a 12.9% increase from K15.2 million in 2023. CCFJ remains well-capitalised and committed to sustaining its growth trajectory while navigating both global and domestic economic challenges.

Credit Corporation Solomon Islands Ltd (CCSI)

Solomon Islands economy grew by 2.5% in 2024, driven by spending commitments relating to the national election and public infrastructure investments in the energy and transportation sectors.

Revival of the economy through a pipeline of infrastructure investment and increased mining activity are expected to offset a projected decline in logging. The labour mobility program is expected to contribute to economic activity. Public debt is considered sustainable, and the external and overall risk of debt distress is moderate.

CCSI recorded a Net Profit After Tax of K1.0 million, compared to a profit of K0.3 million in FY2023. The improved performance was mainly attributed to our customer-driven approach which focused on process enhancement.

Despite facing strong competition, especially on the liquidity front from other financial institutions, CCSI remains well capitalised and well positioned to build on FY2024 with a focus on loan book quality and market awareness.

Credit Corporation (Vanuatu) Ltd (CCVL)

Despite facing significant economic challenges and natural disasters for Vanuatu in 2024, CCVL has demonstrated impressive financial resilience and growth. The company achieved a Net Profit After Tax of K7.0 million, a 38.6% increase compared to FY2023.

The performance was largely due to CCVL's concerted efforts to target corporate clients, the introduction of a new land loan product, and substantial improvements in the overall credit quality of the loan book. The reversal of excess loan loss provisions underscores the effectiveness of these strategic initiatives.

Total assets grew by 38.4% to K49.1 million, driven by a robust 55% growth in lending. This was funded by a 101.4% increase in deposits, reflecting our strong liquidity position and ability to create customer confidence.

CCVL relocated to a new office space in August 2024, designed to enhance customer service and create a more comfortable and efficient environment for both clients and employees. This move aligns with our ongoing commitment to providing superior service and improving our operational capabilities.

Property Segment

In 2024, Credit Corporation's residential properties have seen an increase in new tenant enquiries, with increased conversions compared to the prior year, maintaining occupancy levels whilst increasing rental yields. Overall occupancy has been consistent with 2023.

Occupancy by property during FY2024 was as follows:

- Era Dorina Estate — occupancy decreased to 66% (68% as at December 2023) driven by reduced available inventory with 24 units offline as part of a two-year refurbishment and upgrade.
- Era Matana Estate — occupancy remained static at 90%.
- Credit House — occupancy maintained at 100% from June 2023, driven by lease renewals and extensions from existing commercial tenants plus additional space requirements from a current long-term tenant.

The division forecasts a reduction in occupancy in 2025 for Era Dorina Estate driven by the reduction of available inventory of leasable units whilst the major refurbishment of 36 two and three bedroom townhouses and units in Stages One and Two is completed. This will result in lower rental revenue for 2025 for Era Dorinna Estate before increasing in 2026 with a full inventory of units available for leasing.

For Era Matana Estate and Credit House the division expects to maintain occupancy levels and profitability as demand continues to grow, fuelled by an influx of aid agencies and preparations for mineral and gas expansion in PNG.

Investment Segment

The Investment segment reported a 25.5% increase in the Fair Value of its portfolio of listed investments, to K630.9 million. However, dividend income from the portfolio decreased by 18.0% or K11.7 million, to K53.3 million. As a result, dividend yield for the segment was 8.4%, down from 12.9% in 2023. The segment recorded a K5.3 million reduction in valuation of its investment in associates, a direct result of the impact of the earthquake in Vanuatu in December 2024 and receipt of dividends during the year.

External environment

South Pacific economies demonstrated resilience in 2024, with growth driven by tourism, mining, and government investment. However, external challenges, fiscal constraints, and structural vulnerabilities including climate risks, political instability, and limited economic diversification, pose ongoing risks to sustained expansion across the region.

The Asian Development Bank (ADB) projects that the South Pacific economies will experience growth of 3.3% for 2024 and 4.0% in 2025, driven by mining (in PNG) and tourism.[3]

While the global outlook is uncertain, PNG's economy and its domestic outlook are more positive. Economic growth in PNG is projected to reach 3.7% in 2025.[4] PNG's non-resource sector accounts for 72% of the economy and provides livelihoods to most of its people through agriculture, manufacturing, finance, transport, retail and wholesale businesses, hospitality, utilities and government. From 2021 to 2025, PNG is forecast to benefit from its longest run of sustained real growth in the non-resource economy of over 4% in its history. These sustained high growth rates have been achieved even prior to the announcement of new resource projects in the country.

The Government continues to make strategic investments across various sectors to promote economic growth, improve infrastructure, and enhance public services. These investments in renewable resource sectors like agriculture, fisheries, forestry, energy and land remain crucial for providing employment and income-earning opportunities that support the livelihoods of many Papua New Guineans.

The Reserve Bank of Fiji predicts Fiji's economic growth in 2025 to be 3.4%.[5] The services and related sectors continue to drive growth, followed by contributions from the industrial and primary sectors. Consumption spending has accelerated, supported by rising incomes and remittances, increased tourism-driven demand, higher government expenditure, and a rebound in new lending.

Investment activity continues to progress but at a slower than desired pace. While labour shortages and ease of doing business processes are gradually improving, investors continue to face a relatively higher-cost environment, impacting both the completion of existing and commencement of new projects.

Modest growth of 2.5% is forecast for the Solomon Islands in 2025. While growth will be driven by the commodities sector, particularly forestry, agriculture, fishing and mining, risks to the economic outlook remain, including budget underperformance, extreme climate events, political instability, and commodity price volatility.

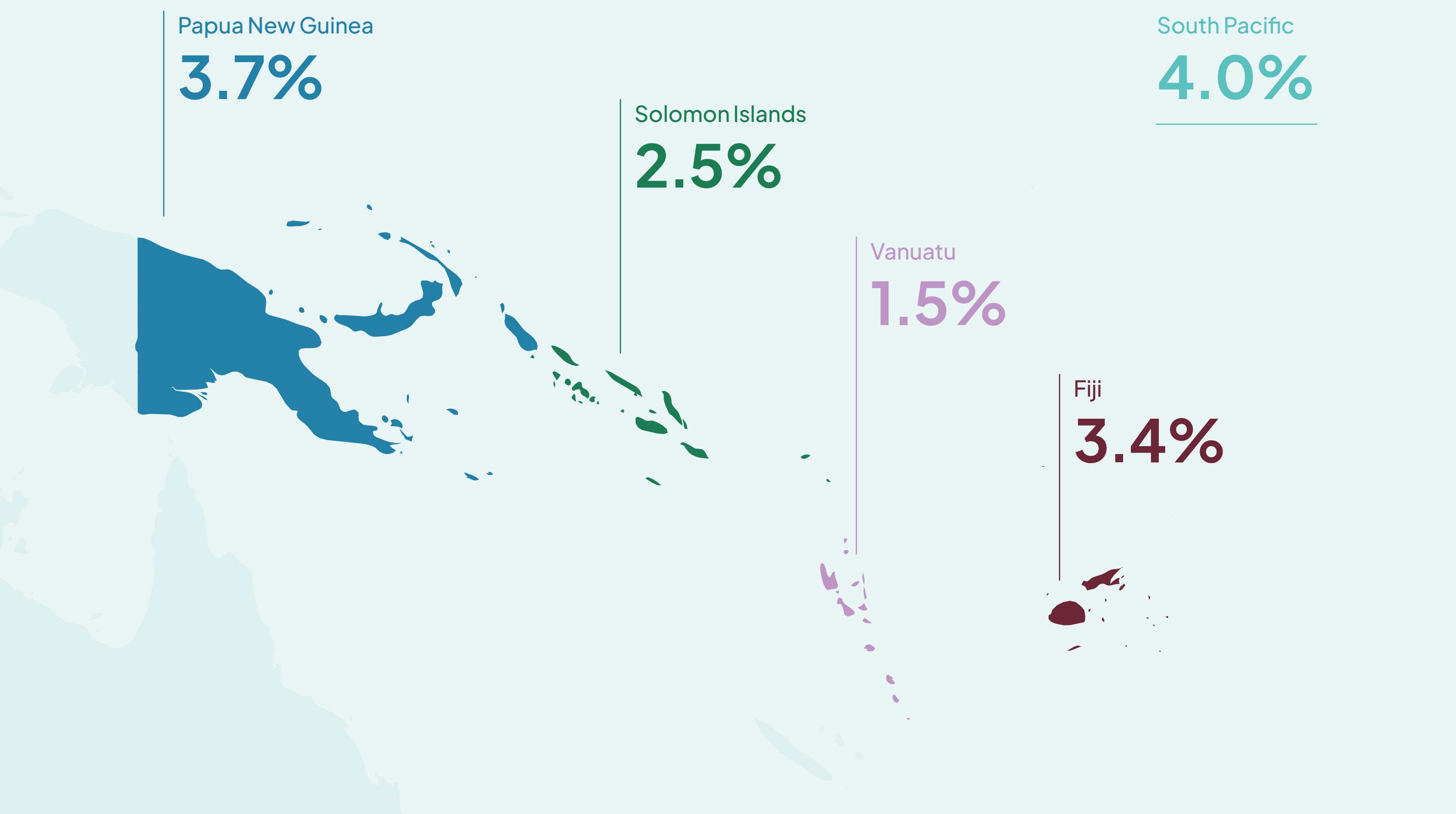
3 ADB, Asian Development Bank, April 2024.
4 International Monetary Fund.
5 Revisions to the Macroeconomic Projections for the Fijian Economy (2024–2027), Reserve Bank of Fiji, November 2024.

The IMF predicts growth of 1.5% in 2025 for Vanuatu. The economy continues to grapple with a series of shocks from recent years, in particular the December 2024 earthquake in Port Vila, two tropical cyclones and the voluntary administration of its national airline, Air Vanuatu.

While the South Pacific faces external challenges, the region remains on a positive trajectory, with economic expansion expected to continue. Strategic investments in tourism, mining, renewable resources, and infrastructure are driving resilience, helping economies adapt to global conditions and supporting sustainable long-term growth.

South Pacific economies demonstrated resilience in 2024, with growth driven by tourism, mining, and government investment.

Predicted economic growth in 2025



Our strategy

Becoming a simpler and stronger business is a consistent strategic focus for Credit Corporation.

Concentrating on our competitive advantages and key markets has served us well for more than 45 years. This has helped us to establish strong customer relationships and a deep understanding of our core middle market, high net worth, small to medium enterprise and commercial market segments and across our operations in PNG, Fiji, Solomon Islands and Vanuatu.

The strategic pathway builds on those strong foundations and guides our initiatives and investments that propel and shape the Group so that we remain a successful and sustainable financial services business. The pathway aligns with our Vision, Mission and Values, and is based on three key strategic planks:

Enhancing our core business in key markets

Becoming a digital commercial bank in PNG

Divesting non-core assets

In addition to offering a new suite of banking services, our transition to become a bank has driven a transformation within the business.

During 2024, the Group continued to make good progress guided by these strategic planks.

Launching CreditBank PNG has been the Group's most significant strategic development in 2024. In addition to offering a new suite of banking services, our transition to become a bank has driven a transformation within the business.

Developing new digital banking services has been a catalyst to automate and streamline processes to simplify and strengthen our operations. We have also ensured that our new services are robust enough to comply with our regulatory obligations and fit-for-purpose to meet customer demands. In parallel with this, we continued to improve credit quality across the portfolio and enhance our risk management systems, processes and culture.

Offering banking services that consistently meet the needs of customers has also been the spark to build new skills and capabilities across the Group. This has required a combination of recruiting new people into the business and providing professional development opportunities for current staff.

The launch of CreditBank PNG has transformed the Group not only by giving our customers access to new digital banking services but also by making our underlying operations leaner, stronger and more competitive.

2024 highlights

Financial highlights

Group Core Operating Profit
K85.4m
▼ down 11.8%[6]

Net Profit After Tax (NPAT)
K263.9m
▲ up 95.7%

Expense to Income Ratio
60.7%
▲ up 15.0%

Earnings Per Share
85.7 toea
▲ up 95.7%

Deposits
K637.3m
▲ up 24.7%

Net Asset Backing Per Share
K3.82
▲ up 61 toea

Total Risk Weighted Capital
38.1%
▼ down 5.2%

Total Dividend Per Share
24.1 toea
stable year-on-year

Net Loan Receivables
K594.1m
▲ up 20.6%

Segment financial highlights

Finance Net Profit After Tax
K26.7m
▼ down 11.3%

Property Core Operating Profit
K18.1m
▲ up 21.1%

Investment Income
K53.3m
▼ down 18.0%

6 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 normalised COP balance. Current year COP does not adjust for any one-off costs. Against prior year adjusted COP, the movement is a reduction of 19.3%.

Five-year performance snapshot

	2020	2021	2022	2023	2024
Profit and Loss (K'000)					
Core Operating Profit	25,663	79,088	98,846	105,885	85,445
Property Revaluations	(16,777)	(5,001)	(1,372)	–	(5,070)
Investment Revaluations	6,926	10,336	5,539	46,343	196,813
Operating Profit before Tax and after Revaluations	15,812	84,423	97,378	141,475	277,186
Income Tax Expense / (Benefit)	(6,184)	7,551	11,340	14,847	8,001
Operating Profit after Tax attributable to the Group	21,996	76,872	86,038	134,897	263,934
Retained Earnings	446,477	446,922	455,710	472,516	465,895
Dividends (K'000)					
Dividends Paid	36,952	69,592	72,672	71,748	77,291
Dividend per share (Toea)	12	23	24	23	25
Balance Sheet (K'000)					
Finance Receivables	504,450	409,544	413,618	492,674	594,126
Total Assets	1,532,646	1,416,246	1,457,007	1,578,467	1,889,258
Deposits	548,287	428,376	462,964	511,054	637,278
Shareholders' Funds	915,719	920,312	922,763	989,372	1,176,426
Performance Ratios					
Return on Assets*	1.70%	5.40%	6.90%	7.0%	4.9%
Return on Equity**	2.80%	8.60%	10.70%	11.1%	7.9%
Expense/Income***	50.20%	51.30%	52.40%	52.8%	60.7%
Net Asset Backing Per Share	2.97	2.99	3.00	3.21	3.82
EPS (Basic and Diluted)	7.1	24.9	27.9	43.8	85.7
No. of o/s ordinary shares	307,936,332	307,931,332	307,931,332	307,931,332	307,931,332
Weighted average no. of ordinary shares	307,936,332	307,931,332	307,931,332	307,931,332	307,931,332
Exchange Rates (One (1) PNG Kina buys)					
Fiji Dollar	0.5817	0.6034	0.6294	0.5938	0.5868
Solomon Islands Dollar	2.3028	2.3177	2.3610	2.3373	2.1340
Vanuatu Vatu	30.6700	32.0200	33.3500	31.3000	30.9900

* Core Operating Profit/Average Total Asset.
** Core Operating Profit/Total Equity.
*** Calculated before any fair value changes of investment and movement in bad debts provision.
The comparative period amounts have been restated to conform to presentation in the current year.

Our people

Our people

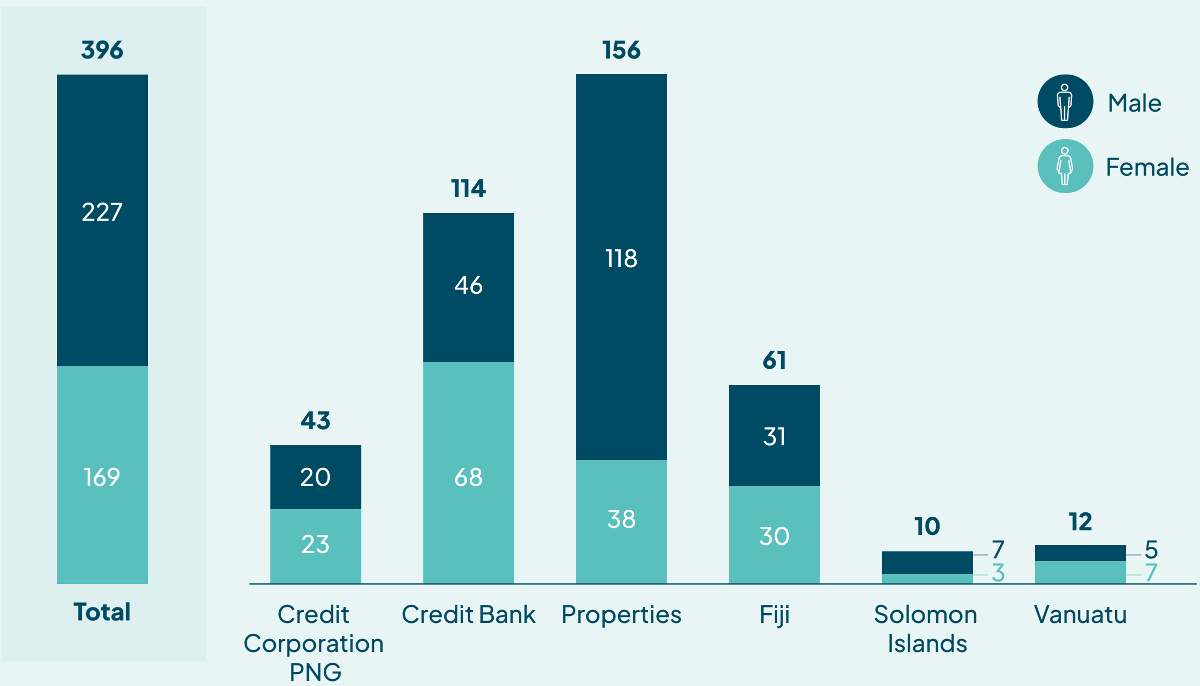
The success of our business relies on the attitude and abilities of our people to work together to bring our purpose to life and deliver competitive services that meet the individual needs of our customers.

Creating a collaborative and inclusive culture in which everyone feels connected to our purpose and valued for their contribution helps us to attract and retain talented people and motivate them to perform at their best.

We have a team of approximately 400 skilled employees from across PNG, Fiji, Solomon Islands and Vanuatu who each bring unique perspectives and capabilities to our organisation. Creating a collaborative and inclusive culture in which everyone feels connected to our purpose and valued for their contribution helps us to attract and retain talented people and motivate them to perform at their best.

In 2024, our people strategy focused on strengthening leadership development and employee engagement, promoting equitable career opportunities, and managing talent acquisition to support our new banking services.

Total full time employment of Credit Corporation entities, by gender, 2024



Leadership development

Effective leadership is critical to the success of the business and feedback from our people shows that this is a critical enabler of employee engagement.

We invest in a number of leadership development programs to build this important capability across all levels of the organisation and to ensure equitable access to professional opportunities.

Since 2021, the Accelerate Performance Program (APP) has been our flagship leadership development initiative.

In 2024, eight Credit Corporation staff completed APP and the course was conducted in Fiji for the first time. Since the program commenced in 2021, 37 people have now successfully completed APP, expanding our pool of leadership talent across the Group.

Recognising the vital role leadership plays in delivering strategic outcomes and shaping a positive organisational culture, APP continues to support the growth of high-potential employees, build leadership capability at all levels, and equip our leaders to navigate an increasingly dynamic business environment. Participants develop key leadership competencies including strategic communication, effective delegation, delivering constructive feedback, and performance management.

Senior Women Empowerment is another vital leadership development program highlighting our commitment to equitable access to development opportunities for all employees and maintaining a balanced and diverse leadership team.

Across the Group, two women took part in the program during 2024, which is offered by PNG's Business Coalition for Women, an advocacy group for gender equality in the business community. The practical three-month course is based on international leading practices and covers risk management and resilience, financial competency, organisational culture and leadership styles, governance and communication.

Our people (continued)

Inclusive working environment

We proudly foster a diverse and inclusive workplace where all individuals are valued for their unique contributions. We remain dedicated to promoting equity, representation, and opportunity across all levels of the organisation.

Maintaining balanced gender representation in senior leadership continues to be a priority, as reflected in the chart below.

Employee engagement

Employees who are engaged, aligned with our values, and clear on their contribution to the Group's purpose are essential to delivering exceptional service and achieving our strategic goals.

Our strong employee engagement not only fosters a positive and high-performing culture, it plays a key role in attracting and retaining top talent. Engaged teams are more likely to stay, grow, and build meaningful careers with us.

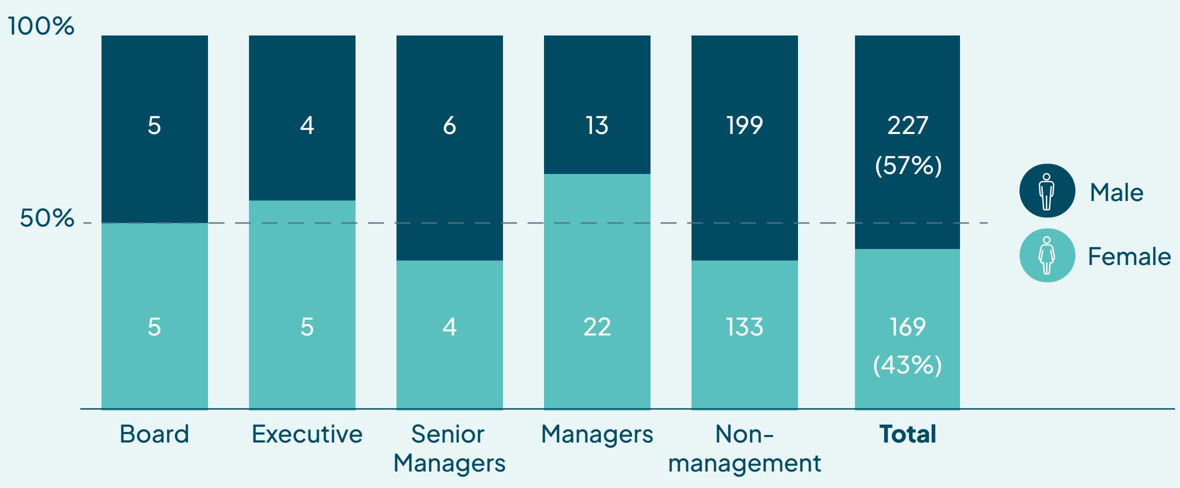
We continue to prioritise the employee experience by linking performance with meaningful rewards, and strengthening our approach to leadership, performance management, succession planning, and development opportunities.

We conduct an independent Employee Engagement Survey every two years to understand the factors that drive employee engagement. In 2023, our engagement results showed an upward trend which positions us well above the Papua New Guinea average and favourably against global benchmarks.

We have delivered business initiatives to address feedback from the 2023 survey which highlighted training and development as the standout driver of employee satisfaction, and effective leadership, clear strategy, and a focus on quality and customer service as critical enablers of engagement.

While we are proud of our continued progress in this area, we remain committed to strengthening our culture. Employee engagement is an ongoing journey, and we will continue investing in the initiatives that empower our people to thrive, deliver their best, and make a positive impact for our customers, the business and the communities we live and operate in.

Senior leadership, by gender, 2024



Our communities

Our communities

We take pride in our lasting partnerships with not-for-profit and community organisations, as well as our ongoing commitment to supporting the business community. The positive contributions these organisations make with our support are part of the reason that Credit Corporation is one of the most trusted financial institutions in the South Pacific.

In 2024, the Group supported initiatives with a total contribution of K572,192 to our communities and the business life of PNG.

Our commitment to social responsibility guides our partnerships with community organisations, helping to create meaningful benefits in education, youth training and development, health and wellbeing. We also work to foster a resilient and thriving business community that can drive long-term economic growth and shared prosperity.

As part of our broader ESG focus, we actively invest in initiatives that create positive social impact and economic opportunity.

The goals of our community and corporate activities align with five of the United Nations Sustainable Development Goals as shown in the following table.

- Invest in our employees' health, safety and wellbeing
- Invest in community projects supporting health access

- Support access to quality education and training to enable our people to thrive in a digitised world
- Invest in education initiatives in the community

- Achieve gender equality at Board, executive and senior management levels

- Support businesses and associations in connecting and driving economic growth via trade shows and business conferences

- Support for stronger institutions to drive economic growth and promote shared prosperity

Project Wok

Empowering young people to enter the workforce

Youth empowerment is one of the goals of our community support program and we have built a lasting partnership with Project Yumi Inc, a PNG and Australian not-for-profit organisation, to equip PNG youth with sustainable skills for a successful future.

Since 2022, we have worked closely on Project Wok, an initiative that delivers job readiness training to prepare young people for the workforce with practical skills and real-world experience.

Since its launch, Project Wok has trained more than 1,948 students.

"Joining the workforce for the first time can feel overwhelming, but Project Wok gave me the tools — and the confidence — I needed to thrive. The program didn't just prepare me for the professional world; it helped me believe in myself. A year into my role at CreditBank PNG, I look back with so much gratitude for how far I've come. Every day, as I assist customers at the Port Moresby branch, I carry the lessons I learnt from Project Wok with me."

Rossie Taviri is a 2023 Project Wok graduate who works as a Concierge in CreditBank PNG's Port Moresby branch.

Project Wok students completed their work placements with CCP.

Project Wok (continued)

Participants undertake a two-day experiential job readiness training program before Credit Corporation hosts them for a two-week paid work experience opportunity.

Since its launch, Project Wok has trained more than 1,948 students. Many graduates have successfully progressed from internships to permanent employment with Credit Corporation, with several achieving promotions, demonstrating their continued growth and development.

We are proud to support this important program, which addresses the critical issue of youth unemployment in PNG. It also offers our people the opportunity to serve as Volunteer Mentors, giving back to the community and developing their mentoring skills.

Students from La Salle Technical Secondary School completed the Project Wok Program.

"My time in Project Wok has been transformational. It pushed me beyond my comfort zone and helped me develop a mindset of leadership — something I now bring into every role I take on. The program taught me to lead with intention and to always strive for growth, both personally and professionally. I'm deeply grateful for the opportunity and the journey it has taken me on within the financial industry."

Edward Kokoani transitioned from Project Wok to his new role as a Group Strategy Intern at CreditBank PNG.

"Project Wok has been a truly enriching and rewarding experience for me. It helped me understand what it means to be a professional and made my transition into the workplace much easier. The experience has shaped not just my work habits, but my mindset, and I'm incredibly thankful for that."

Abraham Numa graduated from Project Wok in 2025 and has been employed as a Group Strategy Intern with CreditBank PNG.

"Starting my first job was a mix of excitement and nerves. There were moments when I doubted myself, but I always came back to what I learnt in Project Wok. The program gave me the confidence to push through those doubts and believe that I was capable. Now, every small win at work feels like a big step forward — and I owe so much of that to Project Wok."

Daurerose Gapi has started work as a Concierge in the CreditBank PNG Port Moresby branch after completing Project Wok in 2023.

Sigatoka Special School

Essential education support and resources

As part of our dedication to social responsibility, our Eastern and Western staff in Fiji visited Sigatoka Special School on 8 June 2024, with the aim of building a better future for its students. This initiative not only provided essential resources but has also fostered a sense of care, inclusion and community.

Understanding the challenges faced by many students, our team donated sanitary items, cleaning products and food supplies to support the children's daily needs. We learned that some students travel long distances to attend school, often arriving without having breakfast. By providing food items for breakfast and lunch, we aimed to ensure that these children could focus on their education without the added burden of being hungry.

Beyond donations, our team took the time to clean the school compound and classrooms, lightening the workload usually placed on the students. The visit was also an opportunity for team bonding and while it was a rewarding day for our team, the real joy came from the smiles and excitement of the children. Our contribution to Sigatoka Special School reflects our ongoing commitment to creating a brighter future through meaningful initiatives that support education, well-being, and inclusion.

Our contribution to Sigatoka Special School reflects our ongoing commitment to creating a brighter future.

Credit Corporation staff with donations for Sigatoka Special School.

Project Skul:
Kiki Early Learning Centre

Supporting education in the community

Our partnership with Project Yumi Inc. has been extended to include the Project Skul initiative, sponsoring the setup of a fully equipped classroom at Kiki Early Learning Centre, a remote community school in Baga Village, Tufi, Oro Province. This marks the first major sponsorship for a school in the region, reinforcing Credit Corporation's commitment to supporting education in under-served communities.

"This sponsorship from Credit Corporation is a monumental step for our school and local community. It will greatly improve the quality of education we can offer and create a more conducive learning environment for our students. We are incredibly thankful for this support, which will have a lasting impact on our community."

Jeanne Ifuda, the Matron of the Kiki Early Learning Centre, expressed her gratitude.

Credit Corporation staff with students from the Kiki Early Learning Centre.

Project Skul (continued)

The Kiki Early Learning Centre provides foundational education to 55 children from Baga and neighbouring villages. Credit Corporation's sponsorship includes classroom furniture, school desks, chairs, books, and educational materials to enhance the learning environment.

Credit Corporation is dedicated to corporate social responsibility and the transformative power of education, helping to create a brighter future for children in Oro Province.

Kiki Early Learning Centre staff with Dawn Robinson, Project Wok Coordinator.


Danny Robinson, CCP CEO meeting a student from Kiki Early Learning Centre.

Children performed a cultural display for the visitors.

Risk management

Risk management and assurance

1. Risk Management Framework

The Board oversees risk management within the Group.

The Group's businesses are exposed to financial, human resource, technology, reputational, strategic, compliance, credit and operational risks. These risks are inherent in finance, property and investment businesses.

Risk management across the Group applies the Three Lines of Defence model linking risk methodology to material risk management processes, as shown in the diagram below. The model covers Board oversight, risk operating structures and outlines the various levels of roles and responsibilities based on the three lines of defence.

Since the Board's adoption of the model, the focus of risk management in 2024 was operationalising the model through continuous awareness of roles and responsibility within the organisation across the Three Lines of Defence.

Three Lines of Defence model

3rd Line of Defence

- Provides assurance about design and effectiveness of 1st and 2nd lines
- Internal Audit reporting to Board Risk & Compliance Committee
- Advisory role to improve processes

2nd Line of Defence

- Setting Risk Management Framework
- Independent reporting to Board (including relevant Board Committees)
- Ensure 1st line takes ownership and responsibility for risk management
- Advisor/Consultant to 1st line and accountable to Board

1st Line of Defence

- Responsible for managing own processes
- Responsible for identifying and mitigating risks by using business control framework and implementing internal processes and adequate controls

Risk management and assurance (continued)

Risk governance at Credit Corporation is integrated into all key business functions, processes, systems, programs, and projects.

Governance

Risk Management Strategy "RMS" Risk Appetite Statement "RAS"	Clear linkage between Mission Statement, Risk Management Framework and Risk Appetite Statement
Risk Management Framework "RMF"	Risk Appetite limits are typically measurable and are set using a clear methodology
• Strategic Risk • Financial Risk • Credit Risk • Reputational Risk • Operational Risk • Compliance Risk • IT Risk • People Risk	• Comprehensive coverage of RMF taxonomy • Consistent setting across all material risk domains • Cascading into business operations and reporting packs • Defining policies in line with RAS objectives

2. Material Business Risks

Our material risks have been reviewed and continue to be monitored at the Risk Management Committee and the Board Risk & Compliance Committee.

3. Key Responsibilities

The CEO and the Executive Management team continue to ensure risks are monitored, controlled, and reported to the Board via the governance framework operated by the Group Risk Office.

The diagram below sets out a description of how risk governance operates in the Group together with key responsibilities of the Board, the Group Executive Management, Business Units and Audit. Governance is enhanced by five Group Management committees.

4. Internal auditor

During the year, the Group embarked on an open market sourcing for an internal auditor, a long term strategy to stabilise the governance function.

Board of Directors

Strategy & Investment Committee	Nomination & Remuneration Committee	Risk & Compliance Committee	Disclosure Committee	Audit Committee

Executive Management

Operational Performance Metrics	Staff Consultative Management	Risk & Compliance Management	Expenditure Approval
Workplace Health & Safety	Strategic and Project Oversight	IT Monitoring	Audit

Management Committee

Asset and Liability Committee	Risk Management Committee	Credit Committee	Group Risk Oversight Committee
Executive Committee	Internal Audit Committee	Liquidity Contingency Committee	

Risk management and assurance (continued)

5. External auditor

In June 2024, shareholders approved the appointment of PwC as the company's auditor for 2024, as per the PNG Companies Act.

The lead audit partner attends and presents audit findings to the Audit Committee and is available to meet with members of the Audit Committee as and when required, including holding in camera meetings with the Committee without management's presence.

The lead audit partner attends Credit Corporation's AGM and is available to answer questions from shareholders relevant to the audit.

Our leadership

Board of Directors

Lady Winifred Kamit CBE

BOARD CHAIRPERSON

Lady Winifred Kamit is based in Papua New Guinea and has extensive financial services sector knowledge including banking regulation and legislation.

Lady Kamit was appointed to the Credit Corporation Board in March 2023. She was appointed as Chairperson on 30th August 2024, following the retirement of Dr Albert Mellam.

She was recruited to the Board given her strong governance qualifications in addition to her deep relationships with local business and government.

Lady Kamit is a Senior Partner at Dentons PNG.

She currently sits on the boards of Post Courier Limited and Brian Bell Company Limited where she is a Member of the Audit and Risk Committee.

Lady Kamit previously sat on the boards of New Britain Palm Oil Limited, Lihir Gold Limited/ Newcrest Mining and Steamships Trading Co. Limited, all of which were publicly listed in PNG and overseas.

In September 2022, she retired as a Board member and Chairperson of the ANZ Bank in PNG.

Lady Kamit holds a Bachelor of Arts and Bachelor of Laws from the University of Papua New Guinea and is a Fellow of the Papua New Guinea Institute of Directors.

Dr Albert Mellam

OUTGOING CHAIRMAN

Dr Albert Mellam was appointed to the Credit Corporation Board in August 2013 and was appointed Chairman in September 2022 and served in this capacity until his retirement on 19 August 2024.

Dr Mellam has held directorships on several other private and public sector boards within Papua New Guinea and the region.

He is a member of professional organisations such as the Australian Institute of Company Directors and the Association of Asia-Pacific Business Schools.

He holds a doctoral degree in Psychology from Australian National University, a Master of Science degree from Stirling University in Scotland, and a Diploma in Knowledge Economy from Singapore Management University.

He has also held a range of academic assignments in Australia, Southeast Asia, the Middle East, and Europe.

Richard Sinamoi

Richard Sinamoi is an experienced executive and director with more than 20 years' experience in the superannuation and financial services industry.

He was appointed to the Credit Corporation Board in November 2018 and was Chairman of the Board from July 2021 to September 2022.

Mr Sinamoi has served on boards of both commercial entities and charitable organisations, spanning a range of industries including food and beverage, general insurance, trustee services, micro banking and funds management.

He is currently an Independent Director on the Boards of Nambawan Super Limited and Trans Pacific Assurance Limited, and an Executive Director of Kama Kofi Limited.

Mr Sinamoi holds a Bachelor of Applied Science Systems from the University of Western Sydney, Australia.

Abigail Chang

Abigail Chang has served in executive management roles in the private and development sectors in the Pacific and has close to 10 years of central banking experience in the areas of financial system supervision, regulation, policy development and licensing for the banking, insurance, foreign exchange and superannuation industries in Fiji. She has extensive experience working across eight Pacific countries in financial inclusion, financial capability development and digitising Government-to-Person (G2P) payments.

She was appointed to the Credit Corporation Board in December 2016. She served on the Credit Corporation Fiji Pte Ltd Board from 2014–2022, during which time, she served for more than three years as Chairperson.

Ms Chang holds a Master of International Development, a Post Graduate Diploma in Economics, double degrees in Banking and Finance and Economics and recently completed a Certificate in MBA Essentials from London School of Economics and Political Sciences.

Faye-Zina Lalo

Faye-Zina Lalo brings experience as a corporate and commercial litigation lawyer and serves as a Director on the boards of various corporate institutions. She is also an active member of various not-for-profit organisations in Papua New Guinea, including MSME Council Inc. as a founding member, and the PNG Olympic Committee.

Ms Lalo was appointed to the Credit Corporation Board in December 2016.

Prior to joining the Credit Corporation Board, Ms Lalo practiced corporate and commercial law for more than 13 years in PNG in both private legal firms and corporate institutions.

She is a current member of the PNG Law Society and is a member of the Australian Institute of Company Directors and the PNG Institute of Directors.

Ms Lalo holds a Master of Business Administration and a Bachelor of Laws from the University of Papua New Guinea.

Board of Directors (continued)

Stephen Humphries

Stephen Humphries brings significant leadership experience across a wide range of businesses and jurisdictions including Australia, the United Kingdom, Papua New Guinea, Indonesia and Southeast Asia. He was appointed to the Credit Corporation Board on 22 April 2021.

Mr Humphries is Chief Financial Officer and Company Secretary of Healius Ltd, one of Australia's leading ASX-listed healthcare companies.

His specialist assurance experience includes healthcare, financial services, mining, heavy engineering and construction, technology, and telecommunications. Mr Humphries has significant experience across a broad spectrum of ASX 100 and large private companies and has held senior and managing partner roles with PricewaterhouseCoopers in Australia, PNG and Indonesia.

Mr Humphries is a Fellow of both the Institute of Chartered Accountants in Australia and the Institute of Chartered Accountants in England and Wales. He is also a member of the Independent Directors Association of PNG.

Sir Melchior Togolo CBE

Sir Melchior (Mel) Togolo is well recognised in PNG business circles with more than 40 years' experience in the public and private sector at senior management level, having worked for and led the North Solomons Provincial Government and various companies in PNG and overseas.

He was appointed to the Credit Corporation Board on 9 October 2021.

Sir Mel is a founding member of the Business Council of PNG and was Vice President and President of the Council for six years. He serves on the Board of Bougainville Copper Limited, Panamex Holdings (Singapore) Limited, Heritage Park Hotel Honiara and Loloata Island Resort Port Moresby.

He brings significant leadership experience across a wide range of businesses, including a strong background in the superannuation, banking and finance industries and hotel property development, and familiarity with the fast-moving consumer goods sector.

Clare Mazzetti

Clare Mazzetti has worked diverse executive roles in advisory, management consulting, and transformation, with deep expertise in the banking and financial services industry. She brings significant experience in SME banking, wealth management, and sales and distribution. With strong capabilities in corporate strategy, business planning, and execution, Ms Mazzetti provides valuable support to the Company's growth initiatives.

She was appointed to the Credit Corporation Board on 24 December 2021.

She is currently a Director of QudosBank and the Uniting Church of Australia (Synod of NSW and ACT), and the Chair of the Tax Institute of Australia.

Ms Mazzetti holds an MBA and Bachelor of Economics from the University of Queensland and a Master of International Relations from the University of Sydney. She is currently undertaking a PhD at the University of Sydney relating to the international banking system. She is a Fellow of FINSIA and a Graduate of the Australian Institute of Company Directors.

Daryl Johnson

Daryl Johnson is a highly experienced banking executive and was appointed to the Credit Corporation Board in June 2022.

Mr Johnson brings a wealth of experience in the areas of banking, finance, payments and risk management, both in Australia and internationally.

Mr Johnson is a Non-Executive Director on the board of Bendigo and Adelaide Bank Limited. He previously sat on the boards of Banking Ombudsman Scheme New Zealand, Whitelion Incorporated, EFTPOS New Zealand, Beyond Bank Australia, CUSCAL Limited and CG Spectrum Institute Pty Ltd.

Mr Johnson's last executive engagement was with Rabobank New Zealand Limited as the Chief Executive Officer, prior to which he held executive management positions at National Australia Bank and ANZ Group.

Mr Johnson has a Bachelor of Business from Curtin University, a Master of Business Administration from Murdoch University and is a Graduate of the Australian Institute of Company Directors.

Susil Nelson-Kongoi

Ms Susil Nelson-Kongoi has over 20 years of leadership experience across the financial, professional services and energy sectors.

She was appointed to the Credit Corporation Board on 25 February 2025.

She currently serves as the Chief Executive Officer of the Papua New Guinea Institute of Banking and Business Management, a role she has held since January 2023. She previously held senior executive roles at ExxonMobil PNG. Ms Nelson-Kongoi is the current President of the Business Council of PNG and serves on the Boards of the Centre for Excellence in Financial Inclusion (CEFI) and Pacific Women Lead Regional Board, and she is the current Chair for the PNG Business Advocacy Network.

Ms Nelson-Kongoi holds a Bachelor of Commerce from Canterbury University, New Zealand, and a Master of Business Administration (MBA) from Divine Word University, Papua New Guinea.

Senior Executive Team

Danny Robinson

GROUP CHIEF EXECUTIVE OFFICER

Danny Robinson is the Group Chief Executive Officer, responsible for the day-to-day operational activities of the Group across PNG and the offices in Fiji, Vanuatu and Solomon Islands.

He joined Credit Corporation in 2020 as Group Chief Operating Officer and was appointed Group Chief Executive Officer in September 2021.

He brings a wealth of experience and an admirable track record in establishing financial services distribution networks in new markets, achieving significant asset growth and delivering excellent customer service outcomes.

Prior to joining Credit Corporation, Mr Robinson was Executive General Manager of Banking at Kina Bank in Port Moresby. Prior to Kina Bank, he enjoyed a long and successful career in financial services, including senior executive roles with Suncorp Group's Retail and Business Banking divisions.

Mr Robinson holds a Postgraduate Diploma in Banking Management from the Macquarie Graduate School of Management, Australia, and is a Graduate of the Australian Institute of Company Directors.

Rei Vagi

GROUP CHIEF FINANCIAL OFFICER

Rei Vagi is Group Chief Financial Officer, responsible for all aspects of financial management and reporting across the Group's operations, including building and strengthening the capability of the finance team.

Ms Vagi was appointed as Chief Financial Officer in March 2022.

She has more than 15 years' experience as a financial controller, and extensive knowledge in financial reporting including accounting and auditing standards, cash flow management and financial planning, taxation, regulatory compliance, and financial analysis.

She has held various senior management roles for prominent organisations such as Kraft-Heinz PNG and PricewaterhouseCoopers and held the role of Financial Controller with Kina Securities Limited prior to joining Credit Corporation.

Ms Vagi holds a Bachelor of Commerce from the PNG University of Technology and is a qualified Certified Practicing Accountant.

Leo Kamara

GROUP CHIEF RISK OFFICER

Leo Kamara is the Group Chief Risk Officer, responsible for overseeing all areas of financial and non-financial risk management including the risk culture throughout the operations.

Mr Kamara was appointed as Group Chief Risk Officer on 14 September 2023. Prior to this, he worked as Credit Corporation's Head of Risk and Compliance and Acting Chief Risk Officer.

He is a risk management professional with over 30 years of finance, banking and superannuation experience. He has more than 15 years' experience in managing all areas of risk including market, operational, strategic and liquidity compliance.

Prior to joining Credit Corporation (PNG) Limited, Mr Kamara was the General Manager Risk for Nambawan Super Limited, one of the largest superannuation funds in the South Pacific. He has also held various roles with the ANZ Bank including Head of Governance, Pacific North-west and Head of Operations Assurance, with ANZ American Territories (ANZ Guam Inc., based in American Samoa).

Mr Kamara graduated from and holds an associate membership with the PNG Institute of Banking and Business Management (formerly the PNG Institute of Bankers) and is also a member of the Risk Management Institute of Australasia.

Asi Nauna

CHIEF OPERATING OFFICER

Asi Nauna is a seasoned banking professional with over 25 years of experience in the financial services industry, bringing a wealth of expertise across a wide range of sectors. Her diverse career spans over general banking and relationship banking across institutional, corporate, commercial, and SME customer segments, in PNG as well as Fiji and the Solomon Islands.

Prior to joining Credit Corporation, Asi was at Kina Bank where she led Corporate Services, communications and banking operations. Her tenure at Kina Bank also included various senior management roles, as well as leadership roles at ANZ PNG, demonstrating her ability to lead and innovate in both regional and international banking environments.

Asi holds a Post Graduate Diploma in Banking and Finance from Massey University and a Bachelor of Commerce in Management from the University of Technology. She is a member of the Australian Institute of Company Directors and the PNG Institute of Directors.

Sumeet Kumar

CHIEF TECHNOLOGY OFFICER

Sumeet Kumar joined Credit Corporation in May 2023 and was appointed Chief Technology Officer in July 2024.

With over 18 years of experience in the financial services sector, Mr Kumar specialises in information technology and has more than 10 years of expertise in project management.

Prior to joining Credit Corporation, Mr Kumar served as Head of Technology Innovation at Kina Bank PNG, holding several senior technology and project management roles from 2018 to 2023. He has also worked in similar capacities with the BSP Financial Group Limited and Westpac PNG Bank.

Mr Kumar holds a Bachelor of Science in Computer Science from the University of South Pacific (Fiji).

Amanda Libitino

COMPANY SECRETARY

Amanda Libitino is the Group's Company Secretary, responsible for supporting corporate governance, overseeing regulatory compliance requirements, maintaining transparent communication between the organisation's stakeholders and providing Board secretarial support.

Ms Libitino joined Credit Corporation in August 2022 as Assistant Company Secretary and was later appointed as the Acting Company Secretary in January 2023 before being confirmed to the role in November 2023.

She is a lawyer by profession, practicing for over a decade. She has a broad range of experience in superannuation, banking and finance, contract law, corporate governance, statutory and regulatory compliance, conveyance and property law, and general commercial law. She previously worked with the Office of the State Solicitor and Nambawan Super Limited before joining Credit Corporation.

Ms Libitino holds a Bachelor of Laws (LLB) degree from the University of Papua New Guinea and is a current member of the PNG Law Society.

Senior Executive Team (continued)

Loka Niumatairua

HEAD OF PEOPLE AND CULTURE

Loka Niumatairua is the Group's Head of People and Culture, responsible for all aspects of human resource management and organisational culture, including employee wellbeing, workplace inclusivity and diversity, and employee training and development.

Ms Niumatairua was appointed as Head of People and Culture on 27 July 2020.

She brings a wealth of experience in human resource management, change management, strategic planning and execution, and training and development, having worked in institutions such as Nambawan Super Limited, CPL Group and PNG Power, and leading teams of up to 390 people.

She holds a Bachelor of Arts with a major in Industrial Psychology from the University of Papua New Guinea and a fellowship with PNG Human Resource Institute.

Lynda Kahari

HEAD OF GROUP STRATEGY

Lynda Kahari is Head of Group Strategy, responsible for managing all aspects of the Group's corporate and customer strategies.

Ms Kahari joined Credit Corporation in December 2020 as Head of Customer Strategy and was later appointed as Acting Chief Operating Officer.

She is an experienced and reputable finance and banking executive, bringing a rich international perspective from more than two decades of experience in the financial services and payments industry.

Prior to joining Credit Corporation, Ms Kahari held various senior management roles for financial institutions such as Standard Chartered Bank, Standard Bank, Barclays Bank and MasterCard.

Ms Kahari holds a Master of Finance and Investment from the University of Witwatersrand and a Master of Business Administration from the University of Hull. She is a Graduate Member of the Australian Company Directors and is a Certified Balance Scorecard Professional with a certificate in Digital Marketing Strategies and Banking Strategy from the University of London.

Brent St. Hill

GENERAL MANAGER PROPERTIES

Brent St. Hill is the Group's General Manager Properties, responsible for management of the Group's portfolio of property assets.

Mr St. Hill was appointed as General Manager Properties in August 2019.

He has more than 18 years' experience in the property industry nationally and internationally with extensive knowledge in property, asset and hotel management.

Prior to joining Credit Corporation (PNG) Limited, Mr St. Hill was General Manager with the Crown Hotel Port Moresby and was previously the Group Operations Manager and Regional Manager with Steamships Trading Company, within its Coral Sea Hotels subsidiary.

Country Heads

Mohammed Nawaz

FIJI

Mohammed Nawaz brings over 17 years of extensive expertise in finance, operations, and management garnered from his tenure at leading corporations. He assumed the role of Country Head for Credit Corporation Fiji in March 2023, building on his successful leadership as the Country Head for Credit Corporation Vanuatu since March 2021.

With a solid foundation in the finance industry, Mr Nawaz served as the Financial Controller of the Fiji business for five years. His career commenced with PricewaterhouseCoopers Fiji, followed by roles at the Reserve Bank of Fiji and QBE Insurance (Fiji) Pte Limited.

Mr Nawaz earned a dual degree in Accounting and Information Systems from the University of the South Pacific. He is a Certified Practising Accountant with CPA Australia and Chartered Accountant with Fiji Institute of Chartered Accountants. Additionally, he is a Graduate of the Australian Institute of Company Directors and a Fellow of Leadership Fiji.

Nitya Nand

VANUATU

Nitya Nand is a highly accomplished financial expert with over 17 years of extensive experience in advanced financial management, strategic financial planning, financial and business modelling, and financial risk management.

Mr Nand was appointed as Country Head of Credit Corporation (Vanuatu) in June 2023. He holds a Bachelor of Arts Degree with double majors in Accounting and Financial Management and Information Systems and a Master of Commerce from the University of South Pacific.

In addition to his academic qualifications, Mr. Nand is a Fellow Certified Practicing Accountant with CPA Australia, a Chartered Accountant with the Fiji Institute of Accountants, and a Certified Financial Modelling and Valuation Analyst.

Ronald Vikash Prasad

SOLOMON ISLANDS

Ronald Vikash Prasad has more than 20 years of experience in the finance industry both in Fiji and Solomon Islands.

He was appointed to Country Head Solomon Islands in December 2020.

Prior to joining Credit Corporation Solomon Islands, Mr Prasad held the position of Chief Financial Officer for SPBD Microfinance SI Ltd. He has spent more than eight years at Sugar Cane Growers Fund in Fiji and has held various senior management roles.

Mr. Prasad is a Certified Practising Accountant and holds a Bachelor of Arts degree with double majors in Accounting and Financial Management and Economics from the University of South Pacific.

Governance

Corporate governance statement

I. Overview

This Corporate Governance Statement sets out the Credit Corporation Group's key governance policies and practices.

A copy of this Statement can be obtained on Credit Corporation's website www.creditcorporation.com.pg.

Credit Corporation (PNG) Limited (CCP) is incorporated in Papua New Guinea (PNG) and is listed on PNG's national stock exchange, PNGX Markets (PNGX). The Group's head office is in PNG where most functional leads are housed to effect governance oversight to its locally incorporated subsidiaries in the other countries in which the Group operates throughout the South Pacific.

Our governance structure is influenced by the requirements of regulators throughout the South Pacific, with the parent company, Credit Corporation, maintaining oversight on holistic issues and global influences, and being responsible for setting and monitoring compliance with the Group's governance framework.

Credit Corporation and its subsidiaries each have a Board and Management structure appropriate for their operations, complexity, growth and size. Whilst our subsidiaries are locally incorporated in the jurisdiction in which they operate, they must comply with the Group's Corporate Governance Framework.

Legal and regulatory framework

Credit Corporation and each of its subsidiaries must comply with relevant laws in each of the countries in which they operate.

While CCP is not a regulated entity itself, its finance subsidiaries must comply with strict regulatory requirements in respect of governance, capital, liquidity, risk management, conduct, financial crime and systems and controls, among other things.

CCP is publicly listed on the PNG Stock Exchange (PNGX) and must also comply with the PNGX Listing Rules.

Risk management structure

CCP has a conservative yet consistent approach to risk, which has seen us deliver sustained long-term growth by protecting our capital, to lend responsibly and support our business growth.

All of our employees are responsible for the management of risk, with the ultimate accountability residing with the Board. Our risk culture is developing and will be embedded through clear and consistent communication and appropriate training for all employees.

A comprehensive Risk Management Framework that is under continuing development, is applied throughout the Group, and is reinforced with our values and Codes of Conduct.

Corporate governance statement (continued)

II. The Board of Directors

1. The Board structure and role

The Board of Directors has ultimate responsibility for the success of the Group, is charged with delivering sustainable financial performance and long-term shareholder value, and is responsible for the overall direction, supervision and control of the Group and its management.

The Board has adopted a Board Charter, that sets out, among other things:

- the role and responsibilities of the Board (the key aspects of which are set out in Table One), including matters specifically reserved to the Board; and
- the role and responsibilities delegated to the Chief Executive Officer, which is primarily the management of the day-to-day operations of Credit Corporation.

The Board comprises nine Directors (six independent Non-Executive Directors and three Non-Executive Directors who are deemed to be non-independent).

Table One: Board Role

Strategy	Identify, develop, review and approve the strategic direction and business plan for the key businesses.
Financial oversight	Adopt the annual budget and capital expenditure plan, and monitor management and financial performance of the businesses.
Risk management framework	Oversee the effectiveness of risk management and compliance.
Financial and other reporting	Approve the Group's half-year and annual financial statements, and monitor and review management processes for the integrity of financial and other reporting as required by law.
Board performance and composition	Evaluate the performance of the Board and individual Directors on at least an annual basis in determining its size and composition.
Leadership selection	Evaluate the performance of and selection of the CEO.
Succession and remuneration planning	Plan for Board, CEO and executive succession and remuneration, and set Non-Executive Director remuneration.
Sustainability	Consider the social, ethical and environmental impact of the Group's activities and operations in the various jurisdictions.
Regulators	Monitor the conduct of the Company's relationship with key regulators to ensure the Company's obligations are being met, and set standards and monitor compliance with the Company's sustainability responsibilities, practices and policies.
Material transactions	Approve major expenditure and capital initiatives in excess of the authority levels delegated to management.
Corporate governance	Review and monitor the Company's corporate governance policies and practice.

II. The Board of Directors (continued)

1. The Board structure and role (continued)

The Board operates within the ambit of the Companies Act 1997, Credit Corporation's Constitution and the Board Charter. In discharging its duties, the Board has elected to form five (5) separate Board committees.

Table Two: Board Committees

Committee	Functions/Role
Audit Committee	The function of the Audit Committee is to serve as an independent and objective body with oversight of: • the Group's accounting policies, financial reporting and disclosure controls and procedures; • the quality, adequacy and scope of external audit; • the Group's compliance with financial reporting requirements; and • the Executives' approach to internal controls with respect to the production and integrity of the financial statements and disclosure of the financial performance. The Executives, led by the Group Chief Financial Officer, are responsible for the preparation, presentation and integrity of the Group's financial statements. External auditors are responsible for auditing the Group's annual financial statements and for reviewing the half-yearly financial statements.
Risk & Compliance Committee	The function of the Risk & Compliance Committee is to oversee and support the Board in fulfilling its duty to set and supervise an appropriate risk management and control framework with oversight into all material risks. The committee is responsible for reviewing the work of the Group's Internal Audit function.
Nomination & Remuneration Committee	The function of this Committee is to: • govern any Board appointments at the Group level; • oversee the Group's remuneration policy; • oversee the succession and remuneration of Directors and senior Group employees; and • review the effectiveness of the remuneration policy in the context of effective risk management.
Disclosure Committee	The function of the Disclosure Committee is to assist the CEO, CFO and the Audit Committee in finalising the disclosures required under the various regulations and listing rules, including ensuring: • disclosure controls and procedures are properly implemented; and • any communication is appropriate, timely, accurate and complete.
Strategic & Investment Committee	The function of this Committee is to validate and test the Group's strategic plans whilst evaluating the capital deployment in the context of a variety of investment scenarios.

Each committee is governed by its own Charter which defines roles and responsibilities, and each committee provides recommendations to the Board and advice on specific issues.

Corporate governance statement (continued)

II. The Board of Directors (continued)

1. The Board structure and role (continued)

Table Three: Board Committee members as at 31 December 2024

	Member of:					
Director	Board	Audit Committee	Risk & Compliance Committee	Nomination & Remuneration Committee	Disclosure Committee	Strategic & Investment Committee
Lady Winifred Kamit	C	–	–	–	–	M
Dr Albert Mellam[7]	C	–	–	–	–	–
Richard Sinamoi	M	–	–	M	C	C
Abigail Chang	M	M	C	–	M	–
Faye-Zina Lalo	M	M	M	M	–	–
Stephen Humphries	M	C	M	–	–	M
Sir Melchior Togolo	M	–	–	M	–	M
Clare Mazzetti	M	–	M	–	–	M
Daryl Johnson	M	M	–	C	–	–

Key: M — Member, C — Chairperson

Table Four: Directors' attendance at Board and Committee meetings in 2024

	Board Meeting	Audit Committee Meeting	Risk & Compliance Committee Meeting	Nomination & Remuneration Committee Meeting	Disclosure Committee Meeting	Strategic & Investment Committee Meeting
Number of meetings *including special meetings	9*	6*	5*	4*	3	5*
Lady Winifred Kamit	9	–	–	–	–	–
Dr Albert Mellam[7]	6	–	–	–	–	–
Richard Sinamoi	8	–	–	3	3	4
Abigail Chang	8	6	4	–	2	–
Faye-Zina Lalo	8	5	5	3	–	–
Stephen Humphries	8	6	5	–	–	5
Sir Melchior Togolo	7	–	–	3	–	5
Clare Mazzetti	8	–	4	–	–	4
Daryl Johnson	9	6	–	4	–	–

7 Dr Albert Mellam retired on 18 August 2024.

II. The Board of Directors (continued)

2. Board's relationship with the Chief Executive Officer

The Board confirms the duties and responsibilities of the CEO annually, and approves the Key Performance Indicators for the CEO, linked to the Group's strategic goals as set by the Board.

The CEO is responsible for the day-to-day management and operations of the Group's businesses and reports to the Board on key operational and management issues, including both financial matters and material risk and compliance matters.

3. Board Chairperson

Lady Winifred Kamit joined the Board of Credit Corporation (PNG) Limited in March 2023 and was appointed as Chairperson in August 2024.

The role of the Board Chairperson is set out in the Board Charter and includes:

- representing the Board to shareholders and communicating the Board's position
- leading the Board, and facilitating and encouraging constructive discussion in meetings
- assessing and agreeing professional development plans for all the Directors; and
- monitoring the contribution of individual Directors, and providing annual feedback on their performance and effectiveness.

The performance of the Board Chairperson is reviewed every year by the Board as part of the annual Board Self-Assessment Process. The Board understands that Board leadership is key to having an effective Board that sets the direction of Credit Corporation and its subsidiaries, and discharges its fiduciary and other duties under the Companies Act and other laws.

4. Board skills and composition

The Board seeks members who combine a broad spectrum of experience and expertise with a reputation for integrity and localised knowledge in the jurisdictions we operate.

Directors are chosen from external leaders in the community based upon contributions they can make to the Board and management. Our Board is able to challenge management in a constructive manner and drive strategic results.

The Board comprises a majority of independent Directors and, as a collective group, offers a diversity of skills, opinion and perspectives with varying experiences, gender and demographics. This drives robust decision making.

Regular review of membership is conducted by the Board to ensure the current and future members provide the mix of skills necessary to support the strategic direction and rise to the challenges of the Group.

Corporate governance statement (continued)

II. The Board of Directors (continued)

4. Board skills and composition (continued)

The key skills and experience of the Board members are captured below:

- Corporate governance
- Government policy and relations
- Financial services/ banking expertise
- Risk management
- Listed company experience
- Capital management and debt funding
- Insurance
- Tax
- Financial acumen
- Strategic planning
- Regulatory and compliance
- Information technology
- Company culture and talent management
- Public affairs and communication
- Crisis management
- Global orientation and exposure
- Operational management
- Market understanding and awareness.

5. Board performance evaluation

The Board expects a high level of performance from each Director. The Board Chairperson is responsible for the performance evaluation process to confirm this.

The Board assesses its performance each year and is required to have an independent assessment every three years as part of compliance with the BPNG Prudential Standards.

6. Director appointment and election

The appointment of Directors is governed by Credit Corporation's Constitution. All Directors are appointed for an initial three-year term. Directors can only serve a total of three terms, making a total of nine years.

All Directors must satisfy two requirements prior to taking up active duty on the Board — they:

(i) must be cleared by BPNG as a 'Fit and Proper' person pursuant to the Prudential Standards issued by BPNG under the Banks and Financial Institutions Act 2000; and

(ii) they must be duly appointed by the Board or the shareholders in a general meeting in accordance with the Constitution.

A Director appointed by the Board holds office only until the next AGM and is eligible for election by the shareholders at that meeting.

II. The Board of Directors (continued)

6. Director appointment and election (continued)

Table Five presents the summary of Directors' tenure with an indication of rotation of Directors pursuant to Article 66 (2) of the Constitution.

Table Five: Directors' tenure as at 31 December 2024

Director	Board appointment date	Tenure on Board as at	Shareholder ratification date (initial appointment)	Rotation and re-election at AGM
Lady Winifred Kamit	22.03.2023	1 year 9 months	23.06.2023	Last rotation was in 2023
Dr Albert Mellam	19.08.2013	11 years[8]	26.06.2014	Retired on 18.08.2024
Richard Sinamoi	02.11.2018	6 years 1 month	27.06.2018	Last rotation was in 2023
Abigail Chang	12.12.2016	8 years	29.06.2017	Last rotation was in 2022
Faye-Zina Lalo	22.05.2017	7 years 7 months	27.06.2018	Re-elected at 2024 AGM
Stephen Humphries	13.04.2021	3 years 8 months	25.06.2021	Re-elected at 2024 AGM
Sir Melchior Togolo	29.10.2021	3 years 2 months	25.06.2021	Re-elected at 2024 AGM
Clare Mazzetti	20.12.2021	3 years	24.06.2022	Due for re-election in 2025
Daryl Johnson	24.06.2022	1 year 6 months	23.06.2023	Last rotation was in 2023

7. Director development

In 2024, there were a number of external workshops and courses that Directors participated in to improve the Board's performance, oversight capability and insight into the business. All Directors completed the required 20 hours of training in the year.

8. Director independence

The Board determined that a majority of the Directors (six out of nine) were independent throughout the reporting period. The Board reviews the interests notified by Directors regularly and formally assesses Director independence annually.

Directors are considered to be independent where they are independent of management and free of any business or other relationship that could, or reasonably be perceived to, materially interfere with their capacity to bring independent judgement on issues before the Board and to act in the best interests of Credit Corporation and its shareholders generally. Independent Directors must not be an ex-employee of Credit Corporation nor should they hold more than a 5% shareholding interest in the company. As part of the formal independence assessment, the Board considers all business relationships between the Group on the one hand, and the Directors and companies of which they are directors or substantial shareholders on the other hand. In each case, those business relationships were of an amount not material to both parties and the Director was not involved in decisions about those relationships.

8 Dr Albert Mellam's tenure was extended by two years with the approval of the Regulator, prior to his retirement.

Corporate governance statement (continued)

II. The Board of Directors (continued)

9. CEO and senior executive performance and remuneration

The Nominations and Remuneration Committee reviews the performance of the CEO and executive employees, and makes recommendations about remuneration and employment conditions to the Board for approval.

10. Conflicts of interest

Any Director who considers they have a conflict of interest or a material personal interest in a matter concerning Credit Corporation must declare it immediately to the Board Chairperson.

The Company Secretary maintains a Register of Interests which is updated at every Board meeting. The Secretary monitors all information coming to the Board and its committees, and potential conflicts are flagged with the affected Director and the Board Chairperson.

11. Independent advice

Directors are entitled to seek independent advice on their duties at the Group's expense, provided that they receive the prior approval of the Board Chairperson. The advice is normally made available to all Directors. No Director sought independent advice during the 2024 year.

12. Company Secretary

There is one Company Secretary for the Board and the Board committees. The Company Secretary is appointed by the Board under the Constitution.

The Company Secretary is accountable directly to the Board, through the Board Chairperson, on all matters to do with the proper functioning of the Board.

Directors' report

Your directors present their annual report on the affairs of Credit Corporation (PNG) Limited (the "Company") and its controlled entities ("the Group") including the financial statements for the year ended 31 December 2024.

Activities

The principal activities of the Group during the course of the financial year include providing banking services, finance, leasing, and property and equity investment.

The Bank of Papua New Guinea granted Credit Corporation Finance Limited, a subsidiary of Credit Corporation (PNG) Limited, a full banking license on 5 August 2024 trading under the name of CreditBank PNG.

The Directors affirm that the Group has taken all necessary steps to ensure fair and equitable treatment of all shareholders.

The Directors affirm that to the best of their knowledge, the Group has not participated in any activities that violate laws and regulations.

Results

The net profit after taxation for the Group attributable to the members of the Group for the year was K263.9 million (2023: K134.9 million) and for the Company was K249.4 million (2023: K145.0 million).

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal cause of business. The Directors of the Group consider that the Group will have sufficient sources of funding to continue to fulfil all obligations as and when they fall due. Accordingly, the Directors consider the Group's financial statements should be prepared on a going concern basis.

Dividends

The Company paid total dividends of K77.3 million (25.1 toea per share) during the year (2023: K71.7 million or 23.3 toea per share).

Events subsequent to balance date

Subsequent to the year ended 31 December 2024, the Board declared a final dividend of 7.4 toea per share and a special dividend of 4.7 toea per share.

In the opinion of the directors, there were no other significant changes in the state of affairs of the Company that occurred during the financial year under review that significantly affected, or may significantly affect, the operations of the Company or the results of those operations for the financial year ended 31 December 2024.

Directors

The directors as at and during the financial year ended 31 December 2024 of the Company are listed on page 54. No director was a substantial shareholder of the Company as at and during the year ended 31 December 2024 and none had any material interest in any contract or arrangement with the Company or any related entity during the year.

Directors' report (continued)

Remuneration of Directors and employees

The Directors and employees' remuneration information is disclosed in Note 6.3 (b). Further information regarding employee remuneration is included on page 160.

Interests register

The details of information recorded in the Interests register is disclosed in Note 6.3 (a).

Internal controls effectiveness

The Directors confirm that they have assessed the effectiveness of the internal controls and risk management processes and consider them to be suitable.

Changes in accounting policies

The Group changed its accounting policy with regards to its subsidiaries as disclosed in Note 3.4(d).

Auditors' remuneration

The detail of the auditors' remuneration is disclosed in Note 2.3.

Donations

During the year, the Company made donations totalling K326,703 (2023: K281,879).

For and on behalf of the board of directors

Lady Winifred Kamit
BOARD CHAIRPERSON
Date: 16 May 2025

Stephen Humphries
DIRECTOR
Date: 16 May 2025

Independent auditor's report

To the shareholders of Credit Corporation (PNG) Limited

Report on the audit of the financial statements of the Company and the Group

Our opinion

We have audited the financial statements of Credit Corporation (PNG) Limited (the Company), which comprise the statements of financial position as at 31 December 2024, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes to the financial statements, including material accounting policy information. The Group comprises the Company and the entities it controlled at 31 December 2024 or from time to time during the financial year.

In our opinion, the accompanying financial statements:

- comply with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and other generally accepted accounting practice in Papua New Guinea; and

- give a true and fair view of the financial position of the Company and the Group as at 31 December 2024, and their financial performance and cash flows for the year then ended.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* that are relevant to audits of the financial statements of public interest entities in Papua New Guinea, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out other services for the Group in the areas of taxation and other non-audit services. The provision of these other services has not impaired our independence as auditor of the Company and the Group.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the management structure of the Company and the Group, their accounting processes and controls and the industries in which they operate.

Audit Scope

Our audit focused on where the directors made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.

We (PwC Papua New Guinea) conducted the audit over all of the Group's operations in Papua New Guinea (PNG) which are the most significant to the Group, and directed the scope of the audit of other subsidiaries included in the Group financial statements sufficient to express an opinion on the financial statements as a whole. For the Group's activities in Fiji, Solomon Islands and Vanuatu, the audit work was performed by other non PwC network firms operating under our instructions.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the current period. The key audit matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be key matters to be communicated in our report.

Further, commentary on the outcomes of the particular audit procedures is made in that context.

Key audit matter	How our audit addressed the key matter
Fair value of investment properties (Refer to Note 3.6 *Investment property* of the financial statements) Due to the magnitude of the Investment property balance and the extent of management judgement inherent in the fair valuation, the valuation of investment properties is an area of significance in the current year audit of the Group. IAS 40 *Investment Property* requires considerable judgement in its application, including: • Determining the appropriate fair valuation methodology; and • Assumptions used in the fair valuation such as market rental rates, rental growth rates, vacancy allowances and capitalisation rates.	To assess the Group's determination of the fair value of its investment properties, we performed the following audit procedures on a sample basis, amongst others: • Developed an understanding of the process and controls relevant to the fair valuation determination • Assisted by PwC valuation experts in aspects of our work, we performed an independent assessment of fair value by: o Considering market rentals, rental growth rates, vacancy allowances and other forecasted inputs by reviewing internal information, external economic and industry analysis; and o Comparing the capitalisation rate used by the Group to market data • Assessed the scope, competence and objectivity of the external valuation expert engaged by the Group • Assessed the appropriateness of the valuation methodology adopted in accordance with accounting standards • Assessed the disclosures made in the financial statements against the requirements of the International Financial Reporting Standards.

Key audit matter	How our audit addressed the key matter
Allowance for expected credit losses on finance receivables (Refer to Note 3.2 *Finance receivables* of the financial statements) Due to the magnitude of the Finance receivables balance and the extent of management judgement inherent in the impairment calculations, the impairment of finance receivables is an area of significance in the current year audit of the Group. IFRS 9 *Financial Instruments* (IFRS 9) is a complex accounting standard which requires considerable judgement and interpretation in its application. Areas of judgement included: • The determination of the impairment in applying IFRS 9, which is reflected in the allowance for losses on finance receivables • The identification of exposure for which there has been a significant increase in credit risk; and • Assumptions used in the expected credit loss model such as valuation of collateral and assumptions made on future values, financial condition of counterparties and forward-looking macroeconomic factors.	To assess the Group's allowance for expected credit losses (ECL), we performed the following audit procedures on a sample basis, amongst others: • Obtained an understanding of the processes and controls relevant to the credit origination and credit monitoring processes • Assisted by PwC risk and regulatory experts, we performed an independent assessment of the allowance for expected credit losses by considering whether the ECL model addresses the requirements of the applicable accounting standards • Assessed whether key fields identified in the individual exposures are classified into the appropriate default stages and aging categories • Assessed the reasonableness of key judgements and assumptions utilised by the Group to derive Probabilities of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) • Assessed the disclosures made in the financial statements against the requirements of the International Financial Reporting Standards.

Information other than the financial statements and auditor's report

The directors are responsible for the annual report which includes other information. Our opinion on the financial statements does not cover the other information included in the annual report and we do not express any form of assurance conclusion on the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible, on behalf of the company for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB and other generally accepted accounting practice in Papua New Guinea and the Companies Act 1997 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

The Companies Act 1997 requires that in carrying out our audit we consider and report on the following matters. We confirm in relation to our audit of the financial statements for the year ended 31 December 2024:

- We have obtained all the information and explanations that we have required;
- In our opinion, proper accounting records have been kept by the Company as far as appears from an examination of those records.

Who we report to

This report is made solely to the Company's shareholders, as a body, in accordance with the Companies Act 1997. Our audit work has been undertaken so that we might state to the Company's shareholders those matters which we are required to state to them in an auditor's report and for no other purpose. We do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers

Chris Wickenhauser Partner Engagement Leader	Jonathan Grasso Partner Registered under the Accountants Act 1996

Port Moresby
16 May 2025

Financial report

Credit Corporation (PNG) Limited and its controlled entities consolidated financial statements for the year ended 31 December 2024

Statements of financial position

For the year ended 31 December 2024

		Consolidated		Company		
	Note	2024 K'000	2023 K'000	2024 K'000	2023 Restated K'000	1-Jan-23 Restated[1] K'000
Assets						
Cash and cash equivalents	3.1	237,913	176,606	55,797	46,646	31,792
Financial receivables	3.2	594,126	492,674	–	–	–
Other deposits	3.4(f)	–	–	1,548	1,516	1,485
Other receivables	3.3	12,565	11,108	78,014	68,116	44,528
Interest bearing securities	3.4(a)	60,897	52,099	–	–	–
Financial assets/Investment in subsidiaries	3.4(d)(e)	630,866	502,553	743,160	614,847	568,504
Inventories		1,127	1,143	–	–	–
Income taxes receivable	2.6(b)	5,163	2,611	55	49	926
Investments in associate	3.4(c)	9,274	15,539	9,274	15,539	8,283
Property and equipment	3.5	88,024	64,548	2,394	3,314	3,834
Investment property	3.6	225,132	225,846	–	–	–
Other equity investments	3.4(b)	34	34	34	34	34
Deferred tax assets	2.6(c)	24,137	33,706	3,215	3,301	2,024
Total assets		**1,889,258**	**1,578,467**	**893,491**	**753,362**	**661,410**
Equity						
Share capital	5.1	21,984	21,984	21,984	21,984	21,984
Reserves	3.4 (d), 5.2	688,958	494,872	666,852	470,039	423,696
Retained earnings	3.4 (d)	465,484	472,516	151,841	176,589	149,647
Total equity		**1,176,426**	**989,372**	**840,677**	**668,612**	**595,327**

1 See note 3.4. (d) for details regarding the restatement as a result of change in value and note 5.2. for the change in opening balance of equity.

The comparative period amounts have been restated to conform to presentation in the current year.

The statements of financial position are to be read in conjunction with the notes to and forming part of the financial statements set out on pages 71 to 158.

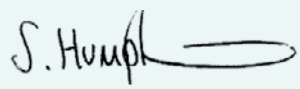
Statements of financial position (continued)

For the year ended 31 December 2024

		Consolidated		Company		
	Note	2024 K'000	2023 K'000	2024 K'000	2023 Restated K'000	1-Jan-23 Restated[1] K'000
Liabilities						
Trade and other payables	3.7	12,062	13,963	44,287	78,623	60,958
Deposits and borrowings	3.8	678,268	550,080	–	–	–
Employee benefits	3.9	13,604	8,917	8,527	6,127	5,125
Deferred tax liabilities	2.6(c)	8,898	16,135	–	–	–
Total liabilities		**712,832**	**589,095**	**52,814**	**84,750**	**66,083**
Total equity and liabilities		**1,889,258**	**1,578,467**	**893,491**	**753,362**	**661,410**

For and on behalf of the board of directors

Lady Winifred Tare Kamit
CHAIRPERSON
Date: 16 May 2025



Stephen Humphries
DIRECTOR
Date: 16 May 2025

The comparative period amounts have been restated to conform to presentation in the current year.

The statements of financial position are to be read in conjunction with the notes to and forming part of the financial statements set out on pages 71 to 158.

Income statements

For the year ended 31 December 2024

		Consolidated		Company	
	Note	2024 K'000	2023 K'000	2024 K'000	2023 K'000
Finance income	2.1	84,750	72,810	–	–
Finance costs	2.2	(13,895)	(13,631)	–	–
Net finance income		**70,855**	**59,179**	**–**	**–**
Other income	2.1	119,699	110,652	93,258	109,792
Loss on disposal of investment property		–	(500)	–	–
Fair value gain on financial asset	3.4(e)	196,813	46,343	196,813	46,343
Fair value loss on investment properties	3.6	(5,070)	–	–	–
Net operating income		**382,297**	**215,674**	**290,071**	**156,135**
Impairment reversal on finance receivables	3.2(iii)	5,134	9,072	–	–
Personnel expenses	2.4	(46,488)	(32,424)	(18,965)	(11,490)
Depreciation expenses	3.5	(7,183)	(5,750)	(1,164)	(1,129)
Other operating expenses	2.3	(56,574)	(45,097)	(15,249)	(7,902)
Results from operating activities		**277,186**	**141,475**	**254,693**	**135,614**
Share of (loss)/gain of equity accounted investee	3.4(c)	(5,251)	8,269	(5,251)	8,269
Profit before tax		**271,935**	**149,744**	**249,442**	**143,883**
Income tax (expense)/benefit	2.6(a)	(8,001)	(14,847)	(86)	1,150
Profit attributable to equity holders of the company		**263,934**	**134,897**	**249,356**	**145,033**
Earnings per share based on profit for the year					
Basic and Diluted		0.86	0.44	0.81	0.47

The income statements are to be read in conjunction with the notes to and forming part of the financial statements set out on pages 71 to 158.

Statements of comprehensive income

For the year ended 31 December 2024

		Consolidated		Company	
	Note	2024 K'000	2023 K'000	2024 K'000	2023 Restated[2] K'000
Profit for the period		**263,934**	**134,897**	**249,356**	**145,033**
Items that may be reclassified that may be classified subsequently to profit and loss					
Foreign currency translation differences for foreign operations	5.2(c)	411	3,460	–	–
Other comprehensive income for the year (net of income tax)		**411**	**3,460**	**–**	**–**
Total comprehensive income for the year attributable to equity holders of the company		**264,345**	**138,357**	**249,356**	**145,033**

2 See note 3.4. (d) for details regarding the restatement as a result of change in value and note 5.2. for the change in opening balance of equity.

The statements of comprehensive income are to be read in conjunction with the notes to and forming part of the financial statements set out on pages 71 to 158.

Statements of changes in equity

For the year ended 31 December 2024

Consolidated	Note	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	2.5	–	–	(71,748)	(71,748)
Total transactions with owners		**–**	**–**	**(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		–	411	263,934	264,345
Transfers to reserves		–	193,675	(193,675)	–
		–	**194,086**	**70,259**	**264,345**
Transactions with owners					
Dividends to equity holders	2.5	–	–	(77,291)	(77,291)
Total transactions with owners		**–**	**–**	**(77,291)**	**(77,291)**
Balance at 31 December 2024		**21,984**	**688,958**	**465,484**	**1,176,426**

The statements of changes in equity are to be read in conjunction with the notes to and forming part of the financial statements set out on pages 71 to 158.

Statements of changes in equity (continued)

For the year ended 31 December 2024

Company	Note	Share capital K'000	Reserves K'000	Retained earnings K'000	Total K'000
Balance at 1 January 2023		**21,984**	**729,839**	**124,379**	**876,202**
Change in accounting policy adjustment	3.4(d)	–	(306,143)	25,268	(280,875)
Restated total equity at the beginning of the financial year		**21,984**	**423,696**	**149,647**	**595,327**
Total comprehensive income for the year		–	–	145,033	145,033
Transfer to reserves		–	46,343	(46,343)	–
		–	**46,343**	**98,690**	**145,033**
Transactions with owners					
Dividends to equity holders	2.5	–	–	(71,748)	(71,748)
Total transactions with owners		**–**	**–**	**(71,748)**	**(71,748)**
Balance at 31 December 2023 (restated)		**21,984**	**470,039**	**176,589**	**668,612**
Total comprehensive income for the year		–	–	249,356	249,356
Transfers to reserves		–	196,813	(196,813)	–
		–	**196,813**	**52,543**	**249,356**
Transactions with owners					
Dividends to equity holders	2.5	–	–	(77,291)	(77,291)
Total transactions with owners		**–**	**–**	**(77,291)**	**(77,291)**
Balance at 31 December 2024		**21,984**	**666,852**	**151,841**	**840,677**

The statements of changes in equity are to be read in conjunction with the notes to and forming part of the financial statements set out on pages 71 to 158.

Statements of cash flows

For the year ended 31 December 2024

	Note	Consolidated 2024 K'000	Consolidated 2023 K'000	Company 2024 K'000	Company 2023 K'000
Operating activities					
Charges earned on leases and loans		84,750	72,810	–	–
Commission, fees and rents		47,433	42,091	–	1,005
Investing activity		–	–	94,531	80,889
Interest payments		(13,895)	(13,631)	–	–
Payments to suppliers and employees		(98,664)	(84,341)	(32,442)	(21,453)
Operating cash flows before changes in operating assets		19,624	16,929	62,089	60,441
Net cash paid in respect of finance receivables		(96,318)	(69,984)	–	–
Net cash received in respect of deposits		126,225	47,925	–	–
Net cash (to)/from subsidiaries		–	–	(64,781)	25,122
Net cash from operating activities before income tax		49,531	(5,130)	(2,692)	85,563
Incomes taxes paid	2.6(b)	(7,854)	(4,619)	–	–
Cash flows from operating activities		**41,677**	**(9,749)**	**(2,692)**	**85,563**
Investing activities					
Purchase of property and equipment	3.5	(32,743)	(18,797)	(189)	(609)
Proceeds from sale of property and equipment		33	247	33	–
Capital expenditure on investment property		(3,178)	(1,053)	–	–
Proceeds from sale of investment property		–	4,000	–	–
Proceeds from sale of listed shares		86,599	–	86,599	–
Dividend received		54,278	65,932	–	–
Interest from funds deposited		3,787	3,849	–	–
Net cashflow from term deposits and government bonds		(8,798)	(15,928)	–	–
Cash flows from/ (used in) investing activities		**99,978**	**38,250**	**86,443**	**(609)**

The statements of cash flows are to be read in conjunction with the notes to and forming part of the financial statements set out on pages 71 to 158.

Statements of cash flows (continued)

For the year ended 31 December 2024

		Consolidated		Company	
	Note	2024 K'000	2023 K'000	2024 K'000	2023 K'000
Financing activities					
Repayment of borrowings		(5,498)	(5,235)	–	–
Repayment of interest		(1,712)	(2,415)	–	–
Dividends paid	2.5	(77,291)	(71,748)	(77,291)	(71,748)
Cash flows used in financing activities		**(84,501)**	**(79,398)**	**(77,291)**	**(71,748)**
Effect of exchange rate changes on foreign subsidiaries cash and cash equivalents		4,153	7,106	2,691	1,648
Net (decrease)/increase in cash and cash equivalents		**61,307**	**(43,791)**	**9,151**	**14,854**
Cash and cash equivalents at 1 January		176,606	220,397	46,646	31,792
Cash and cash equivalents at 31 December	**3.1**	**237,913**	**176,606**	**55,797**	**46,646**

The statements of cash flows are to be read in conjunction with the notes to and forming part of the financial statements set out on pages 71 to 158.

Notes to and forming part of the financial statements

For the year ended 31 December 2024

1 About our financial statements and material accounting policies

1.1. Corporate information

These are the standalone and consolidated financial statements for Credit Corporation PNG Limited ("the Company") and its controlled entities (together "the Group"), respectively, for the year ended 31 December 2024.

The financial statements where required, presents restated comparative information for consistency with the current year's presentation in the financial statements.

1.2. Reporting entity

Credit Corporation PNG Limited (the "Company") is a company domiciled in Papua New Guinea. The address of the Company's registered office is Credit House, Cuthbertson Street, Port Moresby, Papua New Guinea. The consolidated financial statements as at and for the year ended 31 December 2024, comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates. The Group is primarily involved in providing banking, general finance, leasing and has property and equity investment.

1.3. Basis of preparation

(a) Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the Accounting Standards Board of Papua New Guinea (ASB) and the requirements of the Papua New Guinea Companies Act 1997.

The Group and Company are a for-profit entity for the purpose of preparing the financial statements.

The consolidated financial statements have been authorised for issue by the Board of Directors on 16 May 2025.

(b) Basis of measurement

The consolidated financial statements have been prepared primarily on the historical cost basis except for financial instruments measured at fair value through profit and loss and investment property which are measured at fair value through profit or loss. The Group owns property that is utilised for its own operational needs.

(c) Functional currency

The financial statements are presented in the Papua New Guinea currency, the Kina, which is also the Company's functional currency. Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates.

(d) Use of estimates and judgements

The preparation of a financial report in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods if affected.

Notes to and forming part of the financial statements

For the year ended 31 December 2024

1 About our financial statements and material accounting policies (continued)

1.3. Basis of preparation (continued)

(d) Use of estimates and judgements (continued)

Information about critical judgements in applying accounting policies that will have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 3.2 — Finance receivables
- Note 3.6 — Investment property
- Note 4 — Financial instrument disclosures
- Note 6 — Share-based payment that are cash settled.

The underlying assumptions are also subject to uncertainties which are often outside the control of the Group. Accordingly, the actual economic conditions are likely to be different from those forecast since anticipated events frequently do not occur as expected, and the effect of those differences may significantly impact accounting estimates included in these financial statements.

The significant accounting estimates impacted by these forecasts and associated uncertainties are predominantly related to expected credit losses, fair value measurement, and recoverable amount assessments of non-financial assets.

1.4. Basis of consolidation

(a) Subsidiaries

Subsidiaries are investees controlled by the Group. The Group 'controls' an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date when control ceases. The Parent changed its accounting policy in relation to accounting for the subsidiaries from fair value with any changes posted through other comprehensive income to cost. Refer to note 3.4 (d) for further details.

(b) Investments in associates

Associates are those entities in which the Group has a significant influence, but not control or joint control, over the financial and operating policies.

Investments in associates are accounted for using the equity method (equity accounted investees) and are recognised initially at cost. The consolidated financial statements include the Group's share of profit and other comprehensive income of the associate, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

(c) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(d) Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group (see 1.4 a).

In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs. The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

1.5. Foreign currency

(a) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(b) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to PNG Kina at exchange rates at the reporting date. The income and expenses of foreign operations are translated to PNG Kina at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income. Foreign exchange differences have been recognised in the exchange fluctuation reserve (EFR). When a foreign operation is disposed of, in part or in full, the relevant amount in the EFR is transferred to profit or loss as part of the profit or loss on disposal.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income and are presented within equity in the EFR.

Notes to and forming part of the financial statements

For the year ended 31 December 2024

1 About our financial statements and material accounting policies (continued)

1.6. Financial assets and liabilities

(a) Classification and measurement of financial instruments

(i) Recognition and initial measurement

The Group recognises a financial asset or a financial liability in its statement of financial position when, and only when, the Group becomes party to the contractual provisions of the instrument.

Except for trade receivables that do not have a significant financing component, at initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Trade receivables that do not have a significant financing component are measured at their transaction price at initial recognition.

(ii) Classification and subsequent measurement of financial assets

The Group classifies financial assets into one of the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income (FVTOCI); or
- Fair value through profit or loss (FVTPL).

Financial assets include both debt and equity instruments.

(a) Debt instruments

Debt instruments include loans and debt securities and are classified into either amortised costs or measured at FVTPL measurement categories.

Debt instruments measured at amortised cost — debt instruments are measured at amortised cost if they are held within a business model whose objective is to hold for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. After initial measurement, debt instruments in this category are carried at amortised cost. Interest income on these instruments is recognised as interest income using the effective interest rate method.

Debts instruments measured at FVTPL — debt instruments are measured at FVTPL if assets:

(i) are held for trading purposes;

(ii) are held as part of a portfolio managed on a fair value basis; or

(iii) whose cash flows do not represent payments that are solely payments of principal and interest.

The Group did not have any debts instruments that are measured at FVTPL in 2024 (2023: None).

The classification of debt instruments is determined based on:

(a) the business model under which the asset is held; and

(b) the contractual cash flow characteristics of the instrument.

Business model assessment

Business model assessment involves determining how financial assets are managed in order to generate cash flows. The business model of the Group is to hold assets and collect contractual cash flows. Any sales of the asset are incidental to the objective of the model. The contractual cash flow characteristics assessment involves assessing the contractual features of an instrument to determine if they give rise to cash flows that are consistent with a basic lending arrangement. Contractual cash flows are consistent with a basic lending arrangement if they represent cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. Principal is defined as the fair value of the instrument at initial recognition. Principal may change over the life of the instrument due to repayments or amortisation of premium/discount.

Interest is defined as the consideration for the time value of money and the credit risk associated with the principal amount outstanding and for other basic lending risks and costs, and a profit margin.

If the Group identifies any contractual features that could significantly modify the cash flows of the instrument such that they are no longer consistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

(b) Equity instruments

Equity instruments are classified into fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVTOCI). Equity instruments are measured at FVTPL, unless an election is made to designate them at FVTOCI upon purchase.

At initial recognition, the Group measures equity instruments at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent to initial recognition the changes in fair value are recognised as part of fair value (loss)/gain on financial assets line in the Consolidated Income Statement for FVTPL or in other comprehensive income for FVTOCI.

(iii) Classification and subsequent measurement of financial liabilities

The Group classifies all financial liabilities as measured at amortised cost.

Deposits and borrowings are accounted for at amortised cost. Interest on deposits, calculated using the effective interest rate method, is recognised as interest expense. Interest on borrowings is recognised using the effective interest rate method as interest expense.

1 About our financial statements and material accounting policies (continued)

1.6. Financial assets and liabilities (continued)

(a) Classification and measurement of financial instruments (continued)

(iv) Determination of fair value

Fair value of a financial asset or liability is the price that would be received to sell an asset or paid to transfer a liability to which the Group has access at the measurement date.

The Group values instruments carried at fair value using quoted market prices, where available. Unadjusted quoted market prices for identical instruments represent a Level 1 valuation. When quoted market prices are not available, the Group maximises the use of observable inputs within valuation models. When all significant inputs are observable, the valuation is classified as Level 2. Valuations that require the significant use of unobservable inputs are considered Level 3.

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as at the date of the event or change in circumstances that caused the transfer. During the year, there were no transfers between levels of the fair value hierarchy (2023: None).

(v) Modification of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date.

The Group renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default. A loan's terms are modified in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened, and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to other terms.

When a financial asset is modified the Group assesses whether this modification results in derecognition. In accordance with the Group's policy, a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms the Group considers the following:

- Qualitative factors, such as contractual cash flows after modification are no longer SPPI, change in currency, change of counterparty and the extent of change in interest rates, maturity and covenants. If these do not clearly indicate a substantial modification, then;
- A quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original effective interest. If the difference in present value is greater than 10% the Group deems the arrangement is substantially different leading to derecognition.

In the case where the financial asset is derecognised the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated-credit impaired. This applies only in the case where the fair value of the new loan is recognised at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification.

The Group monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms. When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Group determines if the financial asset's credit risk has increased significantly since initial recognition.

For financial assets modified as part of the Group's restructuring policy, where modification did not result in derecognition, the estimate of PD reflects the Group's ability to collect the modified cash flows taking into account the Group's previous experience of similar restructuring action, as well as various behavioural indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition the loss allowance will continue to be measured at an amount equal to lifetime ECL. The loss allowance on forborne loans will generally only be measured based on 12-month ECL when there is evidence of the borrower's improved repayment behaviour following modification leading to a reversal of the previous significant increase in credit risk.

Where a modification does not lead to derecognition the Group calculates the modification gain/loss comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Then the Group measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

(vi) Derecognition of financial assets and liabilities

Derecognition of financial assets

A financial asset is derecognised when the contractual rights to the cash flows from the asset has expired; or the Group transfers the contractual rights to receive the cash flows from the financial asset; or has assumed an obligation to pay those cash flows to an independent third-party; or the Group has transferred substantially all the risks and rewards of ownership of that asset to an independent third-party. Management determines whether substantially all the risk and rewards of ownership have been transferred by quantitatively comparing the variability in cash flows before and after the transfer. If the variability in cash flows remains significantly similar subsequent to the transfer, the Group has retained substantially all of the risks and rewards of ownership.

Where substantially all the risks and rewards of ownership of the financial asset are neither retained nor transferred, the Group derecognises the transferred asset only if it has not retained control over that asset. Control over the asset is represented by the practical ability to sell the transferred asset. If the Group retains control over the asset, it will continue to recognise the asset to the extent of its continuing involvement. At times such continuing involvement may be in the form of investment in senior or subordinated tranches of notes issued by non-consolidated structured entities.

1 About our financial statements and material accounting policies (continued)

1.6. Financial assets and liabilities (continued)

(a) Classification and measurement of financial instruments (continued)

(vi) Derecognition of financial assets and liabilities (continued)

Derecognition of financial assets (continued)

On derecognition of a financial asset, the difference between the carrying amount and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income is recognised in the Consolidated Income Statement.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. If an existing financial liability is replaced by another from the same counterparty on substantially different terms, or the terms of the existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability at fair value. The difference in the respective carrying amount of the existing liability and the new liability is recognised as a gain/loss in the Consolidated Income Statement.

(b) Impairment of financial assets carried at amortised cost

The Group applies a three-stage approach to measure allowance for credit losses, using an expected credit loss approach as required under IFRS 9 — *Financial Instruments*.

(i) Expected credit loss impairment model

Expected credit loss ("ECL") allowances

The modelling methodology applied in estimating ECL in these financial statements are briefly described in note 1.6 of these consolidated financial statements.

The uncertainty around delays in key major projects and the fluctuating economy increases the risk to the forecast resulting in potential misstatement of the ECL balance due to uncertainties around:

- the extent and duration of the economic downturn, along with the time required for economies to recover; and
- the effectiveness of government stimulus measures, in particular their impact on the magnitude of economic downturn and the extent and duration of the recovery.

The Group's allowance for credit losses calculations are outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The expected credit loss impairment model reflects the present value of all cash shortfalls related to default events either (i) over the following twelve months or (ii) over the expected life of a financial instrument depending on credit deterioration from inception. The allowance for credit losses reflects an unbiased, probability-weighted outcome which considers multiple scenarios based on reasonable and supportable forecasts.

Notes to and forming part of the financial statements

For the year ended 31 December 2024

This impairment model measures credit loss allowances using a three-stage approach based on the extent of credit deterioration since origination:

- **Stage 1** — 12-month ECL applies to all financial assets that have not experienced a significant increase in credit risk (SICR) since origination and are not credit impaired. The ECL will be computed using a 12-month PD that represents the probability of default occurring over the next 12 months. For those assets with a remaining maturity of less than 12 months, a PD is used that corresponds to remaining maturity.
- **Stage 2** — When a financial asset experiences a SICR subsequent to origination but is not credit impaired, it is considered to be in Stage 2. This requires the computation of ECL based on lifetime PD that represents the probability of default occurring over the remaining estimated life of the financial asset. Credit loss allowances are higher in this stage because of an increase in risk and the impact of a longer time horizon being considered compared to 12 months in Stage 1.
- **Stage 3** — Financial assets that have an objective evidence of impairment will be included in this stage. Similar to Stage 2, the allowance for credit losses will continue to capture the lifetime expected credit losses.

The following diagram shows the impairment approach under IFRS 9.

Change in credit quality since initial recognition

Stage 1	Stage 2	Stage 3
Performing (initial recognition)	Underperforming (SICR since initial recognition)	Non-performing (Credit Impaired Assets
Recognition of LCL		
12-month ECL	Lifetime ECL	Lifetime ECL
Interest revenue		
Effective interest on gross carrying amount	Effective interest on gross carrying amount	Effective interest on amortised carrying amount (i.e. net of credit allowance)

1 About our financial statements and material accounting policies (continued)

1.6. Financial assets and liabilities (continued)

(b) Impairment of financial assets carried at amortised cost (continued)

(i) Expected credit loss impairment model (continued)

Measurement of expected credit loss

The probability of default (PD), exposure at default (EAD), and loss given default (LGD) inputs used to estimate expected credit losses are modelled based on macroeconomic variables that are most closely related with credit losses in the relevant portfolio. Details of key statistical parameters/inputs are as follows:

- **PD** — The probability of default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the remaining estimated life, if the facility has not been previously derecognised and is still in the portfolio. The PD calculation uses historical data and considers 'payment holiday probation', 'restructure probation', 'downturn PD internal', 'portfolio average PD internal', 'PD product segmentation' and 'PD years and PD configuration.'
- **EAD** — The exposure at default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- **LGD** — The loss given default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, including from the realisation of any collateral. The LGD calculation considers collateral haircut, time to realisation, cost to recover, cure rate and LGD floor. LGD is usually expressed as a percentage of the EAD.

Qualitative information assumptions on ECL changes

- **Haircut on collateral** — the reduction/discounting of assets used as collateral on a loan. The ECL model was updated to segment collateral by applying the appropriate haircut based on the asset type as the previous model applied a set of fixed haircuts to all asset types.
- **Time to realisation** — this is the time taken to realise on a collateral from default notice.
- **Cost to recovery** — this is currently capitalised as part of the loan balance. This policy remains unchanged.
- **Cure rates** — this is the probability of an account to recover to a performing status once an account has defaulted.

Notes to and forming part of the financial statements

For the year ended 31 December 2024

Assumptions	Scenario	2024	2023	Increase/decrease
Time to realisation	Base	10 months	10 months	Stable
	Upturn	5 months	5 months	Stable
	Downturn	27 months	27 months	Stable
Cost to recover		0%	0%	Stable
Cure rate	Base	43%	23%	Increased
	Upturn	14%	35%	Decreased
	Downturn	51%	3%	Increased
ECL Weighting	Base	64%	72%	Decreased
	Upturn	4%	5%	Decreased
	Downturn	32%	23%	Increased

(ii) Forward-looking information

The estimation of expected credit losses for each stage and the assessment of significant increases in credit risk consider information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information may require significant judgement.

Multiple forward-looking scenarios

The Group determines its allowance for credit losses using three probability-weighted forward-looking scenarios. The Group considers both internal and external sources of information and data in order to achieve an unbiased projections and forecasts.

The weightings assigned to each economic scenario were as follows:

At 31 December 2024

Scenario	Base	Upturn	Downturn
Weighting	64%	4%	32%

At 31 December 2023

Scenario	Base	Upturn	Downturn
Weighting	72%	5%	23%

The 'base case' represents the most likely outcome. The upturn scenario represents more optimistic outcome while the downturn represents more pessimistic outcomes. The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macroeconomic variables, credit risk, and credit losses.

Notes to and forming part of the financial statements

For the year ended 31 December 2024

1 About our financial statements and material accounting policies (continued)

1.6. Financial assets and liabilities (continued)

(b) Impairment of financial assets carried at amortised cost (continued)

(ii) Forward-looking information (continued)

Macroeconomic factors

In its models, the Group relies on a broad range of forward-looking economic information as inputs, such as: GDP growth, unemployment rates, interest rates, and house-price indices. The inputs and models used for calculating expected credit losses may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays may be made as temporary adjustments using expert credit judgement.

The table below summarises the principal macroeconomic indicators included in the economic scenarios used at 31 December 2024 for the years 2025 to 2027, for finance receivables.

Country — GDP Growth		2024	2025	2026	2027
Papua New Guinea	Base scenario	4.60%	3.70%	3.40%	3.00%
Fiji	Base scenario	3.00%	3.40%	3.40%	3.30%
Solomon Islands	Base scenario	2.30%	2.50%	2.60%	3.00%
Vanuatu	Base scenario	0.90%	1.50%	2.10%	2.50%

Group — GDP Growth					
	Base scenario	2.70%	2.78%	2.88%	2.95%
	Upside scenario (10% increase)	2.97%	3.05%	3.16%	3.25%
	Downside scenario (10% decrease)	2.43%	2.50%	2.59%	2.66%

Source: International Monetary Fund

Notes to and forming part of the financial statements

For the year ended 31 December 2024

Base case economic forecast assumptions

The table below summarises the principal macroeconomic indicators included in the economic scenarios used for finance receivables at 31 December 2024 and the forecast for the year 2025.

	Revised base case economic forecast as at 31 December 2024	Revised base case economic forecast as at 31 December 2023.
Papua New Guinea		
Gross Domestic Products (GDP)	PNG's GDP increased by 1.7% in 2024 and is expected to increase to 3.7% in 2025.	PNG's GDP decreased by 1.3% in 2023 and is expected to increase to 5% in 2024.
Consumer Price Index (CPI)	Average CPI for 2024 was at 4.4% and is expected to increase to 4.8% in 2025.	Average CPI for 2023 was at 5% but this is expected to decrease to 4.9 in 2024.
Fiji		
Gross Domestic Products (GDP)	Fiji's GDP decreased by 4.5% in 2024 and is expected to increase to 3.4% in 2025.	Fiji's GDP decreased by 12.5% in 2023 and is expected to decrease to 3.9% in 2024.
Consumer Price Index (CPI)	Average CPI for Fiji in 2024 was 5.2% but is expected to decrease to 3.5% in 2025.	Average CPI for Fiji in 2023 was 3% but is expected to increase to 3.5% in 2024.
Vanuatu		
Gross Domestic Products (GDP)	Vanuatu's GDP decreased by 1.3% in 2024 and is expected to increase to 1.5% in 2025.	Vanuatu's GDP decreased by 0.4% in 2023 and is expected to increase to 2.6% in 2024.
Consumer Price Index (CPI)	Average CPI for Vanuatu in 2024 was 4.2% and is expected to decrease to 2.8% in 2025.	Average CPI for Vanuatu in 2023 was 9.3% but is expected to decrease to 5.7% in 2024.
Solomon Islands		
Gross Domestic Products (GDP)	Solomon Island's GDP decreased by 1% in 2024 and is expected to increase to 2.5% in 2025.	Solomon Island's GDP increased by 6.6% in 2023 and is expected to decrease to 2.4% in 2024.
Consumer Price Index (CPI)	Average CPI for Solomon Islands in 2024 was 2.9% but is expected to increase to 3% in 2025.	Average CPI for Solomon Islands in 2023 was 4.9% but is expected to decrease to 4% in 2024.

Source: International Monetary Fund

1 About our financial statements and material accounting policies (continued)

1.6. Financial assets and liabilities (continued)

(b) Impairment of financial assets carried at amortised cost (continued)

(iii) Assessment of significant increase in credit risk (SICR)

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the remaining expected life from the reporting date and the date of initial recognition. The assessment considers borrower-specific quantitative and qualitative information without consideration of collateral, and the impact of forward-looking macroeconomic factors.

The following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations; and
- applied a credit provision overlay that is supported by the uncertainty of the environment and a balanced risk appetite.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The common assessments for SICR include macroeconomic outlook, management judgement, and delinquency and monitoring. Forward-looking macroeconomic factors are a key component of the macroeconomic outlook. The importance and relevance of each specific macroeconomic factor depends on the type of product, characteristics of the financial instruments and the borrower and the geographical region. Quantitative models may not always be able to capture all reasonable and supportable information that may indicate a significant increase in credit risk. Qualitative factors may be assessed to supplement the gap. Examples of situations include changes in adjudication criteria for a particular group of borrowers; changes in portfolio composition; and natural disasters impacting certain portfolios. With regards to delinquency and monitoring, there is a rebuttable presumption that the credit risk of the financial instrument has increased since initial recognition when contractual payments are more than 30 days overdue.

Notes to and forming part of the financial statements

For the year ended 31 December 2024

(iv) Expected life

When measuring expected credit loss, the Group considers the maximum contractual period over which the Group is exposed to credit risk. All contractual terms are considered when determining the expected life, including prepayment, and extension and rollover options.

(v) Presentation of allowance for credit losses in the Statement of Financial Position

Financial assets are measured at amortised cost: as a deduction of impairment, if any, from the gross carrying amount of the financial assets.

(vi) Restructured financial assets

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognised and the renegotiated loan recognised as a new loan at fair value in accordance with the accounting policy.

(vii) Definition of default

The Group considers a financial instrument to be in default as a result of one or more loss events that occurred after the date of initial recognition of the instrument and the loss event has a negative impact on the estimated future cash flows of the instrument that can be reliably estimated. This includes events that indicate:

- significant financial difficulty of the borrower;
- default or delinquency in interest or principal payments;
- high probability of the borrower entering a phase of bankruptcy or a financial reorganisation; and
- measurable decrease in the estimated future cash flows from the loan or the underlying assets that back the loan.

The Group considers that default has occurred and classifies the financial asset as impaired when it is more than 90 days past due.

Financial assets in default are also considered credit impaired.

(viii) Write-off policy

The Group writes off an impaired financial asset (and the related impairment allowance), either partially or in full, when there is no realistic prospect of recovery. Where financial assets are secured, write-off is generally after receipt of any proceeds from the realisation of security. In circumstances where the net realisable value of any collateral has been determined and there is no reasonable expectation of further recovery, write-off may be earlier. In subsequent periods, any recoveries of amounts previously written off are credited to the impairment loss on finance receivables line in the Consolidated Income Statement.

1 About our financial statements and material accounting policies (continued)

1.6. Financial assets and liabilities (continued)

(b) Impairment of financial assets carried at amortised cost (continued)

(ix) Sensitivity analysis

Sensitivity analysis has been performed on certain assumptions being:

1. Haircut on collateral values;
2. Time to realisation; and
3. Weighting on economic scenarios.

Set out below are the sensitivity analysis on reasonable changes to these assumptions.

	31 December 2024	
Increase/(decrease) by	Increase by 10% K'000	Decrease by 10% K'000
Change in collateral haircut	1,967	(1,882)
Change in time to realisation	246	(242)
	31 December 2023	
Change in collateral haircut	1,834	(1,644)
Change in time to realisation	288	(290)

	31 December 2024	
Increase/(decrease) by	Increase by 10% K'000	Decrease by 10% K'000
Changes in probability weighted scenarios	(1,909)	1,909
	31 December 2023	
Changes in probability weighted scenarios	(2,339)	2,339

Notes to and forming part of the financial statements

For the year ended 31 December 2024

(x) Collateral

The Group has a range of policies that are used for the purpose of managing and mitigating credit risks. To reduce its exposure to credit risks the Group accepts collateral to funds advanced. The specific types of collateral and valuation of collateral during the loan origination process and period assessment of credit quality are clearly outlined in the internal credit policies. The different collateral types for loans and advances are:

- Fixed and floating charges over company assets;
- Chattel mortgage over personal property; and
- Registered Mortgage over property.

The Group's policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Group since the prior period. The Group closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Group will take possession of collateral to mitigate potential credit losses.

Finance receivables that are credit-impaired and related collateral held in order to mitigate potential losses are shown below. Refer to Note 1.6 (b) (i) for considerations in relation to haircuts on collaterals.

	Gross exposure (Net of unearned income and deferred income) K'000	Impairment allowance K'000	Carrying amount K'000	Fair value of collateral held K'000
2024 Credit impaired assets				
Stage 1	501,618	(16,752)	484,866	762,791
Stage 2	82,167	(8,230)	73,937	122,058
Stage 3	52,795	(17,472)	35,323	83,399
	636,580	**(42,454)**	**594,126**	**968,248**
2023 Credit impaired assets				
Stage 1	408,351	(22,197)	386,154	640,537
Stage 2	42,245	(5,296)	36,949	76,125
Stage 3	98,992	(29,421)	69,571	131,587
	549,588	**(56,914)**	**492,674**	**848,249**

1 About our financial statements and material accounting policies (continued)

1.6. Financial assets and liabilities (continued)

(b) Impairment of financial assets carried at amortised cost (continued)

(xi) Changes in loss allowance

The change in loss allowance recognised in the period was impacted by the following factors:

- Movement of exposures between the three stages depending on the whether there has been a significant increase in credit risk for exposures since initial recognition. The assessment considers borrower-specific quantitative and qualitative information without consideration of collateral, and the impact of forward-looking macroeconomic factors.
- Additional allowances as a result of new financial instruments added during the period.
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period as a result of regular updates on general models.
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements.
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period.

(xii) Credit Risk Exposure

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the Group's maximum exposure to credit risk on these assets.

	2024 K'000	2023 K'000
Stage 1 — 12-month ECL	501,618	408,351
Stage 2 — Lifetime ECL	82,167	42,245
Stage 3 — Lifetime ECL	52,795	98,992
Gross carrying amount	**636,580**	**549,588**
Allowance for credit loss	(42,454)	(56,914)
Net carrying amount	**594,126**	**492,674**

1.7. Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, such as property and equipment, investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.8. Leases

(a) The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Notes to and forming part of the financial statements

For the year ended 31 December 2024

1 About our financial statements and material accounting policies (continued)

1.8. Leases (continued)

(a) The Group as lessee (continued)

Lease payments included in the remeasurement of lease liability compose:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is included under 'Deposits and borrowings' in the statements of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in the 'Property and equipment' line in the consolidated statements of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 1.7.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in profit or loss.

(i) Amounts recognised in the statements of financial position

The statements of financial position show the following amounts relating to leases:

	Consolidated[3]	
	2024 K'000	2023 K'000
Right-of-use assets		
Buildings		
At 1 January	3,431	3,290
Additions/disposals/transfers	7,695	784
Depreciation for the year	(1,655)	(739)
Effect of foreign exchange	-	96
At 31 December	**9,471**	**3,431**
Lease liabilities		
Current	1,944	1,290
Non-current	7,968	2,486
	9,912	**3,776**

See note 3.8 (d) for maturity analysis of lease liabilities as at 31 December 2024.

3 The parent entity does not have right of use assets or lease liabilities.

Notes to and forming part of the financial statements

For the year ended 31 December 2024

1 About our financial statements and material accounting policies (continued)

1.8. Leases (continued)

(a) The Group as lessee (continued)

(ii) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	Consolidated	
	2024 K'000	2023 K'000
Depreciation charge of right-of-use assets:		
Buildings	(1,655)	(739)
Interest expense (included in finance cost)	396	184

Total cash outflow for leases (including both principal & interest payment) in 2024 was K2.1 million (2023: K1.2 million).

(b) The Group as lessor

The Group enters into lease agreements as a lessor with respect to its investment properties.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases.

1.9. Standards, amendments and interpretations effective in the year ended 31 December 2024

The following standards, amendments and interpretations to existing standards became applicable for the first time during the accounting period 31 December 2024.

- Amendment to IAS 1 — *Non-current liabilities with covenants*.
  These amendments clarify how conditions which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these amendments.
- Amendment to IFRS 16 — *Leases on sale and leaseback*.
  These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
- Amendment to IAS 7 and IFRS 7 — *Supplier finance*.
  These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

The above changes did not have any material impact on the Group and company.

Notes to and forming part of the financial statements

For the year ended 31 December 2024

1 About our financial statements and material accounting policies (continued)

1.10. Standards, amendments and interpretations issued but not yet effective for the year ended 31 December 2024 or adopted early

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2025 or later periods, but the entity has not early adopted them:

- Amendments to IAS 21 — *Lack of Exchangeability* (effective 1 January 2025 — early adoption is available). An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.
- Amendment to IFRS 9 and IFRS 7 — *Classification and Measurement of Financial* (effective 1 January 2026 — early adoption is available). These amendments:
  - clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
  - clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
  - add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and
  - make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).
- Annual improvements to IFRS — *Volume 11* (effective 1 January 2026 — with earlier application permitted). Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The 2024 amendments are to the following standards:
  - IFRS 1 — *First-time Adoption of International Financial Reporting Standards;*
  - IFRS 7 — *Financial Instruments: Disclosures* and its accompanying Guidance on implementing IFRS 7;
  - IFRS 9 — *Financial Instruments*;
  - IFRS 10 — *Consolidated Financial Statements*; and
  - IAS 7 — *Statement of Cash Flows*.

Notes to and forming part of the financial statements

For the year ended 31 December 2024

- IFRS 18 — *Presentation and Disclosure in Financial Statements* (effective 1 January 2027).
  This is the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:
  - the structure of the statement of profit or loss;
  - required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
  - enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.
- IFRS 19 — *Subsidiaries without Public Accountability: Disclosures* (effective 1 January 2027 — earlier application is permitted).
  This new standard works alongside other IFRS Accounting Standards. An eligible subsidiary applies the requirements in other IFRS Accounting Standards except for the disclosure requirements and instead applies the reduced disclosure requirements in IFRS 19. IFRS 19's reduced disclosure requirements balance the information needs of the users of eligible subsidiaries' financial statements with cost savings for preparers. IFRS 19 is a voluntary standard for eligible subsidiaries.

  A subsidiary is eligible if:
  - it does not have public accountability; and
  - it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

New IFRS sustainability disclosure standards effective after 1 January 2025

- IFRS S1 — *General requirements for disclosure of sustainability-related financial information* (effective 1 January 2024 — this is subject to endorsement by the Accounting Standards Board of PNG).
  This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.
- IFRS S2 — *Climate-related disclosures* (effective 1 January 2024 — this is subject to endorsement by the Accounting Standards Board of PNG).
  This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.

The Group continues to assess the impact of adopting Standards, amendments and interpretations issued but not yet effective for the year ended 31 December 2024.

1.11. Going concern

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal cause of business.

The Directors of the Group and Company consider that the Group and Company will have sufficient sources of funding to continue to fulfil all obligations as and when they fall due. Accordingly, the Directors consider the Group and Company's financial statements should be prepared on a going concern basis.

Notes to and forming part of the financial statements

For the year ended 31 December 2024

2 Financial Performance

2.1. Finance and other income

	Consolidated		Company	
	2024 K'000	2023 K'000	2024 K'000	2023 K'000
Finance income	**84,750**	**72,810**	**–**	**–**
Other income				
Profit on sale of shares (net)	18,099	–	18,099	–
Profit/(loss) on sale of property and equipment	450	358	33	–
Dividend income				
– from subsidiaries	–	–	18,389	40,825
– from investments in listed companies	53,264	64,919	53,264	64,919
Rental income from property	31,321	30,030	–	–
Rental outgoings	6,735	4,613	–	–
Interest on term deposit, treasury bills and semi-government bonds	3,786	3,849	38	36
Other operating income	6,044	6,883	3,435	4,012
Total other income	**119,699**	**110,652**	**93,258**	**109,792**

Recognition and measurement

Revenue

(a) *Finance income*

Finance income comprises finance charges earned from the provision of loans and is recognised over the loan contract using the effective interest rate method.

(b) *Dividend income*

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

(c) *Commissions*

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group.

Notes to and forming part of the financial statements

For the year ended 31 December 2024

(d) Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from subleased property is recognised as other income.

All rental income is derived in Papua New Guinea.

(e) Other income

Other income comprises interest income on funds invested (including other equity investments financial assets), gains on the disposal of other equity investments financial assets. Interest income on funds deposited is recognised as it accrues in profit or loss, using the effective interest rate method.

2.2. Finance costs

	Consolidated		Company	
	2024 K'000	2023 K'000	2024 K'000	2023 K'000
Interest on customer deposits	(13,895)	(13,631)	–	–

Recognition and measurement

Finance costs comprise interest expense on interest bearing deposits and other costs associated with financing income. Interest is recognised using the effective interest method.

2.3. Other operating expenses

The operating profit for the year as stated after charging the following items:

	Consolidated		Company	
	2024 K'000	2023 K'000	2024 K'000	2023 K'000
General administrative expenses	24,364	23,488	3,945	1,302
Software licensing and other IT costs	5,174	3,052	3,073	2,188
Legal fees	512	35	–	–
Auditor's remuneration — audit fees	1,157	1,248	263	318
Auditor's remuneration — other accounting services	–	17	–	–
Professional advisory fees	13,712	10,089	7,902	4,088
Donations	327	282	66	6
Direct operating expenses for investment property that generated rental income	11,328	6,886	–	–
	56,574	**45,097**	**15,249**	**7,902**

Notes to and forming part of the financial statements

For the year ended 31 December 2024

2 Financial Performance (continued)

2.4. Personnel expenses

	Consolidated		Company	
	2024 K'000	2023 K'000	2024 K'000	2023 K'000
Wages and salaries	39,648	27,777	15,707	8,537
Contributions to defined contribution plans	2,583	1,662	718	718
Long service leave and annual leave	615	194	(15)	–
Other staff costs	3,642	2,791	2,555	2,235
	46,488	**32,424**	**18,965**	**11,490**

The number of employees at 31 December 2024 employed in the Group was 391 (2023: 338).

2.5. Dividends

	Consolidated		Company	
	2024 K'000	2023 K'000	2024 K'000	2023 K'000
Final dividend of K0.131 per share (2023: Final of K0.123 per share)	40,339	37,876	40,339	37,876
Interim dividend of K0.120 per share (2023: K0.110 per share)	36,952	33,872	36,952	33,872
	77,291	**71,748**	**77,291**	**71,748**

Final dividend for the year ended 31 December 2023 was declared on 22 March 2024 and paid on 19 April 2024. In addition, an interim dividend for the year ended 31 December 2024 was declared on 23 September 2024 and paid on 24 October 2024.

Notes to and forming part of the financial statements

For the year ended 31 December 2024

2.6. Taxation

(a) Income tax expense/(benefit)

	Consolidated		Company	
	2024 K'000	2023 K'000	2024 K'000	2023 K'000
Current tax expense	7,405	8,511	–	–
Under/(over) provisions in tax expense/(benefit)	(1,736)	286	–	126
Deferred tax expense/(benefit)	2,332	6,050	86	(1,276)
Income tax expense/(benefit)	**8,001**	**14,847**	**86**	**(1,150)**
Profit before tax	271,935	149,744	249,442	143,883
Computed tax using the applicable PNG corporate income tax rate (30%)	81,581	44,923	74,833	43,165
Effect of tax rates in foreign jurisdictions	(3,923)	(2,393)	–	–
Tax effect of:				
Share of profit of equity accounted associate reported net of tax	1,575	(2,481)	1,575	(2,481)
Current year unrealised gains for which no deferred tax is recognised	(59,568)	(13,903)	(59,568)	(13,903)
Dividend income exempt from tax asset	(6,706)	(12,618)	(12,223)	(24,866)
Change in Corporate tax rate (2024: CCFL 45% from 30%); 2023 (Fiji: 25% from 20%)	(1,746)	(1,087)	–	–
Profit on sale of shares	(5,430)	–	(5,430)	–
Non-deductible expenses	3,994	(168)	899	(2,037)
Under provisions in prior years	(1,736)	286	–	127
Derecognition of previously recognised DTA	–	3,069	–	(1,155)
Recognition of previously unrecognised deferred taxes	(40)	(781)	–	–
Tax expense/(benefit) in the income statement	**8,001**	**14,847**	**86**	**(1,150)**

Notes to and forming part of the financial statements

For the year ended 31 December 2024

2 Financial Performance (continued)

2.6. Taxation (continued)

(b) Income taxes receivable

	Consolidated		Company	
	2024 K'000	2023 K'000	2024 K'000	2023 K'000
At 1 January	(2,611)	(7,503)	(49)	(926)
Income tax expense for the year	7,405	8,511	–	–
Under/over provision in prior years	(1,736)	286	–	–
Income taxes paid during the year	(7,854)	(4,619)	–	–
Interest withholding tax credit	(69)	(104)	(6)	(6)
Offset against other taxes	(298)	818	–	883
At 31 December	**(5,163)**	**(2,611)**	**(55)**	**(49)**

(c) Deferred tax assets and liabilities

Deferred tax assets and deferred tax liabilities at 31 December 2024 and 2023 are attributable to the items detailed in the table below:

	2024			2023		
	Asset K'000	Liability K'000	Net K'000	Asset K'000	Liability K'000	Net K'000
Consolidated						
Property, equipment and investment properties	(757)	(4,410)	(5,167)	12,392	(16,301)	(3,909)
Employee benefits	3,985	–	3,985	2,296	178	2,474
Provision for impairment — finance receivables	13,084	–	13,084	15,694	–	15,694
Other items	6,059	(4,488)	1,571	125	(12)	113
Tax losses	1,766	–	1,766	3,199	–	3,199
Net tax assets/(liabilities)	**24,137**	**(8,898)**	**15,239**	**33,706**	**(16,135)**	**17,571**
Company						
Property, equipment and investment properties	873	–	873	1,384	–	1,384
Employee benefits	2,558	–	2,558	1,838	–	1,838
Other items	(216)	–	(216)	79	–	79
Net tax assets	**3,215**	**–**	3,215	**3,301**	**–**	**3,301**

Notes to and forming part of the financial statements

For the year ended 31 December 2024

Recognition and measurement

Income Tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

One of the Group's subsidiary, Credit Corporation Finance Limited (CCFL), operated as a financial institution until 5 August 2024, when it was granted a commercial banking licence. Prior to this, CCFL was subject to a corporate tax rate of 30%. Following the granting of the commercial banking license, CCFL became subject to a 45% corporate tax rate, applicable to commercial banks. In November 2024, as part of the PNG Government's 2025 National Budget, further changes to corporate tax rates were announced. For entities with annual taxable income below K300 million, the revised rates are as follows:

- 40% effective from 1 January 2025; and
- 35% effective from 1 January 2026.

Accordingly, CCFL has re-measured its deferred tax assets and liabilities at the revised rates of 40% and 35%. This has resulted in an increase in net deferred tax assets of K1.75m and a corresponding tax credit of K1.75m recognised in income tax expense in the profit and loss statement.

Deferred Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2 Financial performance (continued)

2.7. Operating segments

The Group has three (3) reportable segments, as described below, which operate under the Group's six (6) business units. The strategic business units offer different products and services and are managed separately. For each of the reportable segments, the Group's CEO reviews internal management reports on at least a monthly basis. The following summary describes the operations in each of the Group's reportable segment:

1. Commercial banking, general finance, leasing and hire purchase financing:
   - Credit Corporation Finance Limited (CCFL) trading as CreditBank PNG;
   - Credit Corporation (SI) Limited (CCSI);
   - Credit Corporation (Fiji) Limited (CCFJ); and
   - Credit Corporation (Vanuatu) Limited (CCVT).
2. Property investments:
   - Credit Corporation Properties Limited.
3. Investment company:
   - Credit Corporation (PNG) Limited (CCPNG)

Parent entity whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. An investment entity must also evaluate the performance of its investments on a fair value basis.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Notes to and forming part of the financial statements

For the year ended 31 December 2024

Information about reportable segments

	Building, general finance and leasing K'000	Property investment K'000	Investment company K'000	Total K'000
At 31 December 2024				
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)	(1,519)	(7,183)
Share of profit of equity-method investee	–	–	5,251	5,251
Reportable segment profit before income tax	(29,362)	(10,638)	(231,935)	(271,935)
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				
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)
Share of profit of equity-method investee	–	–	(8,269)	(8,269)
Reportable segment profit before income tax	(38,641)	(12,684)	(98,419)	(149,744)
Reportable segment assets	720,170	281,573	576,724	1,578,467
Investment in associate	–	–	15,539	15,539
Reportable segment liabilities	528,474	53,936	6,685	589,095

Notes to and forming part of the financial statements

For the year ended 31 December 2024

2 Financial Performance (continued)

2.7. Operating segments (continued)

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

	2024 K'000	2023 K'000
Revenues		
Total revenue for reportable segments	232,153	233,717
Fair value (loss)/gain	191,743	46,343
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	295,575	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	**271,935**	**149,744**
Assets		
Total assets for reportable segments	2,444,140	2,140,641
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**	**1,578,467**
Liabilities		
Total liabilities for reportable segments	884,163	773,290
Elimination of intercompany balances	(171,331)	(184,195)
Consolidated total liabilities	**712,832**	**589,095**

Notes to and forming part of the financial statements

For the year ended 31 December 2024

Geographical segments

	Net operating income		Net assets	
	2024 K'000	2023 K'000	2024 K'000	2023 K'000
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**

Recognition and measurement

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property and equipment.

2 Financial Performance (continued)

2.8. Earnings per share

The calculation of basic earnings per share at 31 December 2024 was based on profit attributable to ordinary shareholders of K263.9 million (2023: K134.9 million) and a weighted average number of ordinary shares outstanding of 307,931,332 (2023: 307,931,332). There is no difference between basic and diluted earnings per share.

	Consolidated		Company	
	2024	2023	2024	2023
Earnings per share				
Earnings per share for the purposes of basic and diluted earnings per share (profit for the period attributable to owners of the parent) — continuing operations **(toea)**	0.86	0.44	0.81	0.47
	K'000	K'000	K'000	K'000
Number of shares				
Weighted average number of ordinary shares for the purpose of basic earnings per share	307,931	307,931	307,931	307,931
Profit attributable to equity holders of the company				
Profit for the period attributable to owners of the parent	263,936	134,897	249,357	145,033

Recognition and measurement

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

Notes to and forming part of the financial statements

For the year ended 31 December 2024

3 Financial position

3.1. Reconciliation of cash and cash equivalents

For the purpose of the Statements of Cash Flows, cash and cash equivalents includes cash on hand and at bank and short-term deposits at call, net of outstanding bank overdrafts. Cash and cash equivalents as at the end of the financial year as shown in the Statements of Cash Flows are reconciled to the related items in the balance sheet as follows:

	Consolidated		Company	
	2024 K'000	2023 K'000	2024 K'000	2023 K'000
Cash at bank and on hand	215,149	156,981	55,513	46,350
Short term deposits	22,764	19,625	284	296
Cash and cash equivalents	**237,913**	**176,606**	**55,797**	**46,646**

Cash and cash equivalents include cash on hand and at bank and short-term deposits with a maturity not more than three months. Cash at bank and on hand and short-term deposits interest rates range between 0.25% to 0.9% (2023: 0.25% to 0.9%).

3.2. Finance receivables[4]

(i) Analysis of net finance receivables

	Consolidated	
	2024 K'000	2023 K'000
Gross finance receivables	744,651	637,588
Less: Unearned charges	(101,521)	(82,469)
Less: Deferred establishment fees	(6,550)	(5,531)
Less: Provision for impairment	(42,454)	(56,914)
Net finance receivables	**594,126**	**492,674**

Gross finance receivables less finance charges and deferred establishment fees were split as follows:

	Consolidated	
	2024 K'000	2023 K'000
Current	18,155	81,593
Non-current	618,425	467,995
	636,580	**549,588**

4 There are no finance receivables at company level.

3 Financial position (continued)

3.2. Finance receivables (continued)

(ii) Finance leases included in finance receivables analysed as follows:

	Consolidated 2024 K'000	Consolidated 2023 K'000
Not later than one year	404	881
Later than one year and not later than five years	–	338
	404	1,219
Less: Unearned charges	(2)	(22)
Present value of lease payments receivable	402	1,197
Impairment loss allowance	(200)	(301)
Net finance leases	**202**	**896**

(iii) Analysis of provisions

	Consolidated 2024 K'000	Consolidated 2023 K'000
Impairment allowance		
Balance at 1 January	**56,914**	66,913
(Decrease) in provisions	(5,134)	(9,072)
Bad debts written off	(9,290)	(5,314)
Effect of foreign exchange	(36)	4,387
Closing balance	**42,454**	**56,914**

None of the finance receivables that have been written off is subject to enforcement activities. The increase or (decrease) in provisions should be analysed alongside the details in Note 4.2.(a) for a comprehensive understanding of movement.

Notes to and forming part of the financial statements

For the year ended 31 December 2024

(iv) Analysis of finance receivables by industry

	Consolidated — 2024		Consolidated — 2023	
	K'000	%	K'000	%
Agriculture	10,018	1%	6,670	1%
Mining	29,071	5%	33,717	5%
Manufacturing	20,838	3%	11,614	2%
Forestry and saw-milling	1,242	0%	1,646	0%
Civil contracting	43,481	6%	27,270	4%
Building and construction	67,255	9%	68,305	11%
Real estate	38,244	5%	34,239	5%
Wholesale/retail	71,056	10%	64,323	10%
Transport and storage	261,807	35%	235,248	37%
Professional and business services	40,726	5%	38,056	6%
Private and self employed	136,603	18%	106,141	17%
Other	24,310	3%	10,359	2%
	744,651	**100%**	**637,588**	**100%**

Recognition and measurement

Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Lease income

Finance income on finance leases is recognised on a basis that reflects a constant periodic return on the net investment in the finance lease.

Notes to and forming part of the financial statements

For the year ended 31 December 2024

3 Financial position (continued)

3.2. Finance receivables (continued)

(iv) Analysis of finance receivables by industry (continued)

Recognition and measurement (continued)

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

Key judgements and estimates

When measuring collectability of finance receivables, management's judgement of the extent of losses at reporting date is used. This is assessed both specifically and collectively. The key assumptions used within the provision are reviewed regularly to reflect actual loss experience.

For further details refer to note 1.6 (a).

3.3. Other receivables

	Consolidated		Company	
	2024 K'000	2023 K'000	2024 K'000	2023 K'000
Current				
Amounts owed by related corporations	–	–	69,502	38,200
Dividend receivable	–	–	4,004	25,868
Other debtors and prepayments	12,565	11,108	4,508	4,048
	12,565	**11,108**	**78,014**	**68,116**

The amounts owed from related corporations relate to intercompany receivable from various subsidiaries. Refer Note 6.3 (c). These intercompany balances are interest free and repayable on demand. The amount stated is without any impairment provision (2023: nil).

Other debtors and prepayments comprise of receivables from our rental properties and GST returns. The majority of the amounts are due to be settled within twelve months of the balance sheet date.

Notes to and forming part of the financial statements

For the year ended 31 December 2024

3.4. Investments

(a) Interest bearing securities

	Consolidated		Company	
	2024 K'000	2023 K'000	2024 K'000	2023 K'000
Government inscribe stock(i)	21,215	42,015	–	–
Treasury bills(ii)	19,277	–	–	–
Term deposits(iii)	20,405	10,084	–	–
	60,897	**52,099**	**–**	**–**

(i) Government inscribed stock with maturities of 1 to 2 years earning interest semi-annually until maturity.
(ii) Treasury bills with maturity of 1 year from date of purchase.
(iii) Term deposits held with banks and financial institutions with a maturity of 1 year that earns interest per annum.

(b) Other equity investments

Consolidated		Company	
2024 K'000	2023 K'000	2024 K'000	2023 K'000
34	**34**	**34**	**34**

The Company purchased shares in Credit and Data Bureau (K33,600) in 2008.

Equity investments are non-current and are classified at fair value through profit and loss.

Notes to and forming part of the financial statements

For the year ended 31 December 2024

3 Financial position (continued)

3.4. Investments (continued)

(c) Investments in associate (non-current)

	Consolidated		Company	
	2024 K'000	2023 K'000	2024 K'000	2023 K'000
	9,274	**15,539**	**9,274**	**15,539**

Credit Corporation (PNG) Limited has an associate that is material to the Group which is equity accounted.

The Group owns 25% (2023: 25%) of the issued shares of Capital Insurance Group (its principal place of business is Papua New Guinea) and has determined that it has significant influence but does not have a controlling vote. At 31 December 2024, the investment was valued at K9.3 million (2023: K15.5 million).

Capital Insurance Group is a large insurance company in the South Pacific region with subsidiaries operating in both life and general insurance business. The investment was acquired for strategic purposes to complement the opportunities and safeguard the risks inherent within the finance and properties business segments.

The Group and Company's share of loss after tax in Capital Insurance Group for the year was K5.3 million (2023: K8.3 million profit). During the year, the Group and Company received K1.0 million dividend (2023: K1.0 million) from the Capital Insurance Group.

Summarised financial information:

Financial Position

Year	Current assets K'000	Non-current assets K'000	Total assets K'000	Current liabilities K'000	Non-current liabilities K'000	Total liabilities K'000	Net assets K'000
2024	197,793	23,691	221,484	163,439	13,895	177,334	**44,150**
2023	227,227	2,930	230,157	152,476	3,709	156,185	**73,972**

Financial Performance

Year	Income K'000	Expenses K'000	Profit/(loss) K'000
2024	146,809	170,989	**(24,180)**
2023	111,519	100,178	**11,341**

Notes to and forming part of the financial statements

For the year ended 31 December 2024

The carrying amount of the investment in associate reconciles between opening and closing balances as below:

	Consolidated		Company	
	2024 K'000	2023 K'000	2024 K'000	2023 K'000
Opening balance at 1 January	15,539	8,283	15,539	8,283
Dividends received	(1,014)	(1,013)	(1,014)	(1,013)
Net share of operating profit	(5,251)	8,269	(5,251)	8,269
Closing balance 31 December	**9,274**	**15,539**	**9,274**	**15,539**

The data about financial position and financial performance are based on financial information provided by the Capital Insurance Group and adjusted by the Group's management for the purposes of equity accounting. Dividends from investments in associates represent a return on investment and are therefore applied as a reduction to the carrying amount of the investment.

(d) Investments in subsidiaries

Change in Accounting Policy

In December 2024, the Parent changed its accounting policy for investments in subsidiaries. Previously, the investments were measured at fair value, with changes recognised in other comprehensive income. Under the new policy, adopted effective 31 December 2024, investments in subsidiaries are now measured at cost, less any accumulated impairment losses, in accordance with IAS 27 — *Separate Financial Statements*.

As a result of this change, unrealised fair value gains and losses are no longer recognised in other comprehensive income. Instead, changes in the carrying amounts of investments are reflected in the consolidated financial statements only when an impairment loss is recognised or when the investment is disposed of.

The carrying amount of each investment is assessed annually for indicators of impairment. If such indicators are present, the recoverable amount is estimated and compared to the carrying amount to determine whether an impairment loss should be recognised.

In accordance with IAS 8 — *Accounting Policies, Changes in Accounting Estimates and Errors*, the change in accounting policy had been applied retrospectively, resulting in the restatement of the affected line items in the Company's financial statements for the relevant years. The Group determined that this change in accounting policy provides more relevant information as the cost base for subsidiaries aligns to the longer term capital allocation strategy of the Group and reduces the subjectivity and short term volatility associated with fair valuations of its subsidiaries.

Notes to and forming part of the financial statements

For the year ended 31 December 2024

3 Financial position (continued)

3.4. Investments (continued)

(d) Investments in subsidiaries (continued)

	Country	2023 K'000	Increase/ (decreased) K'000	2023 restated K'000	2022 K'000	Increase/ (decreased) K'000	1-Jan-23 restated K'000
Credit Corporation Finance Limited	PNG	86,900	(48,552)	38,348	78,700	(40,352)	38,348
Credit Corporation Properties Limited[5]	PNG	206,525	(163,295)	43,230	199,469	(156,239)	43,230
Credit Corporation (Fiji) Limited	Fiji	72,000	(58,666)	13,334	80,900	(67,566)	13,334
Credit Corporation (Vanuatu) Limited	Vanuatu	18,300	(8,191)	10,109	22,200	(12,091)	10,109
Credit Corporation (Solomon Islands) Limited	Solomon Islands	9,100	(1,827)	7,273	11,900	(4,627)	7,273
		392,825	**(280,531)**	**112,294**	**393,169**	**(280,875)**	**112,294**
Reserves		775,838	(305,799)	470,039	729,839	(306,143)	423,696
Retained earnings		151,321	25,268	176,589	124,379	25,268	149,647
		927,159	**(280,531)**	**646,628**	**854,218**	**(280,875)**	**573,343**

	2023 K'000	Increase/ (decreased) K'000	2023 restated K'000
Statement of comprehensive income (extract)			
Profit for the period	145,033	–	145,033
Other comprehensive income for the period	(344)	344	–
Total comprehensive income for the period	**144,689**	**344**	**145,033**

5 Era Matana Limited and Era Dorina Limited were amalgamated with Credit House Limited. The certificate of amalgamation was issued on the 26 March 2024 with effective date of amalgamation being 1 January 2024. On 10 April 2024, the amalgamated entity Credit House Limited was re-registered as Credit Corporation Properties Limited. This transaction has been accounted for using the predecessor value method. The assets and liabilities of Credit House Limited, Era Matana Limited, and Era Dorina Limited were recognised at their carrying amounts at the date of amalgamation. No goodwill was recognised as a result of the transaction.

(e) Financial assets designated at fair value through profit and loss

Credit Corporation (PNG) Limited owns listed shares of other entities mandatorily measured as financial assets at fair value through profit and loss. The summary of listed shares is presented below.

Listed shares

		2024			2023		
	% held	No. of shares	Fair value K'000	Fair value gain/(loss) K'000	No. of shares	Fair value K'000	Fair value gain/(loss) K'000
BSP Financial Group Limited	6.70%	31,294,081	622,752	125,523	36,294,081	497,229	46,819
Airlines PNG Limited	0.65%	2,000,000	–	–	2,000,000	–	–
City Pharmacy Limited	0.94%	1,890,912	1,305	(189)	1,890,912	1,494	(264)
Kina Asset Management Ltd	8.84%	4,255,463	6,809	2,979	4,255,463	3,830	(212)
			630,866	**128,313**		**502,553**	**46,343**

The increase in market value of K128.3 million (2023: increase of K46.3 million) resulting from the revaluation of listed shares investment is recorded in the profit and loss account.

	Dec-23 Fair value K'000	Fair value Disposed share K'000	2024 Disposal K'000	Dec-24 Fair value gain/(loss) K'000	Dec-24 Fair value K'000
BSP Financial Group Limited	497,229	68,500	(68,500)	125,523	622,752
Airlines PNG Limited	–	–	–	–	–
City Pharmacy Limited	1,494	–	–	(189)	1,305
Kina Asset Management Ltd	3,830	–	–	2,979	6,809
	502,553	**68,500**	**(68,500)**	**128,313**	**630,866**

Reconciliation of movement in quoted investments is as follows:

	2024 K'000	2023 K'000
Balance at 1 January	502,553	456,210
Net gain on financial assets at FVTPL	196,813	46,343
Sale of BSP Shares	(68,500)	–
Balance at 31 December	**630,866**	**502,553**

3 Financial position (continued)

3.4. Investments (continued)

(e) Financial assets designated at fair value through profit and loss (continued)

Sensitivity analysis

	Effect on profit or loss and equity increase	
	2024 K'000	2023 K'000
Increase of 10% in share prices	**63,087**	50,255

A decrease in share prices would have the opposite effect for profit or loss and equity.

(f) Other deposits (current)

	Consolidated		Company	
	2024 K'000	2023 K'000	2024 K'000	2023 K'000
Other deposit	–	–	1,548	1,516

Credit Corporation (PNG) Limited has investments in 1 year term deposit with Credit Corporation Finance Limited, which earn interest of 2.4% per annum. The balance including accrued interest as at 31 December 2024 is K1.5 million (2023: K1.5 million).

Notes to and forming part of the financial statements

For the year ended 31 December 2024

3.5. Property and equipment

Consolidated	Building and ROUA* K'000	Capital WIP K'000	Furniture and fittings K'000	Motor vehicles K'000	Office equipment K'000	Total K'000
Cost						
At 1 January 2023	21,053	–	12,218	7,582	17,655	58,508
Additions	1,884	12,431	1,425	1,882	1,175	18,797
Disposals/transfers	21,207	–	936	(603)	(707)	20,833
IFRS 16 right of use asset	784	**–**	**–**	**–**	**–**	**784**
Effect of foreign exchange	979	–	48	175	180	1,382
At 31 December 2023	45,907	12,431	14,627	9,036	18,303	100,304
At 1 January 2024	45,907	12,431	14,627	9,036	18,303	100,304
Additions	7,405	6,924	3,069	2,536	12,809	32,743
Disposals/transfers	(2,715)	(15,941)	2,417	(1,381)	5,820	(11,800)
IFRS 16 right of use asset	7,695	–	–	–	–	7,695
Effect of foreign exchange	474	–	48	59	83	664
At 31 December 2024	58,766	3,414	20,161	10,250	37,015	129,606
Depreciation						
At 1 January 2023	6,345	–	8,161	4,311	10,538	29,355
Charge for the year	257	–	1,378	1,310	2,066	5,011
IFRS 16 depreciation — ROUA	739	–	–	–	–	739
Disposals/transfers	557	–	52	(442)	(46)	121
Effect of foreign exchange	251	–	37	98	144	530
At 31 December 2023	8,149	–	9,628	5,277	12,702	35,756
At 1 January 2024	8,149	–	9,628	5,277	12,702	35,756
Charge for the year	503	–	1,208	1,593	2,224	5,528
IFRS 16 depreciation — ROUA	1,655	–	–	–	–	1,655
Disposals/transfers	(265)	–	(24)	(1,389)	(505)	(2,183)
Effect of foreign exchange	157	–	510	29	130	826
At 31 December 2024	10,199	–	11,322	5,510	14,551	41,582
Carrying amounts						
At 1 January 2023	14,708	–	4,057	3,271	7,117	29,153
At 31 December 2023	37,758	12,431	4,999	3,759	5,601	64,548
At 31 December 2024	48,567	3,414	8,839	4,740	22,464	88,024

*Right-of-use assets

Notes to and forming part of the financial statements

For the year ended 31 December 2024

3 Financial position (continued)

3.5. Property and equipment (continued)

Company	Motor vehicles K'000	Office equipment K'000	Total K'000
Cost			
At 1 January 2023	1,176	5,659	6,835
Additions	417	192	609
At 31 December 2023	1,593	5,851	7,444
At 1 January 2024	1,593	5,851	7,444
Additions	189	–	189
Disposals/transfers	(166)	–	(166)
At 31 December 2024	1,616	5,851	7,467
Depreciation			
At 1 January 2023	465	2,537	3,002
Charge for the year	240	889	1,129
Disposals/transfers	–	(1)	(1)
At 31 December 2023	705	3,425	4,130
At 1 January 2024	705	3,425	4,130
Charge for the year	268	896	1,164
Disposals/transfers	(166)	(55)	(221)
At 31 December 2024	807	4,266	5,073
Carrying amounts			
At 1 January 2023	711	3,122	3,833
At 31 December 2023	888	2,426	3,314
At 31 December 2024	809	1,585	2,394

Notes to and forming part of the financial statements

For the year ended 31 December 2024

Recognition and measurement

Items of Property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of Property and equipment have different useful lives, they are accounted for as separate items (major components) of Property and equipment.

Gains and losses on disposal of an item of Property and equipment are determined by comparing the proceeds from disposal with the carrying amount of Property and equipment and are recognised net within other income or expenses in profit and loss.

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as investment property. Property that is being constructed for future use as investment property is accounted for at fair value.

Subsequent costs

The cost of replacing a part of an item of Property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of Property and equipment are recognised in profit or loss as incurred.

As at 31 December 2024, the Group reclassified a portion of the owner-occupied property's carrying value. This reclassification adjusted property's carrying value on the balance sheet to K19.1 million (2023: K21.2 million). There was no impact on profit or loss as the investment property is recorded a fair value. The reclassification has no material retrospective impact to the financial statements for comparative purposes.

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of Property and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Depreciation is calculated on a straight-line basis over the following periods:

Buildings and improvements	50 years
Furniture and fittings	5–10 years
Motor vehicles	5 years
Office equipment	5–10 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

3 Financial position (continued)

3.6. Investment property

	Consolidated	
	2024 K'000	2023 K'000
Balance as at 1 January	225,846	250,500
Fair value gain/(loss) recognised in profit or loss	(5,070)	–
Disposal of investment property	(961)	(4,500)
Capital expenditure	3,178	1,053
Transfers to property and equipment	2,139	(21,207)
Balance as at 31 December	**225,132**	**225,846**

Investment properties are land and buildings held for long-term investments. The carrying amount of the following investment properties is the fair value of the properties as performed by Savills valuation Pty Ltd as at 31 December 2024.

Fair values were assessed using the capitalisation approach. This was determine using the present value of expected cash flows, having regard to current market characteristics for similar properties located in Papua New Guinea. In the current year, the Directors assessed that the carrying value of the investment property is fairly stated.

Investment property with a total carrying amount of K225.1 million (2023: K225.8 million) was encumbered at 31 December 2024.

				Value as at 31 December	
Investment property	Valuation basis	Independent valuer	Valuation date	2024 K'000	2023 K'000
Credit House	Direct capitalisation	Savills' valuation	31 December 2024	69,957	69,587
Era Dorina	Direct capitalisation	Savills' valuation	31 December 2024	102,775	103,234
Era Matana	Direct capitalisation	Savills' valuation	31 December 2024	52,400	53,025
				225,132	225,846

Notes to and forming part of the financial statements

For the year ended 31 December 2024

Measurement of fair value, fair value model and significant unobservable inputs

Information about how the fair values of the Group's investment properties were determined (in particular, the valuation method(s) and inputs used) is detailed as follows:

Direct capitalisation is a fair valuation model, which considers the annual gross income of the property adjusted for vacancies and expenses. The net operating income is divided by a capitalisation rate. The capitalisation rate is derived from comparable markets transactions and adjusted for certain property specific characteristics such as the physical deterioration of the property and its location (prime or secondary). Key unobservable input includes the capitalisation rates and market lease rates.

Fair value hierarchy

The fair value measurement for investment properties of K225.1 million have been categorised at Level 3 fair value, as the inputs to the valuation techniques used referred to significant observable inputs such as risk-adjusted capitalisation rates and market rental rates. Significant key unobservable inputs used include the risk adjusted market capitalisation rates of between 10% and 10.5% (2023: 10% to 10.5%) and average commercial rent of K1,899 per sqm (2023: K1,899 per sqm) and average residential rent between K4,000 to K5,000 per week (2023: K4,000 to K5,000). Accordingly, an increase in market lease rental rates and/or a decrease in the discount rate and/or decrease capitalisation rate would increase the fair value of the properties. A decrease in market lease rates and/or an increase in discount rate and/or increase capitalisation rate would decrease the fair value of the properties. A sensitivity analysis is provided below.

Sensitivity analysis

	Effect on profit or loss and equity increase/(decrease)	
	2024 K'000	2023 K'000
Increase of 1% in market capitalisation rate	(29,670)	(22,587)
10% increase in market lease rentals	21,430	25,885

A decrease in any of the above unobservable inputs would have the opposite effect to profit or loss.

3 Financial position (continued)

3.6. Investment property (continued)

Recognition and measurement

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

Cost includes expenditure that is attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

When the use of a property changes such that it is reclassified as Property and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Key judgements and estimates

Judgement is required in determining the following key assumptions:

- Adopted capitalisation rate: The rate at which net market rental revenue is capitalised to determine the value of a property. The rate is determined with regards to market evidence and the prior external valuation.
- Net market rental (per sqm): The net market rent is the estimated amount for which a property should lease between a lessor and a lessee on appropriate lease terms in an arm's length transaction.

Operating lease arrangements

Operating leases, in which the Group is the lessor, relate to investment property owned by the Group with lease terms of between 1 to 4 years, usually with an extension option. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

The Group has classified these leases as operating leases because they do not transfer substantially all of the risks and rewards incidental to ownership.

Notes to and forming part of the financial statements

For the year ended 31 December 2024

Maturity analysis of operating lease receivables

The following table set out a maturity analysis of future lease receivables, showing the undisclosed lease payments to be received after the reporting period.

	Consolidated	
	2024 K'000	2023 K'000
Year 1	24,058	29,507
Year 2	8,318	11,163
Year 3	5,474	5,041
Year 4 onwards	8,158	7,397
Total	**46,008**	**53,108**
Amounts reported in profit or loss		
Lease income on operating leases	31,321	30,030

3.7. Trade and other payables

	Consolidated		Company	
	2024 K'000	2023 K'000	2024 K'000	2023 K'000
Rental bonds payable	52	1,598	–	–
Rental income in advance	–	307	–	–
Other creditors and accrued expenses	12,010	12,058	696	553
Intercompany	–	–	43,591	78,070
Total	**12,062**	**13,963**	**44,287**	**78,623**

Other creditors and accrued expenses are payable within the next 12 months.

3 Financial position (continued)

3.8. Deposits and borrowings

		Consolidated	
	Note	2024 K'000	2023 K'000
Current			
Interest bearing deposits	(a)	532,720	463,781
IFRS 16 Lease Liability	(d)	1,944	1,290
Secured bank loans	(b) and (c)	31,078	35,250
Due to customers		12,425	–
		578,167	**500,321**
Non-current			
Interest bearing deposits	(a)	92,133	47,273
IFRS 16 Lease Liability	(d)	7,968	2,486
		100,101	49,759
		678,268	**550,080**

(a) Interest bearing deposits
Interest bearing deposits are subject to fixed interest rates and payable on maturity. Non-current portion of K92.1 million (2023: K47.2 million) is repayable within 5 years (2023: 5 years)

(b) The current secured bank loans granted to Credit Corporation Properties Limited.
The loan granted to Credit Corporation Properties Limited with value of K25.4 million as at 31 December 2024 is scheduled to be repaid in monthly instalments of K478,661 (including interest) to February 2030.
The other loan granted to Credit Corporation Properties Limited of K4.3 million as at 31 December 2024 is scheduled to be repaid in monthly instalments of K132,146 (2023: K132,146) to January 2028. Interest on these loans of K1.8 million (2023: K2.1 million) is included in other operating expenses.
The secured bank loans are subject to various financial covenants, as defined in the facility agreements. During the financial year and at year end, the Group was in compliance with these covenants.

(c) Bank facilities and security
Borrowings include:

(i) Credit Corporation (Fiji) Limited has a bank overdraft facility of K5.1 million (FJD$3m) (2023: K5.1 million (FJD$3m)) with BSP Financial Group Limited. The facility is secured by a first registered fixed and charge over all the assets and undertakings of Credit Corporation (Fiji) Limited including uncalled and unpaid capital and first registered mortgage over CT 6618 being freehold property at Gorrie Street, Suva.
As at 31 December 2024, this facility has not been used.

(ii) Credit Corporation (Vanuatu) Limited has a bank overdraft facility of K3.2 million (VT100m) (2023: K3.2 million (VT100m) with National Bank of Vanuatu. The facility is secured by first registered mortgage over all assets and undertakings of Credit Corporation (Vanuatu) Limited including uncalled and unpaid capital and with limited guarantee and indemnity from Credit Corporation (PNG) Limited for K3.3 million. As at 31 December 2024, this facility has not been used.

(iii) Credit Corporation Properties Limited has an advance facility from BSP Financial Group Limited for Era Dorina estate of K19.5million at a variable interest rate. The loan is secured by a registered equitable mortgage over the fixed and floating over the company's assets, first registered mortgage over the residential property situated on Vol 36, Folio 97, Allotment 32 and 33, Section 34 and Portion 2259, Ela Makana, Granville, Port Moresby.

(iv) Credit Corporation Properties Limited has another facility limit from BSP Financial Group Limited for Era Manata estate of K50 million at a variable interest rate. The loan is secured by a first registered fixed and floating charge over the whole of the company's assets and undertakings including called but unpaid and called capital, first registered mortgage over, the residential property situated on Vol 13, Folio 80, Allotment 22, Section 33, Granville, Port Moresby known as "Era Matana" and a deed of guarantee and indemnity for K50 million by Era Dorina Limited and Credit Corporation PNG Limited.

(v) Credit Corporation Finance Limited has a bank overdraft facility with Westpac Bank PNG Limited of K10 million at 31 December 2024 (2023: K10 million). This facility is secured by a guarantee with (joint and several) by Credit Corporation Properties Limited and Credit Corporation (PNG) Limited. First registered Mortgage over Lots 2,4 and 8 Section 45, Granville, Port Moresby known as "Credit House".

(d) Lease liabilities

Maturity analysis of IFRS 16 lease liabilities — See note 1.8 (a).

	Consolidated	
	2024 K'000	2023 K'000
Maturity analysis:		
Year 1	1,944	1,290
Year 2	1,395	1,088
Year 3	1,294	512
Year 4	1,356	403
Year 5	955	415
Onwards	2,968	68
	9,912	**3,776**

Notes to and forming part of the financial statements

For the year ended 31 December 2024

3 Financial position (continued)

3.9. Employee benefits

	Consolidated		Company	
	2024 K'000	2023 K'000	2024 K'000	2023 K'000
Long service leave	3,508	1,568	845	684
Annual leave	1,388	1,516	695	283
Others	8,708	5,833	6,987	5,160
	13,604	**8,917**	**8,527**	**6,127**

Recognition and measurement

Long-term employee benefits

A liability is recognised for the amount to be paid as at 31 December 2024 in respect of long-term employee benefits (long service leave) other than pension plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee.

Short-term employment benefits and others

A liability is recognised for the amount expected to be paid under short-term cash bonus and annual leave if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee.

Others

The Group recognised short term incentives in the amount of K8.7 million as accruals for bonus and for share-based payments for the period.

Notes to and forming part of the financial statements

For the year ended 31 December 2024

Share-based payment — cash settled

(a) Nature and terms of the cash-settled share-based payment plan

The Company operates **Short-Term Incentive (STI)** and **Long-Term Incentive (LTI)** plans for management and executives. These plans are designed for eligible participants to reward performance tied to the Company's share price and other key metrics. These are not traditional stock option plans. Instead, eligible participants are granted performance-based awards that are settled in cash at the settlement date.

The STI plan rewards performance over a shorter period, with payouts linked to performance conditions on both eligible participants and the Company. Awards vest over a two-year period.

The LTI plan incentivises long-term performance, with awards vesting over a three-year period. The payouts are contingent upon both service conditions and pre-determined performance targets.

- **Award type:** Cash-settled share-based payment linked to the fair value of the Company's shares.
- **Vesting period:** 2 years for STI awards, 3 years for LTI awards.
- **Settlement:** Cash payment based on fair value of shares at the settlement date.
- **Performance conditions:** Participant's performance and pre-determined company performance targets.
- **Expiration:** Awards expire if employees leave before vesting unless classified as a good leaver.
- **No share purchase required:** Participants do not purchase shares. The value of the award is linked to the share price but is paid out in cash.

(b) Recognition and measurement of liability

Cash-settled share-based payments are **remeasured at fair value** at each reporting date and until settlement. The liability is recognised in the statement of financial position under **"Other Liabilities"**, with corresponding expenses recognised in **profit or loss** under **"Employee Benefits Expense"**.

The fair value of the incentive plans are subject to total shareholder return (TSR) and earnings per share (EPS) vesting conditions for financial reporting purposes is generally estimated based on market share price at grant date and using simulation pricing model applying assumptions price volatility, risk free interest rates and dividend yield.

The fair value of the awards subject to a Total Shareholder Return hurdle is calculated using a Monte Carlo simulation. The fair value of the awards subject to non-market-based conditions are calculated using a risk-neutral pricing formula. The fair value has been applied to the equivalent number of awarded shares to determine the required provision as at 31 December 2024.

Assumption	2024	2023
Share price at reporting date (PGK)	2.70	2.00
Expected volatility	11%	8%
Risk-free interest rate	3.83%	3.83%
Expected life of the awards	3.17 years	2.17 years
Dividend yield	11.50%	11.11%

The fair value of the liability as at 31 December 2024 is K8.7 million (2023: K5.8 million).

Notes to and forming part of the financial statements

For the year ended 31 December 2024

3 Financial position (continued)

3.9. Employee benefits (continued)

Share-based payment — cash settled (continued)

(c) Expense recognised in profit or loss

The total expense recognised in the income statement for the period was as follows:

Expense component	2024 K'000	2023 K'000
Total expense recognised in P&L	6,112	4,080

(d) Reconciliation of share-based payment liability

Description	2024 K'000	2023 K'000
Opening liability 1 January	5,843	4,944
Expense recognised during the period	4,600	4,080
Payments made to settle liabilities	(3,247)	(3,191)
Fair value remeasurement	1,512	–
Closing liability 31 December	8,708	5,833

(e) Sensitivity analysis

A sensitivity analysis was performed to assess the impact of changes in expected volatility and share price on the fair value of the liability:

	Effect on liability	
Assumption change	2024 K'000	2023 K'000
+10% Share price	299	409
-10% Share price	(299)	(409)

(f) Accounting policy — cash settlement share-based payments

Cash-settled share-based payments are measured at fair value at each reporting date and adjusted until settlement. The liability is recognised in the statement of financial position, with changes in fair value recorded in the income statement.

- Fair value is determined at each closing period.
- The expense is recognised over the vesting period in line with service and performance conditions.
- Upon settlement, the liability is derecognised, and cash is paid to the participant.

Notes to and forming part of the financial statements

For the year ended 31 December 2024

4 Financial instrument disclosures

4.1. Financial management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk;
- Market risk; and
- Operational risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

(a) Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's audit and risk management framework. The Board has established the Audit Committee and the Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Group's audit and risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Audit Committee and the Risk Management Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investment securities.

(i) Finance and other receivables

The Group's exposure to credit risk is influenced mainly by the industry and sector in which Management also considers the default risk of the industry and country in which these operate, as these factors may have an influence on credit risk.

The Audit and the Risk Management Committee have established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references.

Notes to and forming part of the financial statements

For the year ended 31 December 2024

4 Financial instrument disclosures (continued)

4.1. Financial management (continued)

(b) Credit risk (continued)

(i) Finance and other receivables (continued)

Lending limits are established for each customer, which represents the maximum open amount without requiring approval from the Audit and the Risk Management Committee; these limits are reviewed quarterly.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, whether they are a wholesale, retail or end-user customer, geographic location, industry, aging profile, maturity and existence of previous financial difficulties. Trade and other receivables relate mainly to the Group's wholesale customers.

The Group establishes an allowance for impairment that reflects the present value of all cash shortfalls related to default events either over the 12 months or over the expected life of a financial instrument depending on credit deterioration from inception. The allowance for credit losses reflects an unbiased, probability-weighted outcome which considers multiple scenarios based on reasonable and supportable forecasts.

(ii) Investments, other deposits, cash and cash equivalents

The Group limits its exposure to credit risk by investing only in liquid securities (government securities and interest-bearing deposits with banks). For the purpose of the cash flow statement, cash and cash equivalents includes cash on hand and short-term deposits with a maturity not more than three months. Cash at bank and on hand and short-term deposits interest rates range between 0.25% to 0.9%. Government Inscribed Stock held have interest rates ranging between 5% to 10%.

(iii) Guarantees

The Group's policy is to provide financial guarantees only to wholly owned subsidiaries. At 31 December 2024, K69.5 million (2023: K69.5 million) was guaranteed to wholly owned subsidiaries.

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Group maintains various lines of credit facilities with banks.

Due to the nature of the Group's operations, the current asset/liability ratio is less than one. This arises as customer deposits classified as a current liability is used for new finance to customers, which generally have a higher non-current finance receivable component than current finance receivables.

Notwithstanding this, liquidity is managed by the Group through regular monitoring of its liquidity position. A key part of this monitoring is the completion of a cash flow forecast, which shows the forecast levels of inflows and outflows. This provides management and the Board with transparency over what levers it has available to it, should any liquidity matters arise. The Board and Management are satisfied that the Group have appropriate levers to manage liquidity going forward.

The current exposure to liquidity risk of the Group is as follows:

Description	2024 K'000	2023 K'000
Current assets	328,864	281,617
Current liabilities	(598,246)	(521,628)
Net	**(269,382)**	**(240,011)**

(d) Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign currency exchange rate and equity prices will affect the Group's cash flows, income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Senior management regularly monitors movements in interest rates and equity prices.

(i) Equity price risk

The Group is exposed to equity price risks arising from equity investments.

Equity investments in unlisted entities (see note 3.4 (b-c)) are held for strategic rather than trading purposes. The Group does not actively trade these investments.

The Group invested in a portfolio of listed shares which are held for trading (see note 3.4 (e)). This type of investment is approved by the board as the alternative to investment in money market funds in order to generate higher investment return on the spare funds.

Refer to note 3.4 (e) for equity price sensitivity analysis.

(ii) Foreign currency risk

The Group undertakes transactions denominated in foreign currencies. Consequently, exposures to exchange rate fluctuations arise.

Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts. There were no forwards during the year.

Notes to and forming part of the financial statements

For the year ended 31 December 2024

4 Financial instrument disclosures (continued)

4.1. Financial management (continued)

(d) Market risk (continued)

(ii) Foreign currency risk (continued)

The table below shows the balances of monetary assets and liabilities denominated in foreign currency.

As 31 December 2024	Fijian Dollar FJD$000	Solomon Islands Dollar SBD$000	Vanuatu Vatu VUV000
Assets			
Finance receivables	135,408	90,639	1,070,713
Cash and cash equivalents	51,945	20,951	398,549
Other receivables	269	1,236	4,453
Income tax receivable	–	524	–
Net deferred tax assets	2,150	5,804	–
	189,772	119,154	1,473,715
Liabilities			
Trade and other payables	1,079	1,359	52,330
Deposits and borrowings	144,020	94,059	620,566
Income tax payable	746	–	–
Employee benefits	776	–	19,326
	146,621	95,418	692,222
Net foreign currency exposure	43,151	23,736	781,493
As 31 December 2023			
Assets			
Finance receivables	103,866	76,512	528,282
Cash and cash equivalents	41,371	7,442	554,610
Other receivables	273	487	4,067
Income tax receivable	–	770	–
Net deferred tax assets	2,902	6,563	–
	148,412	91,774	1,086,959
Liabilities			
Trade and other payables	783	437	73,686
Deposits and borrowings	91,621	67,694	289,209
Income tax payable	361	–	–
Employee benefits	534	–	16,841
	93,299	68,131	379,735
Net foreign currency exposure	55,113	23,643	707,224

Notes to and forming part of the financial statements

For the year ended 31 December 2024

Foreign exchange risk sensitivity analysis

The following analysis is performed for reasonably possible movements in the foreign exchange rates to PGK (assumption: +/- 10%) with all other variables held constant, showing the impact on profit/(loss) before income tax and equity due to changes in the fair value of currency sensitive monetary assets and liabilities. There are no changes from prior year on this assumption.

	Change	Fiji PGK'000	Solomon Islands PGK'000	Vanuatu PGK'000
Effect on profit/(loss) before income tax				
31 December 2024	10%	2,067	148	705
31 December 2024	-10%	(2,067)	(148)	(705)
31 December 2023	10%	1,641	116	452
31 December 2023	-10%	(1,641)	(116)	(452)
Effect on equity				
31 December 2024	10%	(7,803)	(1,339)	(2,131)
31 December 2024	-10%	7,803	1,339	2,131
31 December 2023	10%	(7,166)	(1,291)	(2,110)
31 December 2023	-10%	7,166	1,291	2,110

As shown in the table above, the Group is primarily exposed to changes in PGK exchange rates against other functional currencies used by the group companies in their respective jurisdictions. The main functional currencies that are used to denominate monetary assets and liabilities are shown in the sensitivity table above.

Notes to and forming part of the financial statements

For the year ended 31 December 2024

4 Financial instrument disclosures (continued)

4.1. Financial management (continued)

(d) Market risk (continued)

(ii) Foreign currency risk (continued)

Exchange rates used by the Group in preparing financial statements

PGK 1 is equivalent to the rates below:

	2024		2023	
	Average	At year end	Average	At year end
Fijian dollar	0.5882	0.5868	0.6252	0.5938
Solomon Islands dollar	2.1983	2.1340	2.3373	2.2780
Vanuatu vatu	30.9617	30.9900	33.0017	31.3000

Amounts recognised in profit or loss and other comprehensive income

During the year, the following foreign-exchange related amounts were recognised in profit or loss and other comprehensive income:

	2024 K'000	2023 K'000
Amounts recognised in profit or loss		
Net foreign exchange gain included in other operating income	(2,182)	(2,790)
Net losses recognised in other comprehensive income		
Foreign currency translation differences on foreign operations	409	3,460

(e) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations. The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity. The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- development contingency plans;
- training and professional development;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

Compliance with Group standards is supported by a program of periodic reviews undertaken by the members of Audit and the Risk Management Committee. The results of the reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Board of Directors and senior management of the Group.

(f) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as results from operating activities divided by total shareholders' equity. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Group's target in 2024 was to achieve a return on capital of between 5 and 15 percent; in 2024, the actual return was 23.1 percent (2023: 15.1 percent).

Notes to and forming part of the financial statements

For the year ended 31 December 2024

4 Financial instrument disclosures (continued)

4.1. Financial management (continued)

(f) Capital management (continued)

The Group's debt to adjusted capital ratio at the end of the reporting period was as follows:

	2024 K'000	2023 K'000
Total liabilities	712,832	589,095
Less: cash and cash equivalents	(237,913)	(176,606)
Net debt	474,919	412,489
Total equity	1,176,426	989,372
Debt to adjusted capital ratio at 31 December	0.40	0.42

There were no changes in the Group's approach to capital management during the year. Various finance subsidiaries are subject to respective Central Banks restrictions imposed on capital requirements. These subsidiaries have been in compliance with respective capital requirements imposed by their Central Banks as at and during the year ended 31 December 2024.

4.2. Financial instruments

(a) Credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Consolidated		Company	
	2024 K'000	2023 K'000	2024 K'000	2023 K'000
Interest bearing securities	60,897	52,099	–	–
Other equity investments	34	34	34	34
Finance receivables (net)	594,126	492,674	–	–
Other deposits	–	–	1,548	1,516
Other receivables	12,565	11,108	78,014	68,116
Cash and cash equivalents	237,913	176,606	55,797	46,646
Total	**905,535**	**732,521**	**135,393**	**116,312**

Notes to and forming part of the financial statements

For the year ended 31 December 2024

The maximum exposure to credit risk for finance receivables (net) at the reporting date by geographic region was:

	Consolidated	
	2024 K'000	2023 K'000
Papua New Guinea	286,345	267,292
Fiji	230,757	174,917
Solomon Islands	42,474	33,587
Vanuatu	34,550	16,878
Total	**594,126**	**492,674**

The maximum exposure to credit risk for net finance and other receivables at the reporting date by type of counterparty was:

	Consolidated	
	2024 K'000	2023 K'000
Transport & Storage	208,388	179,937
Civil Contracting, Building & Construction and Real Estate	121,762	103,107
Wholesale/Retail	60,437	55,000
Others	203,539	154,630
Total	**594,126**	**492,674**

	Consolidated	
	2024 K'000	2023 K'000
Not past due	403,103	323,583
Past due 1–30 days	132,321	89,825
Past due 31–180 days	45,810	43,816
Past due 181–360 days	2,717	6,866
Past due more than 1 year	10,175	28,584
Total Net	**594,126**	**492,674**

Management believes that the unimpaired amounts are collectible, based on historical payment behaviour and analysis of borrowers' credit risk, as well as analysis of collateral values.

Notes to and forming part of the financial statements

For the year ended 31 December 2024

4 Financial instrument disclosures (continued)

4.2. Financial instruments (continued)

(a) Credit risk (continued)

Credit quality analysis

Asset quality impairment

Reconciliation of opening and closing balance of loss allowance for each stage.

	Stage 1 K'000	Stage 2 K'000	Stage 3 K'000	Total K'000
Balance at 1 January 2024	**(13,985)**	**(16,159)**	**(26,770)**	**(56,914)**
Transfer to Stage 1	(8,562)	1,573	6,989	–
Transfer to Stage 2	3,257	(3,733)	476	–
Transfer to Stage 3	349	380	(729)	–
Net remeasurement of loss allowance	21,775	(5,301)	(4,609)	**11,865**
New financial assets originated	(7,512)	(2,606)	(2,633)	**(12,751)**
Financial assets that have been derecognised	2,293	671	3,056	**6,020**
Write-offs	454	506	8,330	**9,290**
Foreign exchange and other movement	(278)	(40)	354	**36**
Balance at 31 December 2024	**(2,209)**	**(24,709)**	**(15,536)**	**(42,454)**
Balance at 1 January 2023	(10,494)	(11,323)	(45,096)	**(66,913)**
Transfer to Stage 1	(8,941)	3,211	5,730	–
Transfer to Stage 2	1,809	(2,306)	497	–
Transfer to Stage 3	2,226	4,121	(6,347)	–
Net remeasurement of loss allowance	11,996	(9,748)	8,799	**11,047**
New financial assets originated	(12,739)	(2,081)	(2,884)	**(17,704)**
Financial assets that have been derecognised	2,012	2,096	11,621	**15,729**
Write-offs	358	241	4,715	**5,314**
Foreign exchange and other movement	(212)	(370)	(3,805)	**(4,387)**
Balance at 31 December 2023	**(13,985)**	**(16,159)**	**(26,770)**	**(56,914)**

Notes to and forming part of the financial statements

For the year ended 31 December 2024

(b) Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

(i) Consolidated

	Carrying amount K'000	Contracted cash flows K'000	Less than one year K'000	1–2 years K'000	3–5 years K'000	More than 5 years K'000
Amount as at 31 December 2024						
Non-derivative financial liabilities						
Secured borrowings	31,078	29,739	29,739	–	–	–
Interest bearing deposits	624,853	635,279	550,845	48,075	36,343	16
Lease liabilities	9,912	9,912	1,944	1,395	3,605	2,968
Trade and other payables	12,062	12,062	12,062	–	–	–
Total	**677,905**	**686,992**	**594,590**	**49,470**	**39,948**	**2,984**
Amount as at 31 December 2023						
Non-derivative financial liabilities						
Secured borrowings	35,250	37,302	37,302	–	–	–
Interest bearing deposits	511,054	518,892	469,008	30,762	19,122	–
Lease liabilities	3,776	3,776	1,290	1,088	1,330	68
Trade and other payables	13,963	13,963	13,963	–	–	–
Total	**564,043**	**573,933**	**521,563**	**31,850**	**20,452**	**68**

(ii) Company

At 31 December 2024, non-derivative financial liabilities, all of which are due within the year were K44.3m (2023: K78.6m).

Notes to and forming part of the financial statements

For the year ended 31 December 2024

4 Financial instrument disclosures (continued)

4.2. Financial instruments (continued)

(c) Interest rate risk

Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	Consolidated		Company	
	2024 K'000	2023 K'000	2024 K'000	2023 K'000
Fixed rate instruments				
Financial assets	83,661	71,724	1,832	1,516
Finance receivables	489,509	399,915	–	–
Financial liabilities	(623,830)	(510,856)	–	–
Total net	**(50,660)**	**(39,217)**	**1,832**	**1,516**
Variable rate instruments				
Finance receivables	104,617	92,759	–	–
Total net	**104,617**	**92,759**	**–**	**–**

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/ (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2023.

	100bps increase		100bps decrease	
Consolidated	Profit/(loss) K'000	Equity K'000	Profit/(loss) K'000	Equity K'000
Variable rate instruments				
As at 31 December 2024	(1,046)	(1,046)	1,046	1,046
As at 31 December 2023	(928)	(928)	928	928

Company (not applicable).

Notes to and forming part of the financial statements

For the year ended 31 December 2024

(d) Fair value versus carrying values

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

Consolidated	Level of FV hierarchy	Fair values 2024 K'000	Fair values 2023 K'000	Carrying amounts 2024 K'000	Carrying amounts 2023 K'000
Assets					
Interest bearing securities	1	60,897	52,099	60,897	52,099
Financial assets designated at fair value through profit and loss	1	630,866	502,553	630,866	502,553
Other equity investments	3	34	34	34	34
Finance receivables	2	594,126	492,674	594,126	492,674
Other receivables	2	12,565	11,108	12,565	11,108
Cash and cash equivalents	1	237,913	176,606	237,913	176,606
		1,536,401	**1,235,074**	**1,536,401**	**1,235,074**
Liabilities					
Trade and other payables	2	(12,062)	(13,963)	(12,062)	(13,963)
Secured bank loans	2	(31,078)	(35,250)	(31,078)	(35,250)
Interest bearing deposits	2	(624,853)	(511,054)	(624,853)	(511,054)
Lease liabilities	2	(9,912)	(3,776)	(9,912)	(3,776)
		(677,905)	**(564,043)**	**(677,905)**	**(564,043)**

Notes to and forming part of the financial statements

For the year ended 31 December 2024

4 Financial instrument disclosures (continued)

4.2. Financial instruments (continued)

(d) Fair value versus carrying values (continued)

Company	Level of FV hierarchy	Fair values 2024 K'000	Fair values 2023 K'000	Carrying amounts 2024 K'000	Carrying amounts 2023 K'000
Assets					
Financial assets designated at fair value through profit and loss	1	630,866	502,553	630,866	502,553
Investments in subsidiaries	3	392,825	392,825	392,825	392,825
Other equity investments	3	34	34	34	34
Other deposits	2	1,548	1,516	1,548	1,516
Other receivables	2	78,014	68,116	78,014	68,116
Cash and cash equivalents	1	55,797	46,646	55,797	46,646
		1,159,084	**1,011,690**	**1,159,084**	**1,011,690**
Liabilities					
Trade and other payables	2	**(44,287)**	**(78,623)**	**(44,287)**	**(78,623)**

There are no debt markets in the segments the Group operates. Based on history, secondary market transactions for fixed rate instruments have been very minimal and have been at the interest rate implicit in the instrument. As a result, there is no difference between fair value and carrying value of fixed rate instruments.

Notes to and forming part of the financial statements

For the year ended 31 December 2024

(e) Fair value hierarchy

Consolidated	Level 1 K'000	Level 2 K'000	Level 3 K'000	Total K'000
31 December 2024				
Interest bearing securities	60,897	–	–	60,897
Other investments (Financial assets designated at fair value through profit and loss account)	630,866	–	–	630,866
Other equity investments	–	–	34	34
Finance receivables	–	594,126	–	594,126
Other receivables	–	12,565	–	12,565
Cash and cash equivalents	237,913	–	–	237,913
	929,676	**606,691**	**34**	**1,536,401**
Liabilities				
Trade and other payables	–	(12,062)	–	(12,062)
Secured bank loans	–	(31,078)	–	(31,078)
Interest bearing deposits	–	(624,853)	–	(624,853)
Lease liabilities	–	(9,912)	–	(9,912)
	–	**(677,905)**	**–**	**(677,905)**

Notes to and forming part of the financial statements

For the year ended 31 December 2024

4 Financial instrument disclosures (continued)

4.2. Financial instruments (continued)

(e) Fair value hierarchy (continued)

Consolidated	Level 1 K'000	Level 2 K'000	Level 3 K'000	Total K'000
31 December 2023				
Interest bearing securities	52,099	–	–	52,099
Other investments (Financial assets designated at fair value through profit and loss account)	502,553	–	–	502,553
Other equity investments	–	–	34	34
Finance receivables	–	492,674	–	492,674
Other receivables	–	11,108	–	11,108
Cash and cash equivalents	176,606	–	–	176,606
Total Assets	**731,258**	**503,782**	**34**	**1,235,074**
Liabilities				
Trade and other payables	–	(13,963)	–	(13,963)
Secured bank loans	–	(35,250)	–	(35,250)
Interest bearing deposits	–	(511,054)	–	(511,054)
Lease liabilities	–	(3,776)	–	(3,776)
	–	**(564,043)**	**–**	**(564,043)**

Notes to and forming part of the financial statements

For the year ended 31 December 2024

Company	Level 1 K'000	Level 2 K'000	Level 3 K'000	Total K'000
31 December 2024				
Other investments (Financial assets designated at fair value through profit and loss account)	630,866	–	–	630,866
Other equity investments	–	–	34	34
Other deposits	–	1,548	–	1,548
Other receivables	–	78,014	–	78,014
Cash and cash equivalents	55,797	–	–	55,797
Total Assets	**686,663**	**79,562**	**34**	**766,259**
Liabilities				
Trade and other payables	**–**	**(44,287)**	**–**	**(44,287)**

Company	Level 1 K'000	Level 2 K'000	Level 3 Restated K'000	Total Restated K'000
31 December 2023				
Other investments (Financial assets designated at fair value through profit and loss account)	502,553	–	–	502,553
Other equity investments	–	–	34	34
Other deposits	–	1,516	–	1,516
Other receivables	–	68,116	–	68,116
Cash and cash equivalents	46,646	–	–	46,646
Total Assets	**549,199**	**69,632**	**34**	**618,865**
Liabilities				
Trade and other payables	**–**	**(78,623)**	**–**	**(78,623)**

Level 1 investments consist mainly of investments in stock of public companies.

Level 2 investments consist mainly of investments in deposits, trade receivables and payables.

Level 3 investments consist primarily of investments in equity of subsidiaries. The investments in the subsidiaries were all valued as at 31 December 2024.

4 Financial instrument disclosures (continued)

4.2. Financial instruments (continued)

(e) Fair value hierarchy (continued)

Recognition and measurement

Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability. When measuring the fair value of an asset or liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- **Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- **Level 2:** Inputs other than quoted prices included in level 1 that are observable for the asset or liability: either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- **Level 3:** Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(i) Investment property

Valuation of investment property is based either on external valuation or directors' valuation. An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment property portfolio as required. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly.

Where an external valuation is not obtained as at year end, an internal valuation will be prepared having regard to the last external valuation.

Valuations reflect, when appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, the allocation of maintenance and insurance responsibilities between the Group and the lessee, and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices, and when appropriate counter-notices, have been served validly and within the appropriate time. Investment property under construction is valued by estimating the fair value of the completed investment property and then deducting from that amount the estimated costs to complete construction, financing costs and a reasonable profit margin.

(ii) Equity and debt securities

The fair value of financial assets at fair value through profit or loss and at amortised cost is determined by reference to their quoted closing bid price at the reporting date. The fair value of financial assets at amortised cost is determined for disclosure purposes.

(iii) Finance and other receivables

The fair value of finance and other receivables is estimated as the present value of future cash flows. This fair value is determined for disclosure purposes.

(iv) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows.

Key judgements and estimates

The Group evaluates the material accuracy of the valuations incorporated in the financial statements as they can involve a high degree of judgement and estimation in determining the carrying values of financial assets and liabilities at the balance sheet date.

The majority of valuation models the Group uses employ only observable market data as inputs. However, for certain financial instruments, we may use data that is not readily observable in current markets. If we use unobservable market data, then we need to exercise more judgement to determine fair value depending on the significance of the unobservable input to the overall valuation. Generally, we derive unobservable inputs from other relevant market data and compare them to observed transaction prices where available.

Notes to and forming part of the financial statements

For the year ended 31 December 2024

5 Equity

5.1. Share capital

	Consolidated and Company	
	2024	2023
Issued ordinary share capital	K'000	K'000
307,931,332 shares in issue at 1 January	21,984	21,984
307,931,332 shares in issue at 31 December	**21,984**	**21,984**

In accordance with the provisions of the Companies Act 1997, the shares do not have a par value. All issued shares are fully paid.

In accordance with the provisions of the Constitution, the Board of Directors of the Company may issue shares as it thinks fit so long as it does not create a controlling interest in the Company and subject to complying with the requirements of Papua New Guinea's National Stock Exchange (PNGX) Listing Rules.

Measurement and recognition

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Notes to and forming part of the financial statements

For the year ended 31 December 2024

5.2. Reserves

		Consolidated		Company		
		2024 K'000	2023 K'000	2024 K'000	2023 Restated K'000	1-Jan-23 Restated K'000
Asset revaluation reserve	**(a)**					
Balance at 1 January		19,771	19,771	–	–	306,143
Surplus/(deficit) on revaluation of properties		(5,070)	–	–	–	–
Tax effect on revaluation of properties		1,521	–	–	–	–
Reversal of revaluation of investments		–	–	–	–	(306,143)
Balance at 31 December		**16,222**	**19,771**	**–**	**–**	**–**
Asset realisation reserve	**(b)**					
Balance at 1 January		149	149	149	149	149
Transfer from retained earnings		–	–	–	–	–
Balance at 31 December		**149**	**149**	**149**	**149**	**149**
Exchange fluctuation reserve	**(c)**					
Balance at 1 January		5,063	1,603	–	–	–
Translation adjustment		411	3,460	–	–	–
Balance at 31 December		**5,474**	**5,063**	**–**	**–**	**–**
General reserve	**(d)**					
Balance at 1 January		469,889	423,546	469,890	423,547	418,008
Transfer (to)/from retained earnings		196,813	46,343	196,813	46,343	5,539
Balance at 31 December		**666,702**	**469,889**	**666,703**	**469,890**	**423,547**
Total reserves		**688,547**	**494,872**	**666,852**	**470,039**	**423,696**

(a) Asset revaluation reserve: The asset revaluation reserve relates to the revaluation of property and equipment prior to its reclassification as investment property. As a result of the change in accounting policy for subsidiaries, there is no asset revaluation reserve for the Company at 31 December 2024.

(b) Asset realisation reserve: The asset realisation reserve represents profits on sale of fixed assets over the cost.

(c) Exchange fluctuation reserve: The exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations that are not integral to the operations of the Company.

(d) General reserve: The general reserve represents amounts of net gains on long-term investments transferred from the profit and loss account.

Notes to and forming part of the financial statements

For the year ended 31 December 2024

6 Other disclosures

6.1. Employees

The Group contributed to superannuation funds which are defined contribution plans, whereby employees contribute certain legislated percentage of their salary to the fund and the Group contributes a certain percentage of each member's salary as allowed by law. During 2024, the Group expensed K2.6 million (2023: K1.7 million) in contributions payable.

Recognition and measurement

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

6.2. Commitments and contingencies

(i) Commitments

The Group expects a capital outlay of K32.2 million (2023: K29.3 million) for the acquisition of various property and equipment.

(ii) Contingencies

There are no contingencies as at 31 December 2024 (2023: Nil).

Notes to and forming part of the financial statements

For the year ended 31 December 2024

6.3. Related parties

(a) Interest register

The following are interests recorded in the Register for the year.

Name	Nature of interest	Companies/Organisations/Professional bodies
Abigail Erica Wendy Chang	Director	**Companies** Credit Corporation (PNG) Limited, Credit Corporation Finance T/As CreditBank, Credit Corporation Properties Limited.
	Shareholder	**Companies** Credit Corporation (PNG) Limited — 21,000 ordinary shares.
	Term Deposit Holder	**Companies** Credit Corporation Fiji Limited for FJD 756,692, matures 24 September 2025.
	Transaction Account Holder	**Companies** Credit Corporation Finance Limited T/As CreditBank.
	Social or Professional Membership	**Organisation** Australian Institute of Company Directors, Independent Directors Association in PNG.
	Member of Board of Governors	**Organisation** Don Bosco Technical Institute.
Dr. Albert Conrad Mellam	Director	**Companies** Credit Corporation (PNG) Limited, Credit Corporation Finance Limited, Credit Corporation Properties Limited, National Road Authority, National Skills Agency, Govt. of PNG, Kumul Consolidated Holdings Ltd.
	Social or Professional Membership	**Organisation** Australian Institute of Company Directors. Association of Asia Pacific Business School, South Korea.
Faye-Zina Lalo	Director	**Companies** Credit Corporation (PNG) Limited, Credit Corporation Finance Limited T/As CreditBank, Credit Corporation Properties Limited, AFL PNG Development Limited.
	Social or Professional Membership	**Organisation** Australian Institute of Company Directors. PNG Institute of Directors. PNG Law Society.

Notes to and forming part of the financial statements

For the year ended 31 December 2024

6 Other disclosures (continued)

6.3. Related parties (continued)

(a) Interest register (continued)

Name	Nature of interest	Companies/Organisations/Professional bodies
Stephen James Donald Humphries	Director	**Companies** Credit Corporation (PNG) Limited, Credit Corporation Finance Limited T/As CreditBank, Credit Corporation Properties Limited, ACN 088 631 949 Pty Ltd, ACN 138 935 403 Pty Ltd, Agilex Biolabs Pty Ltd, Amokka Java Ltd, Brystow Pty Ltd, Healius Nominees Pty Ltd, HLS Camden Pty Ltd, HLS Healthcare Holdings Pty Ltd, HLS Health Insurance Pty Ltd, HLS Millers Point Pty Ltd, HLS PST Pty Ltd, HLS Richmond Pty Ltd, Idameneo (No. 124) Pty Ltd, Idameneo (No. 789) Limited, Kelldale Pty Ltd, Larches Pty Ltd, Murdoch Haematology & Oncology Clinic Pty, Limited Murdoch Private Hospital Pty Ltd, Northcoast Nuclear Medicine (Qld) Pty Ltd, PSCP Holdings Pty Ltd, Sumbrella Pty Ltd, The Ward Corporation Pty Ltd, Toowoomba Diagnostic Imaging Pty Ltd, Whitsunday Radiology Pty Ltd.
	Social or Professional Membership	**Professional bodies** Australian Institute of Chartered Accountants. Institute of Chartered Accountants of England and Wales. Independent Directors Association in PNG.
Richard Sinamoi	Director	**Companies** Credit Corporation (PNG) Limited, Credit Corporation Finance Limited T/As CreditBank, Credit Corporation Properties Limited, Nambawan Super Limited, Western Trucks Limited., Kama Kofi Limited, Iomanis Agi Import Export Pte Limited, Trans Pacific Assurance Limited.
	Shareholder	**Companies** Credit Corporation (PNG) Limited – 485,629 ordinary shares, Kama Kofi Limited, Iomanis Agri Import Export Pte Limited, PNGPC Limited, Western Trucks Ltd, Nambawan Super Limited.
	Transaction Account Holder	**Companies** Credit Corporation Finance Limited T/As CreditBank.
	Social or Professional Membership	**Professional bodies** Australian Institute of Company Directors. PNG Institute of Directors.

Notes to and forming part of the financial statements

For the year ended 31 December 2024

Name	Nature of interest	Companies/Organisations/Professional bodies
Sir Melchoir Togolo	Director	**Companies** Credit Corporation (PNG) Limited, Credit Corporation Finance Limited T/As CreditBank, Credit Corporation Properties Limited, Heritage Park Hotel (Honiara SI), City Mission PNG, Loloata Island Resort Limited, Bougainville Copper Limited.
	Professional Membership	**Professional bodies** Australian Institute of Company Directors.
	Shareholder	**Companies** BSP 14,086 shares jointly owned with spouse.
	Transaction Account Holder	**Companies** Credit Corporation Finance Limited T/As CreditBank.
Clare Mazzetti	Director	**Companies** Credit Corporation (PNG) Limited, Credit Corporation Finance Limited T/As CreditBank, Credit Corporation Properties Limited, Qudos Bank Limited, Uniting Church of Australia, Synod of NSW & ACT, Uniting Financial Services, The Tax Institute (Chair).
	Social or Professional Membership	**Professional bodies** Australian Institute of Company Directors. Fellow — FINISA.
Daryl Craig Johnson	Director	**Companies** Credit Corporation (PNG) Limited, Credit Corporation Finance Limited T/As CreditBank, Credit Corporation Properties Limited, Cadeau Pty Ltd (Self-Managed Superannuation Fund), Bendigo and Adelaide Bank Limited
	Social or Professional Membership	**Professional bodies** Australian Institute of Company Directors.

Notes to and forming part of the financial statements

For the year ended 31 December 2024

6 Other disclosures (continued)

6.3. Related parties (continued)

(a) Interest register (continued)

Name	Nature of interest	Companies/Organisations/Professional bodies
Lady Winifred Tare Kamit	Director	**Companies** Credit Corporation (PNG) Limited, Credit Corporation Finance Limited T/As CreditBank, Credit Corporation Properties Limited, South Pacific Post Limited, Post Courier Limited, Brian Bell Company Limited, Kamchild Limited, Bunowen Services Limited, Kamit Consultancy Services Limited.
	Shareholder	**Companies** Kamchild Limited, Bunowen Services Limited, Kamit Consultancy Services Limited.
	Social or Professional Membership	**Professional bodies** PNG Institute of Directors Inc. (Founding Member and Fellow). PNG Law Society.
	Director	**Professional bodies** Anglicare PNG Inc.
	Senior Partner (Corporate/ Commercial Advisory)	**Entity** Dentons Lawyers
Susil Daisy Nelson-Kongoi	Director	**Companies** Credit Corporation (PNG) Limited, Credit Corporation Finance Limited T/As CreditBank, Credit Corporation Properties Limited.

Notes to and forming part of the financial statements

For the year ended 31 December 2024

(b) Transactions with Directors and key management personnel

(i) Shareholdings of Directors and interested parties in Credit Corporation (PNG) Limited

	2024	2023
Richard Sinamoi, a Director of the company and a Director of Nambawan Superannuation Limited (a shareholder of the company) holds shares as follows:	62,947,271	62,947,271
Richard Sinamoi, a Director of the Company holds shares as follows:	485,629	485,629
Abigail Chang, a Director of the Company holds shares as follows:	21,000	21,000

(ii) Remuneration of Directors

	2024 K'000	2023 K'000
Lady Winifred Tare Kamit (appointed Chairperson 30 August 2024)	201	212
Dr. Albert Mellam (retired 19 August 2024)	213	250
Richard Sinamoi	279	243
Abigail Chang	248	216
Faye-Zina Lalo	246	214
Clare Mazzetti	231	201
Sir Melchior Togolo	231	201
Stephen Humphries	248	216
Daryl Johnson	233	203
	2,130	**1,956**

Notes to and forming part of the financial statements

For the year ended 31 December 2024

6 Other disclosures (continued)

6.3. Related parties (continued)

(b) Transactions with Directors and key management personnel (continued)

(iii) Remuneration of key management personnel

The number of management staff whose remuneration, including salaries and benefits (superannuation, accommodation, leave fares, insurance, school fees, club subscriptions and related entitlements), was within the specified bands as follows:

	2024	2023
200,000 – 259,999	–	1
260,000 – 319,999	1	–
440,000 – 499,999	–	1
560,000 – 669,999	–	1
670,000 – 779,999	–	1
780,000 – 889,999	–	1
890,000 – 999,999	–	1
1,110,000 – 1,219,999	2	–
1,220,000 – 1,439,999	2	3
1,550,000 – 2,299,999	–	2
2,300,000 – 4,300,000	1	1
Total	**6**	**12**

(iv) Key management personnel compensation

		Transaction value for the year end 31 December		Balance outstanding as at 31 December	
	Note	2024 K'000	2023 K'000	2024 K'000	2023 K'000
Short term benefits	(i)	8,938	11,650	1,372	1,383
Long term benefits	(ii)	234	410	422	410
Share-based payments — cash settled	(iii)	3,891	6,139	5,870	5,414
Total		**13,063**	**18,199**	**7,664**	**7,207**

Notes to and forming part of the financial statements

For the year ended 31 December 2024

A related party is a person or an entity that is related to the reporting entity and has significant influence over the reporting entity in making financial or operational decisions. During the year, the Group reassessed its key management personnel to reflect the transformed business to a commercial bank.

The transactions were processed an arm's length by the related parties concerned.

(i) Short-term employee benefits include wages, salaries, paid annual leave, superannuation, bonuses (if payable within twelve months of the end of the period) and non-monetary benefits (such as medical care, housing, cars and free or subsidised goods or services) for current employees. The comparatives for 2023 numbers have been corrected and reclassified to conform to the current year presentation; and

(ii) Other long-term employee benefits include only long service leave.

(iii) Share-based payment includes Short-Term Incentive (STI) and Long-Term Incentive (LTI) awards that are settled in cash at the settlement date.

(v) Other transactions with Directors and key management personnel

The aggregate value of transactions and outstanding balances related to Directors and key management personnel were as follows:

			Transaction value for the year end 31 December		Balance outstanding as at 31 December	
Related Party	Transaction	Note	2024 K'000	2023 K'000	2024 K'000	2023 K'000
Management personnel	Personal Loan	(i)	51	29	496	91
Management & Director	Deposit	(ii)	(21)	(24)	(1,428)	(1,425)
Total			**30**	**5**	**(932)**	**(1,334)**

Note: Balances with brackets indicate a payable balance.

(i) Staff are entitled to personal loans from Credit Corporation Finance Limited up to a maximum of 25% of the gross annual salary at an interest rate of 8% to 10% per annum.

(ii) A non-interest-bearing deposit with Credit Corporation Finance Limited.

Notes to and forming part of the financial statements

For the year ended 31 December 2024

6 Other disclosures (continued)

6.3. Related parties (continued)

(c) Transactions with subsidiaries — the Company

All the transactions are in the normal course of business and on normal commercial terms and conditions and repayable on demand. Except for the finance loans from Credit Corporation Finance Limited, all the other transactions are unsecured.

		Transaction value for the year end 31 December		Balance outstanding as at 31 December	
Transaction	Note	2024 K'000	2023 K'000	2024 K'000	2023 K'000
Management fee	(i)	1,000	1,000	–	–
Interest bearing deposit	(ii)	38	37	1,548	1,812
Dividends	(iii)	18,389	40,825	4,004	25,868
Other	(iv)	(65,781)	24,275	(25,911)	39,870
Total		**(46,354)**	**66,137**	**(20,359)**	**67,550**

(i) Management fees paid by Credit Corporation Finance Limited (K1,000,000) to Credit Corporation (PNG) Limited annually.

(ii) Credit Corporation (PNG) Limited has at call deposits with Credit Corporation Finance Limited totalling to K283,882 (2023: 295,710). Surplus funds have also been deposited in 1–year deposits with Credit Corporation Finance Limited at 2.45 interest rates per annum. The interest earned during 2024 was K36,547 (2023: K36,547).

(iii) Dividends were only received from CCFJ and CCVL amounted to K18.4m (2023: K24.3m).

(iv) Other transaction with subsidiaries including receivable from the subsidiary companies Credit Properties Limited and payables to Credit Corporation Finance Limited.

(d) Other related party transactions

(i) The associate company of Credit Corporation (PNG) Limited, Capital General Insurance, has no interest-bearing deposit accounts with Credit Corporation Finance Limited as at 31 December 2024 (2023: K1,976,065).

(ii) Entities have interest bearing deposits with the Group at commercial rates prevailing at the time of the deposit.

6.4. Events occurring after balance sheet date

Subsequent to the year ended 31 December 2024, the Board declared a final dividend of 7.4 toea per share and a special dividend of 4.7 toea per share.

No other significant events have occurred since the balance sheet date which would impact on the financial position of the Company disclosed in the Statement of Financial Position as at 31 December 2024 or in the results and cash flows of the Company for the year ended on that date.

Top 20 shareholders

		Shares Held	%
1	Nambawan Super Limited	62,947,271	20.44%
2	National Superannuation Fund Limited	62,099,367	20.17%
3	Teachers Savings & Loan Society Ltd	57,925,483	18.81%
4	Lamin Trust Fund	19,158,710	6.22%
5	Motor Vehicles Insurance Limited	17,100,000	5.55%
6	Federation of Savings & Loan Societies Limited	16,621,878	5.40%
7	Glen Panipas McIlwain	5,229,066	1.70%
8	BSP Life (Fiji) Limited	4,091,838	1.33%
9	Finance Corporation Limited	3,190,647	1.04%
10	Patronella Ia Bilur Harrison	3,000,000	0.97%
11	Capuchin Friars Minor of PNG	2,452,214	0.80%
12	Comrade Trustee Services	2,082,333	0.68%
13	Kina Nominees Limited	2,010,000	0.65%
14	Kina Asset Management No. 1 Limited	2,000,000	0.65%
15	West New Britain Provincial Government Trust Deed No 2 A/C	2,000,000	0.65%
16	Pacific MMI Insurance Limited	1,872,406	0.61%
17	Daughters of Our Lady of Sacred Heart Olsh Provincialate	1,800,000	0.58%
18	Nasfund Contributors Savings & Loan Society Limited	1,550,000	0.50%
19	Warwick Pomat Costigan	1,500,000	0.49%
20	Mineral Resources Development Company Limited	1,361,316	0.44%
		269,992,529	**87.68%**

	Shares Held
1–1,000	337, 354
1,001–5,000	1,070,430
5,001–10,000	2,612,467
10,001–100,000	7,482,601
100,001 and above	296,428,480
	307,931,332

Shares traded	No	Volume
2024	105	1,083,507

Remuneration report

Remuneration	FY24	FY23
100,000–110,000	6	2
110,000–120,000	12	2
120,000–130,000	5	4
130,000–140,000		1
140,000–150,000	2	6
150,000–160,000	2	6
160,000–170,000	3	2
170,000–180,000	5	2
180,000–190,000	3	
190,000–200,000	5	1
200,000–210,000	3	
210,000–220,000	3	
220,000–230,000	1	4
230,000–240,000	4	2
240,000–250,000	2	
260,000–270,000	2	1
270,000–280,000	1	1
290,000–300,000	1	2
300,000–310,000	1	
310,000–320,000	1	
320,000–330,000		2
330,000–340,000	1	
340,000–350,000	2	1
350,000–360,000	1	2
360,000–370,000		2
400,000–410,000	1	
410,000–420,000		1
420,000–430,000	1	
440,000–450,000	1	
450,000–460,000	2	1

Remuneration	FY24	FY23
460,000–470,000	1	
480,000–490,000	1	1
500,000–510,000	1	
520,000–530,000	1	
540,000–550,000		1
580,000–590,000	1	
620,000–630,000		1
630,000–640,000		1
660,000–670,000	1	
740,000–750,000		1
760,000–770,000		1
790,000–800,000		1
800,000–810,000	1	
850,000–860,000		1
860,000–870,000	1	
870,000–880,000	1	
940,000–950,000		1
960,000–970,000	1	
1,160,000–1,170,000	1	1
1,210,000–1,220,000	2	
1,230,000–1,240,000		1
1,320,000–1,330,000		1
1,330,000–1,340,000	1	
1,480,000–1,490,000	1	
1,540,000–1,550,000	1	
1,560,000–1,570,000		1
1,600,000–1,610,000		1
1,670,000–1,680,000		1
4,020,000–4,030,000	1	
4,080,000–4,090,000		1
	89	**61**

Corporate directory

Registered Office
Ground Floor, Credit House,
Cuthbertson Street, Port Moresby,
Papua New Guinea

Principal Place of Business
Ground & 1st Floor, Credit House,
Cuthbertson Street, Port Moresby,
Papua New Guinea

Directors
Lady Winifred Tare Kamit
(appointed Chairperson 30 August 2024)

Dr. Albert Mellam
(retired 19 August 2024)

Richard Sinamoi

Abigail Erica Wendy Chang

Faye-Zina Lalo

Stephen James Donald Humphries

Sir Melchior Pesa Togolo

Clare Mariesa Mazzetti

Daryl Craig Johnson

Susil Nelson-Kongoi
(appointed 25 March 2025)

Group Chief Executive Officer
Danny Robinson

Company Secretary
Amanda Libitino

Auditors
PricewaterhouseCoopers PNG
PwC Haus, Level 6
Harbour City, Konedobu
Port Moresby
Papua New Guinea

Fiji — Grant Thorton

Solomon Islands — Morris & Sojnocki

Vanuatu — Law Partners

Tax Advisors
PricewaterhouseCoopers
PwC Haus, Level 6
Harbour City, Konedobu
Port Moresby, NCD 125
Papua New Guinea

Share Registry
PNG Registries Limited
Level 4, Cuthbertson House
PO Box 1265
Port Moresby, Papua New Guinea
Telephone: +675 321 6377
Email: salaniet.mathew@mpms.mufg.com

Bankers
BSP Financial Group Limited

Australia & New Zealand Banking Group (PNG) Limited

Australia & New Zealand Banking Group (Fiji) Limited

National Bank of Vanuatu

Westpac Bank PNG Limited

Westpac Bank Fiji

Bred Bank Fiji

HFC Bank Fiji

Crown Agent Bank

CreditBank PNG

Papua New Guinea

Credit Corporation (PNG) Limited
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CREDIT CORPORATION

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