NATIONAL DEVELOPMENT BANK

ANNUAL REPORT 2020

www.ndbank.com.pg

The **National Development Bank** is the **Government's vehicle** to **Creating Wealth** and **Empowering Local Business**.

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CORPORATE PROFILE

National Development Bank Limited (NBD) is the development finance institution of Papua New Guinea. It is wholly owned by the Independent State of Papua New Guinea. NDB is the successor company to the former Rural Development Bank Limited (founded in 1967). Its primary function today is to provide accessible and affordable development credit for PNG citizens that operate registered businesses, to undertake income generating activities in rural and urban areas.

As a State Owned Enterprise (SOE) reporting to Kumul Consolidated Holdings, NDB operates with the goal of delivering value to its ultimate shareholder. As a corporation established by the National Development Bank Act (2007) NDB is entitled to receive Government grants and other funding from the State. NDB uses its limited resources in a responsible manner, to provide financial products and services through its own branch network, and via its wholly owned banking subsidiary People's Micro Bank Limited.

NDB maintains a strategic focus on principal markets, especially in the agricultural sector, where most indigenous micro, small and medium sized enterprises (MSMEs) operate in the economy. NDB aims to deliver its products and services to every province in PNG, and across all sectors as a responsible and sustainable business.

PURPOSE, VISION, MISSION STRATEGY & CORE VALUES STATEMENTS

OUR PURPOSE

NDB exists to provide accessible and affordable banking and financial products and services across PNG, especially in rural areas, in a responsible and sustainable business manner.

OUR VISION

NDB aims to be the preferred banking and financial services provider for indigenous PNG small to medium sized businesses, that stimulates income generation and delivers value to our shareholders.

OUR MISSION

NDB strives to provide banking and financial products and services that:

i. Stimulates the starting and growth of PNG-owned businesses;
ii. Enables PNG-owned businesses to be competitive and sustainable in the medium term; and
iii. Provides affordable access for indigenous people into business income generation activities and a savings culture.

OUR STRATEGY

To have outreach to urban and rural centres and provide affordable banking and financial services for indigenous people to generate business incomes.

OUR CORE VALUES

- Uphold Christian Values
- Professionalism & Integrity
- Innovation
- Responsibility & Responsiveness
- Value-adding
- Responsible Corporate Entity
- Employer of Choice
- Meet or Exceed Customer Expectations
- Teamwork
- Collaborative Partnership

CHAIRMAN'S LETTER

5th October, 2021

Hon. William Duma, LLB, LLM, CMG, MP
Minister for State Enterprises
C/-Kumul Consolidated Holdings
P.O.Box 320, Port Moresby
National Capital District

Dear Minister,

In accordance with Section 33 (1) of the National Development Bank Act 2007, I have the honour to submit to you for presentation to the National Parliament of Papua New Guinea, the performance of the National Development Bank as contained in the 2020 Annual Report by the NDB Board together with the Consolidated Financial Statement for the year ended 31st December, 2020.

The Auditor's report as required by Section 33 (4) of the aforementioned Act is appended to the 2020 audited consolidated financial statements for NDB and its controlled entities.

Yours sincerely,

MICHAEL YAKE MELL, MBA, Bec.UPNG
Chairman of the Board

MINISTER'S FOREWORD

It gives me great pleasure to present the 2020 Annual Report of the National Development Bank Limited for the financial year ended 31st December, 2020. The Annual Report includes the 2020 Audited Financial Statements for the National Development Bank (NDB) and its subsidiaries.

2020 was a difficult year for businesses in the country as Papua New Guinea's economy was stagnant during the year that affected local businesses. The global pandemic has been the biggest shock to NDB's profits during Covid-19 crisis and the sense of uncertainty that exists among businesses in Papua New Guinea.

NDB operates in a tight operating environment with interest rate fixed by National Government at 6.5% per annum and high volume of funding from National Government is required annually to sustain operations. The two subsidiaries, People's Micro Bank and NDB Investments, lend at varied interest rates averaging 13% per annum and supported predominantly by funding from internal cash flow.

The NDB Group recorded an operating loss before tax of K4.89 million for the year ended 31st December, 2020 before declaring a tax loss of K0.457 million after loan impairment provision of K8.56 million, total comprehensive loss for the year K13.92 million.

The Banks overall profitability over the last eleven years is indicative of the robust and resilient strategies that the Board and Management have implemented to sustain the Banks operations to benefit the local SME sector by prudently managing its funds through Government grants.

The Balance Sheet indicates an decrease in Net Assets of K13.9 million due to increase in cash and cash equivalents the loan impairment provision and decrement in investment properties resulting with the Net Assets of K584 million in 2020.

NDB Group recorded a decrease in the good loan book at K280 million. The Bank continued to manage and maintain the quality of its loan portfolio with loan arrears over 90 days within 2% of the Banks active loan book. The NDB's collection efficiency is at par with the performance of commercial banks in the country with adequate liquidity for lending and operational requirements.

The demand for loans in Women In Business saw a decrease by K3.5 million in 2020 attributed to the continued effects of the Covid-19 Pandemic, bringing the total lending in this sector to K103 million since inception of the product in 2011 indicative of the continued participation of women in this business ventures in the country.

I thank and commend the Board, Management and Staff of the NDB Group for their tireless and excellent efforts in the delivery of affordable financial services to our unbanked communities and indigenous business in a variable and sustainable manner. On behalf of the Government, I can assure you that we will continue to support NDB by way of channeling more funds in its Annual Budget to broaden its impact and outreach in providing concessional loans to the vast majority of our people.

HON. WILLIAM DUMA
Minister for Public Enterprises & State Invesments

CHAIRMAN'S REPORT

Business Conditions

2020 was another challenging year for business in the country as PNG's economy further contracted by 3.5 percent. The downturn in the country's economy was further exacerbated by the effects of the Covid-19 pandemic. Local businesses were affected. The delay in some of the major resource projects and low commodity prices did not help.

The economic conditions affected our customers' cashflow and were slow in their repayments. Consequently, the bank's monthly cashflow was affected. The customers of NDB Group did not fare well under the circumstances.

No funding was received from the Government compared to K14 million out of the K70 million budget received in 2019 for lending at 6.5%. NDB however lent K44 million to our people and MSME's. Our subsidiary, Peoples Micro Bank Limited lent K13.47 million.

Precautionary measures were taken in cost cutting to ensure the bank stayed afloat. That included laying off non-essential staff, cutting overhead costs and managing cashflow tightly.

On 24th September, 2020, NDB signed a MOA with the Department of Commerce, Trade and Industry to facilitate the National Government's policy to support MSME's in the country. The rollout of the MSME funding at 4% was however delayed as the Government appropriated funds were not released on time. Government funding of K80 million for funding MSME's was received in December, 2020.

Despite the lack of funding from the Government, NDB has lent K44 million at 6.5% with a backlog of K8.7 million approved loans awaiting drawdown.

NDB reported an operation loss before tax of K2.13 million. The negative result was due to the low uptake of new loans, drop in interest income and fees income and transfer of active loans greater than 180 days as a result of the subdued economy. Net Loss After Tax of K26.11 million explained by K20.64 million impairment loss in subsidiary (NDBI) and loan impairment expenses of K3.34 million.

2020 Key Performance Highlights:

- NDB recorded an audited loss result of K26.11 million after all year-end adjustments for the company.
- NDB Group reported an audited loss result of K13.92 million after the all year-end adjustments and tax expenses of K0.457 million.
- NDB lent K44 million
- PMBL let K13.47 million
- NDB Group achieved arrears over 90 days at less than 3 percent
- NDB Group Loan Impairment expenses K6.8 million (NDB K3.34 million)
- Impairment Investment of Subsidiary NDB Investment K20.65 million
- Group Loan Book of K280 million.

Yours sincerely,

MICHAEL YAKE MELL, MBA, BEc.UPNG
Chairman of the Board

ACTING MANAGING DIRECTOR'S REPORT

2020 - Business Conditions

There has been a marked slowdown in the economy in 2020 as a result of slow global growth resulting in the depressed world commodity prices and the delay in the commencement of key domestic resource projects including effects of COVID-19 which imposed restrictions on business. Despite this, NDB continued its contribution to the sustainable growth of the Small to Medium Enterprise (SMEs) sector in the country by lending K44 million. The Bank's operation's strategy is to deliver quality service at reduced costs to meet its corporate, community, and government service obligations. NDB received K80 million grant funding from the Government under the Economic Stimulus Package target for MSMEs.

Total lending to the SME sector has grown dramatically by K801 million (K24m – K825m) over the last 12 years as the focus has been on enabling many ordinary Papua New Guineans to start up new or grow existing small businesses. The table and graph depict NDB's utilization of Government Grants through its lending program, repayments and growth of the good loan book resulting in the growth on the net worth of the Bank. Furthermore, there has been a growth in our good loan book by 75% or K157 million from 2009 to 2020 indicating that more Papua New Guineans have been financially empowered by NDB to engage in small businesses which has a real game changer in the livelihood of a lot of people in the country.

2020 Performance

In 2020, NDB Group had a strong financial performance in terms of profit and revenue after receiving K80 million from the Government for the MSME Credit Facility.

In 2020, NDB recorded an Operating Loss of K26.11 million and the Group at K13.91 million. These negative operating results have been a result of loan book clearing exercise targeting those legacy loans which has impacted the operating results. Total net assets for the bank had slightly reduced by almost 4% in 2020 which was caused by the loans provisioning and negative change in the fair value of property. Despite the operating results, the Bank continued to grow funding towards SMEs by lending of K44 million to grow more small businesses in 2020 in a sustainable manner resulting in the generation of more income, jobs for the young people and the increased participation of women in business ventures.

The Bank continues to utilize the digital platforms to enhance the delivery of quality services to our customers.

Challenges on Profitability

NDB Group was unable to make a profit in 2020 as a result of various internal and external economic factor coupled with the direct impacts of COVID-19 pandemic restrictions on business which affected key government services and the general operative environment in the market causing state of the overall economy to depress. With government interventions done to ease the situation on those lockdowns, it provided some short-term reliefs for businesses but the effects continued to impact most SMEs and the general household income for the whole of year 2020. The Group operated in a sustainable manner by reporting an operating loss of K4.8 million and reported a net loss of K13.9 million after loan loss provisions of K8.5 million, decrement in fair value of investment properties of K1.09 million and income tax expense of K0.457 million.

Balance Sheet

In 2020, Group Net Assets were reduced by K13.9 million to K853 million compared to K597 million in 2019 mainly due to the impairment provision and decrement in the fair value of investment properties offset by the operating profit and net Government grants.

Year of Managing Customer Expectations

In 2020 the NDB Group continued to embrace the concept of exceeding customer expectations, but more on managing expectations to be able to deliver quality products and services of our customers. Differentiating our services was necessary with added focus on quality as the Bank operated in a highly competitive market.

2021 Key Challenges

We expected the economic conditions in 2021 to remain depressed. The Government's fiscal and revenue stream is expected to be constrained or impacted by low revenue generation and consequently tax revenue at the back of the depressed economic conditions of 2020.

2021 is expected to be another challenging year as the economic conditions are already being stagnant and the global economy is being affected by the trade wars between USA and China and the coronavirus pandemic dismantling a lot of economies around the world.

Consequently, the Government's fiscal regime and forecasted economy recovery has been derailed to negative 4% growth for the year that will negatively affect the grant funding to the Bank.

Under this scenario, the Bank management will implement more stringent credit and costs control measures to sustain the Bank's operations through this challenging period while allowing flexibility in the lending under the MSME Credit Facility program.

2021 Strategic Priorities

Strategic priorities for the year will be as follows:

- Commercialize NDB Group operations;
- Upgrade the Core Banking System;
- Deliver on the Profit and Lending targets;
- Completion of the new Tari Branch Building including work on the Lae Office;
- Introduce new innovative products to the market; and
- Roll-out of the MSME Credit Facility

I would like to thank the staff for the commitment and dedication in ensuring that NDB Group achieved these results in 2020 despite it being a very challenging year.

I would like to express my gratitude for their continuous support by the Government and the Board. Furthermore, I thank our customers and other stakeholders in your commitment in partnering NDB to facilitate the growth of the SME sector in the country.

Finally, I thank and praise God for abundantly blessing the Bank in 2020 and I am confident of His continued guidance in the effective execution of the NDB Group's strategies in 2021.

MR. GARY COPLIN
Head of Credit & Acting Chief Executive Officer

BOARD OF DIRECTORS

MICHAEL YAKE MELL

Chairman
Non-Executive Director
Appointed on 13 December 2018
Chairman of HR & Remuneration Committee

Mr. Michael Mell is the Founder and Managing Director of Mell Research & Marketing Consultants Limited (MRMC). He also serves as a Director of People's Micro Bank Limited, a subsidiary of NDB and as Chairman of Small & Medium Enterprises Corporation (SMEC).

Mell is a prominent researcher, pollster, author and publisher in PNG. Through his leadership, MRMC in 2017 launched its maiden issue of The Mell Review Magazine. Mell has a Bachelor's Degree in Economics and a Master's Degree in Business Administration, both attained from the University of Papua New Guinea. He is a member of PNG Institute of Directors.

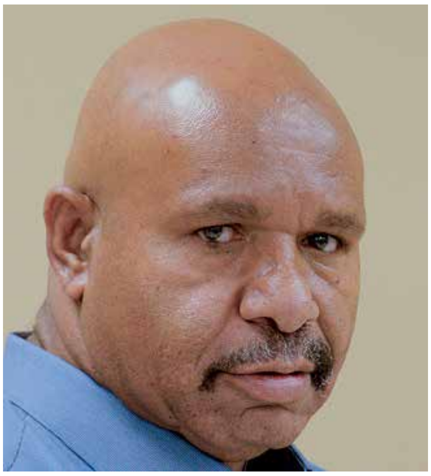
DARRELL PATRICK SEETO

Deputy Chairman
Non-Executive Director
Appointed on 13 December 2018
Chairman of Lending Committee

Mr. Darrell Seeto has 25 years' experience in retail and commercial banking, corporate finance, debt and equity capital markets including equity and FX derivatives across international markets. Having worked his entire career in various preeminent financial institutions such as NAB Limited, Ord Minnet Securities, JP Morgan, Salmon Smith Barney the Investment Banking arm of Citigroup & Macquarie Bank in Australia.

Darrell held roles at JP Morgan as a Vice President in Wealth Management Division before being promoted to a Senior Vice President at Citigroup and a Division Director at Macquarie Bank Ltd. Currently Darrell is a Senior Adviser at the privately owned Australian firm, Shaw & Partners.

Darrell holds a Bachelor's Degree in Commerce (Accounting) from the University of New South Wales and Graduate Diploma in Applied Finance from the Australian Securities Institute of Australia. He is a certified accountant, a senior associate with the Australian Institute of Bankers and a master practitioner member of the Stockbrokers & Financial Advisers Association of Australia. He is also a member of PNG Institute of Directors.



ROBERT LEO

Non-Executive Director
Appointed on 13 December 2018
Chairman of Tender Committee

Mr. Robert Leo is the Principal of Leo Lawyers and has been in private practice for over 20 years. He was formerly the Corporate Secretary for the Consumer Affairs Council. He was appointed by NEC as Director of the National Development Bank Limited effective from 13th December 2018. Robert is also a Director of Pu'u Management Consultants Limited.

Robert is one of the most experienced and senior lawyers practicing in civil litigation in PNG. He has a Bachelor's Degree in Law with Honours from the University of Papua New Guinea. He is a member Papua New Guinea Law Society, Port Moresby Chamber of Commerce and a member of PNG Institute of Directors.

BOARD OF DIRECTORS

PHILIP ISU

Non-Executive Director
Appointed on 13 December 2018
Chairman of Audit Risk & Compliance Committee

Phillip Magewa Isu has over 20 years' experience working in the Financial Sector in PNG. Over ten of those years in the senior management positions and in senior management positions in both public sector and private sector. He was also a Director on a number of PNG companies.

He holds a Masters Degree in Business Administration from RMIT University in Melbourne - Australia, Bachelors Degree in Economics from the University of PNG. He also has Diploma in Economic Policy Analysis from the National Research Institute of PNG, Certificate in Development Economics from Administrative College in PNG and Certificate in Development Economics from International Development Centre in Japan.

Phillip is a Fellow with the Australian Institute of Management (FAIM) and a Member of PNG Institute of Directors. In July 2019, Mr. Isu completed the International Company Directors Course conducted by Australian Institute of Company Directors. He passed the assessment requirements set by AICD and was awarded the Graduate of Australian Institute of Company Directors (GAICD).

GRAHAM ARTHUR KING

Non-Executive Director
Appointed on 18 December 2018

Mr. Graham King is a career agriculturalist who worked in Papua New Guinea for 35 years. He has worked in the oil palm industry as an Agronomist with PNGOPRA from 1996 - 2000 and in plantation management at Higaturu Oil Palms from 2000 - 2007 and from 2008 he was the General Manager of Hargy Oil Palms Ltd until his retirement mid this year. Prior to joining the oil palm industry he was a research agronomist with the PNG Department of Agriculture & Livestock specializing in subsistence food production.

Graham is also a director of a number of PNG companies and Associations including Hargy Oil Palms Ltd, National Development Bank, Oil Palm Industry Corporation and PNG Oil Palm Research Association.

Graham has experience in managing the human and physical resources necessary for initiation and coordination of agricultural business in diverse geographical locations. He has a Bachelor in Applied Science (Hort. Tech) University of Queensland – Gatton College. And is a member of PNG Institute of Directors.

BOARD OF DIRECTORS

MOSES LIU

Managing Director

Executive Director since 2012

Mr. Moses Liu was appointed by the NEC as the Managing Director of National Development Bank Limited (NDB) on 19th August 2014. He is the Chairman of NDB's subsidiary, NDB Investment Limited, a Director of Kare Kare Investments Ltd and Director of Hela Investment Limited.

He possesses extensive experience in senior financial and management roles in the private sector with local and multinational companies. He is professionally qualified with a Master of Business Administration (Accounting/Financial Management), UNE, NSW, Australia, has a Bachelor of Technology in Accounting from PNG University of Technology and is a Certified Practising Accountant. Moses is a Certified Practicing Accountant of Papua New Guinea and Australia and a member of the PNG Institute of Directors.

TAUVASA TANUVASA CHOU-LEE

Non-Executive Director

Appointed on 18 December 2018

Mr. Tauvasa Tanuvasa was recently appointed as the Solicitor General of Papua New Guinea with the Department of Justice & Attorney General. He is a lawyer by profession since 2005 and is also a Provisionally Accredited Mediator. He is an experienced Civil and Non-Criminal Court Room Lawyer since 2005.

Tanuvasa holds, among others, Bachelor's Degree in Law with Honours from the University of Papua New Guinea, Master of Laws specializing in Government and Commercial Law from the Australian National University, Graduate Certificate in Governance & Public Policy (GCGPP) from University of Queensland, Prime Minister's Pacific Australia (PMPA) Award Awardee and USA International Visitors Leadership Program (IVLP) Awardee. He is a member of PNG Law Society, Legal Training Institute, PNG Institute of Directors and a member of South Pacific Lawyers Association.

SENIOR MANAGEMENT

MOSES LIU
Managing Director

Appointed in April 2012 as Acting Managing Director and confirmed as Managing Director on 19th August 2014. Professionally qualified with a Masters in Business Administration (MBA) and is a Certified Practicing Accountant.

He possesses extensive experience in senior financial and management roles in the private sector with local and multinational companies. He is professionally qualified with a Master of Business Administration (Accounting/ Financial Management), UNE, NSW, Australia, has a Bachelor of Technology in Accounting from PNG University of Technology and is a Certified Practising Accountant of Papua New Guinea and Australia.

GARY COPLIN
Head of Credit & Acting Chief Executive Officer

Mr. Gary Coplin commenced with NDB in August 2020 as the Executive Manager - Head of Credit. He was appointed as the Acting Chief Executive Officer of NDB in February 2021.

Prior to joining NDB, Mr Coplin worked in PNG with the Bank of South Pacific Limited, and with ANZ Banking Group Limited and other companies in Australia in senior risk management positions.

Mr. Coplin holds a Graduate Diploma of Applied Corporate Governance from the Governance Institute of Australia. He holds a Bachelor and a Master of Commerce (Finance) from the University of New South Wales.

Mr. Coplin is a professional member of the PNG Institute of Directors.

TREVOR CAIN
Executive Manager Lending

Trevor Cain is from New Zealand and joined NDB in March 2012. He has over 27 years of banking experience working throughout Australia, New Zealand and the Pacific involved with lending operations. Trevor has a passion for developing people into high performing roles. He brings energy and a high degree of commitment to his role and enjoys motivating people to succeed in all areas of life. Mr. Cain previously worked in PNG during 2010 and 2011 and wanted to return to this beautiful country he had come to love in such a short time.

MAX KAIRU
Executive Manager Accounting & Finance
Group CFO

From 1991 to 2004, Mr. Kairu worked with multinational companies serving in various accountancy roles before departing for Australia. From 2005 to 2013, he worked in Melbourne and Brisbane for local and multinational companies, non-listed and ASX listed public companies. The roles ranged from financial accounting, statutory reporting, management reporting, treasury, project management to taxation. He holds a Bachelor of Commerce Degree from the University of PNG and a Masters' Degree in Financial Management (part research) from the University of Queensland, Australia. He is a professional member of CPA PNG and CPA Australia. He was the 1998 Advanced Australian Corporations Law KPMG prize winner. He is a member of the PNG Institute of Directors.

YUANIMBA YINANGUIE
Head of Property Safety & Security

Mr. Yinanguie joined NDB in September 2008 as Manager Property & Safety. Prior to that he served in a various local organizations in management roles with significant responsibility spanning over 20 years.

Mr Yinanguie was elevated to Head of Property Safety and Security in 2014. He holds a Bachelor's Degree in Architecture and Building. He leads the Property Safety & Security Department and also acts as the client representative for NDB's ongoing branch expansions.

SUZANNE UNUMBA
Company Secretary & Principal Legal Officer

Ms. Suzanne Unumba joined NDB in December 2010 as Senior Legal Officer. Prior to joining the Bank, she served 10 years with the Office of the Public Solicitor as a Civil Litigation Lawyer.

Suzanne holds a Bachelor's Degree in Law with Honors from the University of PNG as well as a Masters of Business Administration. Ms. Unumba was confirmed the Company Secretary for the NDB Group in June 2013 and is also the Manager of the Bank's Legal Department. She is a member of the PNG Law Society and a member of the PNG Institute of Directors.

FRANKIE HENRY
Senior Manager Quality Assurance

Mr. Henry has a Bachelor's Degree from the PNG University of Technology in Accounting and is a member of CPA PNG & IIA PNG Chapter. Mr. Henry also attained the Diploma in Economic Policy Analysis, NRI PNG.

He worked for 2 years with BSP prior to joining NDB as Senior Audit Officer in April, 2012. Mr Henry was appointed Acting Internal Audit Manager in January, 2013 and confirmed in June, 2013. He has vast work experience with several organizations such as PNG IRC, Post PNG Ltd and Kina Group of Companies.

SENIOR MANAGEMENT

GRACE ANDREW

Manager Human Resource

Masters in Human Resource Management from the University of Papua New Guinea and is a member of PNG Human Resource Institute.

Joined NDB in November 2005 as Senior HR Officer. Appointed as HR Manager in 2008.

Prior to joining NDB was employed 2 years at OTML and 3 years with Word Wide Fund for Nature and International NGO.

ANTHONY DELA CRUZ

Chief Executive Officer
People's Micro Bank

Mr. Dela Cruz has over 20 years of experience at senior management level and extensive international experience in the various fields of Microenterprise Development, Microfinance and Grassroots Banking.

He joined NDB in 2006 as Executive Manager for the Microfinance Division. Mr. Dela Cruz holds a Bachelor's Degree in Business Administration majoring in Finance. He has led the growth of the People's Micro Bank since late 2012.

CORPORATE GOVERNANCE

OUR BUSINESS PHILOSOPHY

As a visionary and ambitious State Owned Enterprise, NDB believes that the key to long term success and sustainability is underpinned by having a solid reputation and a strong brand in the banking industry. It sets high standards of accountability, business ethics, transparency, and fairness in doing business. It strongly adheres to best practice of good governance to protect the interest of its shareholders, clients, employees, government and the general public.

At the forefront of the Board of Directors' efforts to think ahead in Corporate Governance are the various working Committees. Taking a proactive and long term view of the Bank's Corporate Governance, they ensure strict adherence to the corporate governance principles and compliance in performing their legal obligations and managing of financial reporting, operational and regulatory risks.

The NDB's Corporate Governance principles are set forth in charters that guide the Committees which then submit reports and feedback to the Board on matters relating to Governance practices in the operating units. Decisions and actions flowing from these discussions reinforce an active and day-to-day advocacy of financial responsibility, integrity and commitment to service in the Bank.

The Board of Directors are professionals and practitioners from various fields of expertise such as banking, legal, accounting, academia, government and general business management and strategy.

Board of Directors

Chairman: Mr. Michael Yake Mell
Directors: Mr. Darrell Seeto, Mr. Phillip Isu, Mr. Robert Leo, Mr. Graham King, Mr. Tauvasa Tanuvasa Chou-Lee, Mr. Moses Liu
Secretary: Ms. Suzanne Unumba

The Board of Directors is authorized to act on behalf of the National Development Bank Ltd and the shareholder on all matters affecting the management, administration and operations of the Bank, subject to legal limits and mandate imposed by the National Development Act 2007.

The Board now reports to the Minister for State Owned Enterprises who represents the Bank in the National Executive Council (NEC).

Lending Committee

Chairperson: Mr. Darrell Seeto
Members: Mr. Trevor Cain, Mr. Kini Vali, Ms. Suzanne Unumba

The Lending Committee takes charge of the review and approval of the Bank's loans and investments as well as other credit related issues. It assesses the viability of credit and investment proposals with specific attention to the appropriateness of the credit extension and risks involved. Proposals beyond its approving authority are endorsed to the Board. It also sees to regular credit reviews on a per account and portfolio basis, as well as assessments of credit policies and procedures, risk standard, and, when required, dissemination of credit manuals. The Lending Committee meets as often as necessary

Tender Committee

Chairman: Mr. Robert Leo
Members: Mr. Max Kairu, Mr. Yuanimba Yinanguie, Ms. Suzanne Unumba

The Tender Committee, acting within Board set limits is authorized to call for Tenders, to accept and close tender, review, select and recommend approval of Tender and to recommend the acquisition, investment, divestment and disposal of assets. It evaluates tender to determine legal and technical compliance of acquisition of assets and services, retaining or disposing of the tendered assets. Ensuring all tenders conform to the Bank's requirements. The Tender Committee meets as and when required and is Chaired by the Independent Director Mr. Robert Leo, with members comprising of the Principal Legal Officer, Manager for Property & Safety and Executive Manager Accounting and Finance.

Audit Risk & Compliance Committee

Chairperson: Mr. Phillip Isu
Members: Mr. Moses Liu, Mr. Max Kairu, Mr. Trevor Cain, Ms. Suzanne Unumba, Mr. Frankie Henry

The Audit & Risk Committee acts on behalf of the Board and provides oversight of the Bank's financial reporting and control as well as internal and external audit functions. It reviews and assesses the Bank's annual audit plan, its system of internal controls and regular financial and audit reports. It further reviews strategic issues relating to plans and policies, financial and system controls, and methods of operation seeing to their adequacy and pinpointing possible improvements. The internal auditor and the independent external auditor report to the Committee. The Audit and Risk Committee meets at least quarterly, and is composed of a member of the Board who acts as the Chair, and members comprising the Managing Director, and senior management with accounting, auditing, lending and legal management expertise and experience.

The Audit & Risk Committee also is responsible for policy development and oversight over the Bank's credit, market and operating risk exposures. It oversees the system of limits of discretionary authority that the Board delegates to management, ensuring that these are observed and any breaches are immediately corrected. It establishes the framework for reporting risk to the Board including the assessment on the probability and potential impact of each identified risk exposure of the Bank. These reports include information on portfolio concentrations, value at risk measurements, and breaches on limits.

NDB INVESTMENTS
SUBSIDIARIES REPORT
HIGHLIGHTS OF 2020 ANNUAL PERFORMANCE

NDB Investments is the wholly owned subsidiary of the National Development Bank. Its core business activities are the Stret Pasin Business Programs and Property Investments.

The NDB Board Meeting in its meeting No. 6 of 2019 approved the winding up/liquidation of NDB Investments Ltd by 31st December 2020 however liquidation process was delayed until 31st December 2021.

The Board's decision to wind up NDB Investments Ltd came about as a result of continuous investments losses. NDB investments liquidation was voluntary and at the discretion of its shareholder.

Operations

- All lending activities ceased. Total of 41 loan accounts transferred to NDB as at 31st December 2021.
- Retail shops in NCD, Goroka and Lae closed.
- Investment properties transferred to NDB.
- One staff retrenched while two staff rehired under NDB.

Financials

- NDBI recorded a profit before income tax of K583,386 in 2021 (2020: loss of K11,146,036)
- Total assets - K8,842,380 (2020: K8,378,439)
- Total liabilities - K280,529 (2020: K399,975)
- Net assets - K8,561,851 (2020: K7,978,464)
- NDBI's current ratio is 1:58 and it is in a very strong financial position to settle any current obligations.
- Initial fully paid capital was K28,629,614. NDBI is returning to the shareholder K8,561,851, representing 29.91% of original investment capital.
- NDB/NDBI intercompany balances will be offsetted during the course of merging the account balances effective 31st December 2021.

Actions Taken on NDBI Accounts

- NDBI Board approved the liquidation of account balances effective 31st December 2021.
- P&L, Balance Sheet & Cash Flow positions have been established as at 31st December 2021.
- All NDBI loans have been transferred to NDB effective 31st October 2021 in preparation of NDBI liquidation.
- NDBI liquidation entries prepared as at 31st December 2021.
- Outstanding creditors balance of K280,529 will be paid by NDB after proper vetting pertaining to loan security deposits and rental bonds.
- Liquidation administrative activities will continue till 30th April 2022.
- 2021 audit will be conducted on the balances transferred to NDB books effective 31st December 2021.

Liquidation Implementation And Forward Looking

All set of NDBI account balances are recommended to be either offsetted or transferred as agreed to effective 31st December 2021. NDBI will not be carrying any GL balances nor expecting anymore businesses to continue under NDBI in 2022 and beyond except administration of liquidation exercise mainly in properties title conveyance, tax clearances and IPA deregistration work which are expected to be concluded by 30th April 2022.

All payments to liquidation administration activities have been accrued in NDBI accounts hence NDB will settle those liquidation bills accordingly from those provisions. This means that NDBI will not retain any bank account or GL account to undertake those liquidation administrative functions.

PEOPLE'S MICRO BANK

SUBSIDIARIES REPORT

HIGHLIGHTS OF 2020 ANNUAL PERFORMANCE

The year 2020 was overshadowed by global health and socioeconomic disaster caused by COVID-19 pandemic. It caught the world's economy unprepared and brought it to a grinding halt causing massive economic collapse and deaths of millions around the world. But despite the very challenging business environment, PMBL has achieved the following results. These are summarized below;

- **Achieved and Operational Self-Sufficiency (OSS) rate of** 138.54% against the target of 126.74%, ***109% achievement rate.***

- **Registered and ROE rate of** 4.36% against the target of 2.57%, a ***170% achievement rate.***

- **Registered and ROA rate of** 2.25% against the target of 1.34%, a ***168% achievement rate.***

- **Achieved and Net Profit Before Tax of** K3.581 million against a target of K2.104 million, a **170% achievement rate**. Registered a negative (10.65%) year-on-year growth from previous year due to the impact of Covid-19 pandemic. PMBL's Annual NPBT from 2015 - 2020 are as follows;

  - 2015: K1.4 million,
  - 2016: K0.22 million,
  - 2017: K2.29 million
  - 2018: K2.8 million,
  - 2019: K4.00 million and
  - 2020: K3.58 million.

- **Improved the Net capital to** K84.21 million against the target of K82.89 million, a 101% achievement rate. Registered a 2.4% year-on-year growth.

- **The Capital adequacy ratios remained strong with** Tier 1: 102%, Tier 2: 107%, and Leverage 48.44%. Well above the BPNG Standards of: Tier 1: 8%, Tier 2: 12%, and Leverage 6%.

- **Registered total active Saving accounts (cumulative) at** year end: 88,703 accounts. New accounts opened: 19,544, New accounts target: 30,000, 65% achievement rate.

- **Total Customer deposits grew to** K70.97 million against the target of K65.38 million, a ***108% achievement rate***. Registered 9.2% year-on-year growth in 2020.

- **The Loan book stunted at** K53.00 million against the target of K70.80 million. Registered a 75% achievement rate. There was negative (0.9%) year-on-year growth in 2020. The economic depression following the pandemic has curtailed the growth of the loan book to K53 million.

- **Portfolio quality** (over 30 days).

- Year-on-Year Arrears rate has increased from 4.60% to 6.26%.

- Year-on-Year Portfolio-at-risk rate has increased from 9.74% to 15.78%.

- The quality of the loan book has seriously suffered amidst the impact of COVID-19 pandemic in the country's economy.

- The portfolio quality is expected to improve with the restart and recovery of the country's economy.

- **Governance**
  Director Hendericus Kramer was appointed as new Board Chairman in 14th December 2020. He replaced former Chairman Julius Yeoh who has served as the founding Board Chairman from 2013 - 2020.

- **Compliance**
  Fully compliant to loan provisioning requirements of Bank of PNG and IFRS 9.

PMBL Business Growth

PMBL has seen a moderate growth in the retail and lending portfolio. Despite the pandemic, the cumulative number of saving accounts andvalue of customer deposits have registered consistent improvement. On the other hand, the value of the loan book has retarded due to less and less funding and investment opportunities for SMEs and local businesses. It was observed that the only resilient sector in 2020 was the micro and informal sector that remained unrestraint despite the partial transport lockdown.

The OSS rate has reduced by 10% down to 138% compared to 148% from the previous year. The ROE has reduced by 1.33 percentage points to 4.36%. The decline in the rates was mainly an offshoot of the pandemic. PMBL has shown reasonable results at the end of the period yielding strong profitability and efficiency. On the other hand, the arrears and PAR rates have breached the maximum industry standards. Despite the adoption of the Government Measure to give a 3 month's repayment holiday to borrowers in May - June, the deterioration of the portfolio quality of banks and financial institutions remained evident in 2020.

Viability And Profitability

The annual OSS rate has exceeded the budget by 11 percentage points. The main reason being the efficient reinvestment of excess liquidity and the incomes gained from retail fees. During the year, the total investment income has exceeded the budget by almost K200,000. While the fee income realized from retail has exceeded the budget by K700,000. These two revenue items have offset the shortfall of incomes from lending during the pandemic. Further, the 7% cost-saving in the total Expense (approximately K850,000) also helped in improving the over-all efficiency rate.

Return On Equity

The annual ROE rate exceeded the budget by 70% due to better than forecast results amidst the pandemic. In addition, the shareholder has not injected any additional capital in 2020.

Changes in Asset, Liability And Equity

Year-on-year, the Total Assets increased by over 9% mainly due to increase in cash, right use of asset and customer liabilities. The Total Liabilities increased by 17% as a result of increased in customer deposits. The Net Equity improved by 2.5% due to improvement in profitability.

Maximizing Returns on Income Earning Assets

Year-on-year, PMBL's surplus liquidity has increased by 12% from K54.63 million to K61.10 million. The increase was mainly a result of 9% increase in the customer deposits. The unutilised funds were invested in Treasury Bills and generated 24% (K3.75 million) of the total year-to-date gross income of K15.43 million. This income stream complements in improving the bank's viability and profitability as well as assist to satisfy PMBL's compliance to Prudential Regulation on risk management.

Arrears Management

Management continued to maintain aggressive collections and recoveries in dealing with the high incidence of arrears by taking recovery actions on defaulting loan accounts. There was a gradual and continuous increase in the arrears rate in 2020. The COVID-19 pandemic has worsened the already difficult financial position of existing delinquent SME accounts. There were additional accounts that get added to the accounts in-arrears leading to the depreciation of the quality of the loan book as presented earlier.

The small business loans and SME loans that are into renting and services, transport, tourism, and hotel & accommodation-related businesses are the most affected customers of PMBL. The wholesale and retail businesses were also impacted but eventually managed to slowly recover following the lifting of the travel and transport lockdowns. The supply chain has slowly restarted and markets reopened in the last quarter of the year. Management has avoided lending to businesses that exhibit high incidence of arrears.

E-Banking Projects

People's Micro Bank is the most advanced micro bank in the country providing services that are comparable to commercial banks through e-banking. Continuous process and product improvements are being introduced to make the product more competitive and efficient. The total ATM cards issued during the year reached 21,665 cards. PMBL is a member of the REPS-Retail Electronic Payments System since 2019 as a Card Issuer and now doing a pilot test of the Card Acquirer function. This feature is now accessible in all branches with ATMs installed on site. Another new product called Instant Payment Transfer (IPT) between participating banks to use mobile phones is currently under testing and soon to go live.

Human Resource

PMBL keeps a lean organization and ensures high productivity amongst its staff through continuous mentoring, training and upskilling of staff. Total number of human resources is registered at 145 comprising of 85 (59%) male and 60 (41%) female staff. There are 49 Head office staff and 96 branch staff. This number includes all 11 security guards across all PMBL branches. A total of 37 staff completed the leadership training that was conducted in 4 batches throughout the year. The bank implemented safety and health protocols amongst its staff and in its offices to prevent its staff and customers from virus infection. No staff was reported to have contracted the virus during the pandemic.

Management Information System

PMBL's over-all system is highly stable and business continuity is very reliable during the period. The planned live implementation of the upgraded core banking system in December 31th, 2019 was delayed due to bugs found in the system. Fixes were made by the supplier towards the end of the year. After a series of successful testing, the system went live in April 2020. Performance-wise, it has provided additional functionalities that enhanced the bank's internal processes.

Conclusion

The COVID-19 Pandemic has brought health and economic havoc on the world's economies. It was unprecedented in reach and impact. In the local context, the ripple effect on PNG's economy was devastating and debilitating. It happened when the local economy is facing a spiraling economic downturn that made the economy turn from bad to worst in the past 5 years. Although the severe onslaught of the virus spread was not felt locally, the massive effect of global economic halt has put the country's economy in a very bad shape.

Summary of impact of COVID-19 to PMB operations in 2020;

- Year-on-year, PMBL's profitability has reduced by 10% to K3.58 million.
- Year-on-year, the loan book has stunted to K53 million.
- The customer deposits have grown by 9% to K70 million.
- The branches remained profitable though most have shown a reduction in the year-on-year net results.
- The arrears rate was recorded at its highest peak since inception to 6.26%. The number of loan accounts with late repayments remained controlled to below 60 accounts throughout the year.
- PMBL services (ebanking and the branches) continued to operate and unhampered throughout the year.
- No PMBL staff contracted the virus or was retrenched in relation to COVID-19.
- All quarterly Board Meetings were conducted via Zoom Link due to local and international travel restrictions.
- PMBL continued to provide its services unhampered though with reduced operating hours during the peak of the pandemic in the second quarter to third quarter of 2020.
- PMBL proved to be a resilient financial institution despite the onslaught of the global pandemic in PNG.

Moving Forward

The recent years have been very tough to businesses and global economies. It is especially true during the height of the COVID-19 pandemic that hit hard the economic landscape of Papua New Guinea. The year was extremely difficult for the banks and SME sector.

The bank has seen the difficult challenges that continue to create disruption on the operation of many businesses that led to either temporary or permanent closures. Despite the massive change in the condition of the global economy, PMBL strives to go beyond merely surviving the onslaught of the global recession, but to become more resilient and proactive in overcoming the challenges brought by the new business norm.

The 2021 Business Plan & Corporate Strategy captures the many lessons learnt since inception of PMBL 8 years ago. It takes into account the impact of COVID-19 pandemic and the resulting economic slowdown that adversely affected the local businesses. The strategies are crafted on the vision of PMB to see every PNG citizen become empowered to take the lead in the wealth creation and economic development of Papua New Guinea. It will be realized by ensuring the bank's mission is achieved such as;

- To develop a savings culture amongst Papua New Guineans.
- To mobilize deposits for on-lending to the micro-entrepreneurs and the SME sector.
- To generate employment and create wealth by providing capital for business start-ups and growth.
- To offer inclusive and easy access to relevant banking services for the unbanked.
- To deliver and offer banking services that suits the needs and demands of the market under the new normal.
- To deliver banking service in an efficient and transformative manner using new technologies.

Key Assumptions

The Board and Management expect the following environmental factors will be evident in the next 12 months to see the realization of the KPIs set for next year.

- The global economy will make a re-start at the beginning of 2021.
- The PNG economy will lift its restrictions in the international borders and travelers from/to Asia Pacific trading partners.
- The PNG-LNG projects would restart in mid 2021.
- More new businesses will start and existing ones that were seriously affected would start to recover.
- New employment opportunities will spin off from the LNG projects and MSME start-ups out of the Business Stimulus Package support from the National Government.
- There will not be resurgence of travel lockdowns and transport restrictions.

These factors will lead to the revitalization of the local trade, creation of economic and employment opportunities and revival of the local economy. Eventually, the increase in cash flows from trade and investments would result to increase in the demand for credit and banking services.

NATIONAL DEVELOPMENT BANK LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED ANNUAL FINANCIAL REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

The directors of National Development Bank Limited and its subsidiaries referred to as the "Group" submit herewith the annual financial report of the Group for the financial year ended 31st December 2020. In order to comply with the provisions of the Companies Act 1997, the directors report as follows:

The names and particulars of the directors and office holders of the Group during or since the end of the financial year are:

Directors

Name	Executive/non-executive director
Mr. Michael Mell	Non-executive Director (Chairman)
Mr. Darrell Seeto	Non-executive Director (Deputy Chairman)
Mr. Graham A King	Non-executive Director
Mr. Tauvasa Tanuvasa	Non-executive Director
Mr. Phillip Isu	Non-executive Director
Mr. Robert Karato Leo	Non-executive Director
Mr. Moses Liu	Managing Director – Ceased 30/10/20
Mr. Aaron Underdown	Acting Managing Director – Appointed 30/10/20 and ceased 23/03/21
Mr. Gary Coplin	Acting Managing Director – Appointed 23/03/021

Company Secretary

Suzanne Unumba was the Company Secretary throughout the financial year.

Review of Operations

The Group reported a consolidated loss after income tax for the year of K13,915,260 (2019: K23,163,975). The Company reported a loss after income tax for the year of K26,112,694 (2019: K23,174,098).

Changes in State of Affairs

The Group's principal activities are as follows:

- To provide financing to persons for purposes of primary production, for the establishment, development or acquisition of industrial or commercial undertakings and for housing.
- To serve the rural population via the provision of rural credit.
- To build and maintain the total quality of lending assets and investment properties.
- Retailing of merchandise goods to general public.
- To provide banking products to general public.

During the financial year, there was no significant change in the principal activities or state of affairs of the Group other than that referred to in the consolidated financial statements or notes thereto.

Changes in Accounting Policies

No changes in accounting policies during the financial year.

Entries in the Interest Register

The following are transactions recorded in the interest register:

Name	Nature of Interest	Organization
Michael Mell	Chairman	National Development Bank Limited
	Managing Director	Mell & Research Marketing Consultants Ltd
	Shareholder Director	People's Micro Bank Limited
Darrell Seeto	Deputy Chairman	National Development Bank Limited
Graham A. King	Chairman	PNG Oil Palm Research Association
	Director	National Development Bank Limited
	Director	Hargy Oil Palms Ltd
	Director	Oil Palm Industry Corporation
Tauvasa Tanuvasa	Director	National Development Bank Limited

Phillip Isu	Director	National Development Bank Limited
Robert Karato Leo	Director Director	National Development Bank Limited Pu'u Management Consultants Limited
Moses Liu	Managing Director Chairman/Director Director/Shareholder Director Director	National Development Bank Ltd NDB Investments Limited Kare Investments Limited PNG Institute of Banking and Business Management Inc. Hela Investment Limited
Aaron Underdown	Acting Managing Director	National Development Bank Ltd

Directors' And Specified Executives' Remuneration

Directors' and specified executives' remuneration in aggregate are disclosed in Note 21(b) of the consolidated financial statements.

Remuneration Above K100, 000 Per Annum

The number of employees or former employees, not being directors of the Group, whose total remuneration and the value of other benefits received, exceeded K100,000, falls within each relevant K10,000 band of income are as follows:

	2020	**2019**
K100,000 – K170,000	7	7
K170,001 – K180,000	-	-
K180,001 – K210,000	-	-
K210,001 – K220,000	-	-
K220,001 – K480,000	4	4
K480,001 – K490,000	-	-
K490,001 – K760,000	1	1
K760,001 – K770,000	-	-
K770,001 – K1,100,000	1	1

Donations

The Group made donations in the amount of Knil (2019: K61,969).

Independent Auditor's Report

The consolidated financial statements have been audited by EY PNG and should be read in conjunction with the independent auditor's report on pages 25 to 27. As at year end, a total fee of K275,000 (GST exclusive) was incurred for audit services.

Subsequent Events

The Group continues to monitor Papua New Guinea's economic condition and outlook as the global COVID-19 pandemic enters its second year.

Papua New Guinea's development partners, particularly Australia, continues to provide the significant support through public health strengthening and economic reforms to address the negative impact of COVID-19 and improve the country's growth prospects.

Although the Group has not experienced any direct significant impact of the pandemic, the Group's risk provisions, including the ECL loan loss provisioning, have been heightened to ensure greater resilience and to provide much needed support to its clients going forward.
The Group has increased its attention on credit portfolio management by consolidating and strenthening its back office functions with the establishment of a dedicated credit portfolio management and debt recoveries team.

The Directors of the Group are in the opinion that there has not arisen in the interval between the end of the financial year and the date of this report, any item, transaction or event of material and unusal nature other than the matter stated above, that are likely to significantly affect the operations or state of affairs of the Group in the subsequent financial years.

Dividends

The Directors declared Knil dividends in 2020 (2019: Knil).

Company information

Solicitors
In 2020, the Group engaged Ashurst Limited, Warner Shand Lawyers and O'Brien Lawyers as its solicitor.

Registered Office
National Development Bank Building
Somare Crescent
Waigani, NCD

Postal Address
P O Box 686
Waigani
Papua New Guinea
Telephone: +675 7090 8200

Signed in accordance with a resolution of the Directors.

On behalf of the Directors.

Michael Mell
Chairman
Port Moresby, 07th October, 2021

Gary Coplin
Acting Managing Director
Port Moresby, 07th October, 2021

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National Capital District Papua New Guinea

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Independent auditor's report to the members of National Development Bank Limited

Qualified Opinion

We have audited the financial statements of National Development Bank Limited (the "Company"), which comprises the statement of financial position as at 31 December 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the Directors' Report and Directors' Declaration.

In our opinion, except for the possible effects of the matter discussed in the *Basis for Qualified Audit Opinion* section of our report, the accompanying financial report is in accordance with the *Companies Act* 1997, including:

a) giving a true and fair view of the financial position of National Development Bank Limited as at 31 December 2020 and of its financial performance for the year then ended; and

b) complies with International Financial Reporting Standards.

Basis for Qualified Opinion

Adequacy of allowance for expected credit losses

At 31 December 2020, the Company's loans and advances are carried on the statement of financial position at K229,631,298. This amount includes the Company's allowance for expected credit losses of K64,138,782.

At 31 December 2020, the directors have performed an impairment assessment of the Company's loan and receivables as required by IFRS 9 *Financial Instruments* ("IFRS 9"). The Company's impairment test concluded an expected credit loss of K64,138,782 was required at 31 December 2020. Our audit of the Company's impairment test identified that key data inputs used to measure the Company's allowance for expected credit losses, such as the existence and valuation of loan collateral, were not supportable in all circumstances. Our audit determined these errors and deficiencies in the data used to measure the Company's allowance for expected credit losses would likely lead to a material understatement of the Company's allowance for expected credit losses at 31 December 2020. We have not been able to satisfy ourselves by alternative means as to the amount of the understatement of the Company's allowance for expected credit losses at 31 December 2020 resulting from the data errors and deficiencies. Consequently, we have been unable to determine, with sufficient precision, the amount of the required increase to the Company's allowance for expected credit losses at 31 December 2020 to enable the financial statement to be presented in compliance with *International Financial Reporting Standards*.

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial report in Papua New Guinea, and we have fulfilled our ethical responsibilities in accordance with these requirements.

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

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Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information is the Directors' report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with International Financial Reporting Standards and the *Companies Act* 1997 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating 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 Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Standards on Auditing 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 this financial report.

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

- Identify and assess the risks of material misstatement of the financial report, 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.

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- 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 report 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 report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

Report on other legal and regulatory requirements

The Papua New Guinea Companies Act 1997 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

a) in our opinion, except for the possible effects of the matter discussed in the *Basis for Qualified Audit Opinion* section of our report, proper accounting records have been kept by the Company, so far as appears from our examination of those records; and
b) we have obtained all the information and explanations we have required.

Ernst & Young

Ernst & Young

M. Savage

Matthew Savage
Partner
Registered under the Accountants Act 1996
Port Moresby
7 October 2021

A member firm of Ernst & Young Global Limited

Directors' Declaration

For the **Financial Year Ended 31 December 2020**

The Directors declare that:

(a) in the Directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable; and

(b) in the Directors' opinion, the attached consolidated financial statements and notes thereto are in accordance with the Companies Act 1997, including compliance with International Financial Reporting Standards ("IFRSs") and giving a true and fair view of the financial position and performance of the Group.

Signed in accordance with a resolution of the Directors.

On behalf of the Directors

Michael Mell
Chairman
Port Moresby, 07th October, 2021

Gary Coplin
Acting Managing Director
Port Moresby, 07th October, 2021

National Development Bank Limited and its Subsidiaries
Statements of Comprehensive Income
For the **Financial Year Ended 31 December 2020**

	Notes	Consolidated 2020 K	Consolidated 2019 K	Parent Entity 2020 K	Parent Entity 2019 K
Interest income	2(a)	28,138,412	28,764,271	16,146,085	16,281,634
Interest expense	2(b)	(586,921)	(644,696)	(41,796)	(28,286)
Net interest income		27,551,491	28,119,575	16,104,289	16,253,348
Fees and other income	3	14,057,927	15,952,767	10,808,638	12,671,946
Change in fair value of investment properties	10	(1,092,790)	(9,904,922)	2,282,251	(6,107,536)
Total operating income		40,516,628	34,167,420	29,195,178	22,817,758
Operating expenses	4	(45,416,625)	(42,447,455)	(31,326,735)	(32,418,003)
Net operating loss		(4,899,997)	(8,280,035)	(2,131,557)	(9,600,245)
Impairment of Investment in subsidiary	8	-	-	(20, 643,754)	-
Loan impairment expenses	7	(8,557,469)	(13,904,555)	(3,337,383)	(13,573,853)
Loss before income tax		(13,457,466)	(22,184,590)	(26,112,694)	(23,174,098)
Income tax expense	5(a)	(457,794)	(979,385)	-	-
Loss for the year		**(13,915,260)**	**(23,163,975)**	**(26,112,694)**	**(23,174,098)**
Other comprehensive income/(loss)		-	-	-	-
Total comprehensive loss for the year		**(13,915,260)**	**(23,163,975)**	**(26,112,694)**	**(23,174,098)**

Notes to the financial statements are included on pages 33 to 66.

Statements of Financial Position

As at **Financial Year Ended 31 December 2020**

	Notes	Consolidated 2020 K	Consolidated 2019 K	Parent 2020 K	Parent 2019 K
Assets					
Cash and cash equivalents	19(a)	163,929,020	71,292,499	147,584,625	60,294,239
Investment in short term securities	23	62,751,311	56,377,919	15,468,533	15,115,110
Inventory		198,314	712,170	-	-
Trade and other receivables	6	7,809,037	12,974,694	7,261,806	10,232,247
Loans and advances	7	280,225,193	298,191,092	229,631,298	241,725,530
Income tax receivable	5(d)	-	-	19,606	19,606
Investment properties	10	20,280,000	21,372,790	42,354,418	40,072,167
Property and equipment	9(a)	216,821,185	217,045,566	159,086,134	157,029,657
Right of use asset	9(b)	296,696	6,119,426	296,696	315,934
Investment in subsidiaries	8	-	-	85,218,869	105,862,623
Net deferred tax assets	5(b)	874,531	162,785	-	-
Total assets		**753,185,287**	**684,248,941**	**686,921,985**	**630,667,113**

	Notes	Consolidated 2020 K	Consolidated 2019 K	Parent 2020 K	Parent 2019 K
Liabilities					
Trade and other payables	11	7,201,936	5,972,041	5,759,186	4,491,532
Customer deposits	12	78,695,071	71,241,930	21,257,635	20,132,828
Credit fund facility	13	80,000,000	-	80,000,000	-
Employee provisions	14	2,589,949	2,504,432	1,837,698	1,846,377
Provision for income tax	5(d)	575,691	49,906	-	-
Lease liabilities		307,316	6,750,048	307,316	323,532
Total liabilities		**169,369,963**	**86,518,357**	**109,161,835**	**26,794,269**
Net assets		**583,815,324**	**597,730,584**	**577,760,150**	**603,872,844**
Equity					
Share capital	15	119,995,375	119,995,375	119,995,375	119,995,375
Government grant	16(a)	539,166,717	539,166,717	539,166,712	539,166,712
Asset revaluation reserve	16(b)	99,105,199	101,031,482	99,030,430	99,030,430
Accumulated losses		(174,451,967)	(162,462,990)	(180,432,367)	(154,319,673)
Total equity		**583,815,324**	**597,730,584**	**577,760,150**	**603,872,844**

Notes to the financial statements are included on pages 33 to 66.

Statements of Changes in Equity

For the **Financial Year Ended 31 December 2020**

Parent Entity

	Share capital K	Government grants K	Asset revaluation reserve K	Accumulated losses K	Total K
Balance at 1 January 2019	**119,995,375**	**532,142,797**	**99,125,817**	**(132,240,962)**	**619,023,027**
Grants	-	7,023,915	-	-	7,023,915
Transfer to retained earnings	-	-	(95,387)	95,387	-
Dividend declared reversal	-	-	-	1,000,000	1,000,000
Total comprehensive loss for the year	-	-	-	(23,174,098)	(23,174,098)
Balance at 31 December 2019	**119,995,375**	**539,166,712**	**99,030,430**	**(154,319,673)**	**603,872,844**
Grants	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(26,112,694)	(26,112,694)
Balance at 31 December 2020	**119,995,375**	**539,166,712**	**99,030,430**	**(180,432,367)**	**577,760,150**

Consolidated

	Share capital K	Government grants K	Asset revaluation reserve K	Accumulated losses K	Total K
Balance at 1 January 2019	**119,995,375**	**532,142,802**	**101,126,869**	**(140,394,402)**	**612,870,644**
Grants	-	7,023,915	-	-	7,023,915
Transfer to retained earnings	-	-	(95,387)	95,387	-
Dividend declared reversal	-	-	-	1,000,000	1,000,000
Total comprehensive loss for the year	-	-	-	(23,163,975)	(23,163,975)
Balance at 31 December 2019	**119,995,375**	**539,166,717**	**101,031,482**	**(162,462,990)**	**597,730,584**
Grants	-	-	-	-	-
Transfer to retained earnings	-	-	(1,926,283)	1,926,283	-
Total comprehensive loss for the year	-	-	-	(13,915,260)	(13,915,260)
Balance at 31 December 2020	**119,995,375**	**539,166,717**	**99,105,199**	**(174,451,967)**	**583,815,324**

Notes to the financial statements are included on pages 33 to 66.

Statements of Cash Flows

For the **Financial Year Ended 31 December 2020**

		Consolidated		Parent Entity	
	Notes	2020 K	2019 K	2020 K	2019 K
Cash Flows From Operating Activities					
Interest received on loans and advances		23,795,868	22,367,751	15,562,262	14,803,823
Interest received on bank deposits		4,342,543	5,342,857	583,824	463,658
Interest paid on customer deposits		(553,276)	(529,554)	(23,302)	(9,536)
Interest paid on lease liabilities		(33,645)	(85,483)	(18,494)	(18,750)
Commissions and other income received		10,204,210	12,288,340	6,951,854	14,020,262
Rent received		6,758,509	5,269,931	6,475,168	3,531,473
Security deposits received/(encashed)		6,156,084	(4,014,793)	395,731	(2,166,380)
Payments to suppliers and employees		(56,579,847)	(40,556,073)	(48,624,876)	(29,337,116)
Loan repayments		91,765,398	95,007,602	77,283,941	62,704,960
Loans funded less recoveries		(58,128,535)	(112,681,774)	(44,431,218)	(78,979,402)
Income Tax Paid		(823,302)	(1,696,742)	-	(1,696,742)
Net (increase)/decrease in investment in short-term securities		(6,477,244)	7,915,689	(353,423)	(15,155,110)
Net cash generated from/(used in) operating activities	**18(b)**	**20,426,763**	**(11,372,249)**	**13,801,467**	**(31,838,860)**
Cash Flows From Investing Activities					
Proceeds from sale of property, plant and equipment		1,022,426	832,407	414,851	797,407
Purchase of property, plant and equipment	18(c)	(7,895,181)	(12,653,940)	(6,713,294)	(7,990,762)
Net cash generated from/(used in) investing activities		**(6,872,755)**	**(11,821,533)**	**(6,298,443)**	**(7,183,355)**
Cash Flows From Financing Activities					
Proceeds from government		80,000,000	7,023,915	80,000,000	7,023,915
Payment of Lease liabilities		(917,487)	(2,023,955)	(212,638)	(181,691)
Net cash generated from financing activities		**79,082,513**	**4,999,960**	**79,787,362**	**6,842,224**
Net increase/(decrease) in cash and cash equivalents		**92,636,521**	**(18,193,822)**	**87,290,386**	**(32,189,991)**
Cash and cash equivalents at the beginning of the financial year		**71,292,499**	**89,486,321**	**60,294,239**	**92,484,230**
Cash and cash equivalents at the end of the financial year	**18(a)**	**163,929,020**	**71,292,499**	**147,584,625**	**60,294,239**

Notes to the financial statements are included on pages 33 to 66.

General Information

The National Development Bank Limited is a limited liability Company and is incorporated and domiciled in Papua New Guinea. The Company was incorporated under the PNG Companies Act 1997 in June 2007. The principal activity of the Group is to mobilise savings, retail merchandise goods, maintain investment properties, provide micro credit and allied banking services to ordinary Papua New Guineans in both urban and rural areas.

The Company is wholly owned by the state under Kumul Consolidated Holdings Limited and has two subsidiaries, People's Micro Bank Limited and NDB Investments Limited.

The financial statements for the financial year ended 31st December 2020 have been approved for issue by the Board of Directors on 2021. Neither the entity's owners nor others have the power to amend the financial statements after issue.

1. Summary of Accounting Policies

Statement of Compliance

These are the financial statements of National Development Bank Limited (the "Company") and its controlled entities (together the "Group"). The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the Accounting Standards Board of Papua New Guinea (ASB) and the requirements of the Papua New Guinea Companies Act 1997.

Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis, other financial assets and liabilities held for trading and financial assets and liabilities designated at fair value through profit or loss (FVPL) and debt and equity instruments at fair value through other comprehensive income (FVOCI) all of which have been measured at fair value. All amounts are presented in Papua New Guinea kina (K) which is the Group's functional and presentation currency.

The financial statements comprise of the profit or loss and statement of comprehensive income as showing as one statement, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes.

The Group classifies its expenses by the nature of expenses method.

Use of Estimates and Judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods if affected. Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in the following notes:

Note 1 (e) - Loan provisioning
Note 1 (k) - Investment properties

Going Concern - State Guarantee

Pursuant to Section 29 of the National Development Bank Act 2007 provides that the Government of PNG (the "State") may guarantee or indemnify (including any overdraft or other financial accommodation) the bank for in respect of any asset or liability. However, any specific guarantees have not been provided.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

a) Revenue Recognition

(i) Fees and Other Income

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

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

(ii) Rental Income

Rental income from investment properties is recognised on a straight line basis over the term of the relevant lease.

(iii) Maintenance Fee

This fee is charged for administration and maintenance of loan over the commitment period on the basis of fixed fee or a rate applied to the loan balance on the last day of each month.

b) Interest Income

Interest income is brought to account on an accruals basis using the effective interest method. Interest, including premiums and investment securities, is brought to account using the effective interest rate method. IFRS 9 prescribes that interest income should continue to be recognised for loans that are 90 days and above past due but now calculated based on the amortised cost amount and not the gross amount.

c) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, non-restricted cash balance and demand deposits. Demand deposits are short term (with original maturities of 3 months or less), highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

d) Employee Benefits

A liability is recognised 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 recognised 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 recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Contribution Plans

Contributions to superannuation plans are expensed when incurred.

e) Impairment of Financial Assets at Amortized Cost

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

Expected Credit Loss ("ECL") Impairment Model

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

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

Stage 1 – 12 month ECL applies to all financial assets that have not experienced a significant increase in credit risk ("SICR") since origination and are not credit impaired. The ECL will be computed using a 12 month PD that represents the probability of default occurring over the next 12 months. For those assets with a remaining maturity of less than 12 months, a PD is used that corresponds to remaining maturity.

Stage 2 – When a financial asset experiences a SICR subsequent to origination but is not credit impaired, it is considered to be in Stage 2. This requires the computation of ECL based on lifetime PD that represents the probability of default occurring over the remaining estimated life of the financial asset. Credit loss allowances are higher in this stage because of an increase in risk and the impact of a longer time horizon being considered compared to 12 months in Stage 1.

Stage 3 – Financial assets that have an objective evidence of impairment will be included in this stage. Similar to Stage 2, the allowance for credit losses will continue to capture the lifetime expected credit losses.

The diagram below shows the impairment approach under IFRS 9.

Change in credit quality since initial recognition

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

Measurement of Expected Credit Loss

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

PD – The probability of default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the remaining estimated life, if the facility has not been previously derecognized and is still in the portfolio.

EAD – The exposure at default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payment.

LGD – The loss given default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Bank would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

Qualitative information assumptions on ECL changes.

Assumptions	Scenario	2020	2019	Increase/decrease
Haircut on Collateral	Base	30%	30%	Stable
	Upturn	15%	15%	Stable
	Downturn	50%	50%	Stable
Time realisation	Base	12 months	12 months	Stable
	Upturn	6 months	6 months	Stable
	Downturn	30 months	30 months	Stable
Costs to recover		0%	0%	Stable
Cure rate	Base	0%	0%	Stable
	Upturn	10%	10%	Decreased
	Downturn	-25%	-25%	Decreased
ECL Weighting	Base	60%	70%	Stable
	Upturn	15%	10%	Stable
	Downturn	25%	20%	Stable

Forward-looking Information

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

Macroeconomic Factors

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

Multiple Forward-looking Scenarios

The Group determines its allowance for credit losses using three probability-weighted forward-looking scenarios. The Group considers both internal and external sources of information and data in order to achieve unbiased projections and forecasts. The weightings assigned to each economic scenario at 31st December 2020 were as follows:

Scenario	Base	Upturn	Downturn
Weighting	60%	15%	25%

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

The approximate level of provisions for impairment assuming 100% weighting was applied to the base case scenario and holding all other assumptions constant is K64.08 million.

The approximate level of provisions for impairment assuming 100% weighting was applied to the downside scenario and holding all other assumptions constant is K64.38 million.

Assessment of Significant Increase in Credit Risk (SICR)

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

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

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtors ability to meet its debt obligations;
- significant increases in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its obligations.

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

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

Expected Life

When measuring expected credit loss, the Group considers the maximum contractual period over which the Group is exposed to credit risk. All contractual terms are considered when determining the expected life, including prepayment, and extension and rollover options. For revolving credit facilities, the expected life is estimated based on the period over which the group is exposed to credit risk and how the credit losses are mitigated by management actions.

Presentation of Allowance for Credit Losses in the Statement of Financial Position

- Financial assets measured at amortized cost: as a deduction from the gross carrying amount of the financial assets;

Definition of Default

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held);
- the borrower is more than 90 days past due on any material credit obligation to the Group;
- it is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borower's inability to pay its credit obligations.

In assessing whether the borrower is in default; the Group considers indicators that are:

- qualitative e.g breach of covenants;
- quantitative e.g overdue status and non-payment on another obligation of the same issuer in the Group; and
- based on data developed internally and obtained from external sources.

Write-off Policy

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

Collateral

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

- Mortgages over residential property;
- Charges over business assets such as premises, inventory and accounts receivable; and
- Deed of assignment over cash deposit as security.

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

Parent

	Gross exposure	Impairment llowances	Carrying amount	Fair value of collateral held
	PGK	PGK	PGK	PGK
2020				
Stage 1	114,960,030	(552,418)	114,407,612	377,237,292
Stage 2	33,342,111	(446,516)	32,895,595	92,901,110
Stage 3	145,467,939	(63,139,848)	82,328,091	105,632,703
	293,770,080	(64,138,782)	229,631,298	575,771,105
2019				
Stage 1	130,159,845	(653,336)	129,506,509	489,583,239
Stage 2	46,938,293	(2,511,262)	44,427,031	131,020,355
Stage 3	203,603,297	(126,783,879)	76,819,418	95,646,990
	380,701,435	(129,948,477)	250,752,958	716,250,584

Consolidated

	Gross exposure	Impairment llowances	Carrying amount	Fair value of collateral held
	PGK	PGK	PGK	PGK
2020				
Stage 1	164,387,381	(1,072,286)	163,315,095	503,073,286
Stage 2	37,549,097	(942,886)	36,606,211	102,370,735
Stage 3	154,429,525	(74,125,638)	80,303,887	127,058,745
	356,366,003	(76,140,810)	280,225,193	732,502,766
2019				
Stage 1	179,391,934	(652,599)	178,739,335	629,800,042
Stage 2	47,802,045	(2,555,671)	45,246,374	134,545,251
Stage 3	213,802,689	(134,536,591)	79,266,098	119,495,538
	440,996,668	(137,744,861)	303,251,807	883,840,831

Credit Risk Exposure

The tables below show the reconciliations from the opening to the closing balance of the loss allowance by class of financial asset. The basis for determining transfers due to changes in credit risk is set out in the Group's accounting policy; see Note 1 (d).

Parent

	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January	130,159,845	46,938,293	203,603,297	380,701,435
Loans originated	38,311,555	-	-	38,311,555
Transferred to Stage 1	24,821,282	(23,520,800)	(1,300,482)	-
Transferred to Stage 2	(22,955,120)	26,649,620	(3,694,500)	-
Transferred to Stage 3	(31,184,567)	(7,876,870)	39,061,437	-
Loans repaid	(24,192,965)	(8,848,132)	(24,692,485)	(57,733,582)
Write-off	-	-	(67,509,328)	(67,509,328)
Balance at 31 December	114,960,030	33,342,111	145,467,939	293,770,080

Consolidated

	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January	176,667,332	47,802,044	213,802,688	438,272,064
Loans originated	48,202,239	-	-	48,202,239
Transferred to Stage 1	25,126,002	(23,821,345)	(1,304,657)	-
Transferred to Stage 2	(27,097,328)	30,791,828	(3,694,500)	-
Transferred to Stage 3	(31,428,494)	(8,188,296)	39,616,790	-
Loans repaid	(27,082,370)	(9,035,134)	(26,481,468)	(62,598,972)
Write-off	-	-	(67,509,328)	(67,509,328)
Balance at 31 December	164,387,381	37,549,097	154,429,525	356,366,003

The following table contains an analysis of the ECL allowance recognised.

Parent

	Stage 1	Stage 2	Stage 3	Total
Balance as at 31 December 2020	552,418	446,516	63,139,848	64,138,782
Balance as at 31 December 2019	635,336	2,511,262	126,783,879	129,930,477

Consolidated

	Stage 1	Stage 2	Stage 3	Total
Balance as at 31 December 2020	1,072,286	942,886	74,125,638	76,140,810
Balance as at 31 December 2019	652,598	2,555,671	134,536,591	137,744,860

Loans are originated by providing funds directly to the borrower and are recognised when cash is advanced to borrowers.

The advances to shop operators under the Stret Pasin Business Scheme will be converted to loans as and when the business set up process for each shop is completed for normal operations. Accordingly, these investments are treated as loans and advances. Where they are unsuccessful, the cumulative balance is provided for indicating non recoverability.

f) Consolidation of Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-company assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Company are eliminated in full on consolidation.

g) Government Grants

Government grants are recognised in equity based on the following key criteria:

- The government grants are financing device and should be dealt with as such in the statement of financial position rather than be recognised in profit or loss to offset the items of expense that they finance.
- Government grants are received from the ultimate shareholder of the Company. The shareholder is Government of Papua New Guinea.

National Government Funding
Funding received by the Group is from individual Government Agencies and that coming direct from the National Government Budget support. The parent entity was previously known as the Rural Development Bank and historically (30 - 40 years ago) received some funding that was for specific projects (purpose) mainly for rural development and for specific agriculture initiatives. Presently under National Development Bank Limited, these funds are now received directly from National Government specifically for lending to both Agriculture and SME related projects and businesses. The Group confi rmed that the remitted funds would not be returned either partially or in full to both National Government and the Government Agencies and therefore these are currently classified as additional paid in capital within equity until they are converted to shares. The National Government remains the sole shareholder.Where Government funds are given with the intention to return the funds to Government Agencies upon non fulfilment or partial fulfilment of a specific purpose or objective, they are classified as a financial libaility.

h) Impairment of Assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than invesntories and deferred tax assets) to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

i) Income Tax

Current Tax
Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred Tax
Deferred tax is accounted for using the balance sheet liability method. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the consolidated balance sheet. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities which affects neither taxable income nor accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group and its controlled entities expect, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group and its controlled entities intends to settle its current tax assets and liabilities on a net basis.

Current and Deferred Tax for the Period
Current and deferred tax is recognised as an expense or income in the statement of profit and loss and other comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity through other comprehensive income.

j) Property And Equipment

Land and buildings comprise residential and commercial buildings, head office and branch office buildings and vacant land. Land and buildings are shown at fair value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross amount of the asset, and the amount is restated to the revalued amount of the asset. All other property and equipment are stated at historical cost less depreciation.

Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of profit and loss and other comprehensive income during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation are credited to deferred tax liability and revaluation reserves in shareholder's equity. Decreases that offset previous increases of the same asset are charged against revaluation reserves; all other decreases are charged to the statement of profit and loss and other comprehensive income.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

- Buildings 2% p.a. on cost or valuation
- Office Equipment 25% p.a. on cost
- Motor Vehicles 25% p.a. on cost
- Items below K2,000 100% in year of purchase

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 1(h)). Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within Finance and other income, in the statement of profit and loss and other comprehensive income. When revalued assets are sold, the amounts included in revaluation reserves are transferred to accumulated losses.

k) Investment Property

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. The measurements of fair values are done by several independent professional valuers. They use comparable sales method, summation method and capitalization method to value the investment properties and valuations are conducted annually on all investment properties. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss account in the period in which they arise.

l) Financial Instruments

Financial Assets And Liabilities

Recognition And Initial Measurement

The Group recognizes a financial asset or a financial liability in its statement of financial position when, and only when, the Group becomes party to the contractual provisions of the instrument. Except for trade receivables that do not have a significant financing component, at initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.
Trade receivables that do not have a significant financing component are measured at their transaction price at initial recognition.

Classification And Measurement

Classification and subsequent measurement of financial assets

The Group classifies financial assets into one of the following measurement category:
- Amortised cost,
- Fair value through other comprehensive income (FVTOCI),
- Fair value through profit or loss (FVTPL).

Financial assets include both debt and equity instruments.

(i) Debt Instruments

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

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

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

(i) are held for trading purposes;
(ii) are held as part of a portfolio managed on a fair value basis; or
(iii) whose cash flows do not represent payments that are solely payments of principal and interest.

The group did not have any debts instruments measured at FVTPL in 2020.

The classification of debt instruments is determined based on:

a) the business model under which the asset is held; and
b) the contractual cash flow characteristics of the instrument.

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

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

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

Classification And Subsequent Measurement of Financial Liabilities

The Group classifies all financial liabilities as subsequently measured at amortised cost. Deposits are accounted for at amortized cost. Interest on deposits, calculated using the effective interest rate method, is recognized as interest expense. Interest on borrowings is recognized using the effective interest rate method as interest expense.

Determination of Fair Value

Fair value of a financial asset or liability is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal, or in its absence, the most advantageous market to which the Group has access at the measurement date.

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

(ii) Derecognition of Financial Assets And Financial Liabilities

Derecognition of Financial Assets

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

Where substantially all the risks and rewards of ownership of the financial asset are neither retained nor transferred, the Group derecognises the transferred asset only if it has lost control over that asset. Control over the asset is represented by the practical ability to sell the transferred asset. If the Group retains control over the asset, it will continue to recognise the asset to the extent of its continuing involvement. At times such continuing involvement may be in the form of investment in senior or subordinated tranches of notes issued by non-consolidated structured entities.

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

Derecognition of Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

m) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS16.

(i) Group Acting as a Lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for leases of branches and office premises the Group has elected not to separate non-lease components and accounts for the lease and non-lease components as a single lease component.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to branches or office premises.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by analyzing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the agreement is reasonably certain not to terminate early.

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

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term Leases And Leases of Low-value Assets

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

(ii) Group Acting as a Lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone selling prices.

When the Group acts as a lessor, it determines at lease inception whether the lease is a finance lease or an operating lease.

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

The group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

(iii) Leases as Lessee

The Group leases a number of branch and office premises. The leases typically run for a period of 6 years, with an option to review the lease after that date. For some leases, payments are renegotiated every 6 years to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices.

The Group also leases IT equipment with contract terms of one to three years. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

(iv) Extension Options

Some leases of office premises contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Group is reasonably certain that it will take up the extension option and these have therefore been included in the right of use asset and lease liability assessments.

(i) As a Lessor

When the Group acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease.

To classify each lease, the Group made an overall assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset. If this was the case, then the lease was a finance lease; if not, then it was an operating lease. As part of this assessment, the Group considered certain indicators such as whether the lease was for the major part of the economic life of the asset.

(ii) Operating Lease Arrangements

The Group as Lessor – Leasing Arrangements

The Group properties constructed and acquired through purchase with original intention to lease out to clients and those that are used for operation and staff residential and converted to for leasing are all classified as investment properties and separately disclosed.

Operating leases entered into with external parties are with lease terms of between 5 to 10 years, with an option to extend for a further 10 years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

Operating leases where lessee has control over the asset are now recognized as Right of Use Asset and Lease Liability in the Balance Sheet.

Rental income earned by the Group from its investment properties and direct expenses arising on the investment properties for the year are set out in Notes 3 and 4.

n) Goods And Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

(i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
(ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as cash flows from operating activities.

o) Inventories

Raw materials, stores, work-in-progress and finished goods are valued at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure incurred in acquiring the goods and bringing them to their existing condition and location.

p) Comparative amounts

Where necessary, comparative figures have been adjusted to conform to current disclosure and reclassification of balances.

q) Release of New And Revised International Financial Reporting Standards

A number of new standards and amendments to standards are effective for annual periods beginning 1st January 2021, with early adoption available in annual period beginning on 1st January 2020. The Group has not applied the following new or amended standards in preparing these financial statements.

Description	**Effective for annual periods beginning on or after**
Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	1 January 2021
Reference to the Conceptual Framework – Amendments to IFRS 3	1 January 2022
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	1 January 2022
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	1 January 2022
AIP IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities	1 January 2022
IFRS 17 Insurance Contracts	1 January 2023
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2023
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28	Deferred effectivity

The Group is assessing the potential impact on its financial statements resulting from the application of these standards.

2. Net Interest Income

	Consolidated		Parent Entity	
	2020 K	**2019 K**	**2020 K**	**2019 K**
(a) Interest income				
Loans and advances using effective interest rate ("EIR") method	23,795,868	23,979,304	15,562,261	15,701,661
Cash and short term funds	4,342,544	4,784,967	583,824	579,973
Total	**28,138,412**	**28,764,271**	**16,146,085**	**16,281,634**
(b) Interest expense				
Customer deposits	(553,276)	(559,213)	(23,302)	(9,536)
Lease liability	(33,645)	(85,483)	(18,494)	(18,750)
Total	**(586,921)**	**(644,696)**	**(41,796)**	**(28,286)**
Net interest income	**27,551,491**	**28,119,575**	**16,104,289**	**16,253,348**

3. Fees And Other Income

	Consolidated		Parent Entity	
	2020 K	**2019 K**	**2020 K**	**2019 K**
Ledger maintenance fee	7,935,867	7,892,806	6,140,666	6,753,415
Commission	457,175	668,724	446,882	662,646
Tender fees	180,550	150,550	180,550	150,350
Total fee and deposit income	8,573,592	8,712,080	6,768,098	7,566,411
Rental income	3,501,660	4,643,019	3,504,728	3,531,473
Gain on sale of assets	352,057	797,407	352,057	797,407
Other income	1,630,618	1,800,261	183,755	776,655
Total other income	**14,057,927**	**15,952,767**	**10,808,638**	**12,671,946**

All fees and other income are recognized at point in time and generated in Papua New Guinea.

4. Operating Expenses

	Consolidated		Parent Entity	
	2020 K	**2019 K**	**2020 K**	**2019 K**
Staff costs	(20,858,759)	(20,004,715)	(15,527,431)	(14,713,617)
Administrative and overhead expenses	(15,653,144)	(14,210,485)	(10,194,738)	(11,256,678)
Marketing expenses	(396,666)	(374,270)	(309,921)	(328,219)
Directors' fees and other board expenses	(798,049)	(925,374)	(581,162)	(667,776)
Depreciation expense	(7,710,007)	(6,932,611)	(4,713,484)	(5,451,713)
	(45,416,625)	**(42,477,455)**	**(31,326,735)**	**(32,418,003)**

5. Income Taxes

a) Income Tax Expense

The prima facie income tax expense on pre-tax accounting (loss)/profit from operations reconciles to the income tax expenses in the financial statements as follows:

	Consolidated		Parent Entity	
	2020 K	2019 K	2020 K	2019 K
Loss before income tax	(13,457,465)	(22,184,590)	(26,112,694)	(23,174,098)
Income tax benefit calculated at 30% (2019: 30%)	(4,037,240)	(6,653,377)	(7,833,808)	(6,952,229)
Non-deductible expenses	69,145	64,434	28,375	28,971
Non-taxable income	(823,675)	1,832,260	(823,675)	1,832,261
Deferred tax assets not recognised	5,249,564	5,738,068	8,629,108	5,090,997
Income tax expense	**457,794**	**979,385**	**-**	**-**

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Papua New Guinea corporate entities on taxable profits under Papua New Guinea tax law. There has been no change in the corporate tax rate when compared with the previous financial year.

Income tax expense comprises

	Consolidated		Parent Entity	
	2020 K	2019 K	2020 K	2019 K
Deferred tax	5,249,565	256,200	-	-
Current tax	(4,791,770)	723,185	-	-
	457,794	979,385	-	-

b) Deferred Taxes

2020 Parent

	Opening Balance	Recognised in Profit or Loss	Closing Balance
Deferred tax assets			
Allowance for loan impairment	70,971,072	(6,832,290)	64,138,782
Provisions for employee entitlements	1,846,377	(8,679)	1,837,698
Provision for audit fees	159,600	(10,676)	148,924
Other provisions	-	881,423	881,423
	72,977,049	(5,970,222)	67,006,827
Deferred tax liabilities			
Property and equipment	(72,095,626)	6,151,130	(65,944,496)
Rental debtors	(881,423)	(180,908)	(1,062,331)
	(72,977,049)	5,970,222	(67,006,827)
Net deferred tax assets	-	-	-
At 30%	-	-	-

2020 Consolidated

	Opening Balance	Recognised in Profit or Loss	Closing Balance
Deferred tax assets			
Allowance for loan impairment	73,158,249	4,067,632	77,225,881
Provisions for employee entitlements	2,504,431	85,518	2,589,949
Provision for audit fees	233,571	48,777	282,348
Others	-	1,512,762	1,512,762
	75,896,251	**5,714,689**	**81,610,940**
Deferred tax liabilities			
Property and equipment	(73,554,311)	(3,758,029)	(77,312,340)
Others	(1,799,322)	415,826	(1,383,496)
	(75,353,633)	**(3,342,203)**	**(78,695,836)**
Net deferred tax assets	**542,618**	**2,372,486**	**2,915,104**
At 30%	**162,785**	**711,746**	**874,531**

2019 Parent

	Opening Balance	Recognised in Profit or Loss	Closing Balance
Deferred tax assets			
Allowance for loan impairment (capped)	69,724,355	1,246,717	70,971,072
Provisions for employee entitlements	1,933,087	(86,710)	1,846,377
Provision for audit fees	80,045	79,555	159,600
Other provisions	381,017	(381,017)	-
	72,118,504	**858,545**	**72,977,049**
Deferred tax liabilities			
Property and equipment	(71,536,964)	(558,662)	(72,095,626)
Rental debtors	(581,540)	(299,883)	(881,423)
	(72,118,504)	**(858,545)**	**(72,977,049)**
Net deferred tax assets	**-**	**-**	**-**
At 30%	**-**	**-**	**-**

2019 Consolidated

	Opening Balance	Recognised in Profit or Loss	Closing Balance
Deferred tax assets			
Allowance for loan impairment (capped)	72,234,614	923,635	73,158,249
Provisions for employee entitlements	2,555,703	(51,272)	2,504,431
Provision for audit fees	198,994	34,577	233,571
Others	381,017	(381,017)	-
	75,370,32	**8 525,923**	**75,896,251**
Deferred tax liabilities			
Property and equipment	(72,460,180)	(1,094,131)	(73,554,311)
Others	(1,513,531)	(285,791)	(1,799,322)
	(73,973,711)	**1,379,922**	**(75,353,633)**
Net deferred tax assets	**1,396,615**	**(853,999)**	**542,618**
At 30%	**418,985**	**(256,200)**	**162,785**

c) Unrecognised Deductible Temporary Differences

	Consolidated		Parent Entity	
	2020 K	2019 K	2020 K	2019 K
Tax losses	(16,473,955)	(27,730,775)	(3,235,735)	(24,071,923)
Impairment provision - subsidiary liquidating (NDBI)	-	-	(6,371,514)	-
Loan provisions	66,916,769	(58,967,113)	65,791,696	(52,750,533)
	50,442,814	**(86,697,888)**	**56,184,447**	**(76,822,456)**

d) Provision for Income Tax

	Consolidated Parent		Entity	
	2020 K	2019 K	2020 K	2019 K
Opening balance brought forward	49,906	1,164,873	(19,606)	(57,831)
Current income tax provision	1,225,295	1,018,733	-	-
Payments made during the year	(823,303)	(1,696,742)	-	-
Interest withholding tax credited	-	(19,606)	-	(19,606)
Under/(Over) provision of tax in prior years	123,793	(417,352)	-	57,831
Total income tax payable/(receivable)	**575,691**	**49,906**	**(19,606)**	**(19,606)**

6. Trade and Other Receivables

	Consolidated		Parent Entity	
	2020 K	2019 K	2020 K	2019 K
Interest withholding tax	68,028	-	68,028	-
Trade receivables	1,298,601	2,393,307	1,271,227	971,905
Less: Allowance for doubtful rent receivable	(208,897)	(1,016,274)	(208,897)	(90,482)
	1,157,732	**1,377,033**	**1,130,358**	**881,423**
Prepayments	1,350,681	4,763,424	1,350,681	3,193,231
Goods and services tax	1,036,257	1,037,008	1,036,257	1,037,008
Other receivables	4,264,367	5,797,229	3,744,510	5,120,585
	7,809,037	**12,974,694**	**7,261,806**	**10,232,247**

7. Loans and Advances

	Consolidated		Parent Entity	
	2020 K	2019 K	2020 K	2019 K
Loans originated by the bank	356,366,003	435,935,953	293,770,080	371,656,006
Less: allowance for expected credit loss	(76,140,810)	(137,744,861)	(64,138,782)	(129,930,476)
Net loans and advances	**280,225,193**	**298,191,092**	**229,631,298**	**241,725,530**

Movement in allowance for expected credit loss as below:

	Consolidated		Parent Entity	
	2020 K	2019 K	2020 K	2019 K
Balance at 1 January	(137,744,861)	(126,101,463)	(129,930,476)	(116,356,623)
Provision during the year	(8,557,469)	(13,904,555)	(3,337,383)	(15,576,236)
Loans written off/other adjustments	70,161,520	2,261,157	69,129,077	2,002,383
Balance at 31 December	**(76,140,810)**	**(137,744,861)**	**(64,138,782)**	**(129,930,476)**

Allowance for expected credit loss is represented by:

	Consolidated		Parent Entity	
	2020 K	2019 K	2020 K	2019 K
Individually assessed or specific provision	(63,020,660)	(127,499,071)	(63,020,660)	(122,380,434)
Collective provision	(13,120,150)	(10,245,790)	(1,118,122)	(7,550,042)
Balance at 31 December	**(76,140,810)**	**(137,744,861)**	**(64,138,782)**	**(129,930,476)**

Loan impairment (expense)/recovery:

	Consolidated		Parent Entity	
	2020 K	2019 K	2020 K	2019 K
Total new and (increase)/decrease provisioning	(9,711,060)	(13,904,555)	(4,484,674)	(13,573,853)
Recoveries during the year	1,153,591	-	1,147,291	-
Total	**(8,557,469)**	**(13,904,555)**	**(3,337,383)**	**(13,573,853)**

8. Investment In Subsidiaries

	Consolidated		Parent Entity	
	2020 K	2019 K	2020 K	2019 K
Investments carried at cost:				
Opening balance	-	-	105,862,623	105,862,623
Impairment	-	-	(20,643,754)	-
Closing balance	-	-	85,218,869	105,862,623

In 2020, the impairment loss of PGK 20.64 million represented the write-down of inventories, property, plant and equipment, and defaulted loans as NDB Investments Limited ceased its operation and will be wound down by 2021. This was recognised in the statement of profit or loss as impairment of investment in subsidiary.

Name of Entity	Principal Activity	Country of Incorporation and Operation	Ownership Interest	
			2020 %	2019 %
NDB Investments Limited	SME Lending, Property rental & retail	PNG	100%	100%
Peoples Micro Bank Limited	Microfinance	PNG	100%	100%

9. a) Property And Equipment

Parent Entity

	Land and buildings at fair value K	Motor vehicles at cost K	Office equipment at cost K	Work in progress at cost K	Total K
Cost/valuation					
Balance as at 1 January 2019	**116,872,472**	**7,412,648**	**20,520,519**	**38,503,755**	**183,309,394**
Additions	-	-	-	7,009,158	7,009,158
Disposals	(350,000)	(762,229)	(583,879)	-	(1,696,108)
Transfer of WIP	18,615,468	1,581,049	3,741,844	(23,938,361)	-
Balance as at 31 December 2019	**135,137,940**	**8,231,468**	**23,678,484**	**21,574,552**	**188,622,444**
Additions	33,084	186,737	789,028	5,704,445	6,713,294
Disposals	-	(1,183,534)	(131,972)	(106,468)	(1,421,974)
Transfer of WIP	1,475,621	1,021,597	336,368	(2,833,586)	-
Balance as at 31 December 2020	**136,646,645**	**8,256,268**	**24,671,908**	**24,338,943**	**193,913,764**
Accumulated depreciation					
Balance as at 1 January 2019	**3,979,404**	**6,203,125**	**17,843,934**	**-**	**28,026,463**
Disposals	(16,684)	(762,229)	(454,458)	-	(1,233,371)
Depreciation expense	2,227,297	944,731	1,946,922	-	5,118,950
Others	(319,255)	-	-	-	(319,255)
Balance as at 31 December 2019	**5,870,762**	**6,385,627**	**19,336,398**	**-**	**31,592,787**
Disposals	(45,477)	(1,183,534)	(130,168)	-	(1,359,179)
Depreciation expense	1,519,128	994,622	2,080,272	-	4,594,022
Balance as at 31 December 2020	**7,344,413**	**6,196,715**	**21,286,502**	**-**	**34,827,630**
Net book values					
As at 31 December 2020	**129,302,232**	**2,059,553**	**3,385,406**	**24,338,943**	**159,086,134**
As at 31 December 2019	**129,267,178**	**1,845,841**	**4,342,086**	**21,574,552**	**157,029,657**

Consolidated

	Land and buildings at fair value K	Motor vehicles at cost K	Office equipment at cost K	Work in progress at cost K	Total K
Cost/valuation					
1 January 2019	**174,533,167**	**8,954,260**	**22,401,364**	**38,596,270**	**244,485,062**
Additions	338,579	193,071	4,959,091	8,239,495	13,730,236
Disposals	(780,184)	(891,388)	(100,644)	-	(1,772,216)
Transfers	8,828,376	1,581,403	3,775,445	(14,185,224)	-
31 December 2019	**182,919,938**	**9,837,347**	**31,035,256**	**32,650,541**	**256,443,082**
Additions	34,843	186,737	1,969,156	5,704,445	7,895,181
Disposals	(154,448)	(1,183,534)	(739,547)	(1,386,604)	(3,464,133)
Transfers	11,271,474	1,021,597	336,368	(12,629,439)	-
Balance as at 31 December 2020	**194,071,807**	**9,862,147**	**32,601,233**	**24,338,943**	**260,874,126**

Accumulated Depreciation

Balance as at 1 January 2019	**7,155,532**	**7,457,659**	**19,939,845**	**-**	**34,553,036**
Disposals	(16,683)	(862,095)	(93,685)	-	(972,463)
Depreciation expense	2,961,155	1,073,388	2,101,657	-	6,136,200
Others	(319,257)	-	-	-	(319,257)
Balance as at 31 December 2019	**9,780,747**	**7,668,952**	**21,947,817**	**-**	**39,397,516**
Depreciation expense	1,988,814	1,131,211	2,856,829	-	5,976,854
Disposals	(110,189)	(1,181,014)	(30,222)	-	(1,321,425)
Balance as at 31 December 2020	**11,659,372**	**7,619,149**	**24,774,424**	**-**	**44,052,945**
Net book value					
As at 31 December 2020	**182,412,435**	**2,242,998**	**7,826,809**	**24,338,943**	**216,821,185**
As at 31 December 2019	**173,139,191**	**2,168,392**	**9,087,440**	**32,650,541**	**217,045,566**

The properties of the Company was revalued in 2019 and the carrying values adjusted based on these valuation. Subsequent additions and land and building improvements are carried at cost.

9. b) Right of Use Asset

	Consolidated		Parent Entity	
	2020 K	2019 K	2020 K	2019 K
Right of use of assets	464,719	7,745,494	464,719	483,957
Accumulated Depreciation	(168,023)	(1,626,068)	(168,023)	(168,023)
Balance at 31 December	**296,696**	**6,119,426**	**296,696**	**315,934**

10. Investment Properties

	Consolidated		Parent Entity	
	2020 K	2019 K	2020 K	2019 K
Balance at beginning of financial year – at fair value	21,372,790	31,277,712	40,072,167	46,179,703
Change in fair value	(1,092,790)	(9,904,922)	2,282,251	(6,107,536)
Balance at end of financial year – at fair value	**20,280,000**	**21,372,790**	**42,354,418**	**40,072,167**

Revaluation of the Group's investment properties were performed in October 2020 by independent valuers, namely, The Professional Valuers of PNG Ltd. The direct comparable sales approach and the capitalisation of income methods were used in the valuation models:

Investment Property	Valuation Basis	Independent Valuer	2020 Valuation	2019 Valuation
Henao Dr, Gordons - Lot 3, Sect 78	Capitalisation method	The Professional Valuers of PNG Ltd	2,000,000	1,594,756
Pune St., Waigani - Lot 21, Sect 48	Capitalisation method	The Professional Valuers of PNG Ltd	600,000	782,182
Popondo Avenue, House - Lot 7, Sect 3	Capitalisation method	The Professional Valuers of PNG Ltd	800,000	458,229
Sesenaga St. - Lot 9, Sect 3	Capitalisation method	The Professional Valuers of PNG Ltd	800,000	588,060
Simboro St. - Lot 9, Sect 27	Capitalisation method	The Professional Valuers of PNG Ltd	450,000	407,314
Jihiri St., Duplex - Lot 7, Sect 25,	Capitalisation method	The Professional Valuers of PNG Ltd	500,000	363,945
Jihiri St. - Lot 7, Sect 26,	Capitalisation method	The Professional Valuers of PNG Ltd	550,000	323,507
Osari, House - Lot 7, Sect 5	Capitalisation method	The Professional Valuers of PNG Ltd	900,000	407,314
Crane St., Duplex - Lot 85, Sect 93	Summation method (replacement cost)	The Professional Valuers of PNG Ltd	800,000	891,716
Eagle St., Duplex - Lot 57, Sect 93	Summation method (replacement cost)	The Professional Valuers of PNG Ltd	800,000	458,229
Orleander St., House - Lot 25, Sect 32	Summation method (replacement cost)	The Professional Valuers of PNG Ltd	1,200,000	555,429
Orleander St. - Lot 19, Sect 41	Capitalisation method	Proff-Investments Ltd	3,280,000	4,435,222
Dobel St., Nabasa, Duplex - Lot 15, Sect 40	Summation method (replacement cost)	The Professional Valuers of PNG Ltd	1,000,000	740,571
Kokopo, Duplex - Lot 120, Sect 37	Summation method (replacement cost)	The Professional Valuers of PNG Ltd	900,000	308,571
Unnamed - Lot 9, Sect 2	Summation method (replacement cost)	The Professional Valuers of PNG Ltd	800,000	319,371
Hubert Murray, Boroko* - Lot 6, Sect 18	Cost & Summation method	Prof-Investments Ltd	10,991,017	11,155,147
Kasagten Rd, Madang* - Lot 6, Sect 16	Summation method (replacement cost)	The Professional Valuers of PNG Ltd	5,912,861	6,007,930
Lane Rd, Branch Office, Wewak*	Summation method (replacement cost)	The Professional Valuers of PNG Ltd	10,070,540	10,274,674
Total Parent			**42,354,418**	**40,072,167**

** Properties being leased to PMBL (subsidiary), part of PPE – Land and Building at consolidated level.*

Ugava Road and Nilkare Avenue, Gordons 5 - Lot 1, Sect 221	Capitalisation method	The Professional Valuers of PNG Ltd	1,500,000	2,433,656
Palm Road, Lae - Lot 89, Sect 32	Capitalisation method	The Professional Valuers of PNG Ltd	3,400,000	6,304,718
Total NDB Investments Limited			**4,900,000**	**8,738,374**
Total Group (excluding properties leased to PMBL)			**20,280,000**	**21,372,790**

11. Trade and Other Payables

	Consolidated		Parent Entity	
	2020 K	2019 K	2020 K	2019 K
Accruals	(2,861,507)	(2,984,122)	(1,848,984)	(1,984,846)
GST payable	(1,222,625)	(1,023,460)	(1,000,039)	(1,001,704)
Loan suspense	(792,669)	(392,118)	(808,130)	(382,786)
Salaries and wages	(783,159)	(307,870)	(709,230)	(224,447)
Advances from clients	(897,714)	(447,809)	(873,817)	(423,911)
Other payables	(644,262)	(816,662)	(518,987)	(473,838)
	(7,201,936)	**(5,972,041)**	**(5,759,187)**	**(4,491,532**

12. Deposits

	Consolidated		Parent Entity	
	2020 K	2019 K	2020 K	2019 K
Deposit liabilities	57,269,094	51,109,102	-	-
Security deposits	21,425,977	20,132,828	21,257,635	20,132,828
	78,695,071	**71,241,930**	**21,257,635**	**20,132,828**

Security deposits are monies received from the government for specific loan disbursements and are kept as security against these loans. These deposits are held in Group trust account and once loan is fully paid, security deposits are returned with 1% interest rate.

13. Credit Fund Facility

	Consolidated		Parent Entity	
	2020 K	2019 K	2020 K	2019 K
MSME Credit fund facility	80,000,000	-	80,000,000	-
	80,000,000	**-**	**80,000,000**	**-**

In 2020 National Government Budget, out of the K200 million budget allocation for MSME's, the Group received K80 million in November 2020 to establish the MSME Credit Facility for the sole purpose of lending to MSMEs for value chain, business infrastructure, transportation, production and manufacturing, cash crop planting and harvesting, processing and marketing.

The fund is recognised as liability in-line with terms stipulated in the agreement being due and demandable once any deviation on the expenditure of the fund. Further, it is assumed that after the funding period, the facility will be paid back to Government.

14. Employee Provisions

	Consolidated		Parent Entity	
	2020 K	2019 K	2020 K	2019 K
Annual leave	722,121	694,854	394,351	405,247
Long service leave	1,867,828	1,809,578	1,443,347	1,441,130
	2,589,949	**2,504,432**	**1,873,698**	**1,846,377**

15. Share Capital

All budgetary grants received by the Group at the moment are taken up as Government grants as disclosed per Note 16. All grants received will be classed as share capital where shares are issued for the value of the grants received.

The two subsidiaries NDB Investments Limited (NDBIL) and People's Micro Bank Limited (PMBL) are 100% owned by the National Development Bank while the parent entity NDB is wholly (100%) owned by the National Government of PNG through Kumul Consolidated Holdings (KCH).

	Consolidated		Parent Entity	
	2020 K	2019 K	2020 K	2019 K
Ordinary shares of 119,995,375 (2019: 119,995,375) @ K1.00 each	119,995,375	119,995,375	119,995,375	119,995,375
	119,995,375	**119,995,375**	**119,995,375**	**119,995,375**

16. Grants & Reserves

	Consolidated		Parent Entity	
	2020 K	2019 K	2020 K	2019 K
Government grants	539,166,717	539,166,717	539,166,712	539,166,712
Asset revaluation	99,105,199	101,031,482	99,030,430	99,030,040
	638,271,916	**640,198,199**	**638,197,142**	**638,196,752**

a) Government Grants

	Consolidated		Parent Entity	
	2020 K	2019 K	2020 K	2019 K
Balance at beginning of financial year	539,166,717	532,142,802	539,166,712	532,142,797
Grants received during the year	-	7,023,915	-	7,023,915
Balance at end of financial year	**539,166,717**	**539,166,717**	**539,166,712**	**539,166,712**

The government grants reserve represents the cumulative funds received from the government and other statutory organisations.

b) Asset Revaluation Reserve

	Consolidated		Parent Entity	
	2020 K	2019 K	2020 K	2019 K
Balance at beginning of financial year	101,031,481	101,126,869	99,030,430	99,125,817
Increase/(decrease) arising from revaluation of properties	-	(95,387)	-	(95,387)
Transfer to retained earnings (depreciation)	(1,926,282)	-	-	-
Balance at end of financial year	**99,105,199**	**101,031,482**	**99,030,430**	**99,030,430**

The asset revaluation reserve arose on the revaluation of land and building. When revalued land and buildings are sold, the portion of the asset revaluation reserve that relates to that asset is effectively realised, is transferred directly to retained earnings.

17. Commitments For Expenditure

a) Capital Expenditure Commitments

The Group has total capital expenditure commitments of K7,768,547 as at 31st December 2020 (2019: K25,418,258).

b) Loan Commitments

The Group and the Company has the following loan commitments as at 31st December:

	Consolidated		Parent Entity	
	2020 K	2019 K	2020 K	2019 K
Agriculture	-	282,006	-	282,006
Commercial	2,021,586	16,766,303	2,021,586	16,766,303
Large Equipment Finance	541,501	6,697,058	541,501	6,697,058
Credit Schemes	22,000	426,938	22,000	426,938
Women in Business	832,108	2,084,914	832,108	2,084,914
	3,417,195	**26,257,219**	**3,417,195**	**26,257,219**

18. Contingent Liabilities

Legal Proceedings

There were 31 outstanding legal proceedings against the Group as at 31st December 2020. The proceedings mainly relate to claims by/against defaulting customers for breach of loan agreements and/or contract for sale or mortgaged properties and/or proceedings seeking to restrain the Group from dealing with or selling mortgaged properties. The outcome of the litigation are unknown as at the date the financial statements are finalised and are not expected to result in material liability to the Company. Accordingly, no provision has been made.

19. Cash And Cash Equivalents

a) Reconciliation of Cash And Cash Equivalents

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments. Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the Statement of Financial Position as follows:

	Consolidated		Parent Entity	
	2020 K	2019 K	2020 K	2019 K
Cash at Bank	160,778,672	66,467,039	147,549,691	60,262,638
Cash on Hand	3,150,348	4,825,460	34,934	31,601
Total Cash	**163,929,020**	**71,292,499**	**147,584,625**	**60,294,239**

b) Reconciliation of Profit/(loss) for the Year to Net Cash Flows from Operating Activities

	Note	Consolidated 2020 K	Consolidated 2019 K	Parent Entity 2020 K	Parent Entity 2019 K
Loss for the year after tax		(13,915,260)	(23,163,975)	(26,112,694)	(23,174,098)
Depreciation and amortisation		7,837,969	6,984,033	4,809,683	5,451,713
Impairment of investment in subsidiary		-	-	20,634,754	-
Change in fair value of investment property	10	1,092,789	6,136,200	(2,282,251)	6,107,536
Gain on disposal of fixed assets	3	(352,057)	(797,407)	(352,057)	(797,407)
Inventory write-off		513,856	-	-	-
Loan impairment recovery		8,557,469	13,904,555	3,337,383	13,573,853
Income tax expense/benefit		-	979,385	-	-
(Increase)/Decrease in assets:					
Investment in short-term securities		(6,477,244)	7,915,689	(353,423)	(15,155,110)
Trade and other receivables		3,077,961	(2,192,688)	2,970,441	2,232,376
Loans and advances		8,840,449	(24,161,897)	9,485,924	(23,093,734)
Deferred taxes		(711,745)	256,198	-	-
Increase/(decrease) in liabilities:					
Trade and other payables		3,806,227	(100,418)	1,267,655	(786,601)
Provisions		85,517	51,264	(8,679)	86,710
Income Tax		346,236	-	-	(450,478)
Customer deposits		7,724,596	2,816,812	395,731	4,166,380
Net cash used in operating activities		**20,426,763**	**(11,372,249)**	**13,801,467**	**(31,838,860)**

c) Purchase of Property, Plant And Equipment Per Cash Flows

	Note	Consolidated 2020 K	Consolidated 2019 K	Parent Entity 2020 K	Parent Entity 2019 K
Additions to property and equipment	9	(7,895,181)	(12,653,940)	(6,713,294)	(7,990,762)
Purchases of assets		**(7,895,181)**	**(12,653,940)**	**(6,713,294)**	**(7,990,762)**

20. Financial Instruments

a) Financial Risk Management

The Group's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risks is core to the business, and the operational risks are an inevitable consequence of being in business. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Board provides written principles for overall risk management, as well as written policies covering credit risk. In addition, internal audit is responsible for the independent review of risk management and the control environment. The most important types of risk are credit risk and operational risk.

b) Foreign Currency Risk Management

The Group undertakes few transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations is easily managed within approved policy parameters.

c) Interest Rate Risk Management

The Group is exposed to interest rate risk from borrowing from goverment and from external parties in relations to its' lending activities. Refer to maturity profile table next page.

d) Credit Risk Management

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's loans and advances to customers. For risk management reporting purposes, the Group considers and consolidates all elements of credit risk exposure – e.g. individual obligor default risk and sector risk.

(i) Settlement Risk
The Group's activities may give rise to risk at the time of settlement of transactions. 'Settlement risk' is the risk of loss due to the failure of an entity or an individual to honour its obligations to deliver cash, as contractually agreed. The Group engages in standing orders with banks to ensure the entities and individuals honor their obligation. Where general standing orders are not executed it increases the chances of loss through failure to deliver cash.

(ii) Management of Credit Risk
The Board of Directors created the Group Credit Risk Committee for the oversight of credit risk. A separate Group Credit and Recoveries Department, reporting to the Group Credit Risk Committee, is responsible for managing the Group's credit risk, including the following:

- Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- Establishing the authorization structure for the approval and renewal of credit facilities. Authorization limits are allocated to business unit Credit Officers. Larger facilities require approval by Group Credit, the Head of Group Credit, the Group Lending Committee and the Board of Directors, as appropriate.
- Reviewing and assessing credit risk: Group Credit assesses all credit exposures in excess of designated limits, before facilities are committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.
- Limiting concentrations of exposure to counterparties, geographies and industries (for loans and advances exposures).
- Developing and maintaining the Group's risk gradings to categorise exposures according to the degree of risk of default. The current risk grading framework consists of 12 grades reflecting varying degrees of risk of default. The responsibility for setting risk grades lies with the final approving executive or committee, as appropriate. Risk grades are subject to regular reviews by Group Credit Risk Committee.
- Developing and maintaining the Group's processes for measuring Expected Credit Loss (ECL). This includes processes for:
  - initial approval, regular validation and back-testing of the models used;
  - determining and monitoring significant increase in credit risk; and
  - incorporation of forward-looking information.
- Reviewing compliance of business units with agreed exposure limits, including those for selected industries, regions risk and product types. Regular reports on the credit quality of local portfolios are provided to Group Credit, which may require appropriate corrective action to be taken. These include reports containing estimates of ECL allowances.
- Providing advice, guidance and specialist skills to business units to promote best practice throughout the Group in the management of credit risk

e) Risk Limit Control And Mitigation Policies

The Group manages limits and controls concentrations of credit risk wherever they are identified – in particular, to individual counterparties and groups, and to industries and provinces. The Group structures the level of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments.

Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by product, industry sector and by geography are reviewed by management and the Lending Committee on a regular basis and approved by the Board. Exposure to credit risk is also 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. The specific control and mitigation measure is through securing loans and advances via collateral. The principal collateral types of loans and advances are:

- Mortgages over residential properties.
- Charges over business assets such as premises inventory and accounts receivables.
- Deed of assignment over cash deposit as security.

In 2020, the Group was able to recover K4.93 million from the sale of collaterals held.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivables. The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The carrying amount of financial assets recorded in the consolidated financial statements, net of any allowance for losses, represents the Group's maximum exposure to credit risks without taking account of the value of any collateral obtained.

f) Liquidity Risk Management

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to fulfil commitments to lend. The Group's liquidity management processes includes day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they are borrowed by customers. Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month respectively, as these are key periods for liquidity management. The starting point of these projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

g) Fair Value of Financial Instruments

The directors consider that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair values. For long-term loans, the Group would expect a difference between fair value and amortised cost.

h) Maturity Profile And Interest Rate Risks of Financial Instruments

The maturity profile and interest rate risk of financial liabilities held by the Group are detailed as follows:

Parent - 2020

	Interest bearing		Non-interest bearing		Total
	Less than 1 year K	Greater than 1 year K	Less than 1 year K	Greater than 1 year K	K
Financial Liabilities:					
Trade and other payables	-	-	5,759,187	-	5,759,187
Lease Liabilities	153,987	180,804	-	-	334,791
Security deposits	-	21,257,635	-	-	21,257,635
Credit fund facility	-	-	-	80,000,000	80,000,000
	153,987	**21,438,439**	**5,759,187**	**80,000,000**	**107,351,613**

Parent - 2019

	Interest bearing		Non-interest bearing		Total
	Less than 1 year K	Greater than 1 year K	Less than 1 year K	Greater than 1 year K	K
Financial Liabilities:					
Trade and other payables	-	-	4,491,532	-	4,491,532
Lease Liabilities	323,532	-	-	-	323,532
Security deposits	-	20,132,828	-	-	20,132,828
	323,532	**20,132,828**	**4,491,532**	**-**	**24,947,892**

Consolidated - 2020

	Interest bearing		Non-interest bearing		Total
	Less than 1 year K	Greater than 1 year K	Less than 1 year K	Greater than 1 year K	K
Financial Liabilities:					
Trade and other payables	-	-	7,174,508	-	7,174,508
Lease Liabilities	153,987	180,804	-	-	334,791
Deposit liabilities	57,269,094	-	-	-	57,269,094
Security deposits	-	21,425,876	-	-	21,425,876
Credit fund facility	-	-	-	80,000,000	80,000,000
	57,423,081	**21,606,680**	**7,174,508**	**80,000,000**	**166,204,269**

Consolidated - 2019

	Interest bearing		Non-interest bearing		Total
	Less than 1 year K	Greater than 1 year K	Less than 1 year K	Greater than 1 year K	K
Financial Liabilities:					
Trade and other payables	-	-	5,972,041	-	5,972,041
Deposit liabilities	51,109,102	-	-	-	51,109,102
Security deposits	-	20,132,828	-	-	20,132,828
	51,109,102	**20,132,828**	**5,972,041**	**-**	**77,213,971**

The Group places short term deposits at various financial institutions for period ranging from one month to 12 months at an average industry variable rate of 3.58% (2019: 3.58%). The short term placements are considered safe investment where periods are fixed but interest rates vary. In 2020, NDB has short term deposits with the subsidiary People's Micro Bank Limited amounting to K13,826,818 million at rate of 3% per annum.

Sensitivity Analysis
The following table demonstrate the sensitivity to a reasonably change in interest rates on that portion of loans and advances affected. With all variances held constant, the Group's profit or loss (pre-tax) and equity is affected through impact on floating rate borrowings as follows:

Consolidated

	100bp increase		100bp decrease	
	Profit or Loss	Equity	Profit or Loss	Equity
Short-term placements	1,607,787	1,607,787	(1,607,787)	(1,607,787)
As at 31 December 2020	717,959	717,959	(717,959)	(717,959)
As at 31 December 2019				
Loans and advances				
As at 31 December 2020	2,802,252	2,802,252	(2,802,252)	(2,802,252)
As at 31 December 2019	2,981,911	2,981,911	(2,981,911)	(2,981,911)

21. Related Party Transactions

Related parties are considered to be enterprises or individuals with whom the Group is especially related because either they or the group are in a position to significantly influence the outcome of transactions entered into the Group, by virtue of being able to control, dominate or participate in a fiduciary capacity, in decision-making functions or processes.

The Group conducted transactions with the following classes of related parties during the year:

- Directors and/or related parties in which the Director has significant influence;
- Key management personnel and other staff and/or parties in which the individual officer has significant influence.

a) Loans to Key Management Personnel/Staffs

Loan transactions with directors and/or related parties in which the directors have significant influence are carried out on standard commercial terms and market rates. For the year ended 31st December 2020, balances and transactions with related entities with directors interest were as follows:

	Consolidated		Parent Entity	
	2020 K	2019 K	2020 K	2019 K
Balance at the beginning of the financial year	4,807,294	4,928,325	4,807,294	4,928,325
Interest	201,860	167,548	201,860	167,548
Additional loan	-	53,276	-	53,276
Charges	-	-	-	-
Loan repayments	(1,589,006)	(341,855)	(1,589,006)	(341,855)
Balance at the end of the financial year	**3,420,148**	**4,807,294**	**3,420,148**	**4,807,294**

The above related party loans include loans of K3.4 million (2019: K3.5 million) to Kare Kare Investments Ltd, a wholly owned company of the outgoing managing director (Mr. Moses Liu). This loan is provided at an interest rate of 6.5% plus loan service fee of 1% per quarter (2019: 5%) and is repayable over 10.5 years.

Meanwhile, loans provided to staff are incentive-based with marginal discounts on rates and fee concessions. As at 31st December 2020, 41 staff account balances were as follows:

	Consolidated		Parent Entity	
	2020 K	2019 K	2020 K	2019 K
Staff personal loan	-	-	-	-
Housing loan	7,513,508	4,900,455	7,513,508	4,900,455
Commercial loan	2,496,043	1,561,770	2,496,043	1,561,770
Large Equipment loan	-	1,946,685	-	1,946,685
Total staff loan	**10,009,551**	**8,408,910**	**10,009,551**	**8,408,910**
Provision for expected credit loss	(294,402)	(115,839)	(294,402)	(115,839)
Staff loan - net	**9,715,149**	**8,293,071**	**9,715,149**	**8,293,071**

b) Key Management Personnel Compensation

There were nine specified Directors of the Group during the year (2019: nine) who were remunerated where details of the remuneration are disclosed below. The remuneration of the Managing Director of the parent entity is excluded from the figures disclosed below.

Specified Director's Remuneration

	Primary			Post-employment			Equity		
2020	Fees K	Bonus K	Non-Monetary K	Benefits Super-annuation K	Prescribed benefits K	Other K	Options K	Other K	Total K
Specified Directors	470,001					65,510			536,511
Total	**470,001**					**65,510**			**536,511**
2019	K	K	K	K	K	K	K	K	K
Specified Directors	461,519	-	-	-	-	54,790	-	-	516,039
Total	**461,519**	-	-	-	-	**54,790**	-	-	**516,039**

There were fourteen specified executives of National Development Bank Group during the year which included the Managing Director of the parent entity. The details of their remuneration are disclosed below.

Specified Executive's Remuneration

	Primary		Post-employment				Equity		
2020	**Fees K**	**Bonus K**	**Non-Monetary K**	**Benefits Super-annuation K**	**Prescribed benefits K**	**Other K**	**Options K**	**Other K**	**Total K**
Specified Executives	3,735,759	-	-	195,295	-	-	-	-	3,931,055
Total	**3,735,759**	**-**	**-**	**195,295**	**-**	**-**	**-**	**-**	**3,931,055**
2019	**K**	**K**	**K**	**K**	**K**	**K**	**K**	**K**	**K**
Specified Executives	3,353,639	263,767	-	203,745	-	-	-	-	3,821,151
Total	**3,353,639**	**263,767**	**-**	**203,745**	**-**	**-**	**-**	**-**	**3,821,151**

c) Rent Free Arrangement

NDB Board passed resolutions to have subsidiary People's Micro Bank Limited ("PMBL") use office spaces provided free of charge from financial year 2013 to 2015. The subsidiary is now charged rent at market rate for all office spaces provided and will continue to be charged rental for future periods.

The subsidiary NDB Investments Limited uses office space free of charge. The arrangement will remain until it is fully liquidated.

d) Intercompany Balances

Intercompany balances are eliminated on consolidation. NDB Investments Ltd, one of the subsidiaries of NDB, has arrangement with its own subsidiaries where there is intention to transfer businesses to the managers upon businesses becoming operationally sustainable therefore the intercompany balances with its subsidiaries have been classified as loans payable from the subsidiaries' perspective and loans receivable from NDB Investments Ltd's perspective.

22. Remuneration of Auditors

	Consolidated		Parent Entity	
	2020 K	**2019 K**	**2020 K**	**2019 K**
Audit of the financial report	275,000	297,500	160,000	145,091

The auditor of the Group is EY PNG for the financial year 2020. KPMG was the auditor for financial year 2019.

23. Investment in Short-term Securities

	Consolidated		Parent Entity	
	2020 K	**2019 K**	**2020 K**	**2019 K**
Short-term placements in Treasury Bills with the Bank of PNG	62,751,311	56,377,919	15,468,533	15,115,110

24. Other Information

Company Information

The Group has 362 employees during the year (2019: 362).

25. Subsequent Events

The Group continues to monitor Papua New Guinea's economic condition and outlook as the global COVID-19 pandemic enters its second year.

Papua New Guinea's development partners, particularly Australia, continues to provide the significant support through public health strengthening and economic reforms to address the negative impact of COVID-19 and improve the country's growth prospects.

Although the Group has not experienced any direct significant impact of the pandemic, the Group's risk provisions, including the ECL loan loss provisioning, have been assessed based on reasonable and supportable information about past events, current conditions and forecasts of economic conditions. In assessing forecast conditions, consideration has been given to the effects of COVID-19 and the significant government support measures being undertaken, noting there remains a very high degree of uncertainty regarding how the COVID-19 pandemic will evolve, including the duration of the pandemic, the severity of the economic downturn and the speed of economic recovery.

The Group has increased its attention on credit portfolio management by consolidating and strenthening its back office functions with the establishment of a dedicated credit portfolio management and debt recoveries team.

The Directors of the Group are in the opinion that there has not arisen in the interval between the end of the financial year and the date of this report, any item, transaction or event of material and unusal nature other than the matter stated above, that are likely to significantly affect the operations or state of affairs of the Group in the subsequent financial years.

26. Impact of Coronavirus

In March 2020, the World Health Organization declared the COVID-19 outbreak a pandemic. Whilst the outbreak of COVID-19 is primarily a public health issue, it is also having very significant effects on economies and financial systems around the world. Since the onset of COVID-19 there has been a severe economic contraction in Papua New Guinea impacting labour markets and disrupting financial markets.

The Papua New Guinea economy is being supported by the substantial, coordinated and unprecedented easing of fiscal and monetary policy and the government's income support measures. The outlook for the economy and labour market remains highly uncertain and will depend on the evolution of the pandemic, including changes in social distancing and medical advances, fiscal and monetary policy support and behavioural changes among households and businesses.

Consideration of the Impact of COVID-19 in the Financial Statements

Note 2 sets out the critical accounting estimates and judgements required in the preparation of the consolidated financial statements. The Group has considered the impact of COVID-19 in preparing the financial statements for the year ended 31st December 2020. The key impacts on the financial statements, including the application of critical estimates and judgements, are as follows:

- **Loans And Advances**
  The Group has introduced a number of measures to support members impacted by COVID-19 which include loan repayment deferrals for its customers. The loan repayment deferral arrangements were deemed continuations of the borrowers' existing loans. No modification gains or losses were recognised as a result of the loan repayment deferrals.

- **Provision For Impairment**
  Impairment provisions are based on a forward-looking expected credit loss (ECL) approach that is required under IFRS 9: Financial Instruments and requires the application of judgement. The Bank has assessed expected credit losses based on reasonable and supportable information about past events, current conditions and forecasts of economic conditions. In assessing forecast conditions, consideration has been given to the effects

of COVID-19 and the significant government support measures being undertaken, noting there remains a very high degree of uncertainty regarding how the COVID-19 pandemic will evolve, including the duration of the pandemic, the severity of the economic downturn and the speed of economic recovery. The ECL methodology for loan loss impairment provisioning remains consistent with prior periods. The model inputs have been reassessed including forward looking information, scenarios and associated probability weightings and revised where considered appropriate.

- **Fair Value Measurement**
  The Group has considered the impact of economic and market conditions, including the results of COVID-19, on the fair value measurement assumptions and the appropriateness of the valuation inputs.

- **Events Subsequent to the Reporting Date**
  There remains a very high degree of uncertainty regarding how the COVID-19 pandemic will evolve, including the duration of the pandemic, the severity of the economic downturn and the speed of economic recovery. In accordance with IAS 10, Events after the Reporting Date, the Bank considered the macro-economic impact of COVID-19 and the measures implemented by the government to contain COVID-19 and the extension of further government support measures. The group did not identify any subsequent events in relation to COVID-19 developments which would require adjustment to the amounts or disclosures in the financial statements.

PRODUCTS & SERVICES

The National Development Bank offers demand-driven financial products and services to enterprising and credit worthy Papua New Guineans who are engaged in the formal, semi-formal and informal sector economy or any viable commercial and agricultural economic activities.

The products range from short term to long term commercial, agriculture, poultry, and microfinance loans.

The Bank's lending products include:

Small Business Loans

- Poultry
- Fishing
- Retail Trade
- Transport
- Cocoa and Coffee Processing
- Copra Processing and Export
- Other commercially related ventures

Agriculture Loans

- Cocoa farming, production, processing and export
- Coffee farming, production, processing and export
- Oil Palm block development, poisoning and replanting

Credit Schemes

- Tourism - Tourism Credit Scheme under the Tourism Promotion Authority (TPA)
- Small Business Development
- Fisheries - Fisheries Credit Scheme under the National Fisheries Authority (NFA)
- District Credit Schemes

Women In Business

The WiB Loan product is intended for women owned and managed businesses. This is to allow women to participate in wealth creation and economic growth in their chosen business ventures. There are two WiB Loan Packages:

- Start Up Loan Package
- Grower Loan Package

PRODUCTS & SERVICES

Our Resources

The National Development Bank gets funding primarily from the National Government through equity grants used as seed capital. The Bank also administers various credit schemes and funding provided by the National and Provincial Governments and our partners like the National Fisheries Authority (NFA), Tourism Promotion Authority (TPA), and the Department of Commerce & Industry for lending to Cooperatives.

Our Network

Locally, NDB has strong linkage partnership with Government agencies and organisations like the National Fisheries Authority (NFA), Cooperative Societies Unit (CSU), Tourism Promotion Authority (TPA), SME Corporation (SMEC), PNG Institute of Banking & Business Management (PNG-IBBM), Association of Microfinance Institutions of PNG and several others.

Internationally, NDB is an active member of development bank organisations like the Association of Development Financing Institutions in Asia & the Pacific (ADFIAP), Association of Development Financing Institutions in the Pacific (ADFIP), Micro Finance Pasifika and others.

Credit Scheme Facilities

In an attempt to provide promising entrepreneurs and their enterprises with access to formal credit, government as well as non-government organisations (NGOs) and private enterprises in most third world and developing countries have made use of credit schemes. The perceived belief is that credit schemes can address several barriers to loan access by small and medium enterprises. These barriers include:

- The high transaction cost of small loans;
- Perceived high risk associated with lending to Small/Medium Enterprises (SME's) and;
- Lack of tangible collateral demanded by mainstream financial institutions.

The sponsors instigate these schemes by providing seed capital or security deposits and enter into a Memorandum of Agreement with the Bank that stipulates the parties' responsibilities as well as the operational aspects of the scheme. All applicants who want to participate in any credit scheme loans must have good credit history to be considered. Any borrower with existing unpaid loans from other lenders are ineligible. NDB expects all borrowers both past and present to honour their loan commitments so that the funds can be revolved to all economically active Papua New Guineans with demonstrated good borrowing track record and serviceability.

Some of the Credit Scheme facilities available and presently managed in partnership with the various sponsors include:

DISTRICT CREDIT SCHMEMES

THE TOURISM PROMOTION AUTHORITY OF PAPUA NEW GUINEA

NATIONAL FISHERIES AUTHOPRITY

NATIONAL AGRICULTURE DEVELOPMENT PLAN

OUR STRONG PARTNERSHIP WITH GOVERNMENT AGENCIES AND OTHER ORGANISATIONS ESTABLISHES NDB AS A COMMITTED BANK FOR THE PEOPLE

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