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## **CREDIT CORPORATION PNG LIMITED - 2024 AGM**

### **CHAIRMAN'S SPEECH (DR ALBERT MELLAM)**

**Friday 21 June 2024**

#### **Welcome**

Good morning, Ladies and Gentlemen. My name is Dr Albert Mellam and I am the Chairman of Credit Corporation PNG Ltd and its Papua New Guinea subsidiaries.

On behalf of your Board, I have the privilege of welcoming and thanking those of you participating online through our virtual meeting platform provided by our share registrar Link Market Services Limited, and of course those in attendance here at the Banquet Hall, Hilton Hotel, Port Moresby, to the 2024 Annual General Meeting of Shareholders.

It is a great honour to lead the dynamic Credit Corporation. Together with many of you, last year we celebrated the Group's 45th anniversary, after commencing operations in Boroko in 1978. I am proud of all that we have achieved in our first 45 years and excited about the Company's plans for the future.

It is now 10am, the appointed time to commence the Annual General Meeting for Credit Corporation PNG Limited.

Company Secretary, please confirm if we have a Quorum.

I have been informed that we have a quorum present, and I now declare the meeting open.

#### **Introduction of the Board**

Before we begin the formalities, I would like to introduce my fellow Directors present today including:

- Richard Sinamoi
- Abigail Chang
- Clare Mazzetti
- Faye-Zina Lalo
- Stephen Humphries
- Sir Melchior Togolo
- Daryl Johnson; and
- Lady Winifred Kamit.

#### **Introduction to Executive Team**

I would also like to acknowledge our Group CEO, Danny Robinson, and key staff including:

- Rei Vagi, our Group Chief Financial Officer;

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- Leo Kamara, our Group Chief Risk Officer;
  - Loka Niumatairua, our Head of People and Culture;
  - Amanda Libitino, our Company Secretary;
  - Lynda Kahari, our Head of Group Strategy;
  - Brent St Hill, our General Manager Properties.

Also in attendance are Lauren Osbich from Company Matters and Christian Angelopoulos and Jane Sali from KPMG.

KPMG will be available to answer any questions you may have about the conduct of the 2023 audit and the auditor's report.

Shareholders will be given an opportunity to ask questions or make comments about the management of the company when considering the 2023 Annual Report.

Where we have received questions in writing from shareholders before this meeting, we have endeavoured to answer as many as we can in our addresses and presentations.

### **Chairman's Opening Remarks**

Before our Group CEO provides an update on the Company's activities, I would like to make a few comments.

The Group has maintained its vision to be recognised as one of the leading financial services groups in the South Pacific, and we have become one of the region's most progressive and trusted financial institutions.

This is a reflection of our continued financial strength, our commitment to our customers and the contributions we make to our local communities.

As your Chairman, I am committed to ensuring the Group continues to support the economic growth of nations throughout the Pacific where we operate, and to help those communities become more economically sustainable.

### **Banking on a Brighter Future**

Last year I spoke about the economy beginning to return to normal after the restrictions imposed by the COVID-19 pandemic.

In the 2023 financial year, these impacts largely unwound, and we have seen favourable economic tailwinds and increased optimism. The Group has enjoyed a stronger performance both operationally and financially.

The Group has a proud history of partnering with not-for-profits and community organisations, and supporting the business community.

In 2023, the Group supported numerous community and corporate initiatives with a total contribution of K534,000.

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The goals of our community and corporate activities align with the United Nations Sustainable Development Goals and they enrich our people while at the same time, strengthening our communities.

### **Our strategic intent**

The Group has made important strides in the five-year strategy aimed at becoming a simpler, more focused business, and making the transition to become a niche commercial bank in PNG.

In February 2023, the PNG Finance arm of the Group, Credit Corporation Finance Limited was granted Approval in Principle for a banking licence by the Bank of PNG.

Since receiving the approval, we have made some significant investment decisions towards a successful transition from finance business to banking.

We have implemented our new core banking system, which enabled us to introduce a range of new deposit products and internet banking for our staff from December 2023. These have been an outstanding success and a good opportunity to ensure our systems are robust and fit for purpose. Recently, with approval of the Bank of PNG, Credit Corporation Finance Limited has extended the Staff Pilot to our existing customers in anticipation of a formal Commercial Banking license.

We have also made substantial progress in streamlining our internal processes, while recruiting new talent and upskilling our people as part of our ongoing commitment to delivering a high level of service to our customers.

### **Financial Performance**

Turning now to our financial results.

All our divisions made solid contributions to the Group's strong financial results.

We maintained our diligence in relation to managing credit quality and operating costs, which helped to enhance profitability and improve our returns to shareholders.

Our profitability in FY23 was substantially better than the previous year. Core Operating Profit rose by 7.1% to K105.9m and Net Profit After Tax was K134.9m, which represents an increase of 56.8%.

These results and our strong capital position enabled the Board to declare a Final Dividend of 13.1 toea per share.

Combined with the Interim Dividend of 11.0 toea per share, the total dividend payment to shareholders for FY23 will be 24.1 toea per share, an increase of 7.1% over the previous financial year.

The Group is proud of its record of paying shareholders a dividend each and every year since the incorporation of the company in 1978.

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## Board perspectives

Turning now to internal matters, I would like to take the opportunity to give the Board's perspective on some of the resolutions being put to today's meeting.

Firstly, and in no particular order:

- Amendments to the Constitution. The proposed changes were previously tabled at the 2023 AGM as one resolution item, which was not carried. They are now separated into 6 resolution items. The proposed amendments to the Constitution aim to reflect changes to corporate governance practices, update certain legacy provisions and out-dated terminology, refresh the provisions for Director rotation and retirement and seek to achieve efficient and flexible administration of the Company and its relations with Shareholders.
- The appointment of new Auditors. We put forward that PricewaterhouseCoopers (PwC) be appointed as Auditors of the Company for the year 2024. This role has previously been undertaken by KPMG for over 45 years. I acknowledge KPMG for our longstanding relationship.
- On to the Board. The make-up of our Board is critical to achieving our goals. We have nine members on our Board of Directors, including Lady Kamit who at last year's AGM was appointed by Shareholders to the Board. She has brought with her extensive financial services sector knowledge including banking regulation and legislation – an important ingredient to complement the diverse capabilities of the Board and support the execution of the Group's strategy.
- In light of this, in accordance with the current Constitution, three Directors retire by rotation and are up for re-election – Sir Melchior Togolo, Mr Stephen Humphries and Ms Faye-Zina Lalo. The Board is extremely keen to retain the experience and expertise of these highly credentialed Directors as we continue along our business transformation path towards becoming a niche commercial bank.

I would like to take this opportunity to announce that this is my last AGM as the Board Chair and Director of Credit Corporation. I was appointed to the Board in August 2013 and was appointed Chairman in September 2022.

I am extremely proud of what Credit Corporation has achieved – in recent years we have made a seamless transition from a “founder-driven” business model to a maturing corporation with strong operating systems. There is a clear and strategic pathway to build on the solid foundations we have established and to take advantage of the challenges and opportunities in the coming years.

I reflect on my time on the Board with much gratitude and sincerely thank the Board (past and present) and the broader organisation you the shareholders for the ongoing support and trust. Credit Corporation is in safe hands and is positioned to ensure success and continued growth well into the future.

## Closing Remarks

In summary, the performance of Credit Corporation in 2023 is a source of pride and a springboard for success in 2024 and beyond.

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The Board, with the support of CEO Danny Robinson and the leadership team, is committed to continuing the momentum achieved over the past financial year and delivering positive outcomes for all our stakeholders.

I would like to thank everyone who has contributed to the Group's success, including:

- Our customers in PNG and across the Pacific, for their trust in us to meet their financial needs.
- Our employees, whose efforts have been instrumental in our successful performance this year.
- My fellow Directors, for their commitment to ensuring we are well positioned to meet the future challenges and opportunities.
- And finally, to you, our shareholders, for your ongoing confidence in the strategic direction that we have set for the Group and your trust in us to represent your interests.

I will now ask our CEO, Danny Robinson, to address the meeting.

**ENDS**