Moni Plus

ANNUAL REPORT 2021


GIVE THEM
WINGS


Moni
Plus

CONTENTS

OUR VISION, MISSION AND VALUES

VISION

To be a respected member of the financial institutions market in PNG.

MISSION

Moni Plus, as a good corporate citizen engaged in community involvement, remains committed to delivering responsible financial solutions that are calibrated to each customer's personal or corporate circumstances, aspirations and opportunities, to the benefit of our stakeholders.

VALUES

Our values underpin our activities as we strive.

Motivation

Organisational Capability

Networking

Innovation

Participation

Leadership

Understanding

Service Oriented

MONI PLUS: AN OVERVIEW

PERSONAL LOANS
SME LOANS
FOREIGN EXCHANGE
FIXED TERM DEPOSITS

Moni Plus is a non-bank financial institution that is licensed by the Bank of Papua New Guinea to take deposits from the public in Papua New Guinea.

The Company was incorporated and commenced trading in 1998 as a financial intermediary providing small personal loans to salaried employees in the public and private sectors.

Following a number of years of robust growth, Moni Plus has achieved a strong position as the undisputed market leader in the personal loans industry in Papua New Guinea and as a competitive player in the SME sector market.

In recent years, the Company has also successfully entered the foreign exchange market, focused on overseas remittances and international trade.

Moni Plus' mission is to be a responsible lender and to bring social and environmental responsibility to the Papua New Guinean financial sector.

The company has a long track record of profitability and strong cash distribution to shareholders after paying more than K374.0 million in dividends in the last 10 years. The business is also well capitalised, with close to K184.8 million in retained earnings.

HELPING PAPUA NEW GUINEANS TO BECOME FINANCIALLY SECURE

The core business of Moni Plus is providing personal loans to Papua New Guineans for a range of purposes, including school fees, unexpected expenditures, travel and life necessities.

Personal loans are provided for a period of

COMPANY HISTORY

1998 COMMENCED OPERATIONS IN PNG

The company commenced operations under the name Kina Plus running equity funded personal loans book.

2006 LICENSED BY BANK OF PNG

The company changed its trading name to Moni Plus and obtained a license to take deposits from the Bank of Papua New Guinea as a Non-bank Financial Institution under the Banks and Financial Institutions Act 2000.

2012 LICENSED TO CONDUCT FOREX BUSINESS

The company was licensed by Bank of Papua New Guinea to conduct business as a foreign-exchange dealer, via a state-of the art online FOREX delivery service.

2014 PERSONAL LOANS GROWTH

Continuing the strong growth in preceding years, the personal loan book of Moni Plus grew significantly on an annual basis from 2014 onwards.

around 52 fortnights and repayments are made on a principal and interest (P&I) basis by way of direct deductions from the borrower's employer payroll function.

More than 70% of Moni Plus customers are employed in the public sector, which reduces the compliance and repayment management risks significantly.

In additional to its personal loans portfolio, Moni Plus also provides customers with asset finance solutions. This includes loans for the acquisition of plant and machinery, motor vehicles and other assets.

The bulk of clients of the SME business are small- to medium-sized corporates, and some larger corporates.

Moni Plus also operates as a licensed foreign exchange dealer in Papua New Guinea market. Clients are offered overseas remittance services and assistance with meeting their foreign currency requirements and demand.

OPPORTUNITIES TO GROW THE BUSINESS

The emerging market in Papua New Guinea provides a significant opportunity to competitive lenders who develop attractive loan products tailored to the specific needs of the target market.

Moni Plus has maintained a continuing focus on customers via customer care and satisfaction as well as an unrelenting attention to credit quality and performance. This has yielded very significant growth and profitability.

This has all been achieved with a small group of individual shareholders, ably supported by a competent and committed management team as well as a board of directors that has included suitably qualified and experienced independent directors.

Moni Plus looks forward to a bright future for the Company and for the many individuals, small businesses and corporates that we are able to assist.

2016 LOAN BOOK EXCEEDS K200 MILLION

Consistent and robust growth in the Moni Plus business resulted in the aggregated loan book (Personal Loans and SME Commercial) exceeding K200 million.

2018–2019 BRANCH NETWORK ROLLOUT

During 2018 and 2019, Moni Plus commenced the rollout of what is planned to be an extensive branch network across PNG.

2021 GOOD CORPORATE GOVERNANCE, LOAN BOOK EXCEEDS K400 MILLION AND PROFIT AFTER TAX ABOVE K100 MILLION

Good corporate governance by strengthening our board and management structures, procedures, internal/external policies, giving a facelift to organizational structure to align towards our vision of becoming a commercial bank in future.

Moni Plus' balance sheet is in very strong position, with the loan book having grown by an incredible 64.5% to K406.1 million as at 31 December 2021. It was particularly pleasing to note that K105.5 million of this growth came in the SME Commercial side of the business.

Moni Plus achieved a record result of K106.9 million in profit after tax during 2021 financial year.

OUR BOARD OF DIRECTORS

Aho N. Baliki, OBE

Chairman

Aho Baliki is a career banker with over 45 years' experience who brings a wealth of banking knowledge and skills to the board. Baliki held several senior management roles at Bank South Pacific (BSP) including managing director of PNGBC and National Development Bank.

At BSP, Baliki was part of the team that oversaw the bank's full transformation from a regional-based entity to one that includes the Pacific and Asia.

Baliki has been chairman of Moni Plus since December 2020.

He is also director of Kumul Minerals Holdings, Broky Limited and Hela Investment Limited (the business arm of Hela Provincial Government) and has a wide network of contacts within the PNG business community.

Baliki has been on the Moni Plus board since May 2020.

Gerea Aopi, CBE

Independent and Non-Executive Director

Gerea Aopi is an experienced executive manager and an active member of the PNG business community who joined the Moni Plus board after serving on the BSP Board of Audit and Risk Committees and Chairman of Remuneration & Nomination Committee.

Aopi has extensive board memberships across different sectors including ASX-listed companies and charities. He holds the role of chairman for a variety of companies, including Marsh Ltd, CDI Foundation, PNG Cancer Foundation and Gulf Province Health Authority and is a former President of the PNG Chamber of Mines & Petroleum.

Aopi has been a Moni Plus director since August 2021.

John Winston Gundry

Independent and Non-Executive Director

John Gundry possesses extensive international experience in financial services and a deep understanding of the business market in PNG, Australasia and the Americas.

He was formerly the General Manager at First Investment Finance Ltd (FIFL) for 25 years.

Prior to joining FIFL, he led risk reviews for a variety of business sectors including real estate, asset-based finance, institutional banking and financial institutions.

Gundry has been a Moni Plus director since October 2021.

Paul Robert Russell

Independent and Non-Executive Director

Paul Russell possesses extensive experience in the banking and finance sector, where he has held a variety of roles across a 42-year career. He has experience in relationship management, risk analysis, training and in corporate, commercial and consumer lending.

Russell gained a wealth of experience in the PNG financial sector over a 25-year period at BSP in his previous role as Deputy General Manager for 11 years. Prior to joining BSP, he worked at the Commonwealth Bank of Australia.

Russell has been a Moni Plus director since October 2021.

Golda Geroro

Independent and Non-Executive Director

Golda Geroro is a lawyer who specialises in corporate and commercial law. Geroro holds a Bachelor of Laws (Hons.) from the University of PNG and Master of Laws from Pennsylvannia State University. She has practised law in PNG for almost 15 years and is a member of the PNG Law Society.

She is a partner in the Geroro Lawyers firm and has experience in different areas of commercial law, particularly in corporate governance, banking and finance, industrial relations, real and intellectual property as well as environment and natural resources law.

Geroro has been a Moni Plus director since October 2021.

Christopher Jayden Chan

Non-Independent Director

Christopher Chan is an entrepreneur and owns several businesses in Port Moresby. Chan has a mechanical engineering background and is set to take control of the generational shareholding held by his father Bernard Chan, a founder of Moni Plus.

Chan has been a Moni Plus director since April 2018.

Justin Tan

Non-Independent Director

Justin Tan is an entrepreneur and owns a number of businesses in different industries from hospitality and retail to technology and pharmaceuticals. Tan understands the business climate of Papua New Guinea and has a good understanding of clients' needs through his own business management exposure.

Tan will take control of his father Jason Tan's shareholding in Moni Plus. He is also a board member for companies in the health sector in Port Moresby.

Tan has been a Moni Plus director since October 2021.

OUR MANAGEMENT TEAM

Gajanan Barve

Chief Executive Officer

Gajanan Barve is an experienced finance executive with over 20 years' experience. Barve commenced his career in India in consumer and retail, corporate finance and collection and recovery. He gained significant exposure to consumer and corporate lending and held a number of senior management positions with various leading non-bank financial institutions.

Barve has lived and worked in PNG for 18 years and was Head of Credit at FinCorp before taking the position of General Manager in December 2009 with Moni Plus.

He brings a wealth of consumer lending experience to his role at Moni Plus and is a member of the Asset Liability (ALCO) and Executive Credit committees.

Menuhin M. Daroya

Head of Operations

Menuhin Daroya has over 35 years' experience in the banking industry, including 17 years in a finance business in the Philippines and 18 years working at Moni Plus. He holds a bachelor's degree in commerce with a major in accounting and has been certified as an accountant in the Philippines.

Daroya has broad banking knowledge including accounting, cash operations, marketing and lending. He has also worked as Branch Head of Philippine Savings Bank, a subsidiary of Metrobank.

Alvin Guillermo

Chief Financial Officer

Alvin Guillermo has over 20 years' banking and finance experience, covering Papua New Guinea and the Philippines. He was Financial Controller with First Investment Finance Ltd, Group Manager Finance at the Kina Group of Companies and External Auditor at SGV & Co. for their clients in the licensed financial institutions sector.

Guillermo was appointed as Chief Financial Officer in April 2021. He holds a Bachelor of Science in Accountancy from University of La Salette in the Philippines. He is a member of CPA PNG and the Philippines Institute of Certified Public Accountants (PICPA).

Mal Parsonson

Head of Foreign Exchange

Mal Parsonson has 35 years' experience in the banking industry in Australia and, since 1993, in Papua New Guinea. Having worked for BSP and ANZ in the local market, Parsonson has extensive payment operations expertise and deep industry knowledge.

He has also previously held positions in business development and management of various office automation/business improvement projects and has chaired the PNG SWIFT User Group. Parsonson holds an MBA and a Diploma in Export Management.

Raymond Conchina

Chief Risk Officer

Raymond Conchina is a risk specialist with over 15 years' experience with roles both in the Philippines and Papua New Guinea. He gained significant knowledge in banking operations, internal audit, risk management, fraud investigations, big data analytics and process review and development during his stint with Metropolitan Bank and Trust Company (Metrobank in the Philippines) and KPMG PNG.

He joined the senior management team of MoniPlus in September 2021.

Conchina has a Bachelor of Science in Accountancy and is a Certified Public Accountant in the Philippines. He is also a Certified Fraud Examiner and a member of Association of Certified Fraud Examiners (ACFE).

Ranjan Wagle

Chief Information Officer

Ranjan Wagle has over 25 years' experience in the banking, finance and insurance industry. He has worked in AV Birla Group and ICICI Prudential Asset Managing Company in India and has expertise modernising banking technology, such as migrating solutions from legacy systems to the latest technologies. Before joining Moni Plus, he successfully implemented all modules of SAP for a customer in France.

Wagle joined the senior management team of Moni Plus in October 2019.

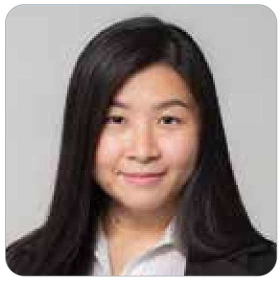
He has a Bachelor of Science from University of Mumbai, India and Diploma in Computer Studies from the U.K.

Murali Thangavelu

Head of Collections & Recovery

Murali Thangavelu has over 20 years' of financial services and banking experience holding a variety of roles both in Malaysia and Papua New Guinea. He gained significant knowledge in banking operations, corporate loan, collections and also in credit assessment, risk management, fraud investigations, during his work with Hock Hua Bank and RHB Bank (Malaysia) and in Fincorp Corporation (PNG).

Thangavelu joined the senior management team of Moni Plus in July 2019 and holds a Bachelor of Business Administration from National University of Malaysia and a Diploma in Banking & Finance from the U.K.



Katherine Uy

Head of Internal Audit

Katherine Uy has been with the audit practice for over 12 years both in PNG and Philippines. She gained her auditing experience with KPMG and PwC, including the provision of external and internal auditing to large financial institutions and micro-lender banks. Uy has been based in PNG since 2013 and was managing the audit team in PwC PNG before taking the Internal Auditor position in September 2018 with Moni Plus.

Uy has a Bachelor of Arts Degree majoring in accounting from the University of Manila. She is a member of the Institute of Internal Auditors Philippines (IIAP), Certified Practicing Accountants of Papua New Guinea (CPA PNG) and the Philippine Institute of Certified Public Accountants.

CHAIRMAN'S REPORT

It is my great pleasure to present to the shareholders, clients, stakeholders and the wider community in Papua New Guinea, the Annual Report of Heduru Moni Limited for the year ended 31 December 2021.

Heduru Moni Ltd t/a Moni Plus business continues to be one of the premier financial services providers in PNG, with a market-leading position in personal loans and strong presence in the SME commercial and foreign exchange services segments.

Our vision is to play a leading role in the growth of financial inclusion and access to financial services for individuals and companies in PNG and we pride ourselves on helping our clients to meet their financial needs and aspirations.

Since our inception in 1998, the business has grown to a point where we are now helping to provide financial solutions and improved outcomes to more than 40,000 individual Papua New Guinean customers as well as a large number of small, medium and even large corporate entities.

At year end 31 December 2021, Moni Plus provided K360.0 million in new funding to individuals and businesses in PNG, allowing each of them to meet their needs, creating opportunities and enabling them to further their goals.

The relationship with our customers has never been stronger and we remain committed to delivering responsible financial solutions that are calibrated to each customer's personal or corporate circumstances, aspirations and opportunities.

FACING THE CHALLENGES OF COVID-19 TOGETHER

The partnership with our customers and the wider community was never more important than during the COVID-19 pandemic that has impacted all of us since early 2020.

Patience, sensitivity, solidarity and a willingness to look for workable solutions have been the hallmarks of Moni Plus' attitude and approach during this very difficult time. It is an approach that has been well received by our clients and that has strengthened the bonds that connect us in the mutual pursuit of a better tomorrow.

Like many other businesses in PNG, Moni Plus supported the Government's efforts to battle the pandemic and we encouraged all our staff to consider the appropriateness to their own personal circumstances of getting vaccinated.

I am pleased to report 100% of our workforce fully vaccinated.

In line with the Niupela Pasin guidelines from the Health Department, we have provided, and continue to provide, safe working arrangements aimed at safeguarding the well-being of all our people as well as the wider community, as we head into living with the new 'normal' with COVID.

Like so many families throughout PNG, the Moni Plus family faced the immediate and direct effects of the pandemic. Several members of staff and their families were personally afflicted by the coronavirus and many of them suffered grave health issues during the last two years. We recognise your sufferings and stand with you as you continue to strive towards full recoveries.

I should like to pay particular tribute to those of our staff who themselves lost the battle against COVID-19 or who have lost family members, friends or relatives to the pandemic or as a result of complications brought on by its devastating reach.

In addition to the terrible human and health costs, the pandemic forced unprecedented challenges on businesses throughout PNG.

A slowdown in activity, reduced mobility and the potential paralysis that accompanies great uncertainty have all conspired to make for a difficult business and economic environment.

Boards, management teams and employees across all sectors have struggled to meet these challenges and to ensure their businesses survive the pandemic to face the inevitable return of stability and growth.

I am proud of the role that Moni Plus and our people have played in supporting our clients through this very difficult time.

Continuous access to finance and having a patient and understanding financial services partner can be an incredibly important factor in allowing for clear-eyed and level-headed decision-making during times of crisis.

Moni Plus has proven itself to be that partner during the pandemic. Equally, our clients and customers have stood by us during this difficult time and for this we are grateful.

I am a great believer that the bonds that are forged by partners during difficult times will prove durable and strong. It is in this context that I am more optimistic than ever as to the prospects for PNG, for our clients and customers as well as for Moni Plus.

OUR PERFORMANCE IN 2021

In terms of the financial performance and position of Moni Plus during 2021, I like to highlight several positive developments:

- Our Net Profit After Tax during 2021 was K106.9 million, an increase of K21.1 million or 24.6% from the previous financial year.
- Net operating revenue for the year was K241.2 million, an increase of K44.1 million or 22.4% from the year ended 31 December 2020.
- Net Assets were K189.0 million at the end of 2021.
- Total Assets at that time amounted to K539.3 million.
- Dividends declared and paid during the year were K80 million.
- Our total net loan book ended the year at K406.1 million, an increase of K160.7 million or 64.5%. It was particularly pleasing to note that K105.5 million of this growth came in the SME Commercial side of the business.

Moni Plus remains very well capitalised and our return parameters are unmatched in the industry in PNG.

THE FUTURE DIRECTION OF MONI PLUS

Moni Plus intends to apply for a Commercial Banking License and we are rigorously working with international partners in preparation to be a Bank. We are happy to announce that BPNG (Bank of Papua New Guinea) has already granted approval for six more branch representations to add to our five already-existing branches across PNG.

We maintain improving the company's commitment towards a good corporate governance framework through strengthening our board structure, as well as internal policies and overall organisational structure.

IT systems and infrastructure has been identified as one of the main challenges ahead. We have remedied this by updating our IT systems to ensure alignment with Moni Plus' long-term infrastructure strategy.

To support our vision, during 2021 the company embarked on a process of refreshing the Board of Directors with the appointment of high calibre professional individuals. This is aimed at deepening and diversifying the skill sets with varied experience represented on the Board. This is consistent and in line with succession planning of the Board and with medium and long-term strategy for Moni Plus' continued growth and development.

I am pleased to note the inclusion on the board of several persons with significant track records and experience, including from the financial services industry. In particular, I should like to welcome Mr John Gundry, Paul Robert Russell, Golda Geroro, Justin Tan and Mr Gerea Aopi to the Board and look forward to their invaluable input in the years ahead.

The Board expects continued solid growth and performance across the business during the 2022 financial year. The macro-economic backdrop should improve significantly, with the COVID-19 pandemic eventually slipping into the rear-view mirror and several major resource projects progressing closer to final investment decisions.

This will allow Moni Plus to continue to drive sales growth in the traditional channels and we consider the possibility for robust growth to be very realistic and achievable.

In terms of the more medium-term strategic outlook for the business, the Board and Management team continue to work on plans for a broadening and diversification of the business. Our long-term aspiration is to increase our sectoral footprint with a view to becoming a fully-fledged bank. Early stage investments towards this goal have already been made and will continue to be made in the current year. To this end, our deep and ongoing partnership with the International Finance Corporation, a part of the World Bank Group, is of significant importance.

We also plan to keep innovating our products for PNG's growing SME sector. You will see the implementation and market launch of new SME Assets and Liability products while tracking the progress of the SME Asset-based and SME Secured Loan products launched earlier. We also aim to strengthen our corporate governance and risk management to support the transformation to SME Finance, in tandem with the new product lines, organizational structure, and IT systems.

In conclusion, and on behalf of the Board of Directors and the shareholders of Heduru Moni Limited, I reiterate our sincere gratitude for the support of, and cohesive working relationship with, our staff, our clients, our customers and also our service providers and regulators during the very challenging last couple of years.

I look forward to our continuing joint endeavours and remain confident that they will result in the mutual success and satisfaction of all of our stakeholders.

Aho Baliki, OBE
Chairman
Heduru Moni Limited

CEO'S REPORT

TThe 2020–2021 financial year was a challenging one for us. The global COVID-19 pandemic has affected, and continues to affect, everyone as we prepare for better times ahead. Together at Moni Plus, we focused our efforts towards ensuring our local communities utilise resources available to protect each other as we continue to stand united against the ever-changing effects of the global pandemic.

Despite the many challenges COVID-19 had brought us, I want to thank everyone at Moni Plus and their families for their endurance and understanding during these trying times. We successfully rolled out our COVID-19 vaccine program and saw our staff and their families fully vaccinated within the year. We also ensured the maximum COVID-19 control measures were implemented at Moni Plus to reduce and limit the risk of infection. We want Moni Plus to be a safe place for people to work.

In the face of all these challenges, I am pleased to report that our team at Heduru Moni Limited, trading as Moni Plus, has delivered another year of very strong results. With record revenues and profits in 2021, I am very proud of the incredible efforts and the spirit within our team. We are grateful for the invaluable contribution of each and every one of our staff members.

I am pleased to report that Moni Plus achieved a record result during the 2021 financial year of K106.9 million in Net Profits After Tax (NPAT). This represents an increase of K21.1 million or 24.6% on the 2020 results. We achieved this result off the back of an increase in Net operating revenue of K44.1 million to K241.2 million. This represented a growth rate of 22.4% on the previous year. When considered in light of the difficult macro-economic backdrop and the incredible challenges faced by all of us during the pandemic, these results are very satisfying.

As the world gradually exits from the worst impacts of the COVID-19 pandemic, the Moni Plus balance sheet is in a very strong position, with the loan book having grown by an incredible 64.5% during the last year to a total of K406.1 million. The total assets of the business ended the year at K539.3 million—another record.

See Table 1.

Our Personal Loans business provided K192.3 million in credit to customers during the year whereas our Asset Finance business provided K167.6 million in loans to Papua New Guinea businesses.

The 2021 financial results were delivered in the face of very conservative provisioning policies aimed at ensuring our loan book reflects the increased risks associated with the economic and financial dislocation that has accompanied the COVID-19 pandemic. We hope that, as the PNG economy improves as the pandemic subsides, provisioning levels will return to normal levels.

TABLE 1

	2021 K'000	2020 K'000	Variance K'000	Variance %
Interest income	247,242	201,530	45,712	22.7
Interest expense	(10,288)	(6,508)	(3,780)	58.1
Net interest income	236,954	195,022	41,932	21.5
Other income	4,225	2,013	2,212	109.9
Revenue	241,179	197,035	44,144	22.4
Impairment losses	(21,932)	(15,164)	(6,768)	44.6
Operating expenses	(66,528)	(59,509)	(7,019)	11.8
Profit before tax	152,719	122,362	30,357	24.8
Income tax	(45,859)	(36,621)	(9,238)	25.2
Profit after tax	106,860	85,741	21,119	24.6
Operating expenses to operating revenue ratio	27.6%	30.2%		

TABLE 2

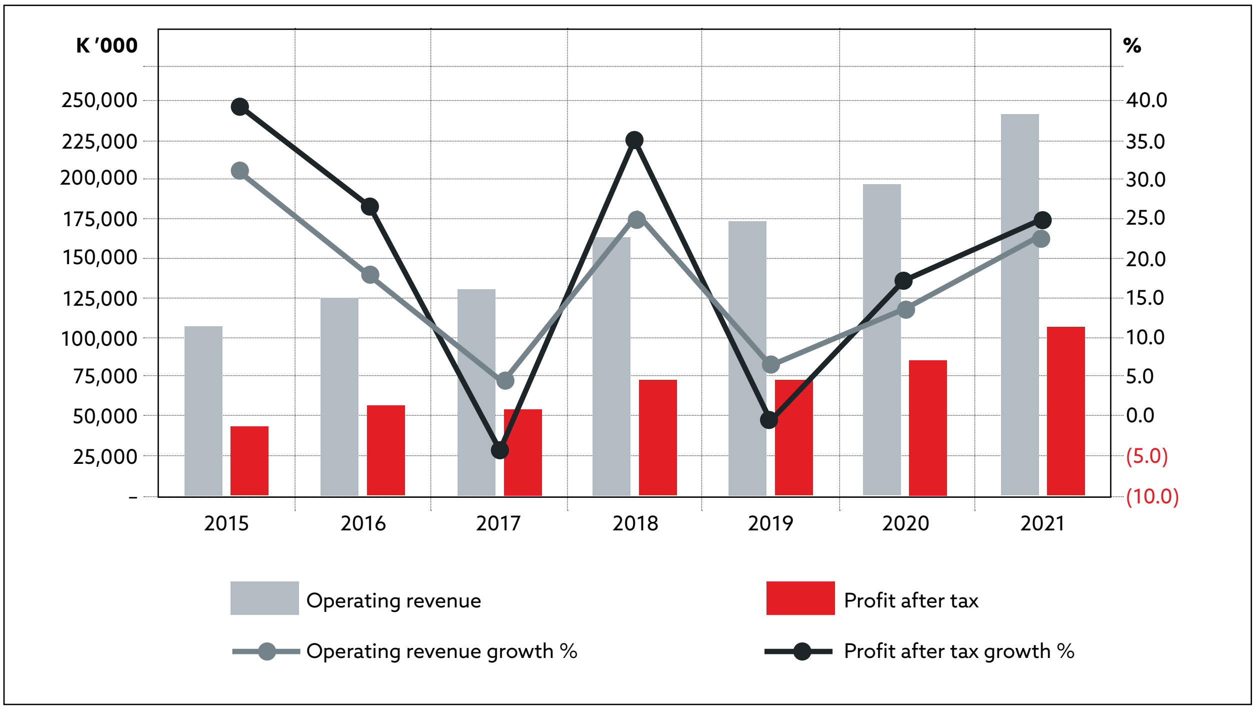


TABLE 3

	2021 K'000	2020 K'000	Variance K'000	Variance %
Total assets	539,347	348,840	190,507	54.6
Total liabilities	(350,351)	(186,704)	(163,647)	87.7
Net assets	188,996	162,136	26,860	16.6
Loans and advances to customers				
Personal loans	269,571	200,106	69,465	34.7
SME commercial loans	197,225	88,361	108,864	123.2
Total	466,796	288,467	178,329	61.8
Provision	(60,724)	(43,108)	(17,616)	40.9
Net	406,072	245,359	160,713	65.5

TABLE 4

	2021 K'000	2020 K'000	Variance K'000	Variance %
Term deposits	298,060	103,425	194,635	188.2
Accrued interest	5,239	2,236	3,003	134.3
Total deposit liabilities	303,299	105,661	197,638	187.0
Average cost of funds	5.05%	4.83%		
Cash and cash equivalents	95,349	68,276	27,073	39.7
Dividends paid	80,000	75,000	5,000	6.7
Gearing ratio	56.0%	39.9%		
Debt to equity ratio	185.4%	115.2%		
Return on equity	56.5%	52.9%		
Return on assets	19.8%	24.6%		

The growth in profitability in 2021 represents a continuation of the very strong long-term track record of revenue and profitability growth delivered by Moni Plus in recent years.

See Table 2.

Since 2015, Moni Plus has delivered average annual compound growth in revenue and NPAT of 17.2% and 19.6% per annum respectively.

See Table 3.

We will continue to build on the very strong performance and the excellent foundation represented by our strong customer base and brand name, as well as the healthy balance sheet position.

In terms of the funding and return profile of our balance sheet, I am pleased to report that the company has adopted a responsible and prudent funding mix, and that we have maintained our very strong returns on equity.

See Table 4.

The gradual reduction of the return on assets (from 24.6% to 19.8%) is reflective of the significant growth in the SME Commercial loan book, with its longer terms and generally larger exposures. Shifting the business in this direction is an important part of reducing the reliance upon the personal loans business to drive revenue and profitability, thus diversifying income sources and managing risks more optimally.

Notwithstanding the shift in the overall loan book towards SME Commercial during the 2021 financial year, we were able to maintain our industry-leading return on equity of in excess of 55%. This was achieved through the continual management of the funding mix to reflect the differential risk profile of the loan book as it evolves. During the year, K80 million in dividends were declared and paid to shareholders. This significant return to shareholders notwithstanding, Heduru Moni Limited ended the financial year with K95.3 million in cash and cash equivalents.

In terms of our FOREX business, it had a much-improved year, with aggregate revenue of more than K3.5 million, an increase of more than 157% on the previous year. The foreign exchange trading market in PNG continues to be difficult to navigate, with restrictions in terms of pricing as well as significant ongoing liquidity issues. Nevertheless, we continue to develop this business and remain confident in its long-term value to the brand and to shareholders.

Our customer base has grown to more than 40,000 personal loan customers and almost 700 SME commercial clients. This is a result of the strong Moni Plus brand in the PNG marketplace. Our strategy of rolling out a branch network across PNG has been thoroughly vindicated, with the branch network's share of income for 2021 being K106.7 million. Our current locations are Port Moresby, Lae, Mount Hagen, Kokopo and Alotau.

I firmly believe that we are in a virtuous cycle where our strong brand attracts significant interest and business development leads. Our consistent delivery to – or in excess of – client expectations in turn continues to drive a further strengthening of the brand.

On a somewhat more sombre note, it is important that we acknowledge with gratitude the tremendous sacrifices made by all of our staff and their families during the very difficult period of the COVID-19 pandemic. Many PNG families have lost members or friends during the last couple of years and all of us have suffered considerable hardships and dislocations. On behalf of the board and management team at Heduru Moni Limited, I pay tribute to those affected by the COVID-19 pandemic. Let us all aspire to emerge from it stronger and more conscious of our interconnectedness and mutual dependence. Only in that way can we ever hope to channel the difficult experiences into more positive activities.

GROWING THE BUSINESS INTO THE FUTURE

During 2021 and continuing into the 2022 financial year, strategic planning and organisational development will remain a key focus of management and the Board. Our leadership team is assessing the performance and positioning of the business on an ongoing basis and will continue to drive a deepening of the talent pool and skills sets within the business as well as ensuring that the business delivers on its targets and growth aspirations.

A key component of that growth is digital and in 2021 we focused on upgrading our products and services, business processes, culture, and customer experiences to meet the evolving business and market requirements. We upgraded and launched our market lending loan and management system from FinPower 5 to FinPower Connect with minimal disruption to our lending management system.

We also sought to grow our SME customers. We rebranded our Commercial Lending facility from Assets Financing to Small Medium-sized Enterprise and extended our market to SME products. Our SME products are designed to empower the SME sector in line with the government's vision to create new employment opportunities. We also introduced the Nambawan product under our Personal Loan Lending Facility that will effectively extend the Personal Loan lending period from 30 fortnights to 52 fortnights to meet our customer's financial needs.

As part of our growth, ongoing additions to our board and executive team are to be expected. I should like to take this opportunity to thank the members of the board that completed their terms of service during 2021. Your long and committed service leaves the company well positioned for its next phase of growth.

I also wish to welcome some very distinguished PNG business identities onto the Heduru Moni Limited board. Mr Aho Baliki has joined the board as Chairman. Mr Baliki brings to Moni Plus unrivalled experience from the financial services sector and will provide strong leadership to the organisation in the coming years.

In addition, Messrs Gerea Aopi, John Gundryand Paul Robert Russell have also joined the board of directors. Each of them bring many decades of senior management and board level experience and, together with Mr Baliki, they represent a significant refresh of the board and the addition of very considerable knowledge, experience, credibility and reputational capital. I know I speak for the entire management team and the wider staff cohort when I express our excitement and our humility at the prospect of serving under their leadership and oversight.

We look forward to continuing to deliver to our clients and customers during 2022 and remain committed to broadening the availability and accessibility of financial services to all members of our community.

Yours faithfully

Gajanan P. Barve
Chief Executive Officer
Heduru Moni Limited

OUR PEOPLE

Any business is only as good as its people. At Moni Plus, it is the knowledge and experience of our people that enables us to bring our customers the best service every time. Meet some of our valued team members.

Roma Pameh

Team Leader, Personal Loans
19 years working with Moni Plus

Roma was fresh out of secretarial college when she started with Moni Plus back in 2008. She started out in accounts before moving to the collections department and then on to her current role in personal loans.

'I initially applied for a secretarial position, but I ended up being recruited as a data entry officer,' she says. 'My current job involves ensuring all the postings for all accounts payments are done on time, reconciling bank statements and raising administration cheques. I enjoy working with figures and money and working in this company has built up my interest in the financial sector.'

Apart from her career advancement, Moni Plus has also been on hand to help with financial assistance and keeping her family secure.

'This is the first company that I ever worked with and it rewards dedicated and hardworking employees,' she says. 'This encouraged me to stay and I am still here 19 years later. I believe that Moni Plus is the best and there is no other company like it that provides financial assistance to its staff when it is needed most.'

Moses Mosman Seiyari

Team Leader, Personal Loans
20 years working for Moni Plus

Moses was just 25 when he joined Moni Plus and he has grown alongside the business.

'When I joined the company, we had less than 15 staff and I was doing my commerce diploma at IBS University,' Moses says. 'When I first joined Moni Plus, I had no experience in the finance industry but after 20 years with the company I have learnt all aspects of lending.'

In his current role, Moses is responsible for the confirmation of all public servant loan applications and attending to customer queries. He also assists with the process of loan applications and liaises with sales and payroll officers to help make the loans process smooth for customers.

Moses enjoys the personal growth that Moni Plus offers but adds that the company also offers good conditions for its employees.

'Moni Plus has assisted me with internal and external training to help my career but they have also helped me get better quality housing and made sure I have medical care,' he says.

Koupa Kila

Relationship Manager, SME Department
23 years working with Moni Plus

Koupa believes that his role building relationships with small business owners has helped him become an integral part of the local community and helped him grow as a person.

'I really love meeting new people and helping to grow those relationships to the mutual benefit of both parties,' Koupa says. 'It has helped me to become a better person both at home and in the wider community.'

Moni Plus has also aided Koupa practically with assistance meeting school fees that has led to his children get a solid education. He has also increased his standard of living and has benefited from the use of the company car.

Before working at Moni Plus, Koupa was a lending officer with PNGBC and spent a couple of years working at Salvation Army HQ.

Gali Hane

Administration Manager
22 years working for Moni Plus

Gali was personally recruited by Moni Plus founder Bernard Chan due to his reputation as having an attention to detail, after leaving his job as an accountant at Metals Refinery Limited.

At Moni Plus, Gali runs a small team of about 10–15 staff and keeps an eye on all administration matters, from staff welfare to operational expenses.

'I manage the company's fleet, cleaning services and, overall, ensure that there is very little disturbances from outside factors that may hinder our working environment and business continuity,' Gali says. 'What I really enjoy about working with Moni Plus is working closely with the staff. I enjoy mentoring new recruits and younger staff with words of encouragement.'

Gali says that, while the financial incentives at Moni Plus have led to increased financial stability, it is the professional growth that has been the most pleasing for him.

'I have learned a lot about the technical side of operating a finance company,' he says. 'I have worked closely with our current CEO over the last 13 years and find him to be a good mentor. Working with him has developed my understanding of the finance industry.'

FINANCIAL PERFORMANCE

HISTORICAL SUMMARY

Moni Plus NPAT
K106.9m
24.6% increase from 2020

Dividend paid per Share
K29.52
6.7% decrease from 2020

Capital adequacy
27.0%
1300 bps decrease from 2020

Profit and Loss (K'000)	2021	2020	2019	2018	2017
Net interest income	236,954	195,022	167,492	149,662	122,687
Non interest income	4,225	2,013	5,657	13,795	8,067
Impairment losses	(21,932)	(15,164)	(9,094)	(17,073)	(14,345)
Other operating expenses	(66,528)	(59,509)	(59,087)	(41,965)	(38,285)
Profit before tax	152,719	122,362	104,968	104,419	78,124
Income tax expense	(45,859)	(36,621)	(31,512)	(30,850)	(23,416)
Profit after tax	106,860	85,741	73,456	73,569	54,708
Other comprehensive income	0	50	3,761	0	0
Comrehensive income for the year	106,860	85,791	77,217	73,569	54,708
Dividends (Kina)					
Dividends paid per share	29.52	27.67	23.62	17.28	14.00
Balance Sheet (K'000)					
Net loans and advances	406,072	245,359	231,505	184,369	192,831
Total assets	539,347	348,840	335,569	281,488	256,062
Deposits	298,060	103,425	150,084	106,148	95,041
Shareholders Equity	188,996	162,136	149,825	156,108	153,557
Performance Ratios					
Return on Average Assets	17.2%	17.9%	17.0%	19.4%	15.4%
Return on Average Equity	43.5%	39.2%	34.3%	33.7%	27.2%
Expense/Income	27.6%	30.2%	34.1%	25.7%	29.3%
Key Prudential Ratios					
Capital adequacy	27.0%	40.0%	21.8%	62.9%	68.8%
Liquidity ratio	33.3%	70.3%	38.5%	56.3%	42.5%
Leverage ratio	11.7%	16.8%	17.4%	26.4%	37.4%
Exchange rates (One (1) PNG Kina buys):					
US Dollar	0.2850	0.2850	0.2935	0.2970	0.3095
AUS Dollar	0.3928	0.3699	0.4188	0.4208	0.39665

CONTRIBUTIONS BY MONI PLUS TO PNG

Taxes paid to PNG Government
K41.5m
Income Tax Payment (2021)

All amounts are expressed in K'000	2021	2020	2019	2018	2017
Company income taxes paid to PNG Government	41,548	34,883	33,776	30,000	36,000
Other taxes paid to PNG Government (IWT, FCWT, BWT, RWT, SWT, DWT)	20,093	16,101	24,363	11,315	7,894
GST paid and not able to be recouped	1,747	1,463	1,527	1,441	1,666
Donations and sponsorships	1,210	580	480	315	335
Total	**64,598**	**53,027**	**60,145**	**43,071**	**45,895**

CORPORATE SOCIAL RESPONSIBILITY

PGK 1.2 MILLION TOTAL SPONSORSHIPS AND DONATIONS.

Over the past decade, corporate social responsibility has grown to become a significant player in PNG's philanthropy sector. Companies big and small from around PNG are increasingly devoting funds, employees' time and other forms of charitable support to the causes they believe in. Moni Plus is striving to adapt to the evolving needs of society and contribute to the overall health and wellbeing of PNG.

OUR SPONSORSHIPS

Moni Plus NCDC Vipers
Social Democratic Party
Liberal Party
Go Kart PNG
Cheshire Disability Services
Peoples Party Inc.
PNG NRLC
POMAFL
Motu Koita Assembly
Friends of POMGEN
AFL PNG
West Eagles
Gazelle Softball Club Port Moresby
Filipino Association of PNG
RSPCA
Moni Plus Cricket Team
CPA PNG
Port Moresby Racquets Club
The Salvation Army
Lawyers4Literacy
PNG Olympic Committee
Rotary Club of Port Moresby
Filipino Basketball Club
PNG Cancer Foundation
POM Early Birds (Tennis)
Moni Plus Softball Team
Moni Plus Netball Team

OUR DONATIONS

Port Moresby General Hospital
Port Moresby Nature Park
Aliyah Hills Ministry
Eastern Highlands Adventist Association

CORPORATE GOVERNANCE STATEMENT

The mission of Heduru Moni Ltd (HML) is to create long-term value for its stakeholders. We believe good governance, especially in the areas of transparency and accountability, is the key to creating this value.

We are therefore committed to conducting our business and operations in accordance with the principles and best practices of good corporate governance.

To achieve this, the Board has formally adopted a Corporate Governance Manual to promote adherence, and further strengthen, the company's commitment to good corporate governance. It is summarised below.

BOARD COMPOSITION

The Board is elected by our shareholders and Bank of Papua New Guinea (BPNG) approved their appointment. The Board of Directors must comprise of at least five directors at all times, majority of which must be independent, subject to the requirements of the BPNG Prudential Standard BPS300: Corporate Governance.

The chairperson of the Board must be an independent director. Furthermore, the Chairperson of the Board must be a resident in Papua New Guinea (PNG) and cannot have been the appointed CEO of the Company any time during the previous three years.

The majority of directors must be ordinarily residents in PNG.

BOARD CONDUCT

The roles and responsibilities of the Board are defined in the Board Charter. The Board Charter also details the duties and responsibilities that have been delegated to management with oversight by the Board. The Board, with the support of its Committees, is responsible to the Shareholders for the overall performance of the company, including its strategic direction, establishing goals for management, and monitoring the achievement of those goals with a view to optimising company's performance and increasing shareholder value. The key functions of the Board are:

- set the overall strategy of the company, including operating, financial, risk management and dividends;
- set Directors' remuneration via the Remuneration and Nomination Committee;
- appoint the Chief Executive Officer or Managing Director, General Manager and Company Secretary and setting an appropriate remuneration packages;
- endorse an appropriate policy setting for management;
- strengthen Board and management compositions and review their performances;
- approve an annual strategic plan and annual operating and capital expenditures budget for the company and monitoring results on a regular basis;
- ensure that appropriate risk management systems are in place, and are operating to protect the Company's financial position and assets;
- ensure that the company's complies with the law and relevant regulations, and conforms with the highest standards of financial and ethical behaviour;
- set up delegated authority levels;
- selection and recommendation to Shareholders, the appointment of external auditors; and approval of the financial statements.

A number of these duties and responsibilities have been delegated by the Board to various Board Committees. The Committees and their duties and responsibilities are detailed in the Board Committee section. The Board has delegated to management duties and responsibilities for:

- establishment and implementation of strategies within the framework approved by the Board, and providing the Board with recommendations on key strategic issues;
- preparation of annual financial budgets for Board approval, and monitoring performance against these budgets;
- appointment of senior management positions and preparing and maintaining succession plans for these senior roles;
- developing and maintaining effective risk management policies and procedures; and
- informing the Board of any significant developments.

BOARD COMMITTEES

To increase efficiency and allow deeper focus in specific areas, the Board may establish certain specialised board committees.

The Committee members should be created and mandated by the full board. Each committee should have a charter or other instrument that sets out its mandate, scope and working procedures.

Committee members are chosen for the skills, experience and other qualities they bring to the Committee.

The current committees are:

- The Audit Committee (AC)
- The Board Risk Management and Compliance Committee (BRMCC)

- The Remuneration Committee
- The Nomination and Succession Committee
- The Board Credit Committee

THE AUDIT COMMITTEE (AC)

The responsibilities of the Audit Committee are:

- Provide oversight to the internal auditor, and approve the nature, timing, and extent of audit procedures, review and approve the audit plan and the audit program.
- Review the reports of the internal auditor and ensure that senior management is taking necessary corrective actions in a timely manner, to address control weaknesses, non-compliance with BPNG Prudential Standards, Company's internal policies and procedures, laws and regulations, and issues/ matters of concern identified by internal and/or external auditors.
- Review third party opinion on the effectiveness of the internal audit function and the overall risk framework and internal control system of the Company.
- Review accuracy of financial statements provided to the Board, Shareholders and other users.
- Review the Company's annual and semi-annual financial statements and other financial information provided to the Board and Shareholders.
- Review and recommend for approval the appointment of the Board of Directors/ Shareholders, their remuneration, and appointment and dismissal of external auditors for all types of audit engagements.
- Ensure the accuracy and integrity of accounting practices and compliance with laws and regulations applicable to the business activities of the Company.
- Develop disclosure and transparency standards and submitting them to the Board for approval.
- Ensure effective communication and coordination between the AC and the Board Risk Management and Compliance Committee to facilitate the exchange of information and effective coverage of all risks, including emerging risks, and any needed changes to the risk governance framework of the Company.
- Study the financial system employed at the Company and make recommendations to improve them and that no false data are reported.
- Act as a liaison between the Board of Directors, the external auditors and internal auditor.
- Following up on the Company's adherence to its code of professional behavior.
- Inform the Board of Directors of issues that require its immediate attention and make recommendations to resolve them.

BOARD RISK AND COMPLIANCE COMMITTEE (BRMCC)

The responsibilities of the Board Risk Management and Compliance Committee are:

- To assist the Board in overseeing, monitoring, and reviewing the effectiveness of the Company's risk management framework and other matters related to the material risk exposures.
- To ensure that risks and opportunities are managed efficiently, prudently and at no times the institution is exposed to risk levels beyond the approved risk appetite or regulatory limits.
- Overseeing the compliance risk profile and approve and monitor the compliance framework within the context of the compliance strategy as determined by the Board of Directors.

THE REMUNERATION COMMITTEE

The responsibilities of The Remuneration Committee are:

- To support the Board in overseeing the remuneration system's design and operation and in ensuring that remuneration is appropriate and consistent with the Company's culture, long-term business and risk appetite, performance and control environment as well as with any legal or regulatory requirements.
- To work closely with the Company's Risk and Compliance Committee in evaluating the incentives created by the remuneration system.
- To examine whether incentives provided by the remuneration system take into consideration risk, capital, liquidity and the likelihood and timing of earnings.

THE NOMINATION AND SUCCESSION COMMITTEE

The responsibilities of the Nomination and Succession Committee are:

- To assist the Board in developing, recommending and annually reviewing annually the corporate governance guidelines for the Company and overseeing corporate governance matters;
- To identify individuals qualified to become Member of the Board.
- Make recommendations to the Board concerning committee appointments (other than the Committee).
- Conduct an annual review of the Board and Board Committees' performance.
- Develop a succession plan for the Board and Executive Management team
- Ensure compliance with the Company's Corporate Governance Manual and the Code of Conduct/ Ethics.

THE BOARD CREDIT COMMITTEE

The responsibilities of the Credit Committee are:

- To oversee, direct and review the management of credit risk within the loan portfolio of the Company.
- To assist the Board to discharge its responsibility to exercise due care, diligence and skill

RISK MANAGEMENT

Moni Plus understands that the financial services industry has a number of inherent risks, but the company is confident that its stringent risk strategy and risk management framework means Moni Plus is constantly ensuring it has the highest levels of risk mitigation possible.

Risk management roles and responsibilities

The Board of Directors is responsible for the overall risk strategy and risk governance of Moni Plus. The Board is empowered by the shareholders to approve both the strategic initiatives and risk limits of the company, to direct the establishment of corporate governance and control environment and to ensure that everyone in Moni Plus adheres to its direction. The Board has approved the organisation's Risk Management Framework and Risk Appetite Statement.

The Board, through its Board Risk Management and Compliance Committee (BRMCC) and Board Audit Committee has oversight over the risk management and governance of the company. These committees are responsible for receiving reports and providing regular updates and recommendations to the Board on the risk management activities of Moni Plus.

The Management, under the leadership of the CEO or Managing Director, is responsible in the overall implementation of the strategy and risk management processes approved by the Board. Management is also responsible for managing the risks, recommending and recalibrating the risk appetite or adjusting business strategy, when necessary, with Board approval.

Risk Appetite Statement

The risk appetite of Moni Plus depends on the dynamic interplay of the following key business elements:

a. Corporate, business, and functional strategies, which includes the company's business initiatives and plans, creation and maintenance of new products, organisational structure, manual and automated processes, new projects, contracts, partnerships, and any activity that will support or enhance the company's growth, profitability, and the achievement of its vision and mission;
b. Risk strategy, which includes the shareholders' philosophy towards accepting and/or mitigating risks that arise from the nature of the company's business model, and the management's commitment to implement internal controls and imbibe the control environment set by the shareholders and the Board of Directors; and
c. Capital, which combines the perspectives of economic loss absorption, regulatory limits to capital adequacy, and accounting equity.

Material business risk

The organisation identified eight key risks for the business from operational, strategic, key man, credit, liquidity and business continuity. All risks are being monitored and assessed regularly. Risks where significant impact on the business operations can occur are escalated to the Board.

Moniplus recognises the following major risks:

- Credit risk – the possibility for financial loss where a customer or counter party fails to meet its contractual obligation to Moni Plus;
- Interest rate risk – the probability of a decline in the value of an asset resulting from unexpected fluctuations in interest rates
- Liquidity risk – the risk of inability to meet cash demand in the short term
- Market risk – the risk arising from changes in the markets to which Moni Plus has exposure.
- Operational risk – the risk of loss resulting from flawed or failed internal processes, people, policies, systems or from external events that disrupt business operations of Moni Plus
- Compliance AML risk – the risk of loss or penalties imposed by a regulator for non-compliance with regulations, prudential standards and policies.
- IT risk – the current and potential threat to business data, critical systems and business processes as a result of a failure of information systems managed, maintained and operated by Moni Plus;
- Cyber risk – hacking, leakage/theft of customer confidential information, un-authorised financial transactions, random attacks including malware, phishing and ransomware.

The 'three lines defence' approach to risk management

Operation functions (1st Line)	Oversight Function (2nd Line)	Independent Assurance (3rd Line)
Primary risk owners and risk takers. These are the branches and business units who are responsible for managing risk exposures on a day-to-day basis	The Risk Management Department, headed by the CRO and Compliance Department headed by the CCO. The CRO and CCO have direct access to the BRMCC and report administratively to the CEO. One of the key roles of the 2nd line is ensure that 1st line manages its business in accordance with prudent risk management standards.	The Internal Audit Department is responsible for assessing compliance and adherence to risk management policies and procedures, including relevant regulatory and legislative requirements on an ongoing basis, and provides an independent assurance to the Board.

HEDURU MONI LIMITED
FINANCIAL STATEMENTS

31 December 2021

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HEDURU MONI LIMITED
DIRECTORY

31 December 2021

Directors:	Aho Nollen Baliki, OBE Gerea Aopi, CBE John Gundry Paul Robert Russell Golda Geroro Christopher Jayden Chan Justin Tan
Secretary:	Priscilla Rumints
CEO:	Gajanan Pandurang Barve (Resigned 22 March 2022)
Country of incorporation:	Papua New Guinea
Registered Office:	Section 515, Lot 4 & 5, Waigani Drive, Hohola Port Moresby National Capital District Papua New Guinea
Auditors:	PricewaterhouseCoopers, Level 6, Pwc Haus, Harbour City, Konedobu Port Moresby, Papua New Guinea
Bankers:	Bank South Pacific BSP Commercial Centre, Gordons, Port Moresby, Papua New Guinea
	Western Union Business Solution Level 5, Zurich House, 21 Queen Street Auckand 1010, New Zealand
	Westpac Bank Waigani Drive Port Moresby, Papua New Guinea
Solicitors:	Gileng & Co Lawyers PO Box 743 Vision City, NCD Papua New Guinea
	Dentons Australia Limited Eora Country, 77 Castlereagh Street Sydney NSW 2000, Australia
Tax Agent:	KPMG Nambawan Plaza, Level B2 McGregor Street, Port Moresby National Capital District Papua New Guinea

HEDURU MONI LIMITED
ANNUAL REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

For the Financial Year Ended 31 December 2021

The Directors present their annual report on the affairs of the Company, including the financial statements for the financial year ended 31 December 2021.

ACTIVITIES

The principal continuing activities of the Company are consumer finance, asset finance, providing term deposits and foreign currency transfer services. The company operates entirely in Papua New Guinea (PNG).

RESULTS

The net result of the operations of the Company was a profit of K106.860m after income tax expense of K45.859m (2020: Profit of K85.741m after income tax of K36.621m).

DIVIDENDS

During the year 2021, a gross dividend of K80.0m (2020: K75.0m) has been declared. This is split up as K40.0m (2020: K22.0m) interim dividends and K40.0m (2020: K53.0m) final dividend from 31 December 2020 retained earnings. Net dividends have been distributed to the shareholders after deducting and remitting the appropriate dividend withholding tax to Internal Revenue Commission of Papua New Guinea.

As at 31 December 2021, unpaid dividends amounted to Knil (2020: K53.0m) presented in Note 20.

DIRECTORS

The following persons hold office as directors at the date of this report:

Name	Position
Aho Nollen Baliki, OBE	Chairman
Gerea Aopi, CBE	Independent Director
John Gundry	Independent Director
Paul Robert Russell	Independent Director
Golda Geroro	Independent Director
Christopher Chan	Non-Executive Director
Justin Tan	Non-Executive Director
Chan Beng Lee (Resigned 31 December 2021)	Non-Executive Director

AUDITORS

The details of amounts paid to auditors for audit and other services are shown in the financial statements (Note 5).

HEDURU MONI LIMITED
ANNUAL REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

For the Financial Year Ended 31 December 2021 (continued)

STATEMENT OF COMPLIANCE BY THE BOARD OF DIRECTORS

In accordance with the Prudential Standards 7/2005 External Audits, issued by Bank of Papua New Guinea, we the board of directors of Heduru Moni Limited (HML), hereby make the following declarations in relation to the Company's governance status as at 31 December 2021.

1) HML has complied with the Banks and Financial Institutions Act as mentioned in the Prudential Standard mentioned above.

2) HML has identified key risks affecting its business and has developed and documented a matrix to monitor and mitigate these risks.

3) The directors of HML are satisfied with the adequacy of our risk management systems to identify, monitor and mitigate these risks.

4) The directors of HML declare that there is no actual or perceived conflict of interests in the appointment of auditors that could compromise on the objectivity and independence of auditors.

5) Other than the term deposits and advances from customers disclosed in Note 15 of the financial statements, there are no other unclaimed monies held by the Company.

Signed at Port Moresby this 6 May 2022. The financial statements have been approved by the Board of Directors in an authorized board meeting.

Aho Nollen Baliki, OBE
Chairman

Gerea Aopi, CBE
Director

Independent auditor's report

To the shareholders of Heduru Moni Limited

Report on the audit of the financial statements

Our opinion

We have audited the financial statements of Heduru Moni Limited (the Company), which comprise the statement of financial position as at 31 December 2021, and the statement of 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 Company as at 31 December 2021, 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 Company 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 Company.

Information other than the financial statements and auditor's report

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

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

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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 Company, 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 and the Companies Act 1997, 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 Company'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 Company 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 Company'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 Company'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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 2021:

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

Who we report to

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

PricewaterhouseCoopers

Peter Buchholz
Partner
Registered under the Accountants Act 1996

Port Moresby
12 May 2022

HEDURU MONI LIMITED
STATEMENT OF COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2021

(Amounts in Papua New Guinea Kina ("K"))

	Note	2021 K'000	2020 Restated* K'000
Interest income	4	**247,242**	201,530
Interest expense	4	**(10,288)**	(6,508)
Net interest income		**236,954**	195,022
Foreign exchange income	31	**3,467**	1,346
Fees and commissions		**758**	322
Other income		**-**	345
Revenue		**241,179**	197,035
Impairment losses on loans and advances to customers	9	**(21,932)**	(15,164)
Operating expenses	5	**(66,528)**	(59,509)
Profit before income tax		**152,719**	122,362
Income tax expense	7	**(45,859)**	(36,621)
Profit for the year		**106,860**	85,741
Other comprehensive income-net of tax			
Items that will not classified to profit and loss			
Changes in fair value of equity instruments designated at fair value through other comprehensive income	7	**-**	50
Total comprehensive income for the year		**106,860**	85,791

The notes on pages 38 to 66 form part of these Financial Statements
The comparative information is restated on account of correction of errors. See Note 23.

HEDURU MONI LIMITED
STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

(Amounts in Papua New Guinea Kina ("K"))

	Note	2021 K'000	2020 Restated* K'000
ASSETS			
Cash and cash equivalents	8	**95,349**	68,276
Loans and advances to customers	9	**406,072**	245,359
Right of use asset	10	**5,274**	7,771
Intangible assets	11	**-**	198
Property and equipment	12	**9,050**	9,840
Deferred income tax assets, net	13	**21,337**	15,040
Other assets	14	**2,265**	2,356
Total assets		**539,347**	348,840
LIABILITIES			
Due to customers	15	**310,147**	108,267
Dividend payable	20	**-**	53,000
Income tax payable	16	**16,023**	5,415
Lease liabilities	10	**6,087**	8,461
Provision for employee benefits	17	**14,172**	10,670
Other liabilities	18	**3,922**	891
Total liabilities		**350,351**	186,704
Net assets		**188,996**	162,136
EQUITY			
Share capital	19	**4,200**	4,200
Retained earnings		**184,796**	157,936
Total equity		**188,996**	162,136

The notes on pages 38 to 66 form part of these Financial Statements
The comparative information is restated on account of correction of errors. See Note 23.

These financial statements have been approved for issue by the Board of Directors and signed on its behalf by:

Aho Nollen Baliki, OBE
Chairman

Gerea Aopi, CBE
Director

6 May 2022

HEDURU MONI LIMITED
STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2021

(Amounts in Papua New Guinea Kina ("K"))

	Note	Share Capital K'000	Fair Value Reserve K'000	Retained Earnings K'000	Total K'000
31.12.2021					
Balance at 1 January 2021		4,200	-	157,936	162,136
Comprehensive income for the year		-	-	106,860	106,860
Transactions with shareholders					
Dividends declared	20	-	-	(80,000)	(80,000)
Balance at 31 December 2021		**4,200**	**-**	**184,796**	**188,996**
31.12.2020					
Balance at 1 January 2020 as previously reported		4,200	3,497	136,252	143,949
Correction of errors from prior years		-	-	5,876	5,876
Balance at 1 January 2020 (restated)		4,200	3,497	142,128	149,825
Comprehensive income for the year (restated)		-	50	85,741	85,791
Disposal of available for sale asset		-	(3,547)	3,547	-
Fair value gains on investment	13	-	-	1,520	1,520
Transactions with shareholders					
Dividends declared	20	-	-	(75,000)	(75,000)
Balance at 31 December 2020		**4,200**	**-**	**157,936**	**162,136**

The notes on pages 38 to 66 form an integral part of these Financial Statements.

HEDURU MONI LIMITED
STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 December 2021

(Amounts in Papua New Guinea Kina ("K"))

	Note	2021 K'000	2020 Restated* K'000
Cash flows from operating activities			
Interest received		**247,557**	201,845
Receipts from customers		**5,807**	1,711
Payment of interest		**(6,716)**	(6,377)
Payments to suppliers and employees		**(58,240)**	(56,266)
Operating cash flow before changes in operating assets		**188,408**	140,913
Repayments of loans and advances to customers		**175,302**	183,960
Advances made for loans and advances to customers		**(359,892)**	(213,258)
Net increase/(decrease) in due to customers	15	**201,880**	(56,611)
Net cash flow from operations before income tax		**205,698**	55,004
Payment of income tax	16	**(41,548)**	(34,883)
Net cash flow provided from operating activities		**164,150**	20,121
Cash flows from investing activities			
Dividend received		**-**	302
Proceed from sale of investment securities		**-**	19,000
Purchases of property and equipment	12	**(1,137)**	(1,276)
Net cash flow (used in)/provided from investing activities		**(1,137)**	18,026
Cash flows from financing activities			
Dividend paid	20	**(133,000)**	(22,000)
Lease rentals paid	10	**(2,940)**	(2,685)
Net cash flows used in financing activities		**(135,940)**	(24,685)
Net increase in cash and cash equivalents		**27,073**	13,462
Cash and cash equivalents at beginning of year	8	**68,276**	54,814
Cash and cash equivalents at end of year	8	**95,349**	68,276

The notes on pages 38 to 66 form an integral part of these Financial Statements
The comparative information is restated on account of correction of errors. See Note 23.

HEDURU MONI LIMITED
STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 December 2021

(Amounts in Papua New Guinea Kina ("K"))

	Note	2021 K'000	2020 Restated K'000
Reconciliation of profit after income tax to cash flows from operating activities for the financial year			
Profit after income tax		**106,860**	85,741
Adjustments for non-cash transactions:			
Depreciation	12	**1,927**	1,868
Amortization of right of use assets	10	**2,151**	2,291
Amortization of intangible assets	11	**198**	505
Dividend income		**-**	(302)
Lease deduction	10	**346**	-
Lease interest	4	**566**	729
Impairment losses on loans and advances to customers	9	**30,244**	21,247
Deferred income tax asset	13	**(6,297)**	(4,233)
Loan write-offs	9	**(12,628)**	(13,495)
Net adjustment for non-cash transactions		**16,507**	8,610
Changes in working capital:			
Net increase in loans and advances to customers		**(178,329)**	(21,606)
Net decrease/(increase) in other assets	14	**91**	(447)
Net increase/(decrease) in due to customers	15	**201,880**	(56,611)
Net increase in income tax payable	16	**10,608**	5,971
Net increase in provision for employee benefits	17	**3,502**	8,241
Net increase/(decrease) in other liabilities	18	**3,031**	(9,778)
Net changes in working capital		**40,783**	(74,230)
Net cash flow from operating activities		**164,150**	20,121

The notes on pages 38 to 66 form an integral part of these Financial Statements.
The comparative information is restated on account of correction of errors. See Note 23.

HEDURU MONI LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2021

(Amounts in Papua New Guinea Kina ("K"))

1. General information

The Company is incorporated and domiciled in Papua New Guinea ("PNG"). The address of its registered office is Section 515, Lot 4 & 5, Waigani Drive, Hohola, Port Moresby, National Capital District, Papua New Guinea.

The principal activities of the Company are consumer finance, asset finance, providing term deposits and foreign currency transfer services. The Company operates entirely in PNG.

2. Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of these financial statements in conformity with IFRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements are disclosed in Note 3.

On 11 March 2020, the World Health Organization (WHO) has the outbreak of Covid-19 to be a global pandemic and, at the date of signing of these accounts, the economy of Papua New Guinea is significantly affected by Covid-19 pandemic. While the outbreak has not significantly impacted the Company's business so far, the full extent of exposures to and impacts on the Company are uncertain at this stage and Covid-19 pandemic may have an adverse impact on the Company's performance and cash flows in 2021, including an increase in impairment provision in case of extended delays in collection of its loan portfolio.

The Directors have obtained a letter of support from the shareholders of the Company which indicates that the shareholders will not call on Heduru Moni Limited to repay amounts due to them, in the form of dividend or deposits, or due to any of the companies where the shareholders are directors and will not, call on the Company to repay, any amounts payable to them at any time when, after payment of the amounts the Company would not satisfy the solvency test for at least 12 months after the date of approval of these financial statements. The shareholders have also undertaken that they will continue to provide financial assistance as required by the Company to meet its liabilities as and when they fall due and to continue its operations and fulfill all their obligations now and in the near future and for at least 12 months from approval of the financial statements.

Standards, amendment, and interpretations effective in the year ended 31 December 2021

The following standards, amendments and interpretations to existing standards became applicable for the first time during the accounting period ended 31 December 2021:

- Amendments to IFRS 4, IFRS 7 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (effective 01.01.2021) - The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one.
- Amendment to IFRS 4,'Insurance contracts' – Deferral of IFRS 9.These amendments change the fixed date of the temporary exemption in IFRS 4 from applying IFRS 9, Financial instrument until 1 January 2023.

The above changes did not have any material impact on the Company.

Standards, amendments, and interpretations issued but not yet effective for the year ended 31 December 2021 or adopted early

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the entity's accounting periods beginning on or after 1 January 2022 or later periods, but the company has not early adopted them:

- Amendment to IFRS 16,'Leases' – Covid-19 related rent concessions (effective 01.04.2021). On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022.
- A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16 (effective 01.01.2022).
  - Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
  - Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.
  - Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.
  - Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.
- Amendments to IAS 1, Presentation of financial statements on classification of liabilities (effective 01.01.2023).

These narrow-scope amendments to IAS 1 clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

- Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8 (effective 01.01.2023). The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.
- Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction (effective 01.01.2023). These amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.
- IFRS 17 'Insurance contracts" (effective 01.01.2023) replaces IFRS 4. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features. IFRS 17 is not applicable to the Company as it does not issue insurance contracts.

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

2.2 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for rendering of services in the ordinary course of the Company's activities.

The Company recognizes revenue when the amount of revenue and related cost can be reliably measured, when it is probable that the collectability of related receivables is reasonably assured and when specific criteria for each of the Company's activities are met as follows:

a) *Interest income*

Interest income is recognised in the statement of comprehensive income for all interest-bearing instruments on an accrual basis using the effective interest rate ("EIR") method. The EIR method calculates the amortised cost of a financial instrument by discounting the financial instrument's estimated future cash receipts to their present value and allocates the interest income, including any fees, costs, premiums or discounts integral to the instrument, over its expected life. Under IFRS 9 interest income is calculated by applying the effective interest rate to the gross amount of financial assets, except for financial assets that have subsequently become credit-impaired (or "stage 3") for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision).

b) *Fees, commissions, and other income*

Fees, commission, and other income are generally recognized on an accrual basis when the performance obligation is satisfied (i.e. service has been provided). Income which forms an integral part of the effective interest rate of a financial instrument is recognised using the effective interest method and recorded in interest income (for example, loan origination fees).

c) *Foreign exchange income*

The financial statements are presented in PNG Kina, which is the Company's functional and presentation currency. Realized foreign exchange transaction gains or losses resulting from settlement of transactions, and unrealized translation gains or losses resulting from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income. Such balances are translated at year-end exchange rates at balance date.

d) *Dividend income*

Dividend income is recognised when the right to receive payment is established.

2.3 Interest expense

Interest expense is recognized in the statement of comprehensive income for all interest-bearing instruments on an accrual's basis using the effective interest method.

2.4 Employee compensation

a) *Employee benefits*

A liability is required for benefits accruing to employees in respect of wages and salaries, annual leave, and long service leave when it is probable that settlement will be required, and they are capable of being measured reliably.

Liabilities recognized in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognized in respect of employee benefits which are not expected to be settled within 12 months are measured at the present value of the estimated future cash outflows to be made by the Company in respect of services provided by employees up to reporting date.

b) *Post-employment benefits - defined contribution plans*

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate fund, and there is no recourse to the Company for employees if the fund has insufficient assets to pay employee benefits relating to service up to the statement of financial position date.

The Company pays contributions to administered superannuation plans on a mandatory, contractual, or voluntary basis in respect of services rendered up to statement of financial position date by all staff members other than non-citizen contract staff for whom there is no legal obligation to do so. The contributions are at the current rate of employees' gross salary. Once the contributions have been paid, the Company has no further payment obligations for post-employment benefits from the date an employee ceases employment with the Company.

2.5 Leases

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to statement of comprehensive income over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable.
- variable lease payments that are based on an index or a rate.
- amounts expected to be payable by the lessee under residual value guarantees.
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Company's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability.
- any lease payments made at or before the commencement date less any lease incentives received.
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the statement of comprehensive income. Short-term leases are leases with a lease term of 12 months or less.

Extension and termination options are included in several leases across the Company. These terms are used to maximize operational flexibility in terms of managing contracts. Most of the extension and termination options held are exercisable only by the Company and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination option) are not included in the leaser term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

2.6 Current and deferred income tax

The current income tax charge is calculated based on the Papua New Guinea income tax laws enacted or substantively enacted at the statement of financial position date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate based on amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

Deferred tax assets are recognized where it is probable that future taxable profit will be available against which the temporary differences can be utilized.

2.7 Financial assets and liabilities

2.7.1 Measurement methods

The amortized cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e., its amortized cost before any impairment allowance) or to the amortized cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts, fees, and points paid or received that are integral to the effective interest rate, such as origination fees.

When the Company revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognized in the statement of comprehensive income.

2.7.2 Initial recognition and measurement

Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Company commits to purchase or sell the asset.

At initial recognition, the Company measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in the statement of comprehensive income. An expected credit loss allowance (ECL) is recognized for financial assets measured at amortized cost, which results in an accounting loss being recognized in the statement of comprehensive income when an asset is newly originated.

The Company classifies its financial assets in the following measurement categories:

- Amortized cost.
- Fair value through profit or loss (FVPL); or
- Fair value through other comprehensive income (FVOCI).

The classification requirements for debt and equity instruments are described below:

2.7.3 Financial assets

2.7.3.1 Classification and subsequent measurement

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables purchased from clients in factoring arrangements without recourse.

Classification and subsequent measurement of debt instruments depend on:

i) the Company's business model for managing the asset; and
ii) the cash flow characteristics of the asset.

Based on these factors, the Company classifies its debt instruments into one of the following three measurement categories:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortized cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognized and measured as described in Note 32. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.
- Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI).
- Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment is subsequently measured at fair value through profit or loss.

Business model

The business model reflects how the Company manages the assets to generate cash flows. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g., financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVPL. Factors considered by the Company in determining the business model for a group of assets include experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

SPPI

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e., interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

The Company reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent, and none occurred during the period.

All the Company's debt instruments are classified at amortized cost, based on SPPI and business model analysis and include cash and cash equivalents (Note 2.8) and loans and receivables.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The Company subsequently measures all equity investments at fair value through profit or loss, except where the Company's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Company's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognized in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognized in profit or loss as other income when the Company's right to receive payments is established. Gains and losses on equity investments at FVPL are recognized in the statement of profit or loss.

The Company's investment securities are designated at fair value through other comprehensive income.

2.7.3.2 Impairment of financial assets

The Company assesses on a forward-looking basis the expected credit loss ('ECL') associated with its debt instrument assets carried at amortized cost. The Company recognizes a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of outcomes.
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions, and forecasts of future economic conditions.

Note 32 provides more detail of how the expected credit loss provision is measured.

When a loan is uncollectable, it is written-off against the related provision for loan impairment in the year in which the debt is recognized as being irrecoverable. Such loans are written-off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the provision charge for loan impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed by adjusting the provision account.

2.7.3.3 Modification of financial assets

The Company may renegotiate or otherwise modify the contractual cash flows of loans and advances to customers. When this happens, the Company assesses whether the new terms are substantially different to the original terms. The Company does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Change in the currency the loan is denominated in; and
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Company derecognizes the original financial asset and recognizes a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred.

However, the Company also assesses whether the new financial asset recognized is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognized in the statement of comprehensive income as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Company recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognizes a modification gain or loss in the statement of comprehensive income. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

Refer to Note 32 for the Company's practice on renegotiation of loans and advances to customers.

2.7.3.4. Derecognition of financial assets other than modification

Financial assets, or a portion thereof, are derecognized when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Company transfers substantially all the risks and rewards of ownership, or (ii) the Company neither transfers nor retains substantially all the risks and rewards of ownership and the Company has not retained control.

2.7.4 Financial liabilities

2.7.4.1 Classification

Liabilities measured at amortized cost

Financial liabilities that are not classified as at fair value through profit or loss fall into this category and are measured at amortized cost. In both the current and prior period, all financial liabilities are classified as subsequently measured at amortized cost.

2.7.4.2 Recognition, derecognition and measurement

Financial liabilities are measured at amortized cost using the effective interest method.

Financial liabilities are derecognized when extinguished (i.e., when the obligation specified in the contract is discharged, cancelled, or expires). The exchange between the Company and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. There were no changes of terms of the Company's financial liabilities during 2021 and 2020.

2.7.5 Offsetting financial instruments

Financial assets and liabilities are off-set, and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

2.8 Cash and cash equivalents

For presentation in the statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

2.9 Property and equipment

Property and equipment are recognized at cost less accumulated depreciation and accumulated impairment losses.

Subsequent expenditure relating to property and equipment that has already been recognized is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	Useful lives
Furniture and fixtures	10 to 13 years
Leasehold improvements	10 to 33 years
Office equipment	10 to 13 years
Motor vehicles	5 years

The residual values estimated useful lives and depreciation method of property and equipment are reviewed, and adjusted as appropriate, at each statement of financial position date. The effects of any revision are recognized in the statement of comprehensive income when the changes arise.

2.10 Impairment of non-financial assets

Property and equipment are assessed for impairment whenever there is any objective evidence or indication that these assets may be impaired.

If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognized as an impairment loss in the statement of comprehensive income. An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of accumulated depreciation) had no impairment loss been recognized for the asset in prior years. A reversal of impairment loss for an asset is recognized in in the statement of comprehensive income.

2.11 Intangible assets

Acquired computer software licenses are initially capitalized at cost which includes the purchase prices (net of any discounts and rebates) and other directly attributable costs of preparing the asset for its intended use. Direct expenditures including employee costs, which enhance or extend the performance of computer software beyond its specifications, and which can be reliably measured, are added to the original cost of the software. This does not include configuration, customisation costs (which are reliant on the suppliers software) and costs associated with maintaining the computer software which are expensed off when incurred.

Computer software licenses are subsequently carried at cost less accumulated amortization and accumulated impairment losses. These costs are amortized to in the statement of comprehensive income using the straight-line method over their estimated useful lives of three to five years.

The amortization period and amortization method of intangible assets other than goodwill are reviewed at least at each statement of financial position date.

The effects of any revision are recognized in in the statement of comprehensive income when the changes arise.

2.12 Due to customers

Due to customers includes interest bearing and non-interest-bearing deposits repayable at call and fixed term deposits.

2.13 Other liabilities

Other liabilities represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid.

Other liabilities are initially recognized at fair value, and subsequently carried at amortized cost using the effective interest method.

2.14 Provisions for employee benefits

Provisions are recognized when the Company has a present obligation (legal or constructive) because of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, considering the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

2.15 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account. Purchase of its own shares by the Company (i.e. share buy-back) is recognized as a deduction of retained earnings.

2.16 Dividends

Dividends to the Company's shareholders are recognized when the dividends are approved for declaration and payment.

2.17 Related party relationships and transactions

Related party relationships exist when one party could control, directly, or indirectly through one or more intermediaries, the other party or exercise considerable influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprise and its key management personnel, directors, or its stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

2.18 Currency translation

The financial statements are presented in Papua New Guinea Kina ("K"), which is the functional currency of the Company.

Transactions in a currency other than Papua New Guinea Kina ("foreign currency") are translated into Papua New Guinea Kina using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the statement of financial position date are recognized in the statement of comprehensive income. Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

All other foreign exchange gains and losses impacting in the statement of comprehensive income are presented within 'foreign exchange income'.

2.19 Comparative information

Comparative information has been rearranged to conform to changes in presentation in the current year wherever necessary.

3. Critical accounting estimates, assumptions, and judgements

The Company makes estimates and assumptions that affect the reported amounts of assets within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Impairment losses on loans and advances to customers

The measurement of the expected credit loss provision for loans and advances to customers is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g., the likelihood of customers defaulting and the resulting losses). Several 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 Company in the above areas are set out in note 32.

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

4. Net interest income

	2021 K'000	2021 Restated* K'000
Interest income		
Personal loans	**221,522**	186,996
SME commercial loans	**21,264**	11,091
Penalty	**4,130**	3,251
Term deposits	**326**	192
	247,242	201,530
Interest expense		
Due to customers		
-Related parties (Note 21)	**(1,375)**	(1,335)
-Non-related parties	**(8,347)**	(4,444)
Leases (Note 10)		
-Related parties	**(78)**	(197)
-Non-related parties	**(488)**	(532)
	(10,288)	(6,508)
Net interest income	**236,954**	195,022

5. Operating expenses

	2021 K'000	2020 K'000
Staff cost (Note 6)	**31,682**	29,371
Commission	**14,497**	14,088
Advertising expense	**3,309**	2,391
Professional fees	**3,035**	997
Office rentals on short term and low value leases (Note 10)		
-Related parties	**2,402**	2,410
-Non-related parties	**-**	291
Depreciation charge (Note 12)	**1,927**	1,868
Communication expenses	**1,317**	1,350
Amortization – right use of asset (Note 10)	**1,144**	958
Supplies	**748**	553
Turnover and transaction fees	**593**	487
Repairs and maintenance	**577**	397
Board of director's fees (Note 21)	**574**	171
Electricity expense	**508**	502
Audit fee	**450**	346
Security expenses	**374**	327
Insurance	**218**	153
Amortization of intangible assets (Note 11)	**198**	505
Other expenses	**2,975**	2,344
	66,528	59,509

6. Staff Costs

	2021 K'000	2020 K'000
Wages and salaries	**23,677**	21,315
Staff rentals - short term leases (Note 10)		
-Related parties	**2,970**	2,801
-Non-related parties	**1,238**	1,372
Employer's contribution to defined contribution plans (Note 24)	**1,192**	906
Amortisation – right of use asset (Note 10)	**1,007**	1,333
Leave fare	**400**	410
School fees	**302**	315
Other staff benefits	**896**	919
Note 5	**31,682**	29,371

7. Income tax

a) Income tax expense

	2021 K'000	2020 Restated* K'000
Current tax (Note 16)	**52,156**	40,854
Deferred tax (Note 13)	**(6,297)**	(4,233)
	45,859	36,621

The income tax on the Company's profit before income tax differs from the theoretical amount that would arise using the statutory tax rate as follows:

Profit before income tax	**152,719**	122,362
Tax calculated at a tax rate of 30% (2020: 30%)	**45,816**	36,709
Effect of:		
-Income not subject to tax	**-**	(102)
-Non-deductible expense	**43**	14
	45,859	36,621

b) The tax charge relating to each component of other comprehensive income at 31 December 2021 were as follows:

	2021 K'000	2020 K'000
Before tax	**-**	71
Tax charges (Note 13)	**-**	(21)
After tax	**-**	50

8. Cash and cash equivalents

	2021 K'000	2020 K'000
Cash on hand	**20**	87
Cash at bank	**80,329**	64,914
Term deposits (Note 30)	**15,000**	3,275
	95,349	68,276

9. Loans and advances to customers

a) *Loans and advances – balances net of any provisions for ECL.*

	Personal Loan K'000	SME Commercial K'000	Total K'000
31.12.2021			
Loans and advances to customers	273,980	198,148	472,128
Deferred fee income	(4,409)	(923)	(5,332)
Provision for impairment losses	(54,964)	(5,760)	(60,724)
Net	214,607	191,465	406,072
31.12.2020			
Loans and advances to customers	203,493	88,361	291,854
Deferred fee income	(3,387)	-	(3,387)
Provision for impairment losses	(40,730)	(2,378)	(43,108)
Net	159,376	85,983	245,359

As at 31 December 2021, loans to related parties amount to K219k for personal loan (31.12.2020: K201k) and Knil for SME commercial (31.12.2020: K128k). Related parties include only the key management personnel.

b) *SME Commercial*

The company provides lease financing to a broad range of clients to support financing needs in acquiring movable assets such as motor vehicles and plant and equipment. Finance leases are included within loans and advances to customers and are analyzed as follows:

	2021 K'000	2020 Restated* K'000
Gross investment in SME Commercial receivables		
Not later than 1 year	**55,680**	20,093
Later than 1 year and not 5 years	**176,358**	82,817
	232,038	102,910
Unearned future finance income		
Not later than 1 year	**(3,119)**	(1,281)
Later than 1 year and not 5 years	**(30,771)**	(13,268)
	(33,890)	(14,549)
Present value of minimum lease payments receivables		
Present value of minimum lease payments receivables		
Not later than 1 year	**52,561**	18,812
Later than 1 year and not 5 years	**145,587**	69,549
	198,148	88,361

c) *Movement of provision for impairment losses are as follows:*

	Personal Loan K'000	SME Commercial K'000	Total K'000
31.12.2021			
Balance at beginning of financial year	40,730	2,378	43,108
Impairment losses charged to statement of comprehensive income	25,860	4,384	30,244
Write offs during the financial year	(11,626)	(1,002)	(12,628)
Balance at end of financial year	54,964	5,760	60,724
Provision for impairment losses is represented by:			
Collective provision for on balance sheet	23,134	2,260	25,394
Individually provision for a balance sheet	31,830	3,500	35,330
	54,964	5,760	60,724

	Personal Loan K'000	SME Commercial K'000	Total K'000
31.12.2020			
Balance at beginning of financial year as previously reported	41,595	1,300	42,895
Correction of errors from prior year (Noted 23)	(7,290)	(249)	(7,539)
Restated balance at the beginning of the financial year	34,305	1,051	35,356
Impairment losses charged to statement of comprehensive income	19,483	1,764	21,247
Write offs during the financial year	(13,058)	(437)	(13,495)
Balance at end of financial year (restated)	40,730	2,378	43,108
Provision for impairment losses is represented by:			
Collective provision for on balance sheet	22,700	588	23,288
Individually provision for on balance sheet	18,030	1,790	19,820
	40,730	2,378	43,108

Impairment losses on loans and advances to customers

	2021 K'000	2020 Restated K'000
Impairment losses charged to statement of comprehensive income	30,244	21,247
Recoveries during the year credited directly to statement of comprehensive income	(8,312)	(6,083)
	21,932	15,164

10. Leases

	2021 K'000	2020 K'000
Movement in right-of-use assets as per below		
Balance at beginning of financial year	**7,771**	7,413
New lease additions	**–**	2,649
Lease deduction	**(346)-**	-
Amortization charged to statement of comprehensive income		
-Related parties (Note 6)	**(1,007)**	(1,333)
-Non-related parties (Note 5)	**(1,144)**	(958)
Balance at end of financial year	**5,274**	7,771

As at 31 December 2021, right-of-use assets to related party amounted to K48k (31.12.2020: K1.4m).

Movement in net lease liabilities as per below:		
Balance at beginning of financial year	**8,461**	7,768
New lease additions	**-**	2,649
Finance costs charged to statement of comprehensive income (Note 4)		
-Related parties	**78**	197
-Non-related parties	**488**	532
Lase rental paid		
-Finance cost	**(566)**	(729)
-Principal repayment	**(2,374)**	(1,956)
Balance at end of financial year	**6,087**	8,461
Lease liabilities		
Current-not later than 1 year	**1,087**	2,092
Non-current-between 1-5 years	**4,041**	5,103
Non-current-later than 5 years	**959**	1,266
	6,087	8,461

As at 31 December 2021, lease liabilities to related parties amounted to K53k (31.12.2020: K1.5m).

	2021 K'000	2020 K'000
Expense relating to short-term leases (included in operating expenses) comprises of:		
Office rentals (Note 5) -Related parties	**2,402**	2,410
-Non-related parties	**-**	291
Staff rentals (Note 6) -Related parties	**2,970**	2,801
-Non-related parties	**1,238**	1,372
Total	**6,610**	6,874
Total cash outflow for leases	**2,940**	2,685
Minimum lease payments		
Current-not later than 1 year	**1,513**	2,826
Non-current-(between 1-5 years)	**4,745**	5,271
Non-current-(later than 5 years)	**1,396**	2,534
	7,654	10,631

The weighted average lessee's increment borrowing rate applied to the lease liabilities in 2021 and 2020 was 7% p.a. Management assessed that approximate interest rate, if the Company had considered borrowing funds from other financial institutions.

11. Intangible assets

	2021 K'000	2020 K'000
Cost	**2,524**	2,524
Accumulated amortization		
Balance at beginning of financial year	**2,326**	1,821
Charged to statement of comprehensive income (Note 5)	**198**	505
Balance at end of financial year	**2,524**	2,326
Net carrying value	**-**	198

12. Property and equipment

	Motor Vehicles K'000	Office Equipment K'000	Furniture & Fixtures K'000	Leasehold Improvements K'000	Total K'000
31.12.2021					
Cost					
Balance at 1 January 2021	4,401	4,355	1,557	7,324	17,637
Additions	363	665	61	48	1,137
Disposals	(1,045)	(1,507)	(108)	-	(2,660)
Balance at 31 December 2021	3,719	3,513	1,510	7,372	16,114
Accumulated depreciation					
Balance at 1 January 2021	(2,607)	(2,634)	(628)	(1,928)	(7,797)
Charges (Note 5)	(697)	(376)	(120)	(734)	(1,927)
Disposals	1,045	1,507	108	-	2,660
Balance at 31 December 2021	(2,259)	(1,503)	(640)	(2,662)	(7,064)
Net book value	1,460	2,010	870	4,710	9,050
31.12.2020					
Cost					
Balance at 1 January 2020	4,336	4,158	1,425	6,442	16,361
Additions	65	197	132	882	1,276
Balance at 31 December 2020	4,401	4,355	1,557	7,324	17,637
Accumulated depreciation					
Balance at 1 January 2020	(1,908)	(2,273)	(509)	(1,239)	(5,929)
Charges (Note 5)	(699)	(361)	(119)	(689)	(1,868)
Balance at 31 December 2020	(2,607)	(2,634)	(628)	(1,928)	(7,797)
Net book value	1,794	1,721	929	5,396	9,840

13. Deferred income tax assets, net

Deferred income tax asset and liabilities are recognized on year-end provisions for the followings:

	2021 K'000	2020 Restated* K'000
Balance at beginning of financial year as previously reported	**14,135**	12,093
Correction of errors from prior year (Note 23)	**905**	(2,785)
Restated balance at beginning of financial year	**15,040**	9,308
Tax credited to:		
-statement of comprehensive income (Note 7)	**6,297**	4,233
-other comprehensive income	**-**	1,499
Balance at end of financial year	**21,337**	15,040

a) The deferred income taxes, net to be recovered from the statement of financial position date are as follows:

	2021 K'000	2020 Restated* K'000
To be recovered within one year	**3,056**	2,155
To be recovered after one year	**18,281**	12,885
	21,337	15,040

b) The movement in deferred income tax assets and liabilities (prior to offsetting of balances) during the financial year is as follows:

i) Deferred income tax assets

	Provisions for employee benefits K'000	Provision for impairment losses K'000	Deferred lease liability K'000	Loan origination fees deferred K'000	Total K'000
31.12.2021					
Balance at beginning of financial year	3,201	10,989	2,539	1,016	17,745
Credited/(charged) to statement of comprehensive income	1,051	4,584	(712)	583	5,506
Balance at end of financial year	4,252	15,573	1,827	1,599	23,251
31.12.2020					
Balance at beginning of financial year as previously reported	729	12,877	2,331	-	15,937
Correction of errors from prior year (Note 23)	-	(3,707)	-	922	(2,785)
Restated balance at beginning of financial year	729	9,170	2,331	922	13,152
Credited to statement of comprehensive income	2,472	1,819	208	94	4,593
Restated balance at End of financial year	3,201	10,989	2,539	1,016	17,745

	Fair value losses/gains on investments K'000	Prepaid insurance K'000	Right-of-use asset K'000	Total K'000
31.12.2021				
Balance at beginning of financial year	-	(373)	(2,332)	(2,705)
Credited to statement of comprehensive income	-	42	749	791
Balance at end of financial year	-	(331)	(1,583)	(1,914)
31.12.2020				
Balance at beginning of financial year	(1,499)	(111)	(2,234)	(3,844)
Charged to:				
Statement of comprehensive income	-	(262)	(98)	(360)
Other comprehensive income (Note 7)	(21)	-	-	(21)
Released to retained earnings	1,520	-	-	1,520
Balance at end of financial year	-	(373)	(2,332)	(2,705)

ii) The deferred income taxes, net is summarized as follows:

	2021 K'000	2020 K'000
Deferred income tax assets	23,251	17,745
Deferred income tax liabilities	(1,914)	(2,705)
	21,337	15,040

14. Other assets

	2021 K'000	2020 K'000
Deposits	540	559
Prepayments	1,103	1,242
Other receivables	622	555
	2,265	2,356

15. Due to customers

	2021 K'000	2020 Restated* K'000
Term deposits		
Interest bearing – Related parties (Note 21)	64,381	23,189
– Non-related parties	213,482	75,716
Non interest bearing – non-related parties	20,197	4,518
Total	298,060	103,423
Advances from customers	6,848	2,608
Interest payable		
-Related parties (Note 21)	1,083	222
-Non-related parties	4,156	2,014
	310,147	108,267

16. Income tax payable/(receivable)

	2021 K'000	2020 Restated* K'000
Balance at beginning of financial year as previously reported	3,135	(1,178)
Correction of errors from prior year (Note 23)	2,280	622
Restated balance at beginning of financial year	5,415	(556)
Current tax (restated) (Note 7)	52,156	40,854
Payment	(41,548)	(34,883)
Balance at end of financial year	16,023	5,415

17. Provisions for employee benefits

The details and movements of the employees' provisions account are as follows:

	2021 K'000	2020 Restated* K'000
Balance at beginning of financial year as previously reported	3,070	2,429
Correction of errors from prior period (Note 23)	7,600	-
Restated balance at beginning of financial year	10,670	2,429
Charged to statement of comprehensive income	12,547	9,881
Utilized during the financial year	(9,045)	(1,640)
Balance at end of financial year	14,172	10,670
Comprises the following:		
Annual leave	1,250	828
Long service leave	2,882	2,242
Bonus provision	9,900	7,488
Other	140	112
Total	14,172	10,670

18. Other liabilities

	2021 K'000	2020 Restated* K'000
Accrued expenses	**1,153**	245
Other liabilities	**2,769**	646
	3,922	891

19. Share capital

The Company's authorized share capital compromise fully paid-up 2,710,688 (2020: 2,710,688) ordinary shares with no par value, amounting to a total of K2.711m.

	2021 K'000	2020 Restated* K'000
Paid up capital	**2,711**	2,711
Premium	**1,489**	1,489
	4,200	4,200

20. Dividends

	2021 K'000	2020 Restated* K'000
Ordinary dividends paid or proposed		
Interim dividend paid in respect of the financial year K14.76 (2020: K8.12) per share	**40,000**	22,000
Final dividend paid/declared in respect of the financial year of K14.76 (2020: PGK19.55) per share	**40,000**	53,000
	80,000	75,000

As at 31 December 2021, unpaid dividends amounted to Knil (31.12.2020: K53.0m). The dividend paid for the year is K133.0m (2020: K22.0m).

21. Related party transactions

Related parties are enterprises or individuals with whom the Company is especially related because either they or the Company in a position to significantly influence the outcome of transactions entered with the company, by virtue of being able to control, dominate or participate in a fiduciary capacity, in decision-making functions or processes. The Company conducted transactions with the following classes of related parties during the year:

- Directors and/or parties in which the director has significant influence and
- Key management personnel and other staff and/or parties in which the individual officer has significant influence

Several transactions are entered into with these related parties in the normal course of business, and include loans, deposits, property rentals, and foreign currency transactions. These transactions are carried out on commercial terms and market rates. For the year ended 31 December 2021, balances, and transactions of accounts for Directors, were as follows:

i) The volumes of related party transactions with related parties as included in other operating expenses during the financial year are disclosed in Note 5 and 6 and interest expense is disclosed in note 4.
ii) Refer Note 9 for related party transactions pertaining to Loans and advances
iii) Included in due to customers, are the following amounts payable to related companies:

	Deposit K'000	Accrued Interest K'000	For the year Interest Expense K'000
31.12.2021			
Term deposit made by shareholders	**25,508**	570	**904**
Term deposit made by key management personnel	**24**	-	**-**
Term deposit made by related parties	**38,849**	513	**471**
Note 4 and 15	**64,381**	1,083	**1,375**
31.12.2020			
Term deposit made by shareholders	**5,636**	98	**790**
Term deposit made by related parties	**17,553**	124	**545**
Note 4 & 15	**23,189**	222	**1,335**

iv) Included in foreign exchange transactions, are the following amounts for related parties:

	2021		2020	
	Outward Remittance K'000	Foreign Exchange Gain K'000	Outward Remittance K'000	Foreign Exchange Gain K'000
Shareholders	**5,430**	59	**300**	2
Directors	**307**	2	**-**	-
Key management personnel	**1,868**	26	**336**	2
Related parties	**129**	2	**-**	-
	7,734	89	**636**	4

v) Directors' fees and key management personnel remuneration

	2021 K'000	2020 Restated* K'000
Directors' fees (Note 5)	574	171
Salaries	7,303	7,424
	7,877	7,595

Key management personnel included in the salaries are Chief Executive Officer, Head of Operations and Chief Financial Officer.

22. Contingent liabilities

The Company has entered contracts with customers to provide performance related guarantees. These guarantees are fully secured by cash deposits. The amounts at the balance sheet date which have not been recognized as liabilities as at 31 December 2021 amounted to K18.586m (31.12.2020: K2.240m).

Management recognized impairment provision of K441k (31.12.2020: Knil) for these guarantees.

23. Correction of errors

Summary of Adjustments

Revision to Expected Credit Loss and related tax - The company has revised the expected credit loss provisioning to more closely align with IFRS 9 Financial Instruments whereby the impact of discounting is now embedded within the model rather than within other assumptions applied to model inputs.

Loan Origination fees – Loan origination fees have been recognised in accordance with the effective interest rate method rather than at the time of charging to the customer.

Interest on Stage 3 loans - IFRS 9 Financial Instruments requires the recognition of interest on Stage 3 loans while there remains a contractual entitlement. The company has fully provided for the interest receivable on non-performing loans.

Loan write off - Loans have been written off on a net of unearned interest basis. Previously these amounts were recorded on a gross of unearned interest basis.

Customer loans in advance - Customer advance payments have been reflected as amounts due to customers rather than as negative balance within loans and receivables from customers.

Bonus provision - Staff and Executive bonuses have been separately identified.

Dividends payable - Dividends payable have been separately identified.

Customer loan payments - Month end payments from institutions on behalf of customers have been allocated against the relevant customer loan accounts rather than as an amount Due to Customers.

Revisions to income tax -There have been revisions to the estimated income tax positions once the income tax returns have been prepared. The revisions to these estimates have been reflected in the actual year rather than the subsequent years financial statements.

The tables on pages 39 to 42 demonstrate the impact of these various adjustments to the relevant line item in the Statement of Financial Position as at the year ended 31 December 2020 and 31 December 2019, along with the impact on the Statement of Comprehensive income for the year ended 31 December 2020.

In K'000s

Statement of financial position	Reported 2020	Revision to ECL provision and Related tax	Loan origination fees recognised under EIR	Suspended interest on Stage 3 loans	Customer loans in advance	Provision for bonus and other benefits	Dividends payable	Customer Loan payments	Revision to Deferred tax	Restated 2020
Assets										
Loans and advances to customers	239,170	7,971	(3,387)	-	2,281	-	-	(676)	-	245,359
Loans and advances	283,774	-	-	6,475	2,281	-	-	(676)	-	291,854
Deferred fee income	-	-	(3,387)	-	-	-	-	-	-	(3,387)
Provision	(44,604)	7,971	-	(6,475)	-	-	-	-	-	(43,108)
Deferred income tax asset	14,135	(2,391)	1,016	-	-	-	-	-	2,280	15,040
Total assets	**341,746**	**5,580**	**(2,371)**	**-**	**2,281**	**-**	**-**	**(676)**	**2,280**	**348,840**
Liabilities										
Due to customers	106,662	-	-	-	2,281	-	-	(676)	-	108,267
Other liabilities	61,491	-	-	-	-	(7,600)	(53,000)	-	-	891
Provision for employee benefits	3,070	-	-	-	-	7,600	-	-	-	10,670
Dividend payable	-	-	-	-	-	-	53,000	-	-	53,000
Income tax payable	3,135	-	-	-	-	-	-	-	2,280	5,415
Total liabilities	**182,819**	**-**	**-**	**-**	**2,281**	**-**	**-**	**(676)**	**2,280**	**186,704**
Net assets	**158,927**	**5,580**	**(2,371)**	**-**	**-**	**-**	**-**	**-**	**-**	**162,136**
Equity										
Retained earnings	154,727	5,580	(2,371)	-	-	-	-	-	-	157,936
Total Equity	**158,927**	**5,580**	**(2,371)**	**-**	**-**	**-**	**-**	**-**	**-**	**162,136**

In K'000s – for the year ended 31 December 2020

Statement of comprehensive income	Reported 2020	Revision to ECL provision and Related tax	Loan origination fees recognised under EIR	Suspended interest on Stage 3 loans	Loan write off on a gross basis	Revision to Income tax	Restated 2020
Interest income	205,038	-	(314)	1,657	(4,851)	-	201,530
Net interest income	**198,530**	**-**	**(314)**	**1,657**	**(4,851)**	**-**	**195,022**
Revenue	**200,543**	**-**	**(314)**	**1,657**	**(4,851)**	**-**	**197,035**
Impairment losses (net)	(13,973)	(4,385)	-	(1,657)	4,851	-	(15,164)
Profit before income tax	**127,061**	**(4,385)**	**(314)**	**-**	**-**	**-**	**122,362**
Income tax expense	(38,653)	1,316	94	-	-	622	(36,621)
Profit for the year	**88,408**	**(3,069)**	**(220)**	**-**	**-**	**622**	**85,741**

In K'000s											
Statement of cashflows	Reported 2020	Revision to ECL provision and Related tax	Loan origination fees recognised under EIR	Suspended interest on Stage 3 loans	Loan write off on a gross basis	Customer loans in advance	Bonus provision	Customer Loan payments	Revision to Deferred tax	Effect of 2019 adjustment	Restated 2020
Impairment losses	20,057	4,385	-	1,657	(4,851)	-	-	-	-	(1)	21,247
Loans and advances to customers	(48,969)	(12,356)	3,387	(1,657)	4,851	(2,281)	-	676	-	21,248	(35,101)
Due to customers	(46,254)	-	-	-	-	2,281	-	(676)	-	(11,962)	(56,611)
Provision for employee benefits	641	-	-	-	-	-	7,600	-	-	-	8,241
Other liabilities	(2,176)	-	-	-	-	-	(7,600)	-	-	(2)	(9,778)

In K'000s – for the year ended 31 December 2019							
Statement of financial position	Reported 2019	Revision to ECL provision and Related tax	Loan origination fees recognised under EIR	Suspended interest on Stage 3 loans	Customer loans in advance	Revision to Income tax	Restated 2019
Assets							
Loans and advances to customers	210,260	12,356	(3,073)	-	11,962	-	231,505
Loans and advances	253,155	-	-	4,817	11,962	-	269,934
Deferred fee income	-	-	(3,073)	-	-	-	(3,073)
Provision	(42,895)	12,356	-	(4,817)	-	-	(35,356)
Income tax receivable	1,178	-	-	-	-	(622)	556
Deferred income tax asset	12,093	(3,707)	922	-	-	-	9,308
Total assets	**317,731**	**8,649**	**(2,151)**	**-**	**11,962**	**(622)**	**335,569**
Liabilities							
Due to customers	152,916	-	-	-	11,962	-	164,878
Total liabilities	**173,782**	**-**	**-**	**-**	**11,962**	**-**	**185,744**
Net assets	**143,949**	**8,649**	**(2,151)**	**-**	**-**	**(622)**	**149,825**
Equity							
Retained earnings	136,252	8,649	(2,151)	-	-	(622)	142,128
Total Equity	**143,949**	**8,649**	**(2,151)**	**-**	**-**	**(622)**	**149,825**

24. Retirement benefits

The Company participates in the National Superannuation Fund of Papua New Guinea in respect of its citizen and contract staff employees. Employer contributions (Note 6) during the financial year amounted to K1.192m (31.12.2020: K906k).

25. Segment reporting

The Company operates entirely in Papua New Guinea in the business of lending, term deposits and foreign currency transfer services.

26. Capital adequacy (unaudited)

The Company manages its capital through profit maximization to provide a return to its shareholders. The Company accepts deposits as a means of funding its lending activities. Excess funds are traded into short term but high yielding financial market instruments such as money market placements.

Depending on the prevailing market interest rates and the funding requirements for our lending activities, the Company may retire deposits as they mature to reduce debt.

Consistent with other companies in the industry and as part of its reporting requirement with the PNG government's regulatory agency, the Company monitors capital based on the gearing ratio and capital adequacy as per the Prudential Standards.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including "borrowings" and "other payables") minus cash and cash equivalents. Total capital is calculated as "equity" as shown in the statement of financial position plus net debt.

The gearing ratios as at 31 December were as follows:

	2021 K'000	2020 Restated K'000
Total liabilities	**350,351**	186,704
Provision for employee benefits	**(14,172)**	(10,670)
Total borrowings	**336,179**	176,034
Cash and cash equivalents	**(95,349)**	(68,276)
Net debt	**240,830**	107,758
Total equity	**188,996**	162,136
Total capital	**429,826**	269,894
Gearing ratio	**56.0%**	39.9%

To monitor the adequacy of its capital, the Company uses ratios established by the Bank of Papua New Guinea ("BPNG"). The Company is required to comply with various prudential standards issued by BPNG, the official authority for the prudential supervision of banks and similar institutions in Papua New Guinea. One of the most critical standards is the capital adequacy requirement, which prescribes ranges of overall capital ratios to measure whether a bank or finance company is under, adequately, or well capitalized.

All banks and finance companies are required to maintain at least the minimum measure of capital to risk-weighted assets to absorb potential losses. The BPNG follows the prudential guidelines set by the Bank of International Settlements under the terms of the Basel Accord.

The minimum ratio of base capital to risk-weighted assets set by the BPNG for tier 1 capital ratio is 8%, total capital ratio is 12% and leverage capital ratio is 6%. As at 31 December 2021, the Company's ratio on tier 1 capital, total capital and leverage capital satisfied the criteria for well-capitalized under the guidelines. During the year, the Company complied with the prevailing prudential requirement for tier 1 capital, total-capital and leverage capital.

The measure of capital used for the purpose of prudential supervision is referred to as base capital. Total base capital varies from the capital shown on the statement of financial position and is made up of Tier-1 (core) and tier 2 (supplementary), after deducting the value of investments in other banks and financial institutions. Tier-1 capital is obtained by deducting from equity capital and audited retained earnings, intangible assets including deferred tax assets. Tier-2 capital cannot exceed the amount of tier 1 capital, and can include subordinated loan capital, specified assets revaluation reserves, un-audited profits (or losses) and a small percentage of general loan provisions. The Leverage Capital is calculated as Tier 1 Capital divided by Total Assets less deferred income tax assets and intangible assets.

Risk-weighted assets are derived from on-balance sheet items. On-balance sheet assets are weighted for credit risk by applying risk-weight (0, 20, 50 and 100 percent) according to risk classification criteria set by the BPNG. For example, cash and money market instruments have zero risk weighting which means that no capital is required to support the holding of these assets.

The capital adequacy levels are as follows:

	2021		2020 (Restated)	
	Carrying Value K'000	Risk Weighted K'000	Carrying Value K'000	Risk Weighted K'000
ASSETS				
Cash and cash equivalents	**95,349**	**19,070**	68,276	13,655
Loans and advances to customers	**406,072**	**406,072**	245,359	245,359
Right of use asset	**5,274**	**5,274**	7,771	7,771
Intangible asset	**-**	**-**	198	-
Property and equipment	**9,050**	**9,050**	9,840	9,840
Deferred income tax assets, net	**21,337**	**-**	15,040	-
Other assets	**2,265**	**2,265**	2,356	2,391
	539,347	**441,731**	348,840	279,016
Financial guarantees	**18,586**	**9,293**	2,240	1,120
Total assets	**557,933**	**451,024**	351,080	280,136

	2021 K'000	2020 Restated* K'000
Tier 1 Capital		
Share capital	**4,200**	4,200
Prior year's retained earnings	**157,936**	142,128
Dividend payment	**(80,000)**	(75,000)
Intangible assets	**-**	(198)
Deferred income tax – net	**(21,337)**	(15,040)
	60,799	56,090
Tier 2 Capital		
Total comprehensive income for the year	**106,860**	85,791
General loan loss provision (max 1.25% of Risk Weighted Asset)	**5,638**	3,502
	112,498	89,293
Maximum limit for Tier 2 Capital	**60,799**	56,090
TOTAL CAPITAL (Tier 1 + Tier 2)	**121,598**	112,180
Capital adequacy ratios:		
Tier 1 capital	**13.5%**	20.0%
Total capital	**27.0%**	40.0%
Leverage	**11.7%**	16.8%

27. Fair values of financial assets and liabilities

In the opinion of management, the carrying amounts of financial assets and liabilities included in the statement of financial position are reasonable estimates of their fair values and of the credit risk associated with these assets. In making this assessment, management assumes that the loans and advances to customers are held to maturity. Fair value approximates to the book value of these loans and advances to customers adjusted for provision for loan impairment.

28. Operational risk

Operational risk is the potential risk exposure to unexpected financial or non-financial losses arising from the way in which the Company conducts its business. Examples of operational risks include employee errors, systems failures, fire, floods, or similar losses to physical assets, fraud, or criminal activity. Operational risk is managed through formal policies, documented procedures, business practices and compliance monitoring.

An operational risk management function is responsible for the maintenance of these policies, procedures practices and monitoring the Company's compliance with them. The Operational Risk Committee coordinates the management process across the organization.

An independent internal audit function also conducts regular reviews to monitor compliance with approved BPNG standards and examines the general standard of control. The Operational Risk Committee and the internal audit function mandatorily report to the Board Risk and Compliance Committee.

29. Liquidity risk

The Company is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits, purchase of foreign currency, loan drawdowns and guarantees. The Company does maintain sufficient liquidity to meet all these needs, as experience shows that a minimum level of reinvestment of maturing funds can be predicted with an elevated level of certainty. The Board sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of bank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand.

Maturity profile of selected assets and liabilities

The maturity analysis of monetary assets and liabilities is based on contractual terms. Loans and advances to customers are all fixed rate products. When managing interest rate and liquidity risks, the Company adjusts this contractual profile for customer behavior.

The matching and controlled mismatching of the maturities and rates of assets and liabilities is fundamental to the management of the Company. It is unusual for financial institutions to be completely matched, as transacted business is often of uncertain term and of diverse types. An unmatched position potentially enhances profitability, but also increases the risk of losses.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature are crucial factors in assessing the liquidity of the Company and its exposure to changes in interest rates.

	Less than 1 month K'000	Less than 3 months K'000	3 months to 1 year K'000	1 year to 5 years K'000	Total K'000
31.12.2021					
Assets					
Cash and cash equivalents	80,349	15,000	-	-	95,349
Loan and advances to customers	35,574	93,624	288,717	281,736	699,651
Other assets	398	490	837	540	2,265
Total	116,321	109,114	289,554	282,276	797,265
Liabilities					
Due to customers	(55,205)	(62,899)	(190,053)	(8,245)	(316,402)
Income tax payable	-	-	(16,023)	-	(16,023)
Provision for employee benefits	(278)	(417)	(10,595)	(2,882)	(14,172)
Other liabilities	(1,684)	(1,684)	(554)	-	(3,922)
Lease liabilities	(150)	(271)	(1,092)	(6,141)	(7,654)
	(57,317)	(65,271)	(218,317)	(17,268)	(358,173)
Liquidity gap	59,004	43,843	71,237	265,008	439,092

31.12.2020					
Assets					
Cash and bank balances	65,001	3,275	-	-	68,276
Loan and advances to customers	31,293	41,231	222,724	113,585	408,833
Other assets	393	496	944	523	2,356
Total Assets	96,687	45,002	223,668	114,108	479,465
Liabilities					
Due to customers	(13,974)	(31,498)	(60,608)	(3,963)	(110,043)
Dividend payable	(53,000)	-	-	-	(53,000)
Income tax payable	-	-	(5,415)	-	(5,415)
Provision for employee benefits	(7,644)	(294)	(491)	(2,241)	(10,670)
Other liabilities	(394)	(394)	(103)	-	(891)
Lease liabilities	(245)	(490)	(2,091)	(7,805)	(10,631)
Total	(75,257)	(32,676)	(68,708)	(14,009)	(190,650)
Liquidity gap	21,430	12,326	154,960	100,099	288,815

30. Interest rate risk

Interest rate risk in the statement of financial position arises from the potential for a change in interest rate to have an adverse effect on the revenue earnings in the current reporting period and future years. As interest rates and yield curves change over time, the Company may be exposed to a loss in earnings due to the effects of interest rates on the structure of the statement of financial position. Sensitivity to interest rates arises from mismatches in the re-pricing dates, cash flows and other characteristics of the assets and their corresponding liability funding.

These mismatches arise mainly in the short-term interest rate repricing bucket as the Company does not offer longer-term Kina fixed rate products. There are also no interest rate derivative products in the local market to facilitate the close-out of this interest rate risk mismatch. The interest rate risk is actively managed as part of the overall interest rate risk management process governed by the Assets and Liabilities Committee (ALCO), which meets regularly to review the effects of fluctuations in the prevailing levels of market interest rates on the financial position and cash flows of the Company. The objective of interest rate risk control is to minimize these fluctuations in value and net interest income over time, providing secure and stable sustainable net interest earnings in the long term.

Given the profile of assets and liabilities as at 31 December 2021, 1% increase or decrease (2020: 1% increase or decrease) in rates will impact the Company's net interest income as follows:

	Outstanding balance K'000	Changes in interest rates		Effect on net interest income K'000
31.12.2021				
Cash and cash equivalent (Note 8)	15,000			
Loans and advances to customers (Note 9 (a))	472,128			
	487,128	1%	+/-	4,871
Due to customers (Note 15)	(277,863)	1%	+/-	(2,778)
Effect on net interest income			+/-	2,093
31.12.2020				
Cash and cash equivalent (Note 8)	3,275			
Loans and advances to customers (Note 9(a))	291,854			
	295,129	1%	+/-	2,951
Due to customers (Note 15)	(98,905)	1%	+/-	(989)
Effect on net interest income			+/-	1,962

Interest sensitivity of assets and liabilities items repricing analysis as follows:

	Less than 1 month K'000	Less than 3 months K'000	3 months K'000	1 year to 5 years K'000	Total K'000
31.12.2021					
Assets					
Cash and cash equivalent (Note 8)	-	15,000	-	-	15,000
Loans and advances to customers (Note 9 (a))	18,870	59,285	168,031	225,942	472,128
Total	18,870	74,285	168,031	225,942	487,128
Liabilities					
Due to customers (Note 15)	(50,666)	(59,048)	(163,955)	(4,194)	(277,863)
Interest sensitivity gap	(31,796)	15,237	4,076	221,748	209,265
31.12.2020					
Assets					
Cash and cash equivalent (Note 8)	-	3,275	-	-	3,275
Loans and advances to customers (Note 9 (a))	22,300	28,751	156,710	84,093	291,854
Total Assets	22,300	32,026	156,710	84,093	295,129
Liabilities					
Due to customers (Note 15)	(12,507)	(29,507)	(55,661)	(1,230)	(98,905)
Interest sensitivity gap	9,793	2,519	101,049	82,863	196,224

31. Foreign exchange risk

Foreign exchange risk is the risk to earnings caused by a change in foreign exchange rates on foreign currency denominated assets and liabilities. The objective of foreign currency risk management within the Company is to minimize the impact on earnings of any such movement.

The Company adopts a policy on foreign exchange risk management by keeping its open position at the level within the required limitations imposed by the BPNG. All purchases of foreign currency are immediately offset by spot sales of the respective currencies.

The Company does not engage in any hedging activities, derivative contracts, or any forward contracts to cover risk associated with foreign exchange.

Foreign currency denominated assets

The Company's foreign currency denominated assets as at 31 December are as follows:

	2021		2020	
	USD'000	K'000	USD'000	K'000
Cash at Bank	1,073	3,771	87	307

Net foreign exchange gain for the financial year ended 31 December 2021 amounted to K3.467m (2020: K1.346m).

The effect on profit for the year on reasonably possible changes in exchange rates as at 31 December are as follows:

	Foreign currency denominated assets (FCY '000)	Changes in foreign exchange rates +/-'(%)	Effect on Profit +/-(K '000)
31.12.2021	1,073	0.00	8
31.12.2020	87	0.12	3

The changes in foreign currency exchange rates used were based on the movements of the foreign currencies during the last quarter of the financial year.

32. Credit risk and asset quality

The Company adopts the policy of dealing only with customers of appropriate credit standing and history and obtaining sufficient security where appropriate to mitigate credit risk.

Credit exposure to an individual customer is restricted by the credit limit approved by the managing director and the credit committee. Customers' payment profile and credit exposure are continuously monitored by the CEO and reported to the management and Board of Directors. The Company's management monitors loans and receivables to customers that individually represented 5% to 10% of loan receivables at the statement of financial position date.

The maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial instruments presented on the statement of financial position.

The Company takes on exposure to credit risk which is the risk that a counterparty will be unable to pay amounts in full when due. Impairment provisions are provided for losses that have been incurred at the reporting date. The Company structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review. Actual exposures against limits are monitored daily.

A. CREDIT RISK MEASUREMENT

Loans and advances to customers (incl. loan commitments and guarantees)

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Group measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD).

The Company uses an internal credit risk grading system that reflects its assessment of the probability of default of individual counterparties. Borrower and loan specific information collected at the time of application (such as disposable income, and level of collateral for retail exposures; and turnover and industry type for wholesale exposures) is fed into this rating model. This is supplemented with external data such as credit bureau scoring information on individual borrowers

The Company's credit risk rating method comprises two (2) grading scale for instruments not in default (1 to 2) and three default classes (3 to 5). The grade scale assigns each rating category a specified range of probabilities of default, which is stable over time. The rating methods are subject to an annual validation and recalibration so that they reflect the latest projections in the light of all observed defaults.

	Internal	
Grade Scale	**Description**	**Description**
1	Pass/current	Standard Monitoring (Stage 1)
2	Special mention	Special Monitoring (Stage 2)
3	Substandard	Default (Stage 3)
4	Doubtful	
5	Loss	

Large credit exposures ("LCE") are also monitored as part of credit risk measurement. These are loan relationships or loan balances, which exceed 10% of the capital base. As at 31 December details of LCE as follows:

	2021 K'000	2020 K'000
LCE	71,908	-
Percentage of LCE to total lending	15.2%	-
Percentage of LCE to total capital base	59.1%	-

As per Prudential Standard 1/2011 (Single Borrower and Large Exposures Limits) the total of all LCE shall not exceed 800% of the capital base at any time.

EXPECTED CREDIT LOSS MEASUREMENT

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition, as summarized 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 Company.
- 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 Company in addressing the requirements of the standard are discussed below:

Impairment provision is determined based on collective and individual assessment of loans. For the purposes of impairment provisioning under IFRS 9 the Company groups its loans into personal loan and SME commercial, in accordance with different credit risk and characteristics of these groups. The Company uses credit risk rating grades, to monitor its loans based on days past due (which is consistent to the IFRS 9 three stage approach and Bank of PNG loan categories).

B.1 SIGNIFICANT INCREASE IN CREDIT RISK (SICR)

The Company considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

Qualitative Criteria

If the instrument meets one or more of the following criteria:

- Early signs of cash flow/liquidity problems such as delay in servicing of trade Creditors/loans.
- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates.
- Actual or expected forbearance or restructuring; and
- Significant change in collateral value (secured facilities only) which is expected to increase risk of default.

Quantitative criteria

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.

B.2 DEFINITION OF DEFAULT AND CREDIT-IMPAIRED ASSETS

The Company defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria

The borrower is more than 90 days past due on its contractual payments.

Qualitative criteria

The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

- The borrower is in long-term forbearance.
- The borrower is deceased.
- The borrower is insolvent.
- The borrower is in breach of financial covenant(s).
- An active market for that financial asset has disappeared because of financial difficulties.
- Concessions have been made by the lender relating to the borrower's financial difficulty; and
- It is becoming probable that the borrower will enter bankruptcy.

The criteria above have been applied to all financial instruments held by the Company 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 Company'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.

B.3 MEASURING ECL – EXPLANATION OF INPUTS, ASSUMPTIONS, AND ESTIMATION TECHNIQUES

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 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 Company expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).
- Loss Given Default (LGD) represents the Company's expectation of the extent of loss on a defaulted exposure.

LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. In case of loans and advances to customers, LGD for SME commercial loan receivables is lower compared to LGD for personal loan receivables due to high collateralisation of SME commercial loan receivables. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD).

Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. Model adjustments are used in circumstances where it is judged that the existing inputs, assumptions, and model techniques do not capture all relevant risk factors. The emergence of new macroeconomic, microeconomic factors, changes to parameters or credit risk data not incorporated current parameters are examples of such circumstance.

Forward-looking information incorporated in the ECL models

The Company considers number of economic variables to convert historical PDs into forward looking lifetime PDs. The Company has identified the following key economic variables impacting credit risk and expected credit losses:

- GDP Growth (%) of Papua New Guinea economy.
- Change in Unemployment (%).

ECL estimates as at 31 December 2021 and 2020 are calculated using "base", "upside" and "downside" scenarios for both portfolios of personal loans and SME commercial loans. The weightings assigned to each economic scenario at 31 December 2021 and 2020 were as follows:

Scenario	Base	Upside	Downside
Weight (31 December 2021)	60.00%	20.00%	20.00%
Weight (31 December 2020)	60.00%	10.00%	30.00%

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 Analysis

Management performed sensitivity analysis of significant assumptions by considering impact of their 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 upside scenario would increase to 30% (i.e., weight of downside scenario would decrease to 10%), because of higher GDP growth rate and lower unemployment rate, impairment provision would decrease by K780k.
- If weight of downside scenario would increase to 30% (i.e., weight of upside scenario would decrease to 10%), because of lower GDP growth rate and higher unemployment rate, impairment provision would increase by K780k.
- Under downside scenario impairment provision is higher by K3.120m compared to base scenario.
- Under upside scenario impairment provision is lower by K4.679m compared to base scenario.

Further, management assessed that a change in the value of collateral by 20% as a result of a change in the economic conditions of PNG or changes on the property market would not lead to a significant change in the provision on SME commercial loan receivables, given the high level of collateralisation of this part of the loan portfolio.

B.4 GROUPING OF INSTRUMENTS FOR LOSSES MEASURED ON A COLLECTIVE BASIS

For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed based on shared risk characteristics, such that risk exposures within a group are homogeneous. In performing these grouping, there must be sufficient information for the group to be statistically credible. Accordingly, the Company groups its loans into personal loan receivables and SME commercial loan receivables.

As of, 31 December 2021 and 31 December 2020 all loans are assessed on a collective and individual basis. Loans that have been previously assessed as non-recoverable on an individual basis were written off during 2021 and 2020.

B. 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. The gross carrying amount of financial assets below also represents the Company's maximum exposure to credit risk on these assets.

	2021		2020	
	K'000 Gross loans receivables	K'000 Impairment provision	K'000 Gross loans receivables	K'000 Impairment provision
Personal loans				
Stage 1 (0 – 29 Days)	**193,587**	**15,861**	161,449	16,013
Stage 2 (30 – 89 Days)	**29,238**	**7,273**	15,800	6,687
Stage 3 (above 89 Days)	**51,155**	**31,830**	26,244	18,030
Note 9	**273,980**	**54,964**	203,493	40,730
SME commercial				
Stage 1 (0 – 29 Days)	**106,156**	**1,093**	64,504	325
Stage 2 (30 – 89 Days)	**53,637**	**1,601**	6,416	263
Stage 3 (above 89 Days)	**38,355**	**3,066**	17,441	1,790
Note 9	**198,148**	**5,760**	88,361	2,378
Total				
Stage 1 (0 – 29 Days)	**299,743**	**16,954**	225,953	16,338
Stage 2 (30 – 89 Days)	**82,875**	**8,874**	22,216	6,950
Stage 3 (above 89 Days)	**89,510**	**34,896**	43,685	19,820
Note 9	**472,128**	**60,724**	291,854	43,108

Modification of financial assets

The Company may modify the terms of loans provided to customers due to commercial renegotiations, or for distressed loans, with a view to maximising recovery. During 2021 and 2020, the Company's practice was not to use renegotiation and/or restructuring of loans and advances to customers in managing its credit risk. During this period the Company primarily relied on its monitoring and collection activities, including regular communication with overdue customers, as well as enforcement activities in the case of collateralised loans.

In accordance with its business model, in the case of defaulted loans, the Company ensured that sufficient impairment provision is created and necessary write offs made in accordance with its write off policy, as these losses were compensated by the Company's interest rate margin. Therefore, the Company had no modified financial assets as at 31 December and there were no cases of modification of loans during 2021 that would result either in derecognition of loans or recognition of gain or loss on modification.

Collateral and other credit enhancements

The Company employs a range of policies and practices to mitigate credit risk, including accepting collateral for funds advanced, in the case of SME commercial loan receivables. The Company has internal policies on the acceptability of specific classes of collateral or credit risk mitigation.

The principal collateral types for SME commercial loan receivables are vehicles, machinery and equipment. The Company also uses ships, boats and airplanes, as well as buildings, as collateral. Personal loan receivables are not collateralized.

The Company prepares a valuation of collateral obtained as a part of the loan origination process. The assessment is reviewed periodically. Financial assets that are credit impaired and related collateral held in order to mitigate potential losses are shown below:

	Gross Exposure K'000	Provision for impairment losses K'000	Carrying amount K'000	Present value of collateral held K'000
Credit-impaired assets				
31.12.2021				
Personal loan	51,155	31,830	19,325	-
SME commercial	38,355	3,066	35,289	33,878
	89,510	34,896	54,614	33,878
31.12.2020				
Personal loan	26,244	18,030	8,214	-
SME commercial	17,441	1,790	15,651	30,136
	43,685	19,820	23,865	30,136

A portion of the Company's SME commercial loan receivables has sufficiently low 'loan to value' (LTV) ratios, which results in no loss allowance being recognized in accordance with the Company's expected credit loss model. The carrying amount of such financial assets is K120.630m as at 31 December 2021 (31.12.2020: K57.591m).

WRITE-OFF POLICY

The Company writes off personal loan receivables if overdue more than 360 days (unless collection is in process) in accordance with BPNG prudential standards, as well as other financial assets, which are overdue less than 360 days, if the Company assesses that there is no reasonable expectation of their recovery (i.e. that recovery of full amounts is not probable). Indicators that there is no reasonable expectation of recovery include (i) loans being overdue more than 360 days; (ii) low likelihood of successful enforcement activity; and (iii) where the Company's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

The Company may write-off financial assets that are still subject to enforcement activity. The outstanding contractual amounts of such assets written off (Note 10) during the year ended 31 December 2021 was K13k (2020: 13k). The Company still seeks to recover amounts it is legally owed in full, but which have been written off due to no reasonable expectation of full recovery.

C. CREDIT RISK CONCENTRATIONS

The following table sets out the credit risk concentration of the Company as at 31 December 2021:

	31 December 2021 K'000	%	31 December 2020 K'000	%
SME commercial loan by sector				
Buildings & Constructions	**27,479**	**13.9**	17,880	20.2
Real Estate & Services	**26,018**	**13.1**	6,860	7.8
Metals & Other Mining	**27,362**	**13.8**	5,892	6.7
Machinery & equipment Leasing	**26,084**	**13.2**	1,064	1.2
Coffee	**18,396**	**9.3**	121	-
Transport, Storage & Communication	**15,638**	**7.9**	10,399	11.8
Others	**57,171**	**28.8**	46,145	52.3
Note 9	**198,148**	**100.0**	88,361	100.0
Personal loan by employer sector				
Government	**245,826**	**89.7**	183,284	90.1
Semi-Government	**19,940**	**7.3**	13,269	6.5
Private Companies	**8,214**	**3.0**	6,940	3.4
Note 9	**273,980**	**100.0**	203,493	100.0

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate. Exposure to credit risk is also managed in part by obtaining collateral and corporate and personal guarantees.

D. PROVISION FOR IMPAIRMENT LOSSES

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.

	Stage 1		Stage 2		Stage 3			
	Collectively assessed		Collectively assessed		Individually assessed		Total	
	Gross Exposure K'000	Provision K'000	Gross Exposure K'000	Provision K'000	Gross Exposure K'000	Provision K'000	Gross Exposure K'000	Provision K'000
Balance at 1 January 2021 as previously reported (Note 23)	**224,709**	**21,538**	**21,877**	**8,466**	**37,188**	**14,600**	**283,774**	**44,604**
Correction of errors from prior year (Note 23)	1,244	(5,200)	339	(1,516)	6,497	5,220	8,080	(1,496)
Restated balance at 1 January 2021 (Notes 9 and 23)	**225,953**	**16,338**	**22,216**	**6,950**	**43,685**	**19,820**	**291,854**	**43,108**
Movements during the financial year								

	Stage 1		Stage 2		Stage 3			
	Collectively assessed		Collectively assessed		Individually assessed		Total	
	Gross Exposure K'000	Provision K'000	Gross Exposure K'000	Provision K'000	Gross Exposure K'000	Provision K'000	Gross Exposure K'000	Provision K'000
Transfer from Stage 1 to Stage 2	(8,288)	(336)	8,288	336	-	-	-	-
Transfer from Stage 1 to Stage 3	(29,827)	(6,988)	-	-	29,827	6,988	-	-
Transfer from Stage 2 to Stage 1	93	51	(93)	(51)	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	(5,635)	(1,266)	5,635	1,266	-	-
Transfer from Stage 3 to Stage 1	90	50	-	-	(90)	(50)	-	-
Transfer from Stage 3 to Stage 2	-	-	77	43	(77)	(43)	-	-
New financial assets originated or purchased, net of repayment	280,896	16,351	73,459	8,375	36,610	15,879	390,965	40,605
Financial assets settled	(146,748)	(13,624)	(11,985)	(4,683)	(9,007)	3,473	(167,740)	(14,834)
Repayments of existing financial assets	(22,426)	4,671	(3,452)	(830)	(6,785)	(2,149)	(32,663)	1,692
Unpaid interest	-	-	-	-	2,340	2,340	2,340	2,340
Write-offs (Note 9)	-	-	-	-	(12,628)	(12,628)	(12,628)	(12,628)
Financial guarantees (Note 22)	-	441	-	-	-	-	-	441
Balance at 31 December 2021 (Note 9)	**299,743**	**16,954**	**82,875**	**8,874**	**89,510**	**34,896**	**472,128**	**60,724**
Provision rate		**5.7%**		**10.7%**		**39.0%**		**12.9%**

	Stage 1		Stage 2		Stage 3			
	Collectively assessed		Collectively assessed		Individually assessed		Total	
	Gross Exposure K'000	Provision K'000	Gross Exposure K'000	Provision K'000	Gross Exposure K'000	Provision K'000	Gross Exposure K'000	Provision K'000
Balance at 1 January 2020 as previously reported (Note 23)	**199,574**	**20,383**	**23,897**	**9,032**	**29,684**	**13,480**	**253,155**	**42,895**
Correction of errors from prior year (Note 23)	11,962	(6,141)	-	(3,009)	4,817	1,611	16,779	(7,539)
Restated balance at 1 January 2020 (Note 23)	**211,536**	**14,242**	**23,897**	**6,023**	**34,501**	**15,091**	**269,934**	**35,356**
Movements during the financial year								
Transfer from Stage 1 to Stage 2	(4,217)	(445)	4,217	445	-	-	-	-
Transfer from Stage 1 to Stage 3	(14,793)	(4,808)	-	-	14,793	4,808	-	-
Transfer from Stage 2 to Stage 1	1,765	163	(1,765)	(163)	-	-	-	
Transfer from Stage 2 to Stage 3	-	-	(6,529)	(1,057)	6,529	1,057	-	-
Transfer from Stage 3 to Stage 1	984	125	-	-	(984)	(125)	-	-
Transfer from Stage 3 to Stage 2	-	-	496	19	(496)	(19)	-	-
New financial assets originated or purchased, net of repayment	182,456	15,922	17,214	6,398	10,219	8,570	209,889	30,890
Financial assets settled	(130,446)	(11,906)	(12,120)	(4,128)	(5,412)	1,300	(147,978)	(14,734)
Repayments of existing financial assets	(21,332)	3,045	(3,194)	(587)	(3,627)	976	(28,153)	3,434
Unpaid interest (Note 23)	-	-	-	-	1,657	1,657	1,657	1,657
Write-offs (Note 9)	-	-	-	-	(13,495)	(13,495)	(13,495)	(13,495)
Restated balance at 31 December 2020	**225,953**	**16,338**	**22,216**	**6,950**	**43,685**	**19,820**	**291,854**	**43,108**
Provision rate		**7.2%**		**31.3%**		**45.4%**		**14.8%**

E. CREDIT QUALITY – PRUDENTIAL GUIDELINES

The Bank of Papua New Guinea has maintained a revised prudential standard for asset quality since October 2003. The revised standard specifies more detailed criteria for the classification of loans into various grades of default risk and corresponding loss provision levels because of those gradings.

An analysis by credit quality of loans outstanding is as follows:

	31 December 2021 K'000	%	31 December 2020 K'000	%
Personal loan				
Neither past due nor impaired				
Past due but not impaired				
-Less than 30 days	**193,587**	**70.6**	161,449	79.4
-30 to 59 days	**16,649**	**6.1**	8,521	4.2
-60 to 89 days	**12,589**	**4.6**	7,279	3.6
Individually impaired loans				
-90 to 179 days	**20,224**	**7.4**	11,491	5.6
-180 to 359 days	**27,012**	**9.9**	14,748	7.2
-More than 359 days	**3,919**	**1.4**	5	-
Total (Note 9)	**273,980**	**100.0**	203,493	100.0
Less provision for impairment losses (Note 9)	**(54,964)**	**(20.0)**	(40,730)	(20.0)
Net	**219,016**	**80.0**	162,273	80.0
SME commercial loan				
Neither past due nor impaired				
Past due but not impaired				
-Less than 30 days	**106,156**	**53.6**	64,504	73.0
-30 to 59 days	**45,553**	**23.0**	4,998	5.7
-60 to 89 days	**8,084**	**4.1**	1,418	1.6
Individually impaired loans				
-90 to 179 days	**15,838**	**8.0**	6,603	7.5
-180 to 359 days	**16,138**	**8.1**	6,109	6.9
-More than 359 days	**6,379**	**3.2**	4,729	5.3
Total (Note 9)	**198,148**	**100.0**	88,361	100.0
Less provision for impairment losses (Note 9)	**(5,760)**	**(2.9)**	(2,378)	(2.7)
Net	**192,388**	**97.1**	85,983	97.3

33. Subsequent events

There were no other material subsequent events after the statement of financial position date.


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