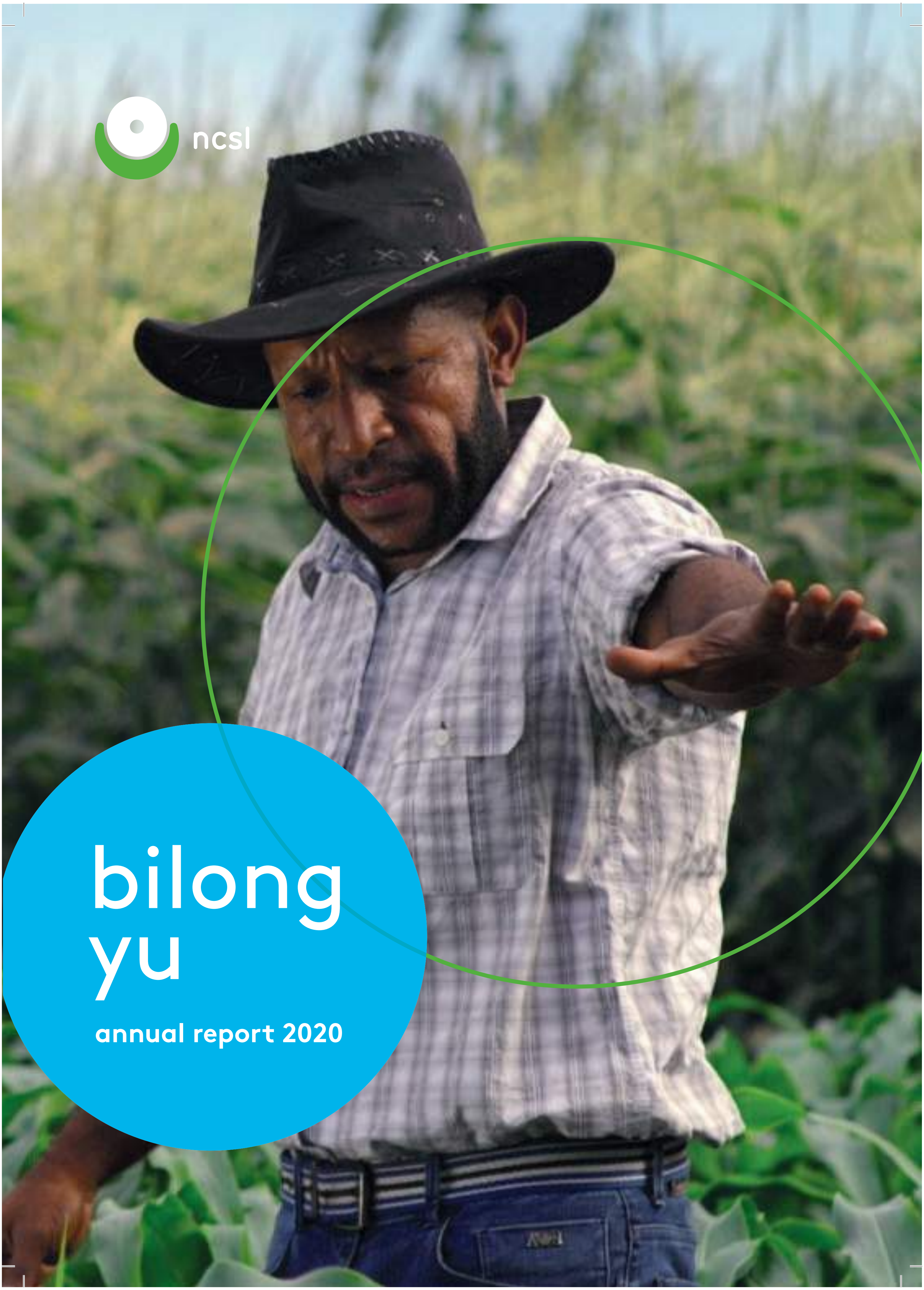

bilong yu

annual report 2020


welcome.
we
lco
me.
members


ncsl

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about.

ncsl in brief

Innovative Leader

ncsl strives in creating better solutions and ensuring that we provide the best services to our members and also to ensure continued success and staying competitive in the savings and loans industry.

2020 Highlights

- 5th Annual General Meeting
- ncsl rebranding and roll out
- Introduction of;
  - 1:5 loan
  - Corporate Motor Vehicle Loan
  - Small to Medium Enterprise (SME) Loan
- K13.24M Profit and Interest Crediting Rate of 6%

Headquarters
Port Moresby

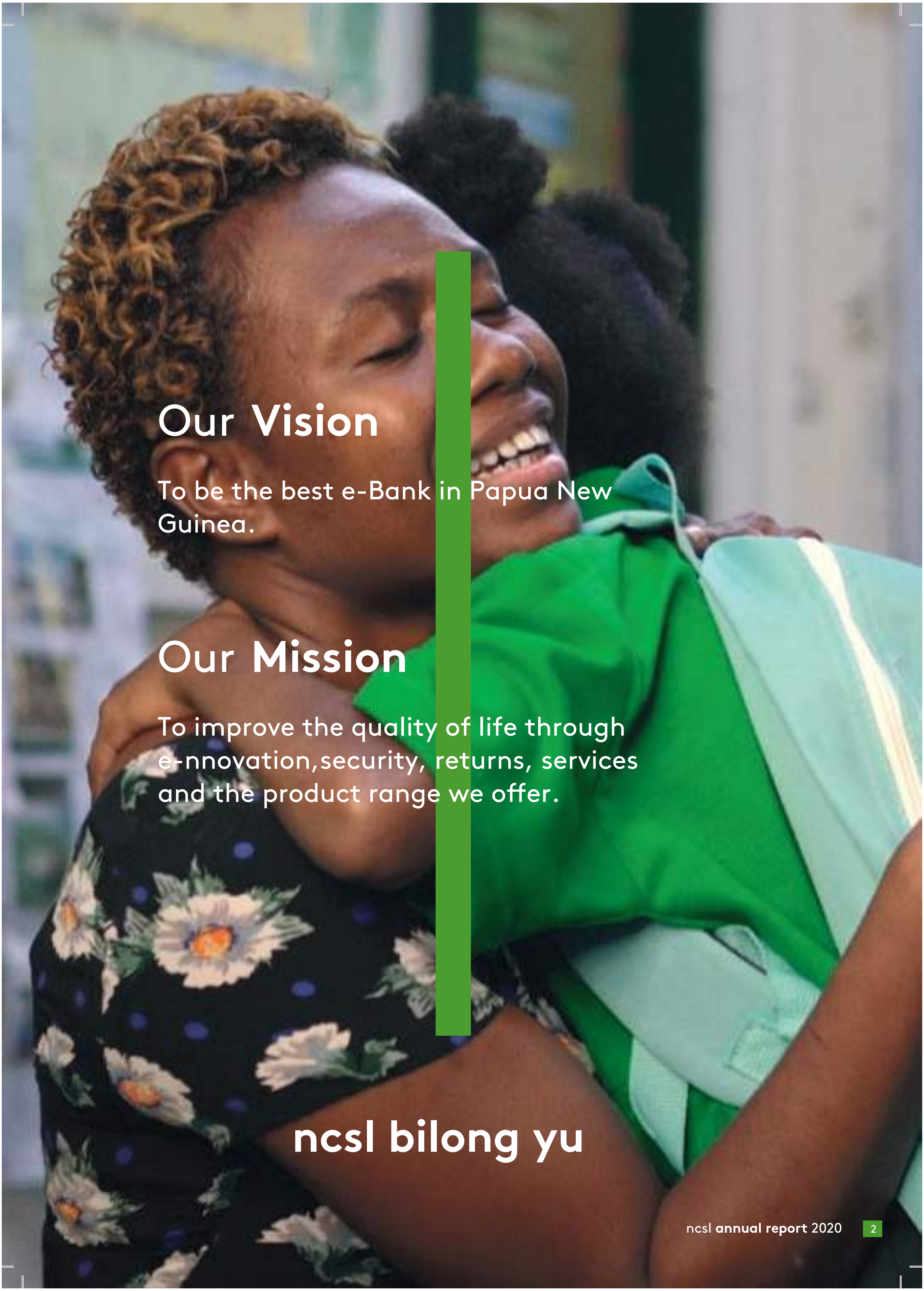
Nationwide
19 Branches

Employees
78

Directors
6

Members
134,000

Capital
K29M



Our Vision

To be the best e-Bank in Papua New Guinea.

Our Mission

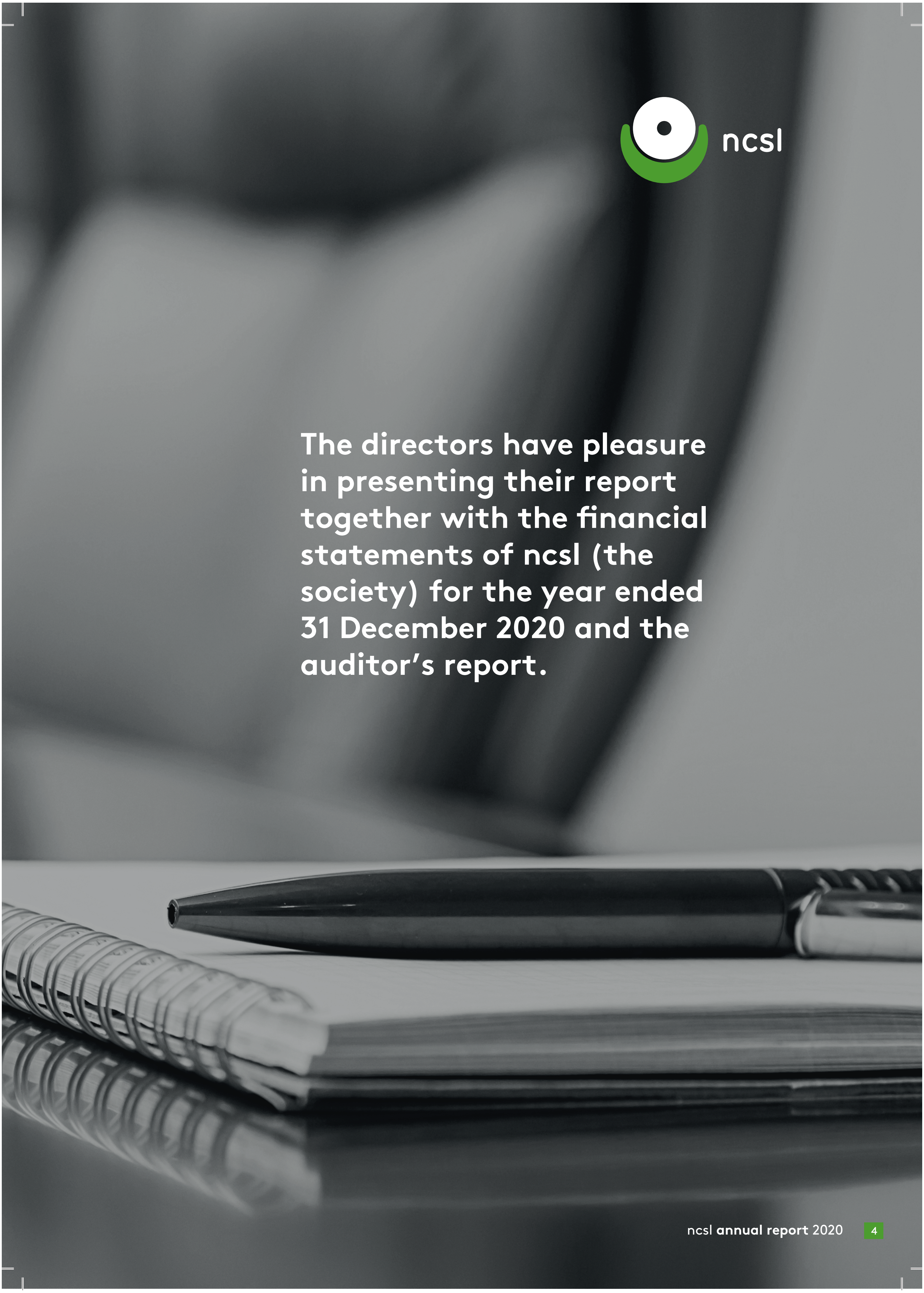
To improve the quality of life through e-nnovation,security, returns, services and the product range we offer.

ncsl bilong yu

directors

board

directors.



The directors have pleasure in presenting their report together with the financial statements of ncsl (the society) for the year ended 31 December 2020 and the auditor's report.

Chairman

Mr. Ian Tarutia, OBE

chairman's statement

Dear Members,

It is my pleasure once again to present to you my Chairman's report for 2020.

We will remember 2020 as an unprecedented black swan event that changed the world as we knew it. The emergence of COVID-19, a new infectious respiratory virus that caused a multitude of deaths around the world, including PNG presented new challenges we were unprepared for.

For us at ncsl, whilst addressing the COVID 19 impacts, an important lesson was having the ability to adapt quickly in difficult circumstances to ensure we continued to keep our doors open for business to service our valued members. A stand out was the opportunity to test our business continuity plan which was successfully implemented and keeping our staff and members safe throughout the year.

ncsl was fortunate that majority of our services are delivered electronically which ensured that even during lock downs, members continued to access services via our e-channels. Against this back drop I am pleased to report your Society improved on the results of 2019 and recorded a 9.5% increase in net income of over K13.2 million, resulting in the Board declaring an interest crediting rate of 6.00% equating to K12.3 million paid to members accounts for the 2020 financial year.

ncsl has established a wonderful record of providing consistent healthy returns on the funds under management and the Board is looking to ensure that this continues into the future.

There are some key action items under the Society's strategic plan under the key pillars of Financial, Member Services, Process and People and below are some key initiatives that the Board has approved for implementation to see the continued growth of your Society.

Financial

In order to continue the growth of the Society, the Board will continue to support initiatives that grows our depositor base. The nasfund membership has over 600,000 members and this is a target audience for ncsl. In addition we have opened membership to non nasfund members to join our society. Inevitably, an increased membership means an increase in revenue.

Gross Assets increased by 11% to

K257M ↑

Net Asset Value increased by 14% to

K29M ↑

General Reserves up by 17% to

K18M ↑

Total Income increased by 14% to

K32M ↑

Net income increased by just under 10% to

K13M ↑

6.0% interest paid to member accounts equating to

K12.3M ↑

Member Services

Everything we do at ncsl revolves around our members and the value we provide to them.

We are continuously reviewing our suite of products, services and benefits to ensure that we remain relevant to our members by meeting their expectations.

The Board expects greater efficiency in the way things are done at ncsl and I am pleased to inform of our ongoing work to improve policies and processes to provide greater convenience for members. Management has streamlined the process of onboarding new members as part of the drive to accelerate membership growth.

Changes include allowing employers to register their new employees via the employer portal.

We also introduced three (3) new lending products towards the end of the year which will allow members to access higher borrowings and funding to participate in small to medium enterprise (SME) activities.

The new products also included the corporate motor vehicle loan facility which is targeted at businesses to facilitate funding for their key employees to purchase motor vehicles.

In all of these, our focus remains on maintaining consistency in the delivery of quality service to members as well as enhancing service delivery channels so that the customer experience is always an enjoyable encounter.

Processes / Risk

Risk management continues to be an integral part of the management of the Society.

We continue to undertake regular activities to ensure greater due diligence in all aspects of the business operation.

This is complemented by the internal and external audit services undertaken by reputable accounting firms.

The Board continues to maintain a close oversight of these important areas of risk management and compliance as part of the overall governance framework.

One of the tasks progressed and completed during the year was finalisation of the Policies and Procedures Manual (PPM) which enables policies and policies to be documented in a central depository. The PPM is always readily available for reference purposes by staff and auditors as and when required.

This is a living document and will be updated as and when required.

One of the compliance requirements that will feature in 2021 is observing and complying with regulatory and international requirements on Anti-Money Laundering and Counter Terrorism Funding (AML/CTF) which is already applicable to commercial banks and will now be applicable to other licensed financial institutions like savings and loan societies. This will also require some changes in the process of registering new members in the new year as part of the compliance requirements.

People

ncsl continues view its people as the most important asset of the Society and will continue to invest in the learning and development of its staff to ensure the ongoing success of the Society.

The recruitment of C-suite positions for the first time in the history of the Society demonstrates the Board's intention to have greater depth in the management team as part of developing a succession plan for key risk positions.

The Board strongly believes that the Society will continue to be successful if we look after our staff and ensure we have the right people in the right places to drive the aspirations of the Society.

chairman's statement

Board Changes

We are continuing the implementation of the Board Transition Plan approved by Bank of PNG.

As a result of the above, Mr Murray Woo will end his tenure as a Board member. I take this opportunity to sincerely thank Murray for sharing his knowledge and experience over the last 10 years towards the growth and success of ncsl.

As part of the change, we are looking forward to having more qualified and skilled directors to complement the knowledge and experience of the current board in driving the Society to achieve its Vision.

Looking Ahead

As part of the journey towards becoming the best e-Bank in the country, your Board has engaged an external party to undertake a comprehensive review of the existing strategic plan and outline possible options towards realising our vision to become the best electronic bank in the country.

The Board and management will review this report after it is finalised, to determine the best way forward.

This is an exciting time for the Society and its members which will bring more valued adding changes for the benefit of our members.

In all of these, providing quality customer service remains our top priority and the Board will continue to look at opportunities to enhance service delivery with greater consistency.

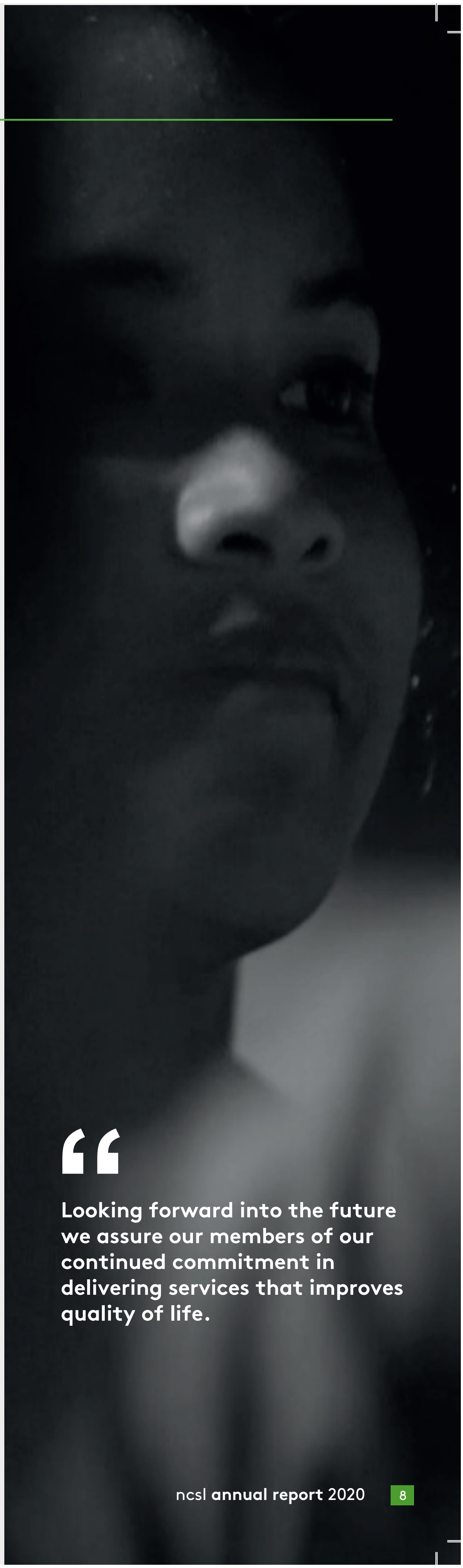
I take this opportunity to thank my fellow board members for their hard work, counsel and leadership during the year. I also want to thank the CEO Vari Lahui, ncsl management and staff throughout the country for their hard work and commitment towards delivering this year's impressive results.

ncsl continues to deliver wonderful results and this is through the ongoing support of our members throughout the country, who are reaping the rewards for their ongoing confidence in the Society.

We encourage our members to continue to be proactive advocates of ncsl and assist us meet our target of 500,000 members by 2024.

Yours sincerely,

Ian A. Tarutia, OBE
Board Chairman



our directors

Murray Woo, OBE

Director

Murray Woo has served on the Board for over 8 years. He is a founding director and the current Chairman of Manufacturers Council of PNG.

Murray is the Managing Director of Woo Textile Corporation, the only garment company that has invested in large format sublimation digital printing in the country.

Hulala Tokome, MBE

Director

Hulala has served on the Board for over ten years as an Independent Director and was previously Chairman of the Board of nasfund.

He is one of the longest serving Director's on the Board. He also holds various directorships, including Mainland Holdings and Puma Energy entities.

Hulala has held senior management positions with BP, Inter Oil and Puma Energy, PNG. He holds a Bachelor of Accounting Degree from the University of Technology.

Vera Raga

Director

Vera has been a Director for over 8 years.

Vera has extensive experience in the union sector and continues to maintain his network of contacts for the betterment of the Fund. He holds a Bachelor of Law Degree from the University of PNG.

Christopher Elphick

Director

Christopher Elphick is the current Deputy Chairman and has been on the Board for 6 years now and is an Executive Director running a start-up PNG SME. Christopher has a strong commercial background with Senior Management experience with large PNG business.

Active in private sector peak-body organisations and civil society associations. Engaged in small-scale social enterprise in rural district of Samarai Murua, MBP. Also an active citizen passionate about contributing to nation building.

Sundar Ramarmurthy

Director

Sundar Ramamurthy newly appointed Board Member at the end of last year replacing founding board member William Lamur. Sundar was the founder and Managing Director of Data Nets Limited. Data Nets Limited was the largest ISP and computer networking company in the Pacific Islands covering both PNG and Fiji. Sundar has significant international experience in dealing with diverse cultures, languages and markets.

Sundar is now involved in funding and mentoring new startup ventures, with a focus on new technologies in the mobile banking, secure payments enviroment and affordable solar markets.

Vennessa Vee

Board Secretary & Manager Legal

Venessa Vee graduated from the University of Papua New Guinea in 2009 and commenced her legal career with Young and Wiliams Lawyers from April 2015 to 2017 and later joined Steamships Trading Company, as the Company Lawyer.

Venessa recently joined ncsl in 2020. She brings to ncsl in-depth experience and knowledge in corporate, commercial and litigation law.

corporate governance

The ncsl Board is responsible for the corporate governance of the Society and is committed to the highest standards of Corporate Governance and disclosure in Papua New Guinea. The Corporate Governance matrix consists of four distinct governance objectives:

- Implementing the vision and values of ncsl;
- Meeting financial targets;
- Compliance to the Savings & Loan Societies Act 2015 and directives from the Registrar of Savings & Loan Societies;
- Training of staff to best practice standards to meet performance goals.

Role of Board

Under the ncsl Constitution, the management of the Society is vested in the Board. The Board is charged with the following responsibilities:

- Corporate governance
- Approving and monitoring strategies, policies and plans
- Monitoring compliance with Bank of Papua New Guinea directives and in particular the Savings & Loan Societies Act 2015
- Review of human resources, information technology and the resources of the business

Name of Director	Designation	Year Joined ncsl Board	Tenancy (Years)	Board Meeting Attendance in 2020	Special ARC Meeting Attendance in 2020	ARC Meeting Attendance in 2020	IITOC Board Meeting Attendance in 2020
Ian Tarutia, OBE	Chairman	2003	17	6	-	-	-
Christopher Elphick	Deputy Chairman	2016	4	6	1	5	5
Hulala Tokome, MBE	Director	2009	11	5	-	-	4
Vera Raga	Director	2011	9	6	1	5	1
Murray Woo, OBE	Director	2011	9	4	1	5	-
Sundar Ramamurthy, ML	Director	2020	1	6	-	-	5

The Board of Directors receive a sitting fee of K500 per board meeting.

- The Chairman receives K35,000 per annum.
- The Chairman of IITOC receives K33,000 per annum, Chairman of ARC receives K33,000 per annum and other Directors receive K30,000 per annum.
- In 2020, the Board met on six occasions. Prior to each meeting, all available information on matters to be discussed at the meeting was provided to each director and senior officers at least 7 days in advance.

corporate
governance

There are two (2) Board committees;

Audit and Risk Committee (ARC)

The ARC is appointed and authorized by the Board. The objectives of ARC are to assist the Board in discharging its statutory, fiduciary, governance and regulatory responsibilities in relation to audit and risk matters. There are three (3) members on the ARC who are appointed by the Board for a term of two (2) years. In 2020, the ARC met on five occasions.

Members of Audit and Risk Committee (ARC)

- Murray Woo, OBE – Chairman
- Christopher Elphick - Director
- Vera Raga – Director

Innovation, IT & Organization Development Committee (IITOC)

The IITOC is appointed and authorized by the Board. The objectives of the IITOC are to assist the Board in discharging its statutory, fiduciary, governance and regulatory responsibilities in relation to all other matters. There are three (3) members on the IITOC who are appointed by the Board for a term of two (2) years. In 2020, the IITOC met on five occasions.

Members of Innovation, IT & Organization Development Committee (IITOC)

- Christopher Elphick – Chairman
- Hulala Tokome - Director
- Sundar Ramamurthy - Director

Codes of Conduct & Ethical Standards

ncsl recognizes the need for directors and employees to observe the highest standards of behavior and business ethics in conducting their business. All directors and senior management have signed a code of conduct.

Communication to Members

The ncsl Board communicates to members via emails through employers for employer notice boards. An education and awareness program is rolled out annually to all members through on site visitations on the benefits and services associated with the Society. We aim to have direct meetings with employees of the top 100 employers annually.

Contingent Liabilities

As at the 31st December 2020, there were no contingent liabilities.

Crediting Rate Policy

Crediting of interest to members' accounts for 2020 was 4.8 % equating K9,837,930 which is in addition to the 1.2% (equating to K2,500,977) paid during the course of 2020 financial year. The interest is determined on a time-weighted basis on member balances throughout the year. This is in accordance with international standards on return accreditation.

Bad and Doubtful Debts

At the end of 2020, the provision for bad and doubtful debts was K1,584,526.

Donations

There were no donations by the Society over 2020.

Independent Professional Advice

With the approval of the Chairman, a director is entitled to seek independent professional legal and accounting advice at the Society's expense, concerning any aspect of that director's duties and or aspects of concern about the Society's operation. It is a requirement that any such legal opinion obtained is distributed to fellow directors. No external legal advice was sought in 2020. by the Chairman.

Loans to ncsl staff

All loans to Staff were conducted on the same basis as all members of the Society.

Member Statements

Member Statements are available to members upon request.

Access to Board Minutes

The Board minutes can be personally inspected at the ncsl head office in Downtown, Port Moresby on written request and appointment.

corporate governance

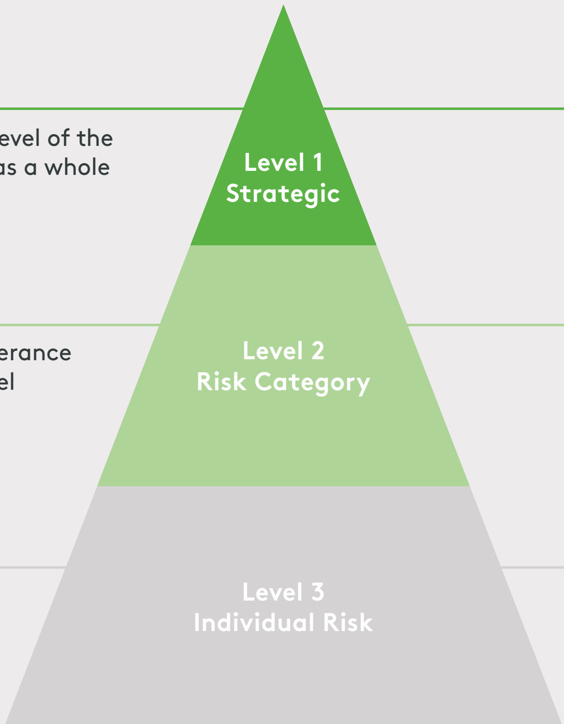
1.The Risk Appetite Statement (RAS)

1.1 The RAS is an integral part of the Risk Management Framework and represents the type and degree of risk that the Society is willing to accept in pursuit of its business objectives, considering its capacity to bear risk and philosophy on risk taking.

Key definitions relevant to the Risk Appetite Statement are as follows:

- Risk capacity: means the amount and type of risk an organisation is able to support in pursuit of its business objectives.
- Risk appetite: means the amount and type of risk an organisation is willing to accept in pursuit of its business objectives, having regard to its risk capacity.
- Risk tolerance: means the specific maximum risk that an organisation is willing to take regarding each relevant risk.

In developing the risk appetite the Board has expressed the risk appetite at three levels which are interlinked:



Risk Appetite at the level of the Society's operations as a whole	Level 1 Strategic	A statement of the Society's appetite for risk in pursuing and achieving long term returns for its members and access to funds at competitive prices through a sustainable business
Risk Appetite and tolerance at a risk category level	Level 2 Risk Category	A statement of the Society's appetite and tolerance for risk in pursuing specific business strategies
Appetite and tolerance for individual risks	Level 3 Individual Risk	A statement of the Society's tolerance to bear specific risks after treatments in order to achieve its objectives

All three levels of risk appetite are interlinked as the:

- Risk appetite at the strategic level (Level 1) expresses an appetite for activity in the context of the strategic direction and organizational purpose of the Society;
- Risk appetite at the risk category level (Level 2) expresses risk appetite in the context of operational activities or functions of the Society undertaken to achieve business strategies;
- Risk appetite at the individual risk level (Level 3) expresses risk appetite in the context of desired tolerances for each material risk encompassing both strategic and operational risks.

Within each level, risk appetite is expressed as qualitative statements and quantitative measures which are intended to guide decision making. Further quantitative measures are expected to be incorporated into the risk appetite statement and embedded in the organisation as risk management continues to mature throughout all levels of the organisation.

corporate information

Principal Place of Business

Section 4, Allotment 3
Douglas Street, Downtown
Port Moresby, NCD
Papua New Guinea

Auditors

PricewaterhouseCoopers PNG
Level 6, PwC Haus
Harbour City, Konedobu
Port Moresby, NCD
Papua New Guinea

Bankers

Bank South Pacific Limited
ANZ PNG Limited
Westpac PNG Limited
Kina Bank

Lawyer

Ms. Venessa Vee

Activities

The nature of operations and principal activities of the Society are maintaining membership of its members for the purpose of a savings and loan society, processing contributions and loans, and management of investments of the Society.

Interest

Interest was credited to Members' Savings Accounts on 26th day of March 2021.

Directors

The Directors of the Society at the date of the report of the Society are listed on pages 9 and 10. No director of the Society had any material interest in any contract or arrangement with the Society or any related entity during the year ended 31 December 2020 save for deposits and loans. Directors deposits and loans as at 31 December 2020 amount to K376,708 and K474,462 respectively.

Results

The net profit for the year ended 31 December 2020

K13,241,361

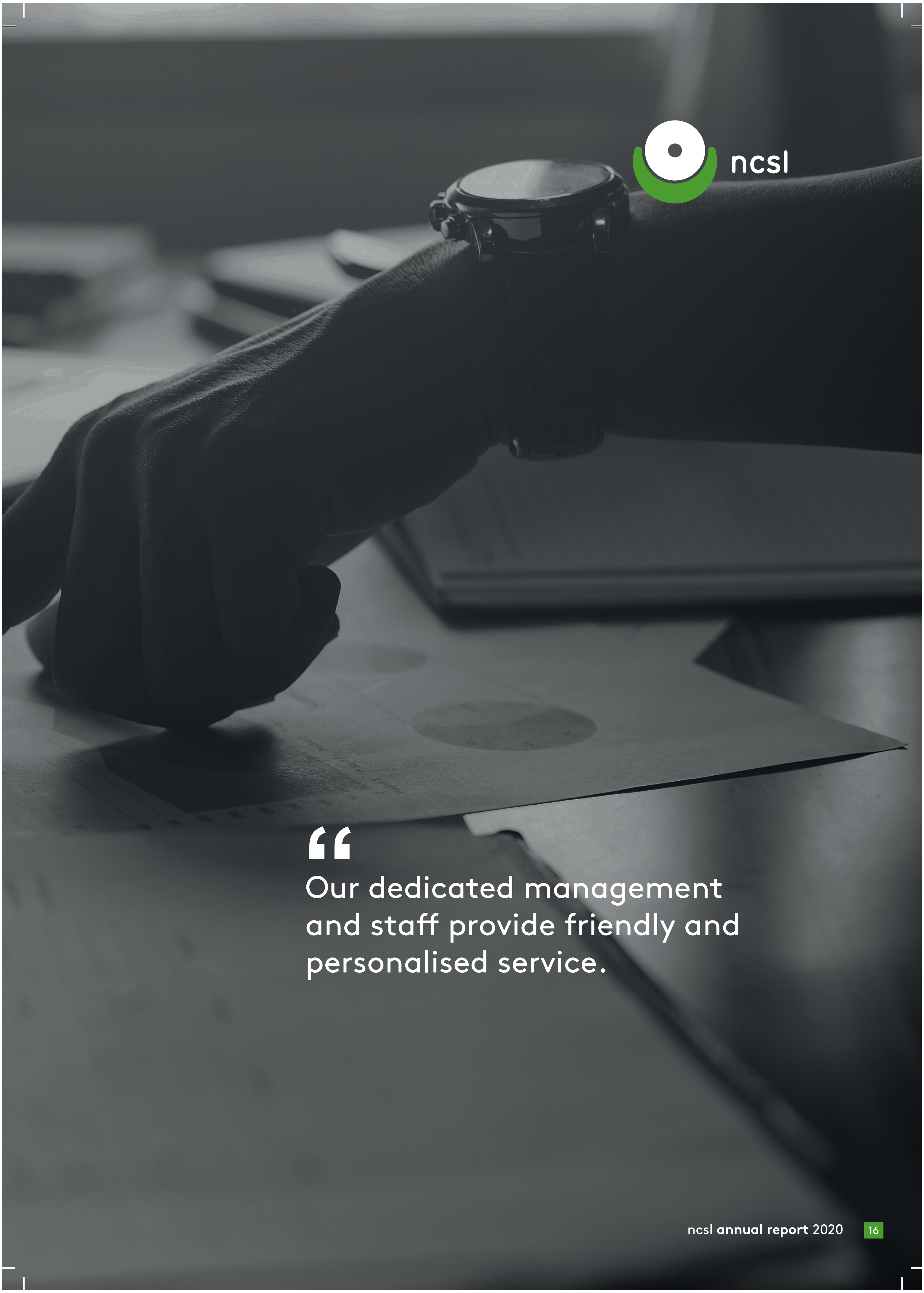
Net profit 2019

K12,088,027

management

ncsl

management.



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Our dedicated management and staff provide friendly and personalised service.

Chief Executive Officer

Mr. Vari Lahui

ceo's statement

Dear Members,

It is a privilege to present the annual report for the 2020 financial year and I am pleased to advise that we achieved another record year in terms of financial performance.

I will again cover the activities of your Society under the four (4) key pillars of Financial, Member, Risk / Processes and People.

Financial

Interest and Fee income from our core business of Lending increased by just over 20% to K17.5M and this represented around 55% of Total revenue. This was achieved on the back of ongoing refinement of our loan origination and approval process allowing greater convenience for members to access our loans facilities and even quicker turn - around time in the processing of the loan applications.

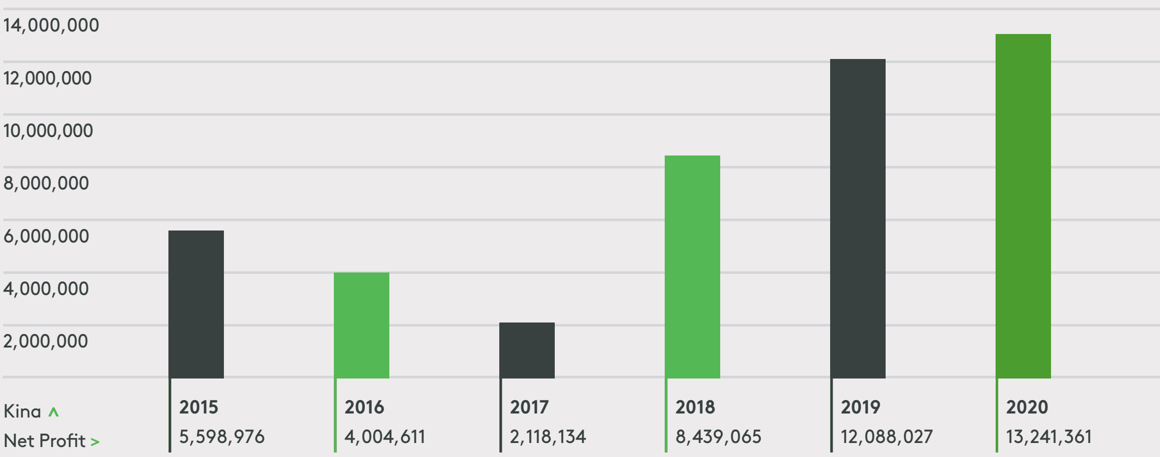
The total number of loans processed went up by 21% to 131,260 which also saw the total volume increased by 9.5% to K121.9M

Breakdown of the Total Income was as follows;

	2020 PGK	2019 PGK
Lending (Interest & Fees)	17.6M	14.6M
Investments (including rental and dividend)	10.0M	10.1M
Fee Income	0.4M	0.6M
Others	4.2M	2.9M
Total	**32.2M**	**28.2M**

As a result of the increase in revenue, your Society posted a Net Income (after all expenses) of K13.2 Million which is around 9.0% increase on the result of K12.1 Million recorded in 2019.

Net Profit



The graph shows the results of 2020 against that recorded in the prior years going back to 2015. It should also be noted that the Net income in 2020 is the best ever recorded by your Society since inception and this was achieved on the back of the following;

- 9.5% net growth in the loan portfolio - from K111.3 million to K121.9 million
- 21% growth in the number loan applications processed - from 108,482 to 131,260

We managed to continue the growth in revenue from our core business and below is a comparative analysis of the year on year figures;

Revenue Source (K'000)	2020	2019	Movement
Loan Interest	14,167,571	11,843,686	2,323,885 (+20%)
Investments	9,678,406	9,593,011	85,395 (+1%)
Fees	3,849,892	3,349,160	500,732 (+15%)
Rental / Dividend	364,155	504,966	-140,811(-28%)
*Other	4,119,538	2,956,795	1,162,743(+39%)
Total	**32,179,562**	**28,247,618**	**3,931,944(+14%)**

*Other represents movements in the valuation of properties and share investments as well as Account Keeping Fee (+K478k) which we started collecting in 2019

Revenue from Loans as a percentage of total revenue continues to increase which is in line with our objective of seeing a greater contribution from our core business activities.

We achieved a sound financial performance on the back of good growth in the revenue from our core operation despite the significant increase in loan write-offs in the loan portfolio. We continue to address this legacy issue.

We continued the payment of monthly interest to members that we began in 2016. During the course of 2020, we paid a total of just over K2.5 million in interim interest to members which was topped up by another K9.8 million after the auditing of our year-end financial statements.

ncsl will continue to pay monthly interest to its members and top it up at the end of the financial year.

Below are the comparative figures for the last six (6) years;

Statistical Information	2015	2016	2017	2018	2019	2020
Assets & Liabilities						
Loans to Members	46,052,923	50,145,426	61,473,676	81,161,927	111,387,206	121,970,555
Gross Assets	129,618,081	145,066,825	157,897,417	185,495,475	230,644,382	256,796,282
Growth in Gross Assets	4.9%	11.9%	8.8%	17.5%	24.3%	11.3%
Member Savings	112,628,736	127,173,194	142,802,558	159,185,825	197,473,045	219,540,756
Net Assets	15,933,798	14,410,473	13,414,566	20,180,300	25,576,656	29,243,891
Profitability						
Loan Interest Income	4,252,834	5,505,159	6,543,034	8,743,390	11,843,686	14,167,571
Total Income	12,510,381	14,896,044	15,843,220	20,442,723	28,247,618	32,179,562
Interest Paid to Members	5,535,306	4,540,657	5,684,708	8,494,156	11,716,065	12,086,356
Net Profit	5,598,976	4,004,611	2,118,134	8,439,065	12,088,027	13,241,361
Interest Crediting Rate	5.2%	3.9%	4.2%	5.8%	6.7%	6.0%
Active Members / Staff						
New Members registered	9,007	7,869	16,160	20,725	16,457	11,253
Total Members	76,344	83,715	98,833	106,159	122,616	133,869
No. of fulltime staff	64	69	69	69	77	75

As part of driving further growth in the loan porfolio, we introduced new lending products in November which included the higher ratio 1:5 loan, allowing members to enjoy larger borrowings to cover their personal needs.

We also introduced Small to Medium Enterprise (SME) loans to encourage members to become entrepreneurial and engage in small business activities in preparation for retirement.

This is also aligned with the National Government's strategy and drive to encourage small business activities in the country.

We also introduced Corporate Motor Vehicle loans which is targeted at large corporates to assist with their staff retention strategy. We encourage our members to contact our lending team to get more information on these exciting products.

Our loan porfolio remains healthy with Past Due Loans (loans in arrears for 30 days to less than 90 days) at 4.79% of Total Loan Portfolio and Non-Performing Loans (loans in arrears for 90 Days or more) at 0.93% of Total Loan Porfolio which is considered to be at best practice levels.

Member Services

Maintaining consistent and good quality services to our members continues to be our key focus and we continue to invest a lot of time and energy in this area to ensure that our members are happy.

As part of the ongoing review of all our touch points to enhance efficiency, we continue the drive for automation in our processes to achieve quicker turn-around times on applications received from our members.

We continue to see increasing number of transactions via the electronic channels and the number of paper applications over the counter at our branches continues to reduce which is very pleasing to see.

We also continue the rolling out of our Point of Sale(POS) terminals right across the country to enable our members to use their Poro cards at their preferred shopping centres.

Process / Risk

There is now greater focus on better management of risk within business with a greater level of due diligence now in place.

The internal audit program is continuing with more focus on areas that are perceived to require more oversight and our internal auditor has direct dialogue with the Board's Audit and Risk Committee as necessary.

We also maintain a good working relationship with our regulator, Bank of PNG, who also maintains regular oversight of our business operation.

We continue work on the approved Business Continuity and Disaster Recovery Plans and we are now very close to finalising this matter.

We managed to successfully finalise the transition to the revised Savings and Loan Societies Act, culminating in the granting of our license by Bank of PNG. It was a very pleasing outcome after all the work that we had put into the process and we thank our regulator for their assistance in this successful outcome.

People

The business continues to grow as indicated by the numbers stated earlier. Our members' needs also continues to evolve and ncsl needs to respond to these changing dynamics in all its offerings.

The Board approved a revised organisational structure in response to the demands on the business and we will continue to make sure that we have the right people in each of the roles within the Society to meet the evolving needs of our members.

I am pleased to advise that the staff have responded very well to these challenges and we will continue to strive for excellence in all that we do to deliver the best services to you, our valued members.

We will continue our staff learning and development programs in concert with the changes happening within the business while ensuring that we retain the experience and skillsets required for a very successful business into the future.

Future

We are always looking at all opportunities that will bring value to our members and enhance their livelihood. We will again be looking at new developments especially in the technology front to enhance efficiency and improve the way we do things and importantly, bring a smile to our members. We have some exciting initiatives planned for the new year which will further enhance ncsl's reputation as the most progressive savings and loan society. These annoucements will be made known to the media.

I would like to thank the Board of Directors for their continued guidance and counsel as well as the staff for their wonderful contributions in achieving the record results during the year and I look forward to another successful year in 2021.

Vari Lahui
Chief Executive Officer

“

Looking forward to the future of our development especially in the technology front to enhance efficiency and improve the way we do things.

our management

Helen Ove

Chief Officer Member Services

Helen Ove was appointed Chief Officer Member Services (COMS) on the 23rd of November 2020. She is among 4 female staff within the Management Team. Ms. Ove has a wealth of exposure in the Banking and Finance Industry and possess over 14 years of exposure under her belt.

She has held a few senior and Managerial roles with ANZ (formerly) and recently as Head of Retail Compliance with Kina Bank up until her appointment last year.

Henry Pupu

Manager Human Resource

Henry possesses a Bachelor in Business Management (Majoring in Human Resources Management) from the University of Papua New Guinea having graduated in 2011.

Henry joined ncsl in July, 2018 as Manager Human Resource and he is passionate about providing best practice HR support within the business.

He is a current member of the PNG Human Resource Institute.

Nosuau Kini

Manager Risk and Compliance

Nosuau Kini holds a Bachelor of Business majoring in Accounting conferred in 2005 by the Southern Cross University through its affiliation with Institute of Business Studies.

Nosuau joined ncsl in September of 2019 and is in charge of the newly created division of managing risk & compliance matters.

Jackraho Morea

Manager Finance

Jack started his career with PwC in 2004, in addition to other firms prior to joining ncsl in 2016 as Manager Finance. He has over fifteen (15) years of work experience with various firms and financial institutions.

Jack holds a Bachelor of Commerce in Accountancy from the University of Technology, Lae and currently a member of CPA PNG.

Bernard Geita

Manager Lending

Bernard joined ncsl in September 2004 after having started his working career with PNG Banking Corporation in 1986. He spent 18 years in the Bank working in General Banking, Consumer Lending and Small Business Lending.

Since his engagement with ncsl he has held various positions as Senior Loans Officer, Operations Manager and is currently the Manager Lending.

In 2010 he graduated and attained certification under the Manager Certification Program hosted by the World Council of Credit Unions.

Vavine Iamo

Manager E-banking

Vavine possesses a double Diploma in Banking at PNGIBBM and Australian Diploma in Leadership and Management with Torrens University-affiliated through PNGIBBM.

Vavine commenced employement with ncsl in September 2019 as Manager E-banking, a newly created Department, which is responsible for all electronic banking services.

Hedam Lafana

Manager IT

Hedam possesses a Bachelors Degree in Computer Science obtained from the University Of Technology, Lae.

She started her career with Digicel PNG Limited and has had a stint for 18 years holding various positions.

Hedam recently joined ncsl in December 2020.

Shes a member of the PMI Sydney Chapter and the ISACA PNG Chapter.

Evelove Farapo

Team Leader Marketing & Client Relations

Evelove possesses a Bachelor in Arts obtained from the University of Papua New Guinea in 2008.

She commenced her career with nasfund as a Marketing Executive in 2008 and moved on to assume the role of Team Leader Marketing and Client Relations in 2009.

Evelove has over 13 years of exposure with ncsl as the Team Leader responsible for all marketing drives and initiatives and is passionate about promoting ncsl initiatives and campaigns.

Joshua Isimel

Projects Coordinator

Joshua joined ncsl as an ICT Helpdesk Officer in 2015 and later became the Projects Coordinator in 2019, bringing with him 8 years of ICT and Banking Systems hands on experience.

He brings a fresh outlook with a passion for enhancing a positive customer experience for the members' financial needs.

He strives for continuous improvements on ncsl's products, services and processes all for convenience and best customer experience.

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directors' report

Directors of the Society's remuneration, including the value of benefits, received during the year, is as follows:

Directors' name	2020 PGK		2019 PGK	
	Directors fees	Sitting allowance	Directors fees	Sitting allowance
Mr. William Lamur, OBE	-	-	14,510	1,000
Mr. Murray Woo, OBE	33,000	5,000	15,260	3,500
Mr. Hulala Tokome, MBE	30,000	4,500	14,510	4,500
Mr. Vera Raga	30,000	6,500	14,510	6,000
Mr. Christopher Elphick	33,000	8,500	15,578	6,500
Mr. Sundar Ramarmurthy	29,423	5,500	-	-
	155,423	30,500	74,368	21,500
Chairman of the Society				
Mr. Ian Tarutia, OBE	35,000	3,000	16,574	3,000
	190,423	**33,000**	**90,942**	**24,500**

Directors' Report

Signed at Port Moresby

For and on behalf of the Board of Directors

Chairman: ______________________ Director: ______________________

Ian Tarutia, OBE **Christopher Elphick**

Date at **Port Moresby** on this **1st** day of **April** 2021

Directors' Declaration

The Directors of the Company declare that:

In our opinion, the financial statements set out on pages 33 to 76 are drawn up so as to give a true and fair view of the state of affairs as at 31 December 2020 and the profit for the year ended on that date of the ncsl in so far as they concern members of the Society. Further, all Risk Management Systems are in place and operating effectively.

The financial statements have been drawn up in accordance with the requirements of the Papua New Guinea Companies Act 1997 as amended and the requirements of ncsl's Board policies.

Signed at Port Moresby

For and on behalf of the Board of Directors

Chairman: ______________________ Director: ______________________

Ian Tarutia, OBE **Christopher Elphick**

Date at **Port Moresby** on this **1st** day of **April** 2021

independent
auditor's report

Independent auditor's report

To the shareholders of Nasfund Contributors Savings and Loans Society Limited

Report on the audit of the financial statements

Our opinion

We have audited the financial statements of Nasfund Contributors Savings and Loans Society Limited (the Society), which comprise the statement of financial position as at 31 December 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements:

- comply with International Financial Reporting Standards and other generally accepted accounting practice in Papua New Guinea; and
- give a true and fair view of the financial position of the Society as at 31 December 2020, and its 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 Society in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)*, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Other than in our capacity as auditor we have no relationship with, or interests in, the Society.

Information other than the financial statements and auditor's report

The directors are responsible for the other information. The other information comprises the Directors' Report and Directors' Declaration (but does not include the financial statements and the auditors' report thereon), which we obtained prior to the date of this auditor's report, and the annual report, which is expected to be made available after that date. Our opinion on the financial statements does not cover the other information and we do not, and will not, express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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Port Moresby, Papua New Guinea
T: +675 321 1500 / +675 305 3100, www.pwc.com/pg

Responsibilities of the directors for the financial statements

The directors are responsible, on behalf of the Society, for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and other generally accepted accounting practice in Papua New Guinea, the Companies Act 1997 and the Savings and Loans Societies Act 2015, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Society's ability 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 Society 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 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 these financial statements.

As part of an audit in accordance with the ISAs, 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 Society'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 Society'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 Society to cease to continue as a going concern.

pwc

- 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.

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

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 2020:

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

Who we report to

This report is made solely to the Society'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 Society'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 Society and the Society's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

PricewaterhouseCoopers

PricewaterhouseCoopers

Jonathan Grasso
Partner
Registered under the Accountants Act 1996

Port Moresby
6 April 2021

financials

statements

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ials.

ncsl

"We understand the growing needs of our customers and their financial requirements.

statement
of financial position

As At 31 December 2020

Assets	Note	2020 PGK	2019 PGK
Cash and cash equivalents	22	29,873,929	26,296,540
Prepayments and other receivables	9	2,767,816	2,373,043
Term deposits	7(d)	10,255,738	-
Quoted equity investments at FVTPL	7(b)	2,635,000	2,540,000
Unquoted equity investments at FVTPL	7(c)	160,000	160,000
Government inscribed stock at amortised cost	7(a)	74,280,023	71,590,141
Loans due from members	8	121,970,555	111,387,206
Investment properties	6	831,591	831,591
Property and equipment	5	14,021,630	15,465,861
Total Assets		**256,796,282**	**230,644,382**

Liabilities	Note	2020 PGK	2019 PGK
Trade and other payables	11	5,237,982	3,326,095
Rental bonds payable		2,168	6,712
Employee provisions	10	785,234	1,034,426
Lease liabilities	13	1,986,251	3,227,448
Member savings	12	219,540,756	197,473,045
Total Liabilities		227,552,391	205,067,726
Net Assets		**29,243,891**	**25,576,656**

Equity	Note	2020 PGK	2019 PGK
Issued capital	14	133,869	122,616
Reserves	15	17,826,363	15,178,091
Retained earnings		11,283,659	10,275,949
Total Equity		**29,243,891**	**25,576,656**

statement
of profit or loss and other comprehensive income

For the Year Ended 31 December 2020

Income from lending	Note	2020 PGK	2019 PGK
Income from lending		14,167,571	11,843,686
		14,167,571	**11,843,686**

Income from investments	Note	2020 PGK	2019 PGK
Finance income	7b	95,000	387,500
Interest income		9,583,406	9,505,511
Rental income		25,155	92,966
Dividend income		339,000	412,000
Movement in fair value of investment properties	6	-	(300,000)
		10,042,561	**10,097,977**

Other income	Note	2020 PGK	2019 PGK
Loan fees		3,371,515	2,741,703
New membership fees		325,693	407,057
Withdrawal fees		73,447	152,689
Recoveries of previously written - off debts		79,237	47,711
Sundry income		4,119,538	2,956,795
		7,969,430	6,305,955
Total Income		**32,179,562**	**28,247,618**

statement
of profit or loss and other comprehensive income (continued)

As At 31 December 2020

Expenditure	Note	2020 PGK	2019 PGK
Administration expenses	16	(7,992,214)	(6,053,992)
Finance lease expenses		-	(210,655)
Employee benefits expense	17	(5,127,343)	(5,488,853)
Provision for doubtful debts and bad debts written off	8	(572,399)	(488,313)
Depreciation	5	(2,740,208)	(1,769,267)
Property repairs and maintenance		(5,060)	(17,825)
Interest to members		(2,500,977)	(2,130,686)
Total expenses		**(18,938,201)**	**(16,159,591)**
Profit from operations before interest and tax		**13,241,361**	**12,088,027**
Income tax expense	4(e)	-	-
Profit for the year		**13,241,361**	**12,088,027**
Other comprehensive income		-	-
Total comprehensive income for the year		**13,241,361**	**12,088,027**

statement
of changes in equity

For the Year Ended 31 December 2020

2019	Note	Ordinary Shares	Statutory Reserve	Retained Earnings	Total PGK
Balance at 1 January 2019	14 & 15	106,159	12,760,486	7,313,655	20,180,300
Total comprehensive income for the year		-	-	12,088,027	12,088,027
Net member contributions received		16,457	-	-	16,457
Net transfer between reserves		-	2,417,605	(2,417,605)	-
Interest credited to member savings deposits relating to 2018 profits		-	-	(6,708,128)	(6,708,128)
Balance at 31 December 2019		**122,616**	**15,178,091**	**10,275,949**	**25,576,656**

2020	Note	Ordinary Shares	Statutory Reserve	Retained Earnings	Total PGK
Balance at 1 January 2020	14 & 15	122,616	15,178,091	10, 275,949	25,576,656
Total comprehensive income for the year		-	-	13,241,361	13,241,361
Net member contributions received		11,253	-	-	11,253
Net transfer between reserves		-	2,648,272	(2,648,272)	-
Interest credited to member savings deposits relating to 2019 profits		-	-	(9,585,379)	(9,585,379)
Balance at 31 December 2020		**133,869**	**17,826,363**	**11,283,659**	**29,243,891**

statement
of cash flows

For the Year Ended 31 December 2020

Cash Flows From Operating Activities	2020 PGK	2019 PGK
Interest received from members' loans	14,167,571	11,843,686
Interest received from government debt securities and term deposits	9,732,852	9,650,854
Rental income received	34,170	88,632
Dividend income received	339,000	412,000
Fee income received	7,969,430	6,258,245
Net loans issued to members	(11,212,915)	(30,665,882)
Net investment in interest bearing deposits	(10,255,738)	-
Net purchase debt investments	(3,000,000)	8,000,000
Expenses paid to suppliers	(6,327,680)	(8,461,450)
Interest paid to members	(2,500,977)	(2,130,686)
Expenses paid to staff	(5,383,650)	(5,100,899)
Net member savings and deposits received	12,482,332	31,579,092
Net cash provided by/(used in) operating activities	**5,901,356**	**21,262,937**

Cash Flows From Investing Activities	Note	2020 PGK	2019 PGK
Acquisition of property and equipment		(1,667,638)	(4,203,694)
Proceeds from sale of investment property		-	1,585,000
Net cash provided by/(used in) investing activities		**(1,667,638)**	**(2,618,694)**

Cash Flows From Financing Activities	Note	2020 PGK	2019 PGK
Lease payments - lease liability principal		**(667,582)**	(552,600)
Net member capital contribution received		11,253	16,457
Net cash provided by/(used in) financing activities		**(656,329)**	**(536,143)**
Net increase in cash and cash equivalents held		3,577,389	18,108,100
Cash and cash equivalents at beginning of year	22	26,296,540	8,188,440
Cash and cash equivalents at end of financial year		**29,873,929**	**26,296,540**

notes
to the financial statements

For the Year Ended 31 December 2020

1 Reporting

ncsl (The 'Society') is domiciled in Papua New Guinea. The Society's registered office is at Section 4, Allotment 3, Douglas Street, Downtown, Port Moresby, NCD, Papua New Guinea.The Society is primarily involved in retail banking activities including receiving deposits and issuing loans.

The financial statements were authorised for issue by the directors.

2 Basis of preparation of financial statements

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented,unless otherwise stated.

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board. The financial statements are presented in Kina, which is also the functional currency. Fair value accounting is used for investments at fair value through profit and loss, and investment properties. In all other cases, a historical cost basis of accounting is used. The Society operates as one segment and in one geographical location being Papua New Guinea.

(b) Statement of Compliance

The financial statements of the Society have been prepared in accordance with the accounting provisions of the IFRS and the Papua New Guinea Companies Act 1997. IFRS are Standards and Interpretations adopted by the International Accounting Standards Board (IASB).

3 New standards and interpretations

(3.1) New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 January 2020

- Amendments to IFRS 3 - definition of a business
- Amendments to IAS 1 and IAS 8 on the definition of 'material'
- Amendments to IFRS 9, IAS 39 and IFRS 7 - interest rate benchmark reform - Phase 1
- Amendments to IFRS 16, 'Leases' - Covid-19 related rent concessions.

These changes did not have any material impact on the Society.

(3.2) New standards, anendments and interpretations issued but not effective for the financial year ended 31 December 2020 and not early adopted

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform - Phase 2
- Amendments to IAS 1, Presentation of financial statements' on classification of liabilities
- A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS9, IAS 41 and IFRS 16
- IFRS 17: 'Insurance contracts'.

The entity has conducted investigations and does not consider that there are any material measurement or recognition issues arising from the release of these new Pronouncements that will have significant impact on the reported financial position or financial performance of the entity.

For the Year Ended 31 December 2020

4 Accounting policies

(a) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Society and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Interest income and expense

Interest income and expense are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Society estimates future cash flows considering all contractual terms of the financial instrument, but not ECL. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL.

Fees and Commission

Fees and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate. If loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fee is recognised on a straight-line basis over the commitment period.

Other fees and commission income including account servicing fees, investment management fees, sales commission, placement fees and syndication fees-is recognised as the related services are performed.

A contract with a customer that results in a recognised financial instrument in the Society's financial statements may be partially in the scope of IFRS 15. If this is the case, then the Society first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual.

Other fee and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

Dividend Income

Dividend income is recognised when the right to receive income is established. Usually, this is the ex-dividend date for quoted equity securities. Dividends are presented in net trading income, net income from other financial instrument at FVTPL or other revenue based on the underlying classification of the equity investment.

(b) Leases

At inception of a contract, the Society assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in, exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Society uses the definition of a lease in IFRS 16.

For the Year Ended 31 December 2020

(b) Leases (continued)

As a lessee

At commencement or on modification of a contract that contains a lease component, the Society allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, The Society has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Society recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimated of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Society by the end of the lease term or the cost of the right-of use asset reflects that the Society will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Society's incremental borrowing rate. Generally, the Society uses its incremental borrowing rate as the discount rate. The Society determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Society is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Society is reasonably certain no to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Society's estimate of the amount expected to be payable under a residual value guarantee, if the Society changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Society presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

For the Year Ended 31 December 2020

(b) Leases (continued)
Short - term leases and leases of low-value assets

The Society has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Society recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

At inception or on modification of a contract that contains a lease component, the Society allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. The Society recognises lease payments received under operating leases as income on a straight -line basis over the lease term as part of 'other revenue'.

As a lessor

When the Society acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Society makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Society considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, the Society applies IFRS 15 to allocate the consideration in the contract. The Society recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'. However, when the Society was an intermediate lessor the sub-leases were classified with reference to the underlying asset.

(c) Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at the Society, and other short-term highly liquid investments with initial maturities of less than three months, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Cash and cash equivalents are initially and subsequently recorded at fair value in the Statement of Financial Position.

(d) Property and equipment

Property, plant and equipment is measured on the cost basis less depreciation and impairment losses. The cost of improvements to leasehold premises is capitalised and amortised over the estimated useful life of the improvement concerned.

Expenditure on internally developed software is recognised as an asset when the Society is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits and can reliable measure the costs to complete the development the capitalised costs of internally developed software include all costs directly attributable to developing the software and are amortised over its useful life.

Depreciation is calculated on a straight-line basis from the date of acquisition at rates appropriate to the estimated useful lives as follows:

Office equipment	4 to 10 years
Furniture and fittings	5 to 15 years
Motor vehicles	3 to 6 years
Leasehold improvements	10 to 14 years

For the Year Ended 31 December 2020

(d) Property and equipment (continued)

Gains or losses on disposal (being the difference between the carrying amount at the time of sale or disposal and the proceeds of disposal) are taken to income in the year. Computer software licences are acquired and are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Computer software is carried at cost less accumulated amortisation and impairment losses.

(e) Tax exemption

The Society is exempt from income tax under section 40A of the Income Tax Act 1959.

(f) Computer software

Computer software licences are acquired and are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Computer software is carried at cost less accumulated amortisation and impairment losses.

Costs associated with developing and maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the creation of identifiable and systems products controlled by the Society, and that will probably generate economic benefits beyond 1 year, are recognised as intangible assets. Other development expenditures are recognised as an expense as incurred.

Amortisation on computer software is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives which range between 4 and 10 years. The assets' useful lives are annually reviewed and adjusted where appropriate.

(g) Investment Property

Investment property is initially measured at cost and subsequently at fair value, with any change there in recognised in profit or loss within change in fair value of investment. 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.

Rental income from investment property is recognised 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.

(h) Impairment of non-financial assets

Equipment and other non-financial assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(i) Provisions

A provision is recognised if, as a result of a past event, the Society has a present legal or constructive obligation that can be estimated reliable and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

notes
to the financial statements

For the Year Ended 31 December 2020

(j) Employee benefits

Employee provisions comprise liabilities for employee benefits arising from services rendered by employees to balance date. Employee benefits have maturities of both less than one year and greater than one year and have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. Superannuation contributions are made by the Society to defined contribution superannuation funds and are charged as expenses when incurred.

(k) Reserves

The Society maintains the following equity reserves:

- Member capital represents contributions members have made to the Society on initiation or creation of their savings account. Member capital is refundable to the member on cessation of their membership with the Society.
- General reserve/ statutory reserve represents a statutory minimum of twenty percent (20%) of each year's net earnings before declaring interest on deposits and dividends. If the reserve is greater than 10% of total liabilities, then 20% of net earnings is not required to be transferred.

(l) Financial assets and financial liabilities

(i) Recognition and initial measurement

The Society initially recognises loans and advances, deposits, debt securities and financial liabilities on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Society becomes a party to the contractual provisions of the instrument at initial recognition differs from the transaction price.

(ii) Classification

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and it not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect
- the contractual terms of the financial asset give rise on specific dates to cash flows that are solely payment fo principal and interest (SPPI).

A debt instrument is measured at FVOCI only if it meets both conditions and it not designation as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

For the Year Ended 31 December 2020

(l) Financial assets and financial liabilities (continued)

On initial recognition, of an equity investment that is not held for trading, the Society may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Society may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Business model assessment

The Society makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management.

- The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of assets;
- How the performance of the portfolio is evaluated and reported to the Society's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- How managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or contractual cash flows collected; and
- The frequency, volume and timing of sales in prior period, the reasons for such sales and its expectation about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Society's stated objective for managing the financial assets is achieved and how cash flows are realised.

The Society's business comprises primarily loans to members that are held for collecting contractual cash flows.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment of whether contractual cash flows are solely payments of principal and interest.
For this assessment, 'principal' is defined as the fair value of the financial assets on initial recognition.

'Interest' is defined as consideration for the time value of money and the credit risk associated with the principal amount outstanding during a particular period and for other basic lending risks and costs e.g. liquidity risk and administrative costs), as well as profit margin.

(I) Financial assets and financial liabilities (continued)

(ii) Recognition and initial measurement

In assessing whether the contractual cash flows are SPPI, the Society considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or contractual cash flows such that it would not meet this condition. In making the assessment, the Society considers:

Contingent events that would change the amount and timing of cash flows;

- Leverage features
- Prepayment and extension terms
- Terms that limit the Society's claim to cash flows from specified assets (e.g. non-recourse loans); and
- Features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

The Society holds a portfolio of fixed-rate loans for which the Society has the option to propose to revise the interest rate at periodic reset dates. These reset results are limited to the market rate as the time of revision. The Society has determined that the contractual cash flows of these loans are SPPI because the option varies the interest rate in a way that is the consideration for the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

(iii) Derecognition

Financial assets

The Society derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Society neither transfers nor retains substantially all of the risks and rewards of ownership and it does retain control of the financial asset.

On Derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) 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 OCI is recognised in profit or loss.

Any cumulative gain/ loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Society is recognised as a separate asset or liability.

Financial liabilities

The Society derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

For the Year Ended 31 December 2020

(l) Financial assets and financial liabilities (continued)

(iv) Modifications of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, then the Society evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired.

In the case, the original financial asset is derecognised, and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- Other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Society plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place.

This approach impacts the result of the quantitative evaluation and mean that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Society first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred, and modification fees received adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

Financial liabilities

The Society derecognises a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value.

The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

For the Year Ended 31 December 2020

(I) Financial assets and financial liabilities (continued)

Financial liabilities (continued)

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining terms of the modified financial liability by re-computing the effective interest rate on the instrument.

(v) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Society currently has a legally enforceable right to set off the amounts and it intends either to settle them on a basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS Standards, or for gains and losses arising from a group of similar transactions such as in the Society's trading activity.

(vi) Fair value measurement

Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Society has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Society measures the fair value of the instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability takes place with sufficient frequency and volume to provide pricing information or an ongoing basis.

If there is no quoted price in an active market, then the Society uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction. The best evidence of the fair value of a financial instrument or initial recognition is normally the transaction price-i.e. the fair value of the consideration given or received.

If the Society determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the difference, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price.

For the Year Ended 31 December 2020

(l) Financial assets and financial liabilities (continued)

(vi) Fair value measurement (continued)

Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but not later than when the valuation is wholly supported by observable market data or the transaction is closed out.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid. The Society recognises transfers between levels of the value hierarchy as of the end of the reporting period during which the change has occurred.

(vii) Impairment

The Society recognises the loss allowances for ECL on the following financial instruments that are not measured at FVTPL.

- Financial assets that are debt instruments;
- Loans and lease receivables;
- Financial guarantee contracts issued; and
- Loan commitments issued

No impairment loss is recognised on equity investments.

The Society measures loss allowances at an equal to lifetime ECL, except for the following, for which they are measured as 12 months ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition.

Loss allowances for loans and lease receivables are always measured at an amount equal to life time ECL. The Society considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Society does not apply the low credit risk exemption to any other financial instruments.

12-month ECL are portion of lifetime ECL that result from default events on a financial instrument that are possible within the 12-months after the reporting date. Financial instruments for which 12-month ECL are recognised are referred to as 'Stage 1 financial instruments'. Financial instruments allocated to Stage 1 have not undergone a significant increase in credit risk since initial recognition and are not credit impaired.

Lifetime ECL are the ECL that result from all possible default events over the expected file of the financial instrument or the maximum contractual period of exposure. Financial instruments for which lifetime ECL are recognised by that are not credit-impaired are referred to as 'Stage 2 financial instruments'. Financial instruments allocated to Stage 2 are those that have experienced a significant increase in credit risk since initial recognition but are not credit impaired.

For the Year Ended 31 December 2020

(I) Financial assets and financial liabilities (continued)

Impairment (continued)

Financial instruments for which lifetime ECL are recognised and that are credit-impaired are referred to as 'Stage 3 financial instruments'.

Credit-impaired financial assets

At each reporting date, the Society assesses whether financial assets carried at amortised cost, debt financial assets carried at FVOCI are credit impaired (referred to as 'Stage 3 financial asset), when one or more events have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or borrower's employer;
- Borrower is deceased
- Borrower is unemployed
- a breach of contract such as a default or past-due event (past 90 days);
- it is becoming probable that the borrower or borrower's employer will enter bankruptcy

A loan that has been renegotiated due to deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

In addition, a retail loan that is overdue for 90 days or more is considered credit-impaired even when the regulatory definition of default is different.

In making an assessment of whether an investment in sovereign debt is credit impaired, the Society considers the following factors.

- The market's assessment of creditworthiness as reflected in bond yields.
- The rating agencies' assessment of creditworthiness.
- The country's ability to access the capital markets for new debt issuance.
- The probability of debt being restructured, resulting in holders suffering losses.

Measurement of ECL

ECL are a probability-weighted-estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Society expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Society if the commitment is drawn down and the cash flows that the Society expects to receive; and
- Financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Society expects to recover.

(I) Financial assets and financial liabilities (continued)

Measurement of ECL (continued)

When discounting future cash flows, the following discount rates are used:

- Financial assets other than purchased or originated credit impaired (POCI) financial assets and lease receivables: the original effective interest rate or an approximation thereof;
- POCI assets: a credit-adjusted effective interest rate;
- Lease receivables: the discount rate used in measuring the lease receivable;
- Undrawn loan commitments: the effective interest rate, or an approximation thereof, that will be applied to the financial asset resulting from the loan commitment; and
- Financial guarantee contracts issued: the rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows.

Write-offs

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in it’s entirely or a portion thereof. This is generally the case when the Society determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are recognised when cash is received and are included in other income in the statement of profit or loss.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Society's procedures for recovery of amounts due.

(viii) Designation at fair value through profit or loss

Financial assets

On initial recognition, the Society has designated certain financial assets as at FVTPL because this designation eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial liabilities

The Society has designated certain financial liabilities as at FVTPL, in either of the following circumstances:

- The liabilities are managed, evaluated and reported internally on a fair value basis; or
- The designation eliminates or significantly reduces an accounting mismatch that would otherwise arise.

For the Year Ended 31 December 2020

(l) Financial assets and financial liabilities (continued)

Loans and advances

Loans and advances' captions in the statement of financial position include:

Loans and advances measured at amortised cost, they are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method.

Loans and advances mandatory measured at FVTPL, or designated as at FVTPL, these are measured at fair value with changes recognised immediately in profit or loss, and lease receivables.

When the Society purchases a financial asset and simultaneously enters into an agreement to resell the asset (or a substantially similar asset) at a fixed price on a future date, the consideration paid is accounted for as a loan or advance, and the underlying asset is not recognised in the Society's financial statements.

(m) Critical accounting and judgement in applying accounting policies

In conformity with IFRS, the preparation of financial statements for the Society requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions that may be undertaken in the future, actual results may ultimately differ from estimates.

The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below;

(a) Liquidity requirements

The financial statements have been prepared on a going concern basis which assumes that the Society will be able to meet its liabilities and obligations as and when they fall due in the normal course of the business. As at 31 December 2020 the Society had an at call liquidity net deficiency of K190 million (2019: K171 million). This net deficiency is predominantly due to member deposits being fully categorised as liability exposure at call.

Funds received from members savings have been invested in long term investment opportunities, resulting in the apparent maturity mismatch. The savings are fully secured or partially secured against Loans to members (where members have taken out Loans with the Society) as such those savings secured to loans cannot be fully withdrawn.

While member savings are at call, there are processes in place to control the volume of withdrawals. Having assessed the Society's ability to generate positive cash flows as well as the likely timing of member withdrawals, of which there has been no history of significant withdrawals, the at call liquidity net deficiency is not expected to affect the Society's ability to meet its operational and financial obligations and the going concern assumption is considered appropriate in the preparation of these financial statements.

For the Year Ended 31 December 2020

(m) Critical accounting and judgement in applying accounting policies (continued)

(b) Impairment losses on loans and advances to customers and lease receivables

The measurement of the expected credit loss allowance for loans and advances to customers and lease receivables is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

Detailed information about the judgements and estimates made by the Society in the above areas are set out in note 23.

Loan losses (write-offs) are charged against the allowances for loan losses when management believes that the principal is unlikely to be collected.

For the Year Ended 31 December 2020

5 Property and equipment

(a) Movements in carrying amounts of property, plant and equipment

Cost	Capital Works in Progress PGK	Furniture, Fixtures & Fittings PGK	Motor Vehicles PGK	Computer Equipment PGK	Computer Software PGK	Leasehold Improve-ments PGK	Right-of-Use - Property PGK	Total PGK
At 01 January 2020	2,778,235	319,861	1,490,944	4,312,419	5,957,968	1,378,865	3,780,018	20,018,310
Additions	601,459	11,400	521,826	211,569	284,330	37,054	-	1,667,638
Disposals	-	(557)	-	(3,656)	(2,837)	-	-	(7,050)
Reclassification	-	-	-	-	-	-	(371,661)	(371,661)
At 31 December 2020	3,379,694	330,704	2,012,770	4,520,332	6,239,461	1,415,919	3,408,357	21,307,237
Accumulated depreciation								
At 01 January 2020	-	92,963	138,442	2,046,299	1,222,570	296,172	756,003	4,552,449
Disposals	-	(557)	-	(3,656)	(2,837)	-	-	(7,050)
Charges for the year	-	24,811	423,308	704,658	597,883	104,471	885,077	2,740,208
At 31 December 2020	-	117,217	561,750	2,747,301	1,817,616	400,643	1,641,080	7,285,607
Carrying amount at 31 December 2020	**3,379,694**	**213,487**	**1,451,020**	**1,773,031**	**4,421,845**	**1,015,276**	**1,767,277**	**14,021,630**

Cost	Capital Works in Progress PGK	Furniture, Fixtures & Fittings PGK	Motor Vehicles PGK	Computer Equipment PGK	Computer Software PGK	Leasehold Improve-ments PGK	Right-of-Use - Property PGK	Total PGK
At 01 January 2019	4,315,530	306,598	144,100	2,053,106	3,836,399	1,378,865	-	12,034,598
Additions		13,263	1,346,844	2,259,313	584,274	-	3,780,018	7,983,712
Reclassification	(1,537,295)	-	-	-	1,537,295	-	-	-
At 31 December 2019	2,778,235	319,861	1,490,944	4,312,419	5,957,968	1,378,865	3,780,018	20,018,310
Accumulated depreciation								
At 01 January 2019	-	69,855	126,287	1,602,200	792,084	192,757	-	2,783,183
Charges for the year	-	23,108	12,155	444,099	430,486	103,415	756,003	1,769,266
At 31 December 2019	-	92,963	138,442	2,046,299	1,222,570	296,172	756,003	4,552,449
Carrying amounts at 31 December 2019	**2,778,235**	**226,898**	**1,352,502**	**2,266,120**	**4,735,398**	**1,082,693**	**3,024,015**	**15,465,861**

For the Year Ended 31 December 2020

6 Investment properties

	Note	2020 PGK	2019 PGK
Investment property (Fair value model)	(a)	831,591	2,716,591
Opening balance		831,591	2,716,591
Charges in fair value		-	(300,000)
Asset disposal		-	(1,585,000)
		831,591	**831,591**

(a) Investment properties (at fair value)

Summary of movement in revaluation of investment properties as follows:

Residential Properties	Valuation model	Capitalisation rates	2019 PGK	Revaluation PGK	2020 PGK
Sec 57 Lot 35 Alotau	Third party offer	12%	831,591	-	831,591
			831,591	**-**	**831,591**

Residential Properties	Valuation model	Capitalisation rates	2018 PGK	Revaluation PGK	2019 PGK
Sec 57 Lot 35 Alotau	Third party offer	12.00%	1,131,591	(300,000)	831,591
Sec 147 Lot 22 8 Mile	Third party offer	10.00%	800,000	Sold	-
Sec 147 Lot 26 8 Mile	Third party offer	10.00%	785,000	Sold	-
			2,716,591	**(300,000)**	**831,591**

In 2019, section 147 lot 22 was sold for a total remuneration of K800,000 and section 147 to 26 8 Mile was sold for a total remunertion of K785,000.

Investment properties comprise a number of residential properties that are leased to third parties.

Investment properties are stated at fair value. The last valuation was carried out in 2019 and to be revalued every 3 years.

For the Year Ended 31 December 2020

7 Investment securities, government inscribed stock and term deposits

	Notes	2020 PGK	2019 PGK
Government inscribed stock at amortised cost	(a)	74,280,023	71,590,141
Quoted equity investments at FVTPL	(b)	2,635,000	2,540,000
Unquoted equity investments at FVTPL	(c)	160,000	160,000
Term deposits - maturity periods of greater than 90 days	(d)	10,255,738	-
		87,330,761	**74,290,141**

(a) Government inscribed stock at amortised cost

The book value comprises of:

	2020 PGK	2019 PGK
Face value of Government inscribed stock	72,660,000	69,660,000
Unamortised premiums	1,698,365	2,017,654
Unamortised discounts	(78,342)	(87,513)
	74,280,023	**71,590,141**

Government inscribed stock are shown net of unamortised discounts/ premiums on acquisition which are amortised over the life of the stock.

Government inscribed stock have coupon rates ranging from 9% to 14% and yield rates ranging from 8.5% to 15.4%.

Maturity Year	2019-2020 Coupon rates %	2019-2020 Yield rates %	2020 Face value PGK	2019 Face value PGK
2022	10.0	8.5	1,750,000	1,750,000
2023	9.0 to 12.0	9 to 11.5	11,000,000	11,000,000
2025	11.5	11.45 to 12.3	6,000,000	4,000,000
2027	14.0	11.2 to 14.0	24,160,000	24,160,000
2028	12.5	11.5 to 12.5	18,000,000	20,000,000
2029	11.0 to 12.0	10.5 to 11.0	10,750,000	7,750,000
2031	12.0	15.4	1,000,000	1,000,000
			72,660,000	**69,660,000**

For the Year Ended 31 December 2020

(b) Quoted equity investments at FVTPL

Summary of revaluation of quoted investments is as follows:

	2019 PGK	Revaluation PGK	Disposal PGK	2020 PGK
Credit Corporation (PNG) Limited	2,480,000	155,000	-	2,635,000
PNG Air Limited	60,000	(60,000)	-	-
	2,540,000	**95,000**	-	**2,635,000**

Reconciliation of movement in quoted investments is as follows:

	2020 PGK	2019 PGK
Balance at 01 January	2,540,000	2,152,500
Net gain on financial assets at FVTPL	95,000	387,500
Balance at 31 December	**2,635,000**	**2,540,000**

(c) Unquoted equity investments at FVTPL

	2020 PGK	2019 PGK
Investment in CloudApp Laboratories (PNG) Limited	160,000	160,000
	160,000	**160,000**

The Society acquired 51% of the shares in CloudApp Limited ('CloudApp') at no consideration in 2017. CloudApp is a software development and retail company. There were no material changes in the fair value for 2020.

(d) Term deposits

	2020 PGK	2019 PGK
Term deposits - maturity periods of greater than 90 days	10,255,738	-
	10,255,738	-

For the Year Ended 31 December 2020

8 Loans due from members

	2020 PGK	2019 PGK
Loans due from members	123,555,081	113,062,275
Less: provision for doubtful debt	(1,584,526)	(1,675,069)
	121,970,555	**111,387,206**

Interest of 1% per month is charged on members loans. Repayments are received on a fortnightly and monthly basis. The minimum loan is K200. Board approval is required for loans granted over K100,000.

The movement in the provision for doubtful debts was as follows:

	2020 PGK	2019 PGK
Balance at 01 January	1,675,069	1,990,036
Provision charges to profit and loss	572,399	488,313
Bad debts written off during the year	(662,942)	(803,280)
Net movement in provision for bad debts	(90,543)	(314,967)
Balance at 31 December	**1,584,526**	**1,675,069**

The unsecured exposure on overdue balance as at 31 December 2020 is K4,983,767 (2019: K3,734,037). The ageing of the unsecured exposure on overdue balances is as follows:

	2020 PGK	2019 PGK
1 - 29 days overdue	2,600,159	2,183,898
30 -59 days overdue	1,299,135	974,968
60 - 89 days overdue	15,802	281,692
90+ days overdue	1,068,671	293,479
	4,983,767	**3,734,037**

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For the Year Ended 31 December 2020

9 Prepayments and other receivables

	2020 PGK	2019 PGK
Accrued interest	1,742,268	1,581,596
Staff related receivables	64,076	56,961
Rent receivable	20,060	33,620
Security deposits	46,250	46,250
Prepayments	895,162	654,616
	2,767,816	**2,373,043**

Accrued interest represents interest accrued on Government inscribed stock (Note 7) and interest bearing deposits (Note 22). Accrued interest on loans is captured in the loan balance.

10 Employee provisions

	2020 PGK	2019 PGK
Provision for annual leave	248,381	382,938
Provision for long service leave	536,853	651,488
	785,234	**1,034,426**

11 Trade and other payables

	2020 PGK	2019 PGK
Creditors and accruals	4,805,322	2,849,082
Amounts payable to nasfund	418,708	458,457
Other payables	13,952	18,556
	5,237,982	**3,326,095**

Other payables are non-interest bearing and are generally payable within 60 days.

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12 Members' savings

	2020 PGK	2019 PGK
Members' savings	219,463,653	196,612,713
Unallocated contributions	77,103	860,332
	219,540,756	**197,473,045**

During the year ended 31 December 2019, the Society commenced payment of monthly interest to members. This interest differs from the year end distributions declared the Society, as its purpose is to attract and retain member savings and capital. The interest was also paid during the year ended 31 December 2020. As at 27 March 2020, the Board of Directors declared and distributed to members interest at a rate of 5.5% (2019: 4.6%) totalling K9,585,379 (2019: K6,708,128). The distribution made in 2019 was out of 2018-year end profits.

This profit distribution is apportioned based on the daily savings balance of the members' accounts for the year. This distribution differs from the monthly interest payments and is equity in nature. The Society has a policy of actively chasing the details of unallocated deposits. It is not always possible to obtain these if the appropriate details have not been included in the transactions.

13 Leases

(a) Leases as lessee

The property leases were entered into many years ago as combined leases of land and buildings. The leases provide for rent increments at 8% annually. The Society is restricted from entering into any sub-lease arrangements. Information about leases for which the Society is a lessee is presented below:

(i) Right-of-use assets

	2020 PGK	2019 PGK
Balance at 01 January	3,024,015	3,780,019
Adjustment	(371,661)	-
Depreciation charge for the year	(885,077)	(756,003)
Balance at 31 December	**1,767,277**	**3,024,015**

For the Year Ended 31 December 2020

13 Leases (continued)

(ii) Lease Liability

	2020 PGK	2019 PGK
Balance at 01 January	3,227,448	3,780,019
Lease payments	(810,621)	(552,571)
Adjustment	(573,615)	-
Finance Cost	143,039	-
Balance at 31 December	**1,986,251**	**3,227,448**

Lease liabilities included in statement of financial position	2020 PGK	2019 PGK
Current	605,401	1,241,197
Non-current	1,380,850	1,986,251
Balance at 31 December	**1,986,251**	**3,227,448**

Maturity analysis - Contractual undiscounted cash flow	2020 PGK	2019 PGK
Less than one year	830,570	763,224
Between one and five years	1,314,843	3,016,794
More than five years	-	-
Total undiscounted lease liabilities at 31 December	**2,145,413**	**3,780,018**

(ii) Amount recognised in profit or loss

	2020 PGK	2019 PGK
Depreciation expense on right of use assets	885,077	756,003
Interest on lease liabilities	143,039	210,655

(iii) Amount recognised in statement of cash flows

	2020 PGK	2019 PGK
Total cash out flow for leases	(810,621)	(763,253)

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13 Leases (continued)
Extension options

The property lease contains extension option exercisable by the Society before the end of the lease period. The Society have considered all extension option in the lease calculation.

(b) Leases as lessor

The Society leases out its investment property consisting of its owned commercial properties as well as leased property. All leases are classified as operating leases from a lessor perspective with the exception of a sub-lease, which the Society has classified as a finance sub-lease.

(i) Operating lease

Rental income recognised by the Society during 2020 was K25,155 (2019: K92,966).

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	2020 PGK	2019 PGK
Less than one year	33,540	120,445
One to two years	67,080	33,540
Total	**100,620**	**153,985**

14 Share Capital

	2020 PGK	2019 PGK
Issued ordinary share capital		
Share on issue at 01 January	122,616	106,159
Net movement in share capital	11,253	16,457
	133,869	**122,616**

Under the Savings and Loan Societies Act 2015, each member is required to purchase a share at K1 on joining the Society. Upon exiting the Society, the member may redeem the K1.

15 Statutory reserve

	2020 PGK	2019 PGK
Balance at 01 January	15,178,091	12,760,486
Statutory transfer of net profit for the year	2,648,272	2,417,605
	17,826,363	**15,178,091**

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15 Statutory reserve (continued)

The Savings and Loan Societies (Amendment) Act 2015, requires a Society to transfer 20% of its profits earned in a financial year to the statutory reserve. The Society is not required to maintain a reserve balance exceeding 10% of total liabilities.

16 Administration expenses

	2020 PGK	2019 PGK
Advertising and marketing	1,352,260	664,701
Auditors remuneration - PwC	125,000	-
Auditors remuneration - KPMG	181,733	199,601
Bank charges	219,396	221,239
Computer, software support and communication	3,298,702	2,714,513
Directors fees	223,423	115,441
Directors sitting fees and expenses	43,614	169,863
Motor vehicle expenses	244,801	191,674
Printing and postage	54,752	127,932
Professional and consulting fees	731,696	(8,211)
Rental expenses	(157,449)	-
Security charges	69,246	46,909
Travel	63,473	98,162
Insurance	79,637	128,252
Telecommunication	418,200	498,998
Promotion and merchandising	269,955	104,806
Other office expenses	773,775	780,112
	7,992,214	**6,053,992**

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17 Employee benefit expenses

	2020 PGK	2019 PGK
Basic	3,725,982	3,650,495
Superannuation	261,745	334,369
Long service leave	(69,184)	387,019
Other benefits and expenses	1,208,800	1,116,970
	5,127,343	**5,488,853**

18 Employee benefit plans

The Society contributes to the National Superannuation Fund of Papua New Guinea ("nasfund") on behalf of its employees.

All employees are members of nasfund. This fund is an accumulation benefit fund whereby the Society matches contributions to the fund made by employees up to 10% of the employee's base salary. Employee contributions are based on 6% of their gross salaries. During 2020, the Society expensed K261,745 in contributions (2019: K334,369).

19 Related party transactions

Related parties represent major shareholders, directors and key management personnel of the Society and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Board of Directors.

Transactions with related parties during the year are as follows:

(a) Loans to staff and directors

Member loans made to NCSL staff and directors are in the ordinary course of business in accordance with the Society Rules.

The total value of these loans as at 31 December 2020 was as follows:

	2020 PGK	2019 PGK
Loans to related parties	1,175,035	1,051,328
	1,175,035	**1,051,328**

The interest rate, security and repayment terms on these loans are no different to the normal terms and conditions extended to the general membership.

(b) nasfund

NASFUND is a related party due to common Directors between NASFUND and the Society. Further, only NASFUND members are eligible to be members of the Society.

For the Year Ended 31 December 2020

19 Related party transactions (continued)

	2020 PGK	2019 PGK
Amount payable to nasfund (Note 12)	418,708	458,457
	418,708	**458,457**

Rent of K712,087 (2019: K712,087) was charged to the Society by NASFUND.

(c) CloudApp Limited

CloudApp Limited is related party of the Society. The society holds 51% of the shares of the entity and there are common directors between the entities. In 2016, the Society purchased a Core Banking System valued K3.5 million from CloudApp Limited, which was further enhanced throughout 2018 and 2019 after been launched in late 2016.

(d) Compensation of key management personnel

The remuneration of directors and members of key management during the period was as follows:

	2020 PGK	2019 PGK
Salaries, wages and other short-term benefits	1,767,482	2,184,515
Long-service leave	263,828	285,369
Superannuation	181,493	334,369
	2,212,803	**2,804,253**

The number of employees whose total remuneration and other benefits received, exceeding K100,000 and falling within each relevant K50,000 banding.

	2020 PGK	2019 PGK
K100,000 - K149,999	1	2
K150,000 - K199,999	6	5
K200,000 - K249,999	1	3
K250,000 - K299,999	1	-
K300,000 - K349,999	-	-
K350,000 - K399,999	1	-
K400,000 - K449,000	-	-
K500,000 and above	1	1
	11	**11**

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19 Related party transactions (continued)

Directors during the year	Executives during the year
Mr. Ian Tarutia, OBE (Chairman)	Vari Lahui (Chief Executive Officer)
Mr. Sundar Ramarmurthy	William Koregai (Chief Operating Officer)
Mr. Murray Woo, OBE	Helen Ove (Chief Officer Member Services)
Mr. Hulala Tokome, MBE	Henry Pupu (HR Manager)
Mr. Vera Raga	Bernard Geita (Lending Manager)
Mr. Christopher Elphick	Jackraho Morea (Finance Manager)
	Hedam Lafana (IT Manager)
	Nosuau Kini (Risk and Compliance Manager)
	Vavine Iamo (E-Banking Manager)

20 Contingencies and commitments

The Society did not have any material commitments or contingencies at the date of approving these financial statements (2019: nil).

21 Subsequent events

No material subsequent events have occurred between the end of the financial year and the date of signing of the financial statements. However, following the date of the financial statements, the Society's Board of Directors are to approve a distribution to members.

22 Cash and cash equivalents

For the purpose of the statement 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 statement of cash flows is reconciled to the related items in the balance sheet as follows:

	2020 PGK	2019 PGK
Cash at bank	14,906,050	9,696,540
Term deposits with maturity of less than 3 months	14,967,879	16,600,000
	29,873,929	**26,296,540**

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23 Financial instruments

Risk management framework

The Society's board of directors has overall responsibility for the establishment and oversight of the Society's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Society's risk management policies. The committee reports regularly to the board of directors on its activities.

The Society's risk management policies are established to identify and analyse the risks faced by the Society, 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 Society's activities. The Society, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

(a) Credit risk

(i) Credit risk management

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk for loans and receivables at the reporting date is concentrated in Papua New Guinea. Credit risk is the risk of financial loss to the Society if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Society's receivables from customers and investments in debt securities. The carrying amounts of financial assets and contract assets represent the maximum credit exposure.

The Society structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, the limit is the member savings available when the financial asset is issued. Such risks are monitored on a revolving basis and subject to an annual or more frequent review. Limits on the level of credit risk are approved quarterly by the Credit Manager. Actual exposures against limits are monitored daily.

The Society measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). The Society also uses ageing of loans to manage and measure credit risk.
The ageing is matched to the IFRS 9 Staging as noted below:

Ageing Analysis	Description	Description
Less than 30 days	Average risk	Standard Monitoring (Stage 1)
31 - 90 days	Special mention	Special Monitoring (Stage 2)
More than 91 days	Substandard, Doubtful & Loss	Default (Stage 3)

The Society only provides loans to individuals who are members of the Society.

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23 Financial instruments (continued)
(a) Credit risk (continued)

(ii) Expected credit loss measurement

IFRS 9 outlines a 'three-stage' model for impairment of financial assets based on changes in credit quality since initial recognition, as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Society;
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired;
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3';
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis; and
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward- looking information.

The key judgements and assumptions adopted by the Society in addressing the requirements of the standard are discussed below:

Inputs, assumptions and techniques used for estimating impairment

Significant increase in credit risk

When determining whether the risk of default on the financial instrument has increased significantly since initial recognition, the Society considers both quantitative and qualitative information and analysis, based on the Society's historical experience and expert credit assessment and including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure to comparing the remaining lifetime probability of default (PD) as at the reporting date; with the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where appropriate for changes in prepayment expectations).

The Society uses three criteria for determining whether there has been a significant increase in credit risk:

- **a quantitative test based on movement in PD**
  - The financial instrument is considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments.

- **qualitative indicators**
  - Early signs of cash flow/liquidity problems such as delay in submitting repayments and savings by the members employer
  - Significant adverse changes in financial and/or economic conditions in which the member and members employer operates;
  - Actual or expected forbearance or restructuring by the member or members employer

For the Year Ended 31 December 2020

(a) Credit risk (continued)

(ii) Expected credit loss measurement (continued)

a backstop of 30 days past due.
The criteria above have been applied to all financial instruments held by the Society and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss given Default (LGD) throughout the Society's expected loss calculations.

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria at the reporting date.

Definition of default

The Society considers a financial asset to be a default when:

- the borrower is unlikely to pay its credit obligations to the Society in full, without recourse by the Society to action such as realising security;
- the borrower is more than 90 days past due on any material credit obligation to the Society; and
- it is becoming probable that the borrower's employer's business is under distress is known.

In assessing whether a borrower is in default, the Society considers indicators that are:

- Qualitative: e.g. breaches of covenant;
- Quantitative: e.g. overdue status and non-payment on another obligation of the same issuer to the Society; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is a default and their significance may vary over time to reflect changes in circumstances.

The definition of default largely aligns with that applied by the Society for regulatory capital purposes.

Incorporation of forward-looking information

The Society incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL.The Society formulates three economic scenarios: a base case, which is the central scenario developed internally based on consensus forecasts, and two less likely scenarios, one upside and one downside scenario. The central scenario is aligned with information used by the Society for other purposes such as strategic planning and budgeting.

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(a) Credit risk (continued)

Definition of default (continued)

2020	Upside PGK	Central PGK	Downside PGK
Scenario probability weighting	10%	70%	20%
ECL impact	1,107,505	1,504,111	2,704,873

2019	Upside PGK	Central PGK	Downside PGK
Scenario probability weighting	10%	80%	10%
ECL impact	1,092,481	1,605,242	2,816,270

Other forward-looking considerations not otherwise incorporated within the above scenarios, such as the impact of any regulatory, legislative or political changes, have also been considered, but are not deemed to have a material impact and therefore no adjustment has been made to the ECL for such factors. This is reviewed and monitored for appropriateness on an annual basis.

Sensitivity of ECL to future economic conditions

The ECL are sensitive to judgments and assumptions made regarding formulation of forward-looking scenarios and how much scenarios are incorporated into the calculations. Management performs a sensitivity analysis of significant assumptions by considering impact of their possible changes in different scenarios and concluded that changes in GDP growth rate and unemployment rate do not significantly affect the level of impairment provision given the following:

- If weight of downside scenario would decrease to 10% (i.e. weight of central scenario would increase to 80%), as a result of higher GDP growth rate and lower unemployment rate, impairment provision would decrease by K110 thousand;
- If weight of downside scenario would increase to 30% (i.e. weight of central scenario would decrease to 60%), as a result of lower GDP growth rate and higher unemployment rate, impairment provision would increase by K220 thousand;

(iii) Provision for impairment losses

Loss allowance

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses is the product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.
- EAD is based on the amounts the Society expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). The Society derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortisation. The EAD of a financial asset is its gross carrying amount at the time of default.

For the Year Ended 31 December 2020

(a) Credit risk (continued)

(iii) Provision for impairment (continued)

Loss allowance (continued)

- Loss Given Default (LGD) represents the Society's expectation of the extent of loss on a defaulted exposure. LGD is the magnitude of the likely loss if there is a default. The Society estimates LGD parameters based on the history of cure of defaulted counter parties and the savings deposits held against defaulted counterparties. The LGD models consider the structure, collateral, cure rates achieved in past periods, member savings held and recovery costs of any collateral that is integral to the financial asset. They are calculated on a discounting factor.

As described above, and subject to using a maximum of a 12-month PD for Stage 1 financial assets, the Society measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for credit risk management purposes, the Society considers a longer period. The maximum contractual period extends to the date at which the Society has the right to require repayment of an advance or terminate a loan commitment or guarantee.

The provision for impairment losses recognised in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- Impacts on the measurement of ECL due to changes made to models and assumptions; and
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period.

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument. The basis for determining transfers due to changes in credit risk is set out in our accounting policy:

For the Year Ended 31 December 2020

Reconciliation of ECL and EAD on Loans:

2020 Reconciliation	Stage 1		Stage 2		Stage 3		Total PGK	
	EAD	ECL	EAD	ECL	EAD	ECL	EAD	ECL
Balance at 1 January 2020	108,712,755	965,169	4,186,115	570,805	311,771	139,095	113,210,641	1,675,069
Transfer to Stage 1	2,186,737	261,027	(2,019,881)	(189,927)	(166,856)	(71,100)	-	-
Transfer to Stage 2	(5,578,656)	(70,748)	5,656,129	107,157	(77,473)	(36,409)	-	-
Transfer to Stage 3	(1,326,909)	(21,982)	(730,576)	(142,089)	2,057,485	164,071	-	-
Net remeasurement of loss allowance	-	(388,289)	-	(136,005)	-	(385)	-	(524,679)
New financial assets originated	21,640,483	99,628	1,026,794	37,909	78,897	16,748	22,746,174	154,285
Financial assets paid and matured	(8,094,574)	-	(787,603)	-	(1,235)	-	(8,883,412)	-
Net remeasurement on transfers between Stages	(836,139)	(246,718)	(1,630,110)	251,367	(1,052,073)	275,202	(3,518,322)	279,851
Balance at 31 December 2020	**116,703,697**	**598,087**	**5,700,868**	**499,217**	**1,150,516**	**487,222**	**123,555,081**	**1,584,526**

2019 Reconciliation	Stage 1		Stage 2		Stage 3		Total PGK	
	EAD	ECL	EAD	ECL	EAD	ECL	EAD	ECL
Balance at 1 January 2019	74,374,163	1,072,882	7,154,645	470,103	1,623,156	447,052	83,151,964	1,990,037
Transfer to Stage 1	6,054,672	462,774	(5,169,115)	(262,341)	(885,557)	(200,433)	-	-
Transfer to Stage 2	(3,810,884)	(79,117)	4,480,008	303,131	(669,124)	(224,014)	-	-
Transfer to Stage 3	(593,334)	(10,940)	(176,294)	(26,886)	769,628	37,826	-	-
Net remeasurement of loss allowance	-	(254,599)	-	(13,549)	-	(887)	-	(269,025)
New financial assets originated, paid and matured	33,505,439	189,798	154,285	62,558	13,794	10,646	33,673,518	263,002
Net remeasurement on transfers between Stages	(965,667)	(415,629)	(2,257,414)	37,789	(540,126)	68,895	(3,763,207)	(308,945)
Balance at 31 December 2019	**108,564,389**	**965,169**	**4,186,115**	**570,805**	**311,771**	**139,095**	**113,062,275**	**1,675,069**

For the Year Ended 31 December 2020

Summary of the EAD and ECL - Loans:

2020	EAD PGK	ECL PGK	Net carrying amount PGK
Stage 1 - 12 month ECL	116,703,697	598,087	116,105,610
Stage 2 - Life time ECL	5,700,868	499,217	5,201,651
Stage 3 - Life time ECL	1,150,516	487,222	663,294
Total	**123,555,081**	**1,584,526**	**121,970,555**

2019	EAD PGK	ECL PGK	Net carrying amount PGK
Stage 1 - 12 month ECL	108,564,389	965,169	107,599,220
Stage 2 - Life time ECL	4,186,115	570,805	3,615,311
Stage 3 - Life time ECL	311,771	139,095	172,676
Total	**113,062,275**	**1,675,069**	**111,387,206**

Reconciliation of ECL and EAD on Government Inscribed Stocks:

	2020 Stage 1		2019 Stage 1	
	EAD	ECL	EAD	ECL
Balance at 1 January	71,590,141	-	79,735,485	-
Net remeasurement of loss allowance	-	-	-	-
Net financial assets originated	5,000,000	-	-	-
Accrued interest and amortisation of interest	(310,119)	-	(145,344)	-
Financial assets matured during the year	(2,000,000)		(8,000,000)	
Balance at 31 December	**74,280,023**	**-**	**71,590,141**	**-**

All Government Inscribed Stock are in stage 1, no movement was noted during the year.

(iv) Credit risk exposure

Maximum exposure to credit risk - Financial instruments subject to impairment

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

For the Year Ended 31 December 2020

Ageing Analysis

	Stage 1 12 month PGK	Stage 2 Lifetime PGK	Stage 3 Lifetime PGK	Total PGK
31 December 2020				
Less than 30 days	116,703,697	-	-	116,703,697
31 - 90 days	-	5,700,868	-	5,700,868
More than 91 days	-	-	1,150,516	1,150,516
Gross carrying amount	116,703,697	5,700,868	1,150,516	123,555,081
Loss allowance	(598,087)	(499,217)	(487,222)	(1,584,526)
Carrying amount	**116,105,610**	**5,201,651**	**663,294**	**121,970,555**

	Stage 1 12 month PGK	Stage 2 Lifetime PGK	Stage 3 Lifetime PGK	Total PGK
31 December 2019				
Less than 30 days	108,564,389	-	-	108,564,389
31 - 90 days	-	4,186,115	-	4,186,115
More than 91 days	-	-	311,771	311,771
Gross carrying amount	108,564,389	4,186,115	311,771	113,062,275
Loss allowance	(965,169)	(570,805)	(139,095)	(1,675,069)
Carrying amount	**107,599,220**	**3,615,311**	**172,676**	**111,387,206**

Collateral and other credit enhancements

The Society employs a range of policies and practices to mitigate credit risk, including matching member savings to the loan facility provided to the member. The principal collateral types for loans and advances to members are the member savings. The Society determines the fair market value of collateral obtained as a part of loan origination process.

The Society closely monitors member deposits/savings held for financial assets considered to be credit-impaired, as it becomes more likely that the Society will take possession of the deposits /savings to mitigate potential credit losses. Financial assets that are credit-impaired and related collateral held in order to mitigate potential losses are shown below:

For the Year Ended 31 December 2020

Collateral and other credit enhancements (continued)

Credit-impaired assets	Gross Exposure	Provision for impairment losses	Carrying amount	Present value of collateral held
31 December 2020	1,150,516	(487,222)	663,294	81,845
31 December 2019	311,771	(139,095)	172,676	18,629

(b) Liquidity Risk

The Society is exposed to daily calls on its available cash resources from member deposits through transaction accounts offered by the Society. The Society does not maintain cash resources to meet all of these needs, as experience shows that a minimum level of member savings maintained with the Society can be predicted with a high level of certainty.

The matching and controlled mismatching of the maturities and rates of assets and liabilities is fundamental to the management of the Society. It is unusual for financial institutions to be completely matched. An unmatched position potentially enhances profitability, but also increases the risk of losses.

(i) Maturity analysis for financial liabilities and financial assets

31 December 2020	Carrying amount PGK	At call PGK	0-3 months PGK	Less than 1 year PGK	1-5 years PGK
Financial liability by type					
Non- derivative liabilities					
Member savings	219,540,756	219,540,756	-	-	-
Other financial liabilities- lease liabilities	1,986,251	-	151,867	453,534	1,380,850
	221,527,007	**219,540,756**	**151,867**	**453,534**	**1,380,580**
Financial asset by type					
Non-derivative assets					
Cash and cash equivalents	29,873,929	29,873,929	-	-	-
Term deposits	10,255,738	-	-	10,255,738	-
Quoted equity investments	2,635,000	-	-	-	2,635,000
Government inscribed stock	74,280,023	-	-	-	74,280,023
Loans due from members	121,970,555	-	24,934,928	68,990,426	28,045,201
	239,015,245	**29,873,929**	**24,934,928**	**79,246,164**	**104,960,224**

For the Year Ended 31 December 2020

(i) Maturity analysis for financial liabilities and financial assets (continued)

31 December 2019	Carrying amount PGK	At call PGK	0-3 months PGK	Less than 1 year PGK	1-5 years PGK
Financial liability by type					
Non- derivative liabilities					
Member savings	197,473,045	197,473,045	-	-	-
Other financial liabilities- lease liabilities	3,227,448	-	152,678	1,088,519	1,986,251
	200,700,493	**197,473,045**	**152,678**	**1,088,519**	**1,986,251**
Financial asset by type					
Non-derivative assets					
Cash and cash equivalents	26,296,540	26,296,540	-	-	-
Quoted equity investments	2,540,000	-	-	-	2,540,000
Government inscribed stock	71,590,141	-	-	-	71,590,141
Loans due from members	111,387,206	-	-	33,569,560	77,817,646
	211,813,887	**26,296,540**	**-**	**33,569,560**	**151,947,787**

(c) Other market risk

Investments of the Society (other than cash held for liquidity purposes and investment properties) comprise fixed interest securities, term deposits and shares in listed and unlisted companies. The value of investment recognised at FVTPL are below 5% of the total assets.

The valuation of financial investments at FVTPL and investment properties based on their classification is as follows:

- Level 1: quoted prices in active markets for identical assets or liabilities,
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices), and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For the Year Ended 31 December 2020

(c) Other market risk (continued)

The table analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows (no transfers between levels between the periods):

	Level 1 PGK	Level 2 PGK	Level 3 PGK	Total PGK
31 December 2020				
Quoted equity investments	2,635,000	-	-	2,635,000
Unquoted equity investments	-	-	160,000	160,000
Investment properties	-	-	831,591	831,591
	2,635,000	**-**	**991,591**	**3,626,591**

	Level 1 PGK	Level 2 PGK	Level 3 PGK	Total PGK
31 December 2019				
Quoted equity investments	2,540,000	-	-	2,540,000
Unquoted equity investments	-	-	160,000	160,000
Investment properties	-	-	831,591	831,591
	2,540,000	**-**	**991,591**	**3,531,591**

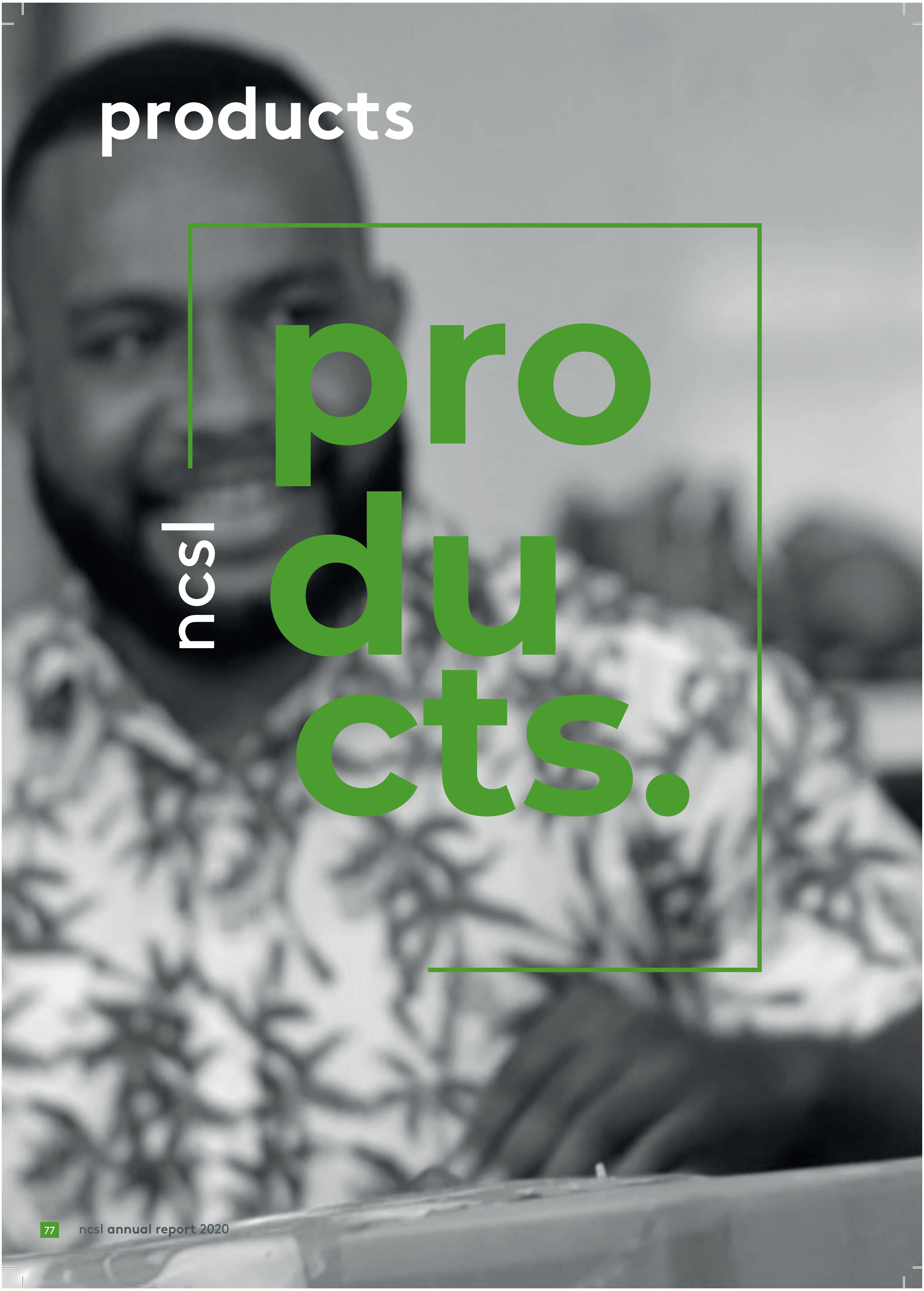
Other market price risk is mitigated by constructing a diversified portfolio of instruments which are traded on various markets. All investment managers are subject to extensive due diligence prior to being appointed and removed by the Board.

(d) Interest risk

Interest on members' loans is fixed by the Society at 1% per month and therefore no significant rate risk is associated with members' loans.

(e) Foreign currency risk

The Society is not exposed to foreign currency risk, there are no contracts entered into denominated in foreign currency.



products

ncsl

pro
du
cts.

> We offer an attractive range of products and services for our members.

General Savings

- Minimum savings of K20.00 per deposit (paid fortnightly or monthly).
- Minimum transfer of K200.00.
- Member can transfer 50% of their net total savings balance in their GSA.
- One transfer per month is allowed.

Education Savings

- Minimum savings of K20.00 per deposit (paid fortnightly or monthly).
- A minimum balance of K50.00 must always remain in the account.
- Transfer is allowed only for education related purposes.
- Direct deposit will be made payable to school, education institutions or supplier of related goods or services.
- Quotations from supplier(s) of stationaries, goods & services must be attached or submitted with each application.

Christmas Savings

- Minimum savings of K15.00 per deposit (paid fortnightly or monthly)
- Transfers are allowed during the months of November, December and January only each year.
- A minimum balance of K20.00 must remain always in the account.

Kids Savings

A trustee account for children from infant to 18 years of age. This includes children whose parents are members and non-members.

Minimum deposit of K1.00 or more daily, fortnightly or monthly. Savings to be withdrawn fully when child turns 18 years or account status changes from KSA into General Savings Account.

nascare

nascare is a medical and life insurance cover for ncsl members. It provides a medical, dental, optical, pharmaceutical, hospital and death for insured members, their spouse and children in PNG.

The premium are based on 3 different points.

1:1 Loan Ratio

ncsl offers 2 types of loans; 1:1 and 1:2 ratio as approved by the Bank of Papua New Guinea. If you have K1,000 in your savings account, you are allowed to borrow a maximum of K2,000 provided normal loan requirements are met.

All loan applications submitted via e-services are processed within/less than 24-hours.

1:2 Loan Ratio

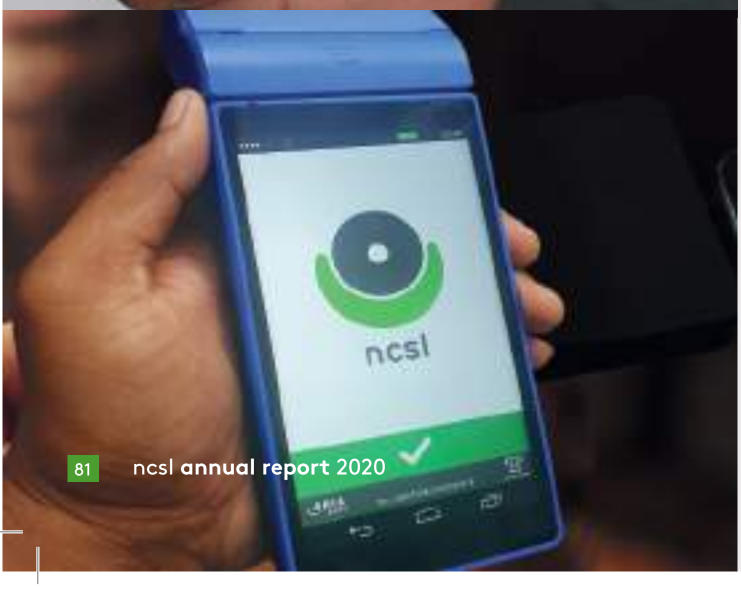
The 1:2 loan ratio is available for emergency and medical purposes. Minimum loan amount to obtain is K200.00.

All loan applications submitted via e-services are processed within/less than 24 hours.

1:5 Loan Ratio

Available to salaried members earning a gross annual salary of no less than K50,000 per annum.

1:5 Higher ratio loan allows a member to borrow up to 5 times their savings. Members wishing to apply for finance under this loan product may be required to provide additional security.



Small to Medium Enterprises(SME)

This loan is available to ncsl members who wish to participate in small business activities. The target group are individual existing and potential members seeking funds for the purpose of acquiring assets and financing working capital for business purposes.

Corporate Motor Vehicle Loan (CMV)

Corporate Motor vehicle loan facility is funding advance or loan to member or group to purchase motor vehicles.

This is supported by a corporate guarantee by the employer of the member seeking motor vehicle finance. Funding under the facility is strictly on the basis that the employer signs a deed of guarantee for the loan.

Poro Card

Poro Card is a domestic debit card that conveniently conveniently enables members to instantly access loan and transfer proceeds upon approval. Members can use their Poro Cards for daily purchases on any ncsl branded EFTPOS terminals besides using other bank ATMs and EFTPOS.

Members can apply for a Poro Card by completing the Poro Card Account application form at any ncsl branch or download it from the website and email to **porocard@ncsl.com.pg**

EFTPOS

- Android device with touch screen, simple & easy to use
- Cards Accepted: ncsl Poro Card, BSP Kundu Card, Westpac Handy Card, Mi-Bank & PMBL Cards.
- Capability to operate on the following connections: sim card (Bmobile/Digicel), Ethernet (Internet Connection), Dial Up (Fixed Landline).
- Much faster transaction processing times.

SMS Alert

Receive instant alerts on the progress of your loan. Complete a SL15 Form and register your mobile number.

Online Portal

Be smart! Do your savings & loan transaction online via Member Portal.
visit: ncsl.com.pg

Biometric Identification System

Need funds immediately? Register your finger print on BIS self-service touch screen at a branch near you to check balance, email statement and also experience a faster and secure transaction within the same day.

Value Back Program

An added value to your purchase. Look for the logo at selected retail and service providers when you shop. Get your ncsl membership card to receive instant discounts.

faq

frequently asked questions.

faq
frequently asked questions

Who is eligible to join ncsl to become a member?

Any interested person who intends to save for short to medium term financial needs.

Is membership compulsory?

No. Membership with ncsl is not compulsory. It is a voluntary savings scheme that gives members flexibility to access savings to fulfill their financial commitments such as school fees customary obligations, funeral expenses, etc.

What does ncsl provide?

ncsl offers 4 savings accounts. The minimum deposit for each account is K20.00 paid fortnightly or monthly.

These are;

Education Savings Account (ES)

- A minimum balance of K50.00 must always remain in the account.
- Transfers are allowed for only education related purposes. Payments are directly made into bank accounts of education institutions or supplier of education related materials.
- Relevant documentation with bank account details of the institution or supplier must be attached or forwarded to **withdrawals@ncsl.com.pg** with each application.
- Monthly Transfer is allowed to other Savings/ Loan accounts (excluding the Poro Account).
- Only one transfer is allowed per month.

General Savings Account (GS)

- Minimum monthly transfer of K200 is allowed
- Members can transfer up to 50% of their total net savings balance in their General Savings account.

Christmas Savings (XS)

- Transfers are only allowed in November, December and January of each year.
- A minimum balance of K50.00 must always remain in the account.
- Savings can be used as security against loans

Kids Savings Account (KSA)

- A trustee can open this account on behalf of his Child (infant to 18 years).
- Withdrawals are restricted until the child reaches 18 years of age.
- An exit fee of K20.00 is charged if the Trustee applies for a refund of savings before the legal age of 18.

Does ncsl pay interest on Savings?

Yes. Monthly and Annual interest is paid based on the surplus funds (profit) made each year.

What are ncsl loan products?

ncsl offers personal loans and the minimum loan is K200.00. Maximum is based on the members available savings balance.

Lending Guidelines for Loan Eligibility

The member is eligible for a loan if he/she:

- Has had a continuous payroll deduction for a minimum period of 3 months.
- Has a minimum of K200.00 in their savings account.
- Is honest and of good character and has had no prior conviction for fraud or theft.
- Has a good credit rating.
- Member is allowed only on loan transaction per month.

Current Loan types;

- 1:1 Ratio
  This is a Kina for a Kina lending product. Example, if you have K1,000.00 as your total savings, you are allowed to borrow a minimum of K200.00 up to a maximum of K1,000.00.
- 1:2 Ratio
  This is borrowing twice your total savings. Example, if you have K1,000.00 as your total savings, you are allowed to borrow a maximum of K2,000 provided all loan requirements are met.
  This is subject to assessment and to the member employees of approved 1:2 ratio employers only.
- Interest on Loans
  Interest is charged at 1% per calendar month on the unpaid balance on all existing and current loan accounts.

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frequently asked questions

Loan Repayments

- All loans must strictly adhere to the approved loan repayment schedule.
- Any interest rate in excess of 1% per month on the unpaid balance may be charged subject to the approval of the Registrar.

Lending Priorities

- Loan priority is available on a first come first served basis and availability of liquid funds.

How can I get more information on ncsl's Lending service?

You can email **loans@ncsl.com.pg**
or call **3132010 / 3132016.**

What is nascare?

nascare is a medical and life insurance cover for ncsl members'. It provides medical, dental, optical, pharmaceutical, hospital and death benefit for members, their spouse and children in PNG. Members are insured for medical expenses they incur through illness or injury.

I am not a member of ncsl. Can I apply for nascare?

No. nascare is a benefit available only to members of ncsl.

Can I take medical insurance cover only?

No. Members cannot take out partial cover. The nascare plan is for both medical and life insurance cover.

How can I apply and when does nascare cover start?

Members must fully complete the proposal form, for medical and life cover. Once application is lodged and premium is paid, registration is then confirmed, and the cover is automatically in place.

How can I pay my Premium?

You can pay your premiums via:

- Direct payment into ncsl Administration account; ncsl Administration Account, 1000947590 (BSB: 294).
- Obtaining a loan from the Society. The loan will be considered under normal lending policy and must be repaid within 12 months.

How much will be refunded for my medical expenses?

Members will be refunded 80% of the total amount claimed, i.e. if your hospital bill is K100.00; the refund will be K80.00.

How can I get more information on nascare?

You may call ncsl head office on phone 3132023 or send an email to **nascare@ncsl.com.pg.**

What is Biometric Identification System (BIS)?

BIS is self-service touch screen device which enables members to do transactions with the use of their fingerprint as the identification. Prior to using this service, the member must first register their fingerprint at any ncsl branch.

What is the Member Online Portal?

The member online portal is ncsl's internet banking facility and can be accessed via https://sls.ncsl.com.pg/Account/Login for first time/one time registration. The portal can be accessed by any device that has an internet connection. All queries relating to the Member Online Portal can be sent to **it@ncsl.com.pg**
or call **3132026 / 3132066.**

Does ncsl have a mobile banking service?

Yes. ncsl's mobile banking service is *628# and is available to Bmobile and Digicel subscribers. To use this service, the member must complete the sms alert form and send to helpdesk@ncsl.com.pg for a one time registration or amendments.

How can I contribute to ncsl?

There are 4 ways in which you can contribute to ncsl:

- Salary Deduction.
- EFTPOS (nearest ncsl branches).
- Electronic Transfer (Internet or Mobile banking).
- Standing Order.
- Direct deposits at commercial banks (ANZ/BSP/WSP/KINA).

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How often do you update my contributions?

You may have salary deductions every fortnight but your contribution updates are done based on the payment frequency set by your Employer. If your Employers remits on a fortnightly basis, then updates are done fortnightly, if remittance is done monthly then updates are done on a monthly basis.

What is the turnaround time for contribution updates?

Contribution update is done within the same working day once your Employer generates schedules online or sends correct schedules listing on time and payment is sighted.

Which of this process of allocating contributions is faster, contribution schedules sent via email or generated files using the Employer Online Portal?

The allocation of files generated via Employer online portal is very fast and efficient. All Employers are encouraged to use the Employer Online Portal. If your Employer is not registered then they can do by sending an email to **banking@ncsl.com.pg or call 3132005 / 3132006.**

Can I do voluntary deposits towards my savings or loan repayment?

Yes. You can do so and please ensure that you state your name and membership number as the description on the receipt and forward copy of payment receipt with your full details (member name/number) with the break-up of the amount to **banking@ncsl.com.pg** for timely allocation. To obtain account details, you can check our brochures or call 3132004 or email.

Can I contribute to ncsl as a casual Employee, an Expatriate or Non nasfund Member?

Yes. Membership is open to general public. ncsl will provide you a 10 digit membership number which you can use to contribute either daily, weekly, fortnightly or monthly.

Can I deduct part of my salary to my Poro account and how can my payroll be advised on this?

Yes. You will have to complete the salary deduction Authority (SL1) form, state the amount to be deducted and have the form endorsed by your payroll and forward completed form to membership@ncsl.com.pg to update amount to reflect changes.

Why are there funds in my Poro account when I am not contributing to that account, and what can I do to avoid deductions going into Poro account?

As of October 2019, Poro account has been made the default account so any funds deemed surplus will automatically be paid into Poro Account thus it is very important that you complete Salary deduction Authority form (SL1) to update your regular amounts.

Why are contribution updates not the same as per my payslips?

It is advisable to confirm if regular amount for each savings is updated correctly and is in accordance to Employer payment frequency. If Employer remits on a monthly basis, then regular amount should be doubled as there are at least two fortnights in a month.

Contributions are updated according to the regular amounts set in the system and in this manner, loan is serviced first (if there's any) followed by savings account, any surplus funds are updated into Poro account by default. The member can transfer funds out of Poro account to his savings or loan account.

Can my payroll update the regular amounts on the Employer online portal?

No. Your payroll will have to forward the Salary Deduction Authority form (SL1) to ncsl to update the regular amounts.

Forgotten the password to Employer Online Portal and locked out?

Go back to Employer online log in page after 30 minutes, click on "Forgot your password" option to reset password, check your email then inbox as reset password link will be sent to registered email address. If error continues then send an email to **it@ncsl.com.pg**

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frequently asked questions

Invalid login attempt?

Please ensure that you are using the correct username and password and correct web browser which is Google Chrome or Moziila Fire Fox. The URL is https://sls.ncsl.com.pg/Employer/Login.

What is Poro Card?

Poro card is a domestic debit card issued to ncsl members that conveniently allows access to their transactional account funds and or for everyday shopping.

Who can apply for Poro Card?

To apply for a Poro card you have to be an active contributing ncsl member aged 18 years and over

How can I apply for a Poro Card?

Complete the Poro Card and Account Application Form at any ncsl branch or download it from the website.

Is there an account opening deposit?

Yes. A deposit of K10.00 will be debited from your General Savings Account (GS) to open your Poro account.

Is it compulsory for every member to have a Poro account and be issued a Poro card?

Yes. It is mandatory that every member has a Poro card for instant access to loan and transfer proceeds.

Will members with Kids Savings Account be issued a Poro Card?

No.

How long does it take to receive my Poro card upon applying?

10 business working days.

Will I be issued a Personal Identification Number (PIN) and why do I need it?

PIN is a unique 4 digit number, generated specifically for your Poro card. It is your electronic signature used to approve and secure every transaction done from your card. The number is given to the cardholder and should be known only to the cardholder. The member is at liberty to change the PIN at any of our ncsl branded EFTPOS terminal.

How can I use my Poro card?

The Poro card, similar to other bank cards, can be used to purchase goods and services at selected retailers using ncsl EFTPOS terminals.

Can I use my Poro card on other bank terminals and ATMs?

Yes.

Is there a daily transactional limit imposed on the Poro card usage?

Yes. Member is limited to K10,000.00 a day with only K2,000.00 cash disbursement at the ATM.

Is the Poro card linked to my Savings account with ncsl?

No. Your Poro card is only linked to your Poro account. You cannot access your savings using your Poro card.

Can salary or wages be directed into the Poro account so I can access using my Poro card?

Yes. This can be done through your pay office.

Is my Poro card accepted overseas?

No. Your Poro card is a domestic bank card and can only be used within PNG.

How can I view my Poro account transaction history?

All transactions made using your Poro card are presented on your personal account statement which can be accessed on your personal member online portal or requested for at any ncsl branch (There are no fees).

Who do I contact for any queries relating to Poro card, Poro account transactions?

Email **ebanking@ncsl.com.pg** or call 3132068 / 3132069 / 3132072.

What happens if I forget my PIN?

Visit any ncsl branch to submit a request in person.

What if my Poro card was misplaced, lost or stolen?

Immediately call 3132068 / 3132069 / 3132072 or email **ebanking@ncsl.com.pg.**

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frequently asked questions

New Lending Products

1:5 Loan

1. What is the loan ratio?

The loan ratio is 1:5. Where a member has K1,000 in his/her savings accounts, he/she will be now able to get a loan of K5,000.

2. What is the loan interest rate?

1.25% is charged monthly on the reducing balance.

3. What is the repayment term?

The maximum loan term for this product is 36 months (3 years).

4. How am I eligible?

This loan is available to members who have a gross annual salary of K50,000 per annum.

5. How can I apply?

- Apply by fully completing an application form
- Provide 3x recent pay slips
- Confirmation letter of employment
- Proof of ownership of personal asset for security
- Provide a minimum of 12 months bank statement (first time borrower)

6. What is the turnaround time for this loan?

Service turnaround time for processing 1:5 application is 5 business working days (excludes public holidays and weekends).

SME Loan

1. Can new start-ups apply for this loan product?

Yes they can. This loan is available to ncsl members who have a new or existing small business.

2. What is the minimum/maximum a person can borrow?

Our SME Loans range from K1,000 to K300,000.

3. What is the loan repayment term and interest rate?

Loan repayment term is from 12 to 48 months with an interest rate charge of 15% per annum.

4. Is equity required and how much?

Equity is required for ncsl SME Loans. Minimum equity requirement is 20% of proposed loan value.

Corporate Motor Vehicle Loan

1. How can I apply for the loan?

- You will submit a fully completed application form
- 3x recent pay slips
- Employer confirmation of remuneration
- 2x valid forms of identification
- Confirmation of corporate guarantee by employer

2. Which car dealers can I get a car from?

You can only get the car from dealers with brand new vehicles. The dealers inslude Ela Motors, Boroko Motors, PNG Motors and Niuford.

3. What is the repayment term?

Repayment term is 1 month to 60 months and is subject to assessment.

4. How much am I charged?

You will be charged 16% interest rate.

corporate directory

Directors

Ian Tarutia, OBE
Chairman

Christopher Elphick
Deputy Chairman

Murray Woo, OBE
Director

Hulala Tokome, MBE
Director

Vera Raga
Director

Sundar Ramarmurthy
Director

Management

Vari Lahui
Chief Executive Officer
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Helen Ove
Chief Officer Member Services
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e. alotau@ncsl.com.pg

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Boroko Office
PO Box 7732, Boroko, NCD
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Buka Office
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e. buka@ncsl.com.pg

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Mt Hagen Office
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Popondetta Office
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Port Moresby Office
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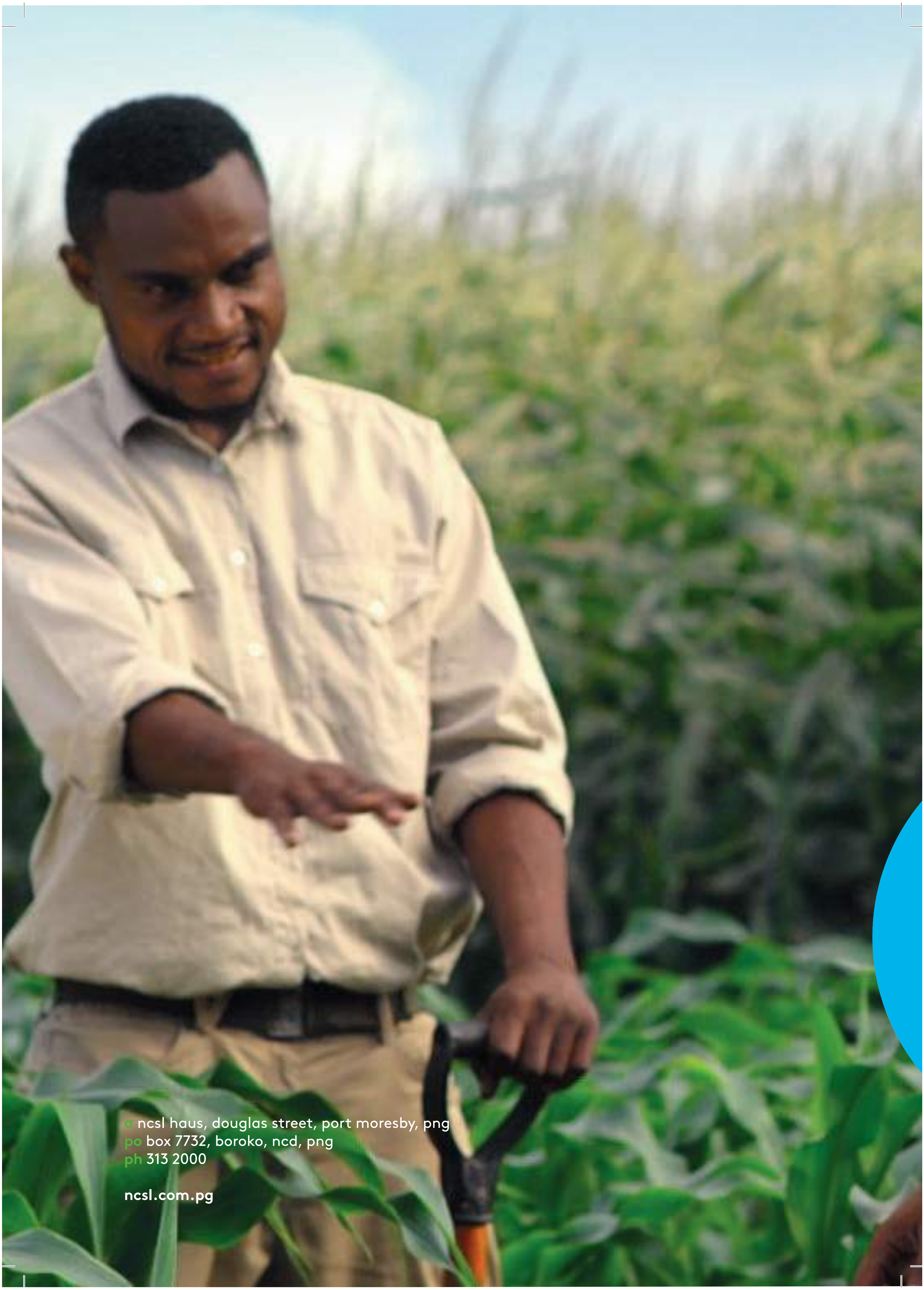

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