



# Supporting Sustainable Growth for SMEs in the Resources & Energy Sector

2023 PNG Resources and Energy Investment Conference



FUNDING FUTURES



# Agenda

## 1. Introduction

About Credit Corporation

Supporting Mining Operation SMEs

## 2. SME Loan Portfolio

## 3. Challenges Faced by SMEs in the sector

## 4. Drivers Shaping the Industry

## 5. Sustainable SME Growth

Becoming a Niche Commercial Bank

## 6. Key Takeaways and Conclusion



FUNDING FUTURES



## About us

- Credit Corporation (PNG) Limited commenced business in 1978 as a general finance company and over the past 45 years has grown to become one of the South Pacific's most progressive financial institutions with a diverse property and investment portfolio.
- Our vision is to be recognized as one of the leading financial services groups in the South Pacific.
- K1.457 billion in assets in group.

# Supporting Mining Operation SMEs



## Funding Business Activities that Support Mining Operations

- Fuel & container haulage
- Personnel placement & contract management
- Transport services, Waste Management
- Civil construction and maintenance services
- Security, IT services
- Equipment hire
- Catering and camp services



## Mine Locations

Ok Tedi Mine, Simberi, Ramu Nickel, Kainantu, Hidden Valley, Pogera Joint Venture, Kolosori Nickel Project in SI



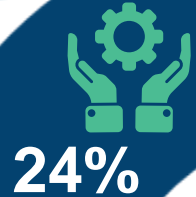
## Partnerships with Locals and Local Landowner Groups

Facilitate national and local landowner group participation in business.

# SME Loan Portfolio Key Industries

## Professional & Business Services

24% of loan portfolio and over K82 million for services include project management and business and professional consultancy.



## Construction & Civil Contracting

The construction & civil contracting sector comprises of 18% of portfolio. Services include project planning, construction management, design support, and compliance.



## Transportation & Storage

SMEs in transportation & storage account for over 37% in our loan portfolio. Transportation and storage clients require services related to efficient supply chain management, tracking systems, inventory control, and optimization of transportation



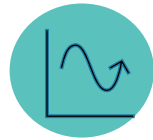
## Others

Other supporting business that support the mine from camp management, utilities, personnel placement & contract management.



# Challenges Faced by SMEs

## - Resource and Energy Sector



### Nature of the Resource & Energy Sector

The industry is cyclical and influenced by economic cycles and other macro-economic factors. Economic downturns pose challenges for SMEs in the sector.



### Financial Literacy and Knowledge on Sector

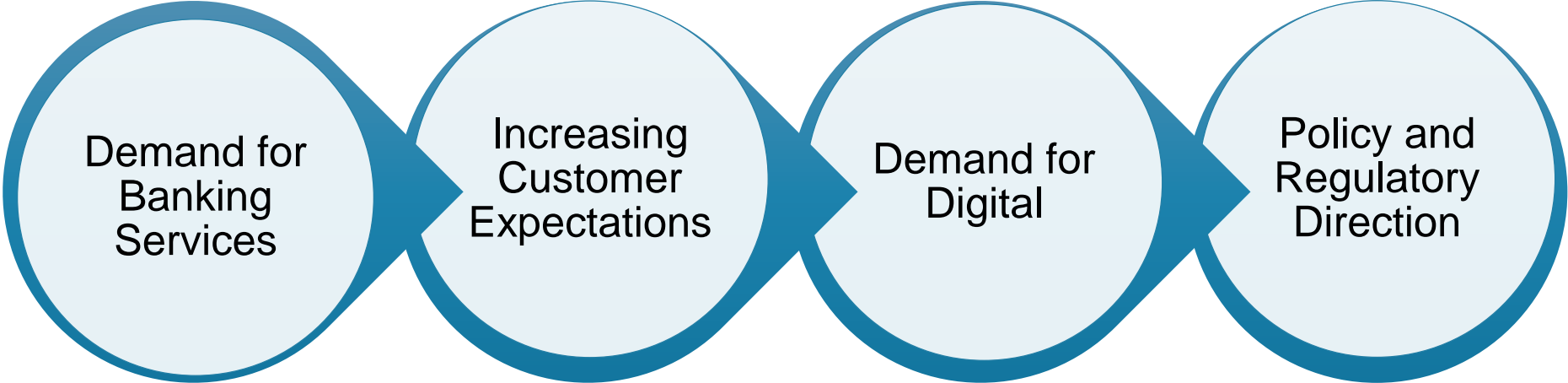
Access to financial education and training programs that specifically address the unique challenges of the industry and limited knowledge on operational matters such as effective cashflow and financial management support.



### Limited Options for Financing and Basic banking

Handful of options for financing and banking solutions for SMEs risks less favorable terms with reduced competition.

# Drivers Shaping Finance and Banking Industry



# Supporting Sustainable SME Growth – Becoming A Niche Commercial Bank

## BECOMING A NICHE COMMERCIAL BANK

Transforming from a financial services company to a niche commercial bank.

- The 'Approval in Principle' from the Bank of PNG
- From July 2023 commence new Core Banking System implementation
- Development of product suite to better serve the market.



## BETTER FINANCE COMPANY

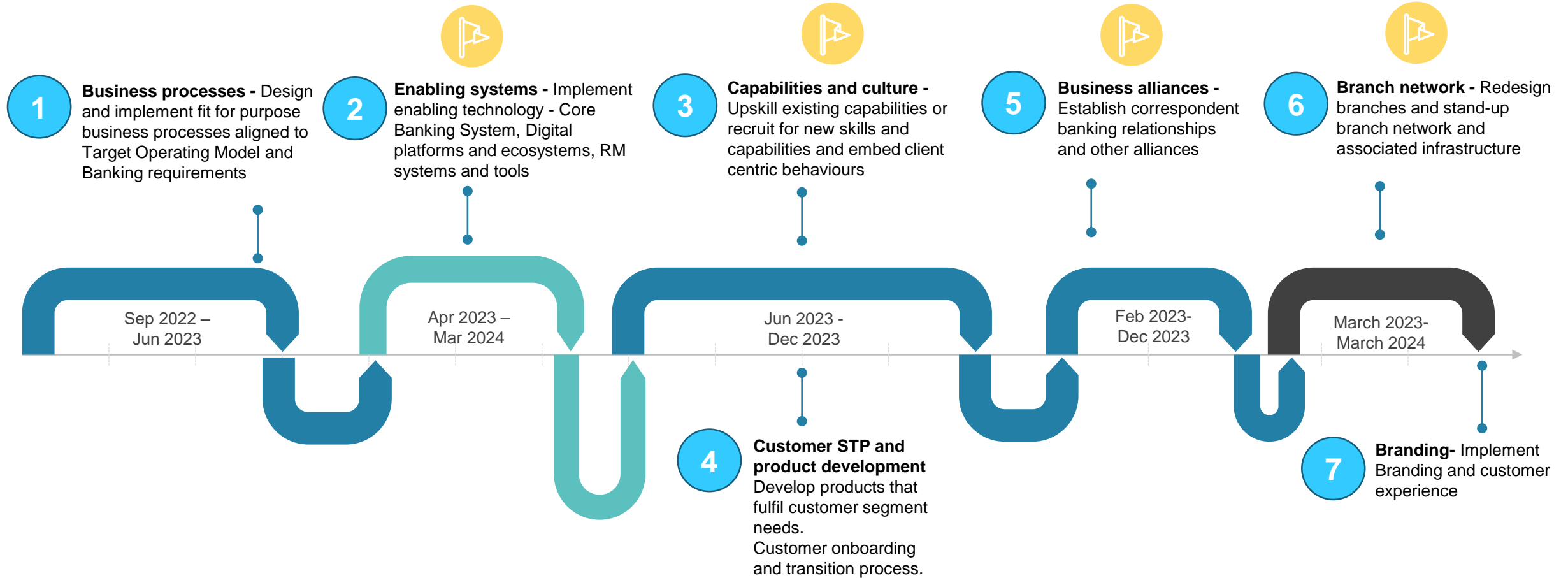
Focusing on quality loan growth, automating systems, strengthening debt collections and processes and upskilling our people.



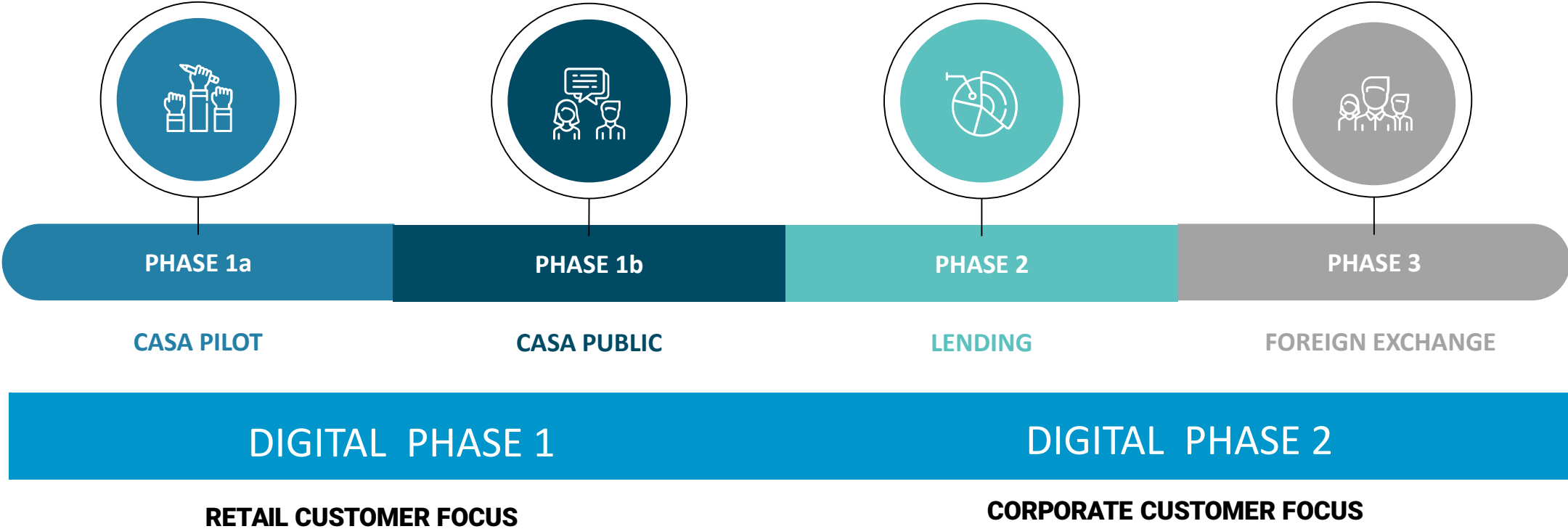
# A Sustainable Approach



# Our Journey



# Agile approach, speed to market



# Pilot underway December 4<sup>th</sup>

- 2022 the board approved CCFL upgrading license to a Banking License
- 2<sup>nd</sup> February 2023 – BPNG granted conditional 12-month Banking License
- 22<sup>nd</sup> June 2023 – Board approved Project scope, budget, schedule
- 22<sup>nd</sup> June to 4<sup>th</sup> December commence Pilot to validate
  - (1) Our System Capability in Onboarding, Account creation and KYC Requirements,
  - (2) Ensured we were aligned to BPNG Regulations and Their Banking System Framework,
  - (3) Tested successfully our Connectivity with Other Financial Banks,
  - (4) Ensured that our internal systems were capable of managing inward and outward transactions
  - (5) our processes are capable of managing consumer enquiries.

*Pilot to inform and de-risk same systems and products for go live Public scheduled for March 2024*



