SPBD MICROFINANCE (SAMOA) LTD.

AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

CONTENTS

The Board of Directors ("BOD") submits its report and the audited financial statements of SPBD Microfinance (Samoa), Ltd. ("SPBD") for the year ended 31 December 2014.

PRINCIPAL ACTIVITY

The principal activity of SPBD is to improve the quality of life of families living in poverty by providing unsecured credit, training, and on-going motivation and guidance to help them start, grow and maintain micro-businesses, build assets, as well as, finance home improvements and childhood education. Its corporate vision is to create a network of micro-enterprise development organizations in the South-Pacific and neighbouring regions to empower women through financial access and economic development to help lift themselves and their families permanently out of poverty and improve self-esteem.

In 2013, SPBD introduced a comprehensive Financial Education program (FEP) to provide meaningful and practical financial education to all its clients. Currently more than 6,000 of our valued clients go through weekly financial education training. This training helps them to manage their economic life better.

RESULTS

The results of operation for the year ended 31 December 2014 are set out in the income statement. SPBD made a pre-tax profit of WST $555,227 for the year.

THE BOARD OF DIRECTORS

The members of the BOD during the period and at the date of the report are:

- Gregory F Casagrande, USA — Chairman
- James Young , USA — Member
- Minh Huy Lai, France — Member

DIVIDEND

The Directors recommend that no dividend be paid on general stock.

OTHER DISCLOSURES

The Company is a limited liability company incorporated and domiciled in Samoa. The address of its registered office has changed in 2013 to 1st Floor A1.3, NPF Plaza, Savalalo, Apia, Samoa. The postal address is PO Box 1614 and it is located at Apia, Samoa.

RESPONSIBILITIES OF THE BOD IN RESPECT OF THE FINANCIAL STATEMENTS

The BOD is responsible to ensure that the financial statements are properly drawn up, so as to give a true and fair view of the financial position of SPBD as at 31 December 2014, and of the results of its operations for the period then ended. In preparing these financial statements, the BOD is required to:

- **i.** Adopt appropriate accounting policies which are supported by reasonable and prudent judgements and estimates and them apply them consistently,
- **ii.** Maintain adequate accounting records and an effective system of internal controls;
- **iii.** Prepare the financial statements on a going concern basis unless it is inappropriate to assume that SPBD will continue operation in the foreseeable future;
- **iv.** Set overall policies for SPBD, ratify all decisions and actions by the management that have a material effect on the operation and performance of SPBD, and ensure they have been properly reflected in the financial statements.

The BOD confirms that SPBD has complied with these requirements in preparing the financial statements.

On behalf of the Board of Directors,

Gregory F. Casagrande
Chairman
Date: 3/17/2015

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF SPBD MICROFINANCE (SAMOA), LTD.

Betham&co
chartered accountants and business advisors

Independent Auditors Report
To the members of
SPBD Microfinance (Samoa) Ltd

We have audited the accompanying financial report of SPBD Microfinance (Samoa) Ltd, which comprises the statement of balance sheet as at 31 December 2014, the income statement, cash flows and changes in equity for the year then ended, a summary of significant accounting policies and other explanatory notes.

Directors' and Management's responsibility for the Financial Report

Directors and management are responsible for the preparation and fair presentation of the financial report in accordance with International Financial Reporting Standards and with the requirements of the Companies Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion to the Company's shareholders, as a body, in accordance with Section 138 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assumed responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed. We conducted our audit in accordance with International Standards on Auditing. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement. We confirm that we have no other relationship with the Company other than the audit of the financial statements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors and management, as well as evaluating the overall presentation of the financial report.

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

Auditor's Opinion

In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of these books and the financial statements have been prepared in accordance with International Financial Reporting Standards:

i. are in agreement with the books of account;
ii. to the best of our information and according to the explanations given to us:
    a. give a fair and true view of the Company's balance sheet as at 31 December, 2014 and of its income statement, changes in equity, and its cash flows for the year ended on that date and
    b. give the information required by the Companies Act 2001 in the manner so required.

We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit.

Betham + Co

BETHAM & CO.
Chartered Accountants

Apia, 17 March 2015

SPBD MICROFINANCE (SAMOA), LTD.
BALANCE SHEET
AS AT 31 DECEMBER 2014

	Notes	31-Dec-14 WST ($)	31-Dec-13 WST ($)
ASSETS			
Cash on Hand and at Bank	4	2,987,949	2,189,914
Loans Receivables	5	6,992,500	5,982,369
Other Receivables	6	496,796	501,073
Goodwill	7	979,183	979,183
Property and Equipment	8	415,779	520,438
TOTAL ASSETS		**11,872,207**	**10,172,978**
LIABILITIES			
Other Creditors and Accruals	9	246,509	209,360
Reserve for DBI	10	15,000	20,000
Reserve for SLI	10b	15,000	15,000
Member Savings Deposits	11	1,041,220	780,504
Borrowings	12	8,405,023	7,332,242
TOTAL LIABILITIES		**9,722,752**	**8,357,106**
EQUITY & RESERVES			
Paid-in-Capital	13	303,972	303,972
Retained Earnings	14a	1,312,718	979,136
Preference Shares	14	532,765	532,765
TOTAL EQUITY & RESERVES		**2,149,455**	**1,815,872**
TOTAL LIABILITIES, EQUITY AND RESERVES		**11,872,207**	**10,172,978**

The accompanying notes form an integral part of these financial statements.

SPBD MICROFINANCE (SAMOA), LTD.
INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	31-Dec-14 WST ($)	31-Dec-13 WST ($)
Financial Income			
Interest Income From MF Loans		2,792,431	2,616,313
Insurance on Loans		326,970	262,636
Death Benefit Insurance		91,352	63,987
Spouse Life Insurance		50,438	7,590
Savings Fees		18,902	18,213
Interest on Bank accounts and Term Deposits		36,130	40,498
Loan Recoveries	22	7,680	26,492
Resignation Fees	23	-	32,243
Development Fees	23a	158,541	-
Financial Income Sub-Total		3,482,444	3,067,970
Financial Expenditures			
Interest Expense		70,044	154,602
Interest on overdraft Facilities		461,815	277,784
Financial Expenditures Sub-Total		**531,859**	**432,385**
Net Financial income		**2,950,585**	**2,635,585**
Loan Loss Provision	15a	**54,807**	**53,083**
DBI Provision	15b	**13,000**	**23,000**
SLI Provision	15c	**22,000**	**21,000**
Net Financial margin		**2,860,778**	**2,538,502**
Operating Expense	16	**2,228,061**	**2,045,448**
Net Operating Income		**632,717**	**493,054**
Non operating Revenue	17	**8,735**	**24,485**
Non operating expenses	18	**86,225**	**185,105**
Net Profit before income Tax		**555,227**	**332,434**
Less: Income Tax Expense	19	**176,620**	**89,757**
Net Profit after Income Tax Expense		**378,607**	**242,677**

The accompanying notes form an integral part of these financial statements

SPBD MICROFINANCE (SAMOA), LTD.
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	Issued and Paid Up Capital $	Non-dilutive equity $	Redeemable Preference Shares $	Retained Earnings/Losses $	Total $
Balance at 1 January 2014		88,094	215,878	532,765	979,136	1,815,873
Dividend Paid During the Year					(45,025)	(45,025)
Net Profit					378,607	378,607
Balance at 31 December 2014		**88,094**	**215,878**	**532,765**	**1,312,718**	**2,149,455**

In 2014, SPBD Samoa paid four quarterly dividend payments totalling ST$45,025 on Redeemable Preference Shares to SPBD Singapore Holding Company.

SPBD MICROFINANCE (SAMOA), LTD.
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014

	31-Dec-14 WST ($)	31-Dec-13 WST ($)
CASHFLOW FROM OPERATING ACTIVITIES		
Interest Received	2,792,431	2,616,313
Fees Received	690,499	334,212
Interest Paid on Loans	(520,377)	(470,113)
Cash paid to suppliers & employees	(2,310,563)	(2,093,573)
Other receipts (donation received for women's award)	8,250	(4,203)
Net cash provided by operating activities	**660,240**	**382,636**
CASHFLOW FROM INVESTING ACTIVITIES		
Loans Disbursement	(11,870,522)	(10,305,027)
Loans Repayment	10,807,843	9,799,019
Payments for Property, plants & equipment	(35,392)	(466,129)
Receipts from disposal of fixed assets	-	18,500
Net cash provided by investing activities	**(1,098,071)**	**(953,637)**
CASHFLOW FROM FINANCING ACTIVITIES		
Proceeds from Long Term Borrowings	3,323,394	1,985,012
Repayments of Long Term Borrowings	(2,348,252)	(1,053,404)
Member Savings	260,725	38,070
Net cash provided by investing activities	**1,235,866**	**969,678**
NET INCREASE/(DECREASE) IN CASH AND IN BANKS	**798,035**	**398,678**
OPENING CASH BALANCE/DATE OF TRANSFER	**2,189,914**	**1,791,236**
CLOSING BALANCE	**2,987,949**	**2,189,914**

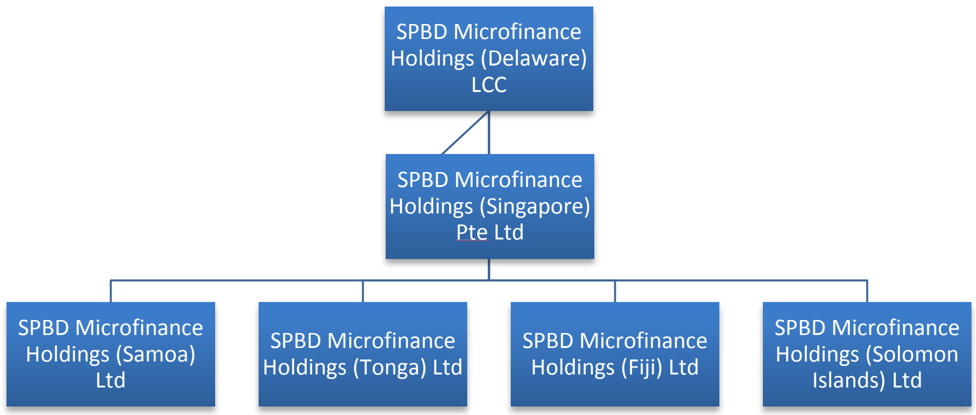
The statement of cash flows is to be read in conjunction with the notes to accounts

1. GENERAL INFORMATION

SPBD Microfinance (Samoa), Ltd. ("SPBD"), was incorporated under the Companies Act 2001 on the 13th day of December 2010 with the Ministry of Commerce, industry and Labour (MCIL) of Samoa. SPBD took over the activities, assets and liabilities of South Pacific Business Development Foundation via purchase agreement. The aims of SPBD are to improve the quality of life of families living in poverty by providing training, unsecured credit and on-going guidance and motivation to help them start, grow and maintain income generating micro-businesses, build savings, as well as, finance home improvements and childhood education.

With the incorporation of SPBD Microfinance (Samoa) Ltd the company is under the umbrella of a Holding Company called SPBD Microfinance Holdings Ltd incorporated in Singapore which is its ultimate parent company. This transformation formally links SPBD Microfinance Ltd (Samoa),(Tonga), (Fiji) and Solomon Islands, as sister organizations enables many efficiencies and operating improvements. Gregory F. Casagrande owns 100% of the Holding Company.

SPBD Microfinance network



SPBD Microfinance Ltd (Samoa) is regulated under Samoa's Companies Amendment Act 2006 and is subject to the prudential requirements of the Money Laundering Act 2007, at the discretion of the Central Bank of Samoa.

To comply with money laundering prudential standards, SPBD has:

- Internal systems and checks in place, such as "Know Your Customer" (KYC) procedures, record keeping, normal onsite inspections and the current monthly reports to the Central Bank.
- A full-time compliance officer.

SPBD as a non-bank financial institution empowers its members through financial access and economic development to help improve themselves and their families permanently. SPBD is operating in Upolu, Savaii and Manono islands.

SPBD acquired the business License certificate Number 234275 from the Inland Revenue Services, Government of Samoa to carry on the business or economic activity of financial leasing.

As at 31 December 2014, SPBD has 31 staff of whom 10 are assigned in Savaii office and 21 in the Head Office in Apia.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below:

a. Basis of Preparation

These financial statements have been prepared in accordance with the requirements of the Companies Act 2001 and the *International Financial Reporting Standards (IFRS)* issued by the International Accounting Standards Board (IASB). The financial statements have been prepared on the historical cost basis as modified by the revaluation of certain financial assets and liabilities. The principal accounting policies are stated to assist in a general understanding of these financial statements. The financial statements are prepared in Samoan Tala.

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

Standards, interpretations and amendments issued but not yet effective

The following standards, amendments and interpretations to existing standards have been published and are mandatory for accounting periods beginning on or after 1 July 2011 or later periods as stated, but the Group has not early adopted them. Adoption of these standards and interpretations may or may not have any significant impact on the Group's financial statements as the Group is assessing the impact of future adoption of these standards.

IFRS 1 Amendment	First-time adoption: Exemption for severe hyperinflation and removal of fixed dates	1 July 2011
IFRS 7 Amendment	Financial instruments: Disclosures on transfer of financial assets	1 July 2011
IAS 12 Amendment	Income taxes: Deferred tax	1 January 2012
IAS 1 Amendment	Financial statement presentation regarding other comprehensive income accounting for investment properties	1 July 2012
IFRS 9 Amendment	Financial instruments: Classification and measurement	1 January 2013
IAS 19 Amendment	Employee benefits	1 January 2013
IFRS 10	Consolidated financial instruments	1 January 2013
IFRS 11	Joint Arrangements	1 January 2013
IFRS 12	Disclosures of interests in other entities	1 January 2013
IFRS 13	Fair value measurement	1 January 2013
IAS 27 (Revised)	Separate financial statement	1 January 2013
IAS 28 (Revised)	Associates and joint ventures	1 January 2013

b. Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency is the Samoan Tala (WST).

b. Foreign currency transactions

Transactions in foreign currencies are translated to functional currency at exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at the exchange rates ruling at the dates the fair value was determined. The following exchange rates were used to convert monetary assets and liabilities denominated in foreign currencies at year end:

	31-Dec-14	31-Dec-13
NZD/WST	0.5100	0.5092
USD/WST	0.4042	0.4181
EUR/WST	0.3255	0.2986

d. Revenue recognition

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below.

Interest income
Interest income on investments, loans and advances is recognised as it accrues. Interest on impaired loans is recognised as income only when received.

Fees and charges
Fees and charges are brought to account when they are earned. Fees on impaired loans are recognised as income only when received.

Loan security fee income
SPBD charges and with-holds 2% as insurance on the principal amount on the loans approved for disbursement to the customers as security in case the customer dies before full payment of their loans. (This only applies to the group loans). This insurance is treated as an income for SPBD as it is not refundable to the customer upon payment of the loan and is recognised when the loan disbursement occurs.

Savings accounts withdrawal fees
A $2 Tala fee is charged by SPBD to its members when they withdraw from their savings account and is recognised in the period in which the fee is charged.

Premium revenue
Premium revenue on the death benefit policy offered by the company is recognised in the period in which the premiums are earned during the term of the contract. In this case the premium is a one off payment paid at the time the loan is disbursed to the customer.

Development Fees income
SPBD Samoa introduced a Development Fee in 2014, and reduced interest rate on group loans by the same percentage of 3% , and this has been approved by the President.

e. Grants

Grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, grants whose primary condition is that the company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

f. Loans

Loans are disclosed net of lending provisions. Term loans are carried at principal balances outstanding plus interest accrued.

The Company adopts the Grameen Bank's group solidarity lending methodology which provides credit that is individually unsecured but secured by the group guarantee policy arrangements. There are two group loan products 1) 52 week loan product and 2) 17 week loan product. The primary purposes of the loans are for establishing new or expanding of micro businesses.

In 2013, two new products were launched - SME (Small Medium Enterprise) and OWL (Overseas Workers Loan) program. The OWL Loan product is a 4 months product, whereas SME Loan is 52 weeks loan product. The primary purpose of OWL is to finance travel and visa costs, plus other related costs pertaining to the trip to New Zealand to undertake seasonal job under the RSE scheme. The SME Loan was designed to meet the needs of our old existing members, who continuously maintained a very good business. The Education loan product was introduced towards the end of 2014, to assist SPBD clients in financing their children's college and university fees.

g. Impairment of loans

The Company conducts loan loss provisioning every quarter to maintain an adequate reserve for doubtful loans. The reserve is determined by applying predicted loss percentages to aged loans grouped according to the age of the outstanding payment. The age of outstanding payment is analysed in three weekly bands from one week to greater than twenty one weeks. 100% provision is automatically assessed for loans whose repayments are more than 21 weeks overdue.

When a loan is uncollectible, it is written off against the related provision for bad and doubtful loans. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

If, in a subsequent period, the amount of the provision decreases and the decrease can be related objectively to an event occurring after the provision was recognised (such as an improvement in the debtor's credit rating), the previously recognised provision is reversed by adjusting the allowance account. The amount of the reversal is recognised in the income statement.

Loan recoveries are cases of default loans which have been written off during previous year's and subsequently recovered are credited to income as bad debts recovered in the period in which the recovery is made.

h. Property and equipment

Items of equipment, furniture and motor vehicles are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the assets. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

The costs of the day to day servicing of the property, plant and equipment are recognized in profit and loss as incurred.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives at which depreciation is charged are as follows:

Computers	2-5 years	Straight line
Office Equipment	2-5 years	Straight line
Furniture and Fittings	2-5 years	Straight line
Leasehold Improvements	4-5 years	Straight line
New/ Used Motor Vehicles	2-5 years	Straight line

The residual value is reassessed annually. 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.

i. Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

j. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances of cash on hand and at bank including short term deposits which are subject to an insignificant risk of conversion to cash.

k. Value added goods and services tax (VAGST)

As a financial institution, the company is exempt from VAGST. The company however, is allowed to collect VAGST on rental income and claim VAGST on maintenance and other related costs of the building.

l. Income tax

Income tax comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

m. Accounts payable

Accounts payables are recognised when the company becomes obliged to make future payments resulting from the purchase of goods and services. Trade payables are recognised at cost which is the fair value of the consideration to be paid in the future for goods and services received. Given the short term nature of most payables, the carrying amounts approximate fair value.

n. Employee benefits

The Company contributes towards the Samoa National Provident Fund, a defined contribution plan in accordance with local legislation and to which it has no commitment beyond the payment of contribution. Obligations for contributions to the defined contribution plan are recognised immediately in profit or loss.

Liabilities for annual leave is accrued and recognised in the balance sheet. Annual leave are recorded at the undiscounted amount expected to be paid for the entitlement earned.

Short term benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus if the company has a present obligation or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be measured reliably.

o. Financial instruments

Recognition, initial measurement and derecognition
Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transaction costs except for those carried at fair value through profit and loss which are measured initially at fair value. Subsequent measurements of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets
The Company classifies its financial assets in the following categories; loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. After initial recognition they are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Company's loans and receivables comprise 'Loans to customers', 'Cash on hand and at banks' and 'Term deposits'. Loans to customers are considered impaired when they are past due per Note 2(g).

Classification and subsequent measurement of financial liabilities
The Company's financial liabilities include borrowings, trade and other payables. Financial liabilities are recognized initially at fair value, net of transactions costs incurred. They are measured subsequently at amortised cost using the effective interest method.

p. Comparatives

This is the fourth year of operation for the Company and the 2013 comparative figures have been disclosed for comparison.

3. CRITICAL ACCOUNTING ESTIMATES/JUDGEMENTS

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

(a) Impairment losses on loans
The Company reviews its loan portfolios to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in the income statement, the company makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

4. CASH AND BANK BALANCES

	31-Dec-14 WST ($)	31-Dec-13 WST ($)
Cash on Hand		
Petty Cash	707	707
Savaii Imprest	1,500	1,500
Upolu Imprest	3,000	3,000
Sub-Total	**5,207**	**5,207**
Bank Balances - Unrestricted		
Euros	37,267	41,219
United States Dollars	383,152	25,867
Samoan Tala	313,812	155,587
Sub-Total	734,231	222,673
Bank Balances - Restricted to Members Savings		
Samoan Tala Term Deposits	290,462	286,936
Samoan Tala Current Account	750,758	493,568
Total Non-Current Assets	**1,041,220**	**780,504**
Bank Balances - Restricted for security for overdraft facilities		
Euro Term Deposit (ANZ OD Facility)		149,597
USD Term Deposit - (OD Facility - ANZ)	118,840	115,029
Samoan Tala Term Deposit (ANZ OD Facility)	928,076	764,169
USD Term Deposit - (OD Facility - SCB)	107,400	101,267
SPBD Samoan Tala - WESTPAC	52,975	51,468
Sub-Total	**1,207,291**	**1,181,530**
TOTAL CASH AND BANK BALANCES	**2,987,949**	**2,189,914**

5. LOANS RECEIVABLE

	31-Dec-14 WST ($)	31-Dec-13 WST ($)
Total Disbursements (Accumulative Since Inception)	77,300,294	65,429,772
Less: Repayments (Accumulative Since Inception)	(69,364,288)	(58,556,446)
Written Off Loans	(926,736)	(871,396)
Gross Loan Receivable	**7,009,270**	**6,001,930**
Less: Loan Contingency Reserve	(16,770)	(19,561)
	6,992,500	**5,982,369**

Types of loans

i) 52-weeks Loan are loans granted in Samoan Tala to clients who belong to SPBD Centres. This type of loan is provided to clients at an interest rate of 24.00% for a loan cycle of 52 weeks. Principal and interest payment are made on a weekly basis. Loan amount ranges from a minimum of WST1,000 to WST6,000. New client members may borrow from WST500 to WST 1,000.

ii) 17-weeks Loan are loans granted in Samoan Tala to clients who belong to SPBD Centres. This type of loan is provided to clients at an interest rate of 9.00% for a loan cycle of 17 weeks. Principal and interest payment are made on a weekly basis. Loan amount ranges from a minimum of WST300 to WST500.

iii) SME Loan was launched in August 2013, and the main focus is SPBD good clients who have maintained a very good business. Loan amount ranges from $7,500 to $15,000 at 21% interest.

iv) OWL is Overseas Workers Loan Program, and this new product was also launched in 2013, to assist men from Samoa who are selected to take up seasonal work in New Zealand. SPBD provides unsecured credit which ranges from $1,500 to $2,500 at 12% interest to seasonal workers to pay for visa fees, airfares, and all other related travel costs.

v) The Education Loan Product was launched in September 2014, to assist SPBD clients in financing their children school fees or tuition fees. SPBD cares about the children's education, thus the reason of introducing this new loan product. Loan ranges from $300 to $750 at 10% for 6 months education loan, and 12 months education loan ranges from $800 to $1,000 at 20% interest.

Related Party Transactions (Individual SPBD Staff Loans)

Borrower	Balance (WST)	Term	Status
Staff	$140,086	3 to 24 months	Current

The above balance of $140,086 for Related Party transactions is included in the Gross loan receivable of WST 7,009,270 as at 31 December 2014.

6. OTHER RECEIVABLES

	31-Dec-14 WST ($)	31-Dec-13 WST ($)
Prepaid Insurance	11,805	4,569
Others (Deposit/Travel Advance/Bond & Others)	23,641	11,641
Interest Due	15,348	15,348
Employee Receivable	54,115	54,914
Less: Employee Receivable Provisioning	(51,348)	(51,348)
Other Receivable - Debit Memo	**443,235**	**465,949**
	496,796	**501,073**

Debit Memo is used by most members to make weekly repayments or to pay off a loan, without using cash, and is a direct debit into Savings Account. The 2014 total debit memos requires to be reimbursed.

7. GOODWILL

The value of SPBD foundation over and above the value of its assets resulting from the reputation established with clients, lender, the government of Samoa and other stakeholders since its inception on 18 January 2000.

8. PROPERTY AND EQUIPMENT

	Leasehold Improvements	Furniture & Fittings	Office Equipment	Computer Equipment & Peripherals	Vehicle	Total
GROSS CARRYING AMOUNTS						
Balance as at 1 Jan 2014	**40,428**	**41,137**	**22,710**	**112,079**	**547,700**	**764,054**
Additions		14,360	253	8,628	12,151	35,392
Balance as at 31 Dec 2014	**40,428**	**55,497**	**22,963**	**120,707**	**559,851**	**799,446**
Accumulated Depreciation						
Balance as at 1 Jan 2014	**6,738**	**20,215**	**20,102**	**61,592**	**134,969**	**243,616**
Adjusted accumulated depreciation						-
Depreciation for the year	8,086	12,395	5,873	13,704	99,993	140,051
Balance as at 31 Dec 2014	**14,824**	**32,610**	**25,975**	**75,296**	**234,962**	**383,667**
Net Book Value 2014	**25,604**	**22,886**	**(3,013)**	**45,412**	**324,889**	**415,779**

We did not purchase any additional vehicle in 2014, but we bought new engines plus other required parts for the 2 vehicles including one of the new terios.

9. OTHER CREDITORS AND ACCRUALS

	31-Dec-14 WST ($)	31-Dec-13 WST ($)
Interest Payable	9,791	45,170
Accrued Expenses & Other Payables	75,709	30,510
Income Tax Payable	115,817	64,737
Unearned Insurance (DBI)	25,860	45,054
Unearned SLI	19,332	23,889
Total	**246,509**	**209,360**

The Income Tax Payable detail is as follow.

Opening payable tax		**272,218**	**154,419**	**-**
Opening payable tax per audited accts	64,737			
Under provision of prior year taxes 2011-2013)	965			
Less: Income tax paid	(64,702)	(271,218)	-	-
Less: Shortfall of 2012 tax paid	(1,000)	-	-	-
Less: Provision tax paid	(59,838)	(25,055)	-	-
Add: Income tax exp	175,655	89,757	117,798	154,419
Tax payable	**115,817**	**65,702**	**272,218**	**154,419**

The 2014 Income Tax Expense was revised after adding back the first time loan loss provisioning to the net profit before tax, in compliance with the requirement of the Tax Office. Refer to note (19) for details of 2014 tax expenses.

10. RESERVE FOR DEATH BENEFIT INSURANCE

The reserve is calculated based on 2014 number of members passed away, to ensure we provision enough to cover for 2015 DBI.

	31 DEC 2014 WST ($)	31 DEC 2013 WST ($)
DBI Reserve	15,000	20,000
SLI Reserve	15,000	15,000
Total Reserve	**30,000**	**35,000**

Unearned Insurance for DBI

Unearned Insurance refers to a portion of client's insurance premium that relates to a future period. Only earned insurance shall be recognised in the Income statement, and unearned insurance to record as liability.

	31 DEC 2014 WST ($)	31 DEC 2013 WST ($)
Total insurance income	72,158	76,262
Less: Earned insurance premiums	46,298	31,208
Total unearned insurance as per above	**25,860**	**45,054**

Unearned Insurance for SLI

Unearned Insurance refers to a portion of client's insurance premium that relates to a future period. Only earned insurance shall be recognised in the Income statement, and unearned insurance to record as liability.

	31 DEC 2014 WST ($)	31 DEC 2013 WST ($)
Total insurance income	45,880	31,479
Less: Earned insurance premiums	26,548	7,590
Total unearned insurance as per above	**19,332**	**23,889**

11. MEMBERS SAVINGS DEPOSIT

SPBD developed the micro-savings program in partnership with UNDP and WESTPAC Bank. SPBD formally launched the micro-savings program on October 7th, 2004 following a 3 months pilot-test period and required consultations with the Central Bank of Samoa. Any SPBD new member can open up a savings account with a minimum of $10 deposit. SPBD also started its savings policy in 2007 whereby 5% loan retention (compulsory savings) goes into a member's Savings account. SPBD is not a regulated financial intermediary and does not there use client deposit for on-lending. Members can withdraw money with prior notice or anytime for emergencies. SPBD provides quarterly financial report, as well as an audited financial report to Central Bank of Samoa. The 5% retention can only be withdrawn by a member after the latest loan is paid off. SPBD deposits collected savings daily in a segregated bank account at WESTPAC Bank. Details of customer deposits by bank are as follows:

	31-Dec-14 WST ($)	31-Dec-13 WST ($)
WESTPAC	1,041,220	780,504
Total	**1,041,220**	**780,504**

12. BORROWINGS

	Note	31-Dec-14 WST ($)	31-Dec-13 WST ($)
Unsecured soft term loans:			
Kiva Micro funds	(ii)	1,474,277	941,166
David Adams	(iii)	9,896	9,567
Whole Planet Finance	(iv)	1,124,653	1,124,653
OikoCredit	(v)		119,571
MicroDreams	(ix)	75,000	508,766
Secured overdraft and Commercial loan facilities:			
Westpac Bank Samoa	(x)	607	46,190
ANZ Bank	(xi)	1,924,098	2,881,912
SCB	(xii)	(70,485)	(8,893)
Samoa National Provident Fund	(xiii)	2,496,652	1,428,727
National Bank of Samoa	(xv)	232,434	
CRESUD	(vi)	989,609	
WESTPAC (Vehicle Lease)	(xiv)	148,282	280,583
		8,405,023	**7,332,242**

The above borrowings are analysed as follows:

Term Loans	Ref Nos	Maturity Dates	Foreign Currencies	Interest Rate	Opening Balance 1/01/2014	Payment Made	Funds Received	Balance 31/12/2014	Samoan Tala Equivalent
KIVA Microfunds	(ii)	on-going	USD	0%	393,501	48,082	296,105	641,524	**1,474,277**
David Adams	(iii)	31/12/2015	USD	0%	4,000		-	4,000	**9,896**
Whole Planet Finance	(iv)	19/4/17,6/4/18,18/4/18	WST	0%	1,124,653			1,124,653	**1,124,653**
Oikocredit	(v)	4/02/2014	EURO	9.25%	35,704	35,704	-	-	**-**
Cresud	(vi)	31/09/2017	EURO	9.5%	-	-	400,000	400,000	**989,609**
MicroDreams	(ix)	30/06/2015	WST	6%	150,000	75,000		75,000	**75,000**
National Provident Fund	(xiii)	30/09/2018	WST	9.50%	1,428,726	432,074	1,500,000	2,496,652	**2,496,652**
WESTPAC (Vehicle Facility)	(xiv)	31/08/2016	WST	9.25%	280,584	132,302	-	148,282	**148,282**
National Bank of Samoa	(xv)	31/08/2019	WST	14.00%	250,000	17,566	-	232,434	**232,434**
Total Term Loans									**6,550,803**
Secured Overdraft Borrowing Facilities		**Maturity Dates**	**Foreign Currencies**	**Interest Rate**	**Credit Limit**	**Credit Limit Not Utilised**	**Type of Security**	**Amount of Security**	**Credit Limit Utilised**
WESTPAC Bank - 119731	(x)	on-going	WST	9.75%	46,000	2,789	Standby LOC	GBP 10,000	**607**
ANZ Bank (Samoa) Ltd	(xi)	on-going	WST	10.50%	3,000,000	1,075,902	Term Deposit	3,000,000	**1,924,098**
Samoa Commercial Bank	(xii)	on-going	WST	10.50%	300,000	308,893	Term Deposit	USD$40,000	**(70,485)**
Total Secured Overdraft									1,854,220
Total Borrowings									8,405,023

By currency

Currency	**31-Dec-14**	**31 Dec-13**
Samoan Tala	5,931,241	5,903,172
US Dollar	2,473,782	1,309,499
Euro		119,571
Total	**8,405,023**	**7,332,242**

13. EQUITY

SPBD Microfinance Holdings (Singapore) Pte Ltd, the parent company of SPBD Microfinance (Samoa) Ltd. invested ST$88,094 in Equity into SPBD Microfinance Samoa Ltd in 2011. Donated capital from TVLLC-IFC was also received in previous years, thus increasing the total capital to $303,972

	31-Dec-14	31-Dec-13
	WST ($)	WST ($)
Equity Investment from SPBD Microfinance (Singapo	303,972	303,972
Total	**303,972**	**303,972**

14. PREFERENCE SHARES

The Central Bank approved a conversion of foreign loan amounting to USD$253,479 previously called as Subordinated Debt, to Redeemable Preference Shares, to be effective January 1, 2014.

14a RETAINED EARNING

In 2014, SPBD Samoa made 4 dividend payments totalling ST$45,025 (equivalent USD$18,936) to Singapore Microfinance Holding Company in compliance with the schedule approved by the Central Bank. This amount was charged to Retained Earnings, thus reducing the amount of Retained Earnings to ST$1,312,718 at 31 December 2014.

15. LOAN LOSS PROVISIONING

a) Summary

	31-Dec-14	31-Dec-13
	WST ($)	WST ($)
Loan loss provision	18,259	36,360
Loan Insurance loss provision	36,548	16,723
Total Non-Operating Expenses as per P & L	**54,807**	**53,083**
b) Death Benefit Insurance Provision	13,000	23,000
c) SLI Loan Loss Provisioning	22,000	21,000

b) Loan Loss Provisioning

SPBD conducts loan loss provisioning every quarter to maintain an adequate reserve for doubtful loans. The reserve is determined by applying predicted loss percentages to aged loans grouped by lateness of payment. A loan becomes late as a weekly scheduled payment is missed. SPBD applies the following conservative predicted loss ratios.

Provisioning Ratios for Group Loans	Loan loss provision	Loan Outstanding	Loan Loss Prov. Amt.
1 week to 4 weeks late (<30 days)	5%	233,574	11,679
5 weeks to 8 weeks late (30 to 60 days)	10%	15.851	1,585
9 weeks to 12 weeks late (60 to 90 days)	25%	6,290	1,573
13 weeks to 16 weeks late (90 to 120 days)	50%	-	-
17 weeks to 20 weeks late (120 to 150 days)	75%	2,578	1,933
21 weeks or more (150 + days)	100%	-	-
TOTAL PROVISIONING AS OF 31 DECEMBER 2014			**16,770**

SPBD provides a 100% provision for loan losses for loans overdue for 21 weeks or more. The above calculation was made based on the portfolio outstanding after the 2014 loan write offs had been made

c) Write-offs

Loan Type	# of Loans	Write off WST	Amount as % of Loan Portfolio
Loan Insurance Losses	13	36,548	0.52%
Loans Written Off – 2014	76	18,792	0.26%
Total	90	55,340	0.78%

Thirteen SPBD members passed away in 2014. Their loans were written off as per the Loan Insurance Policy.

The decision as to which loans to write off in 2014 was made taking into account the age of the outstanding loan compared to the cost effectiveness of management's own evaluation of the likelihood of recovery. Loan write- off in 2014 has been approved by the President.

d) Movements

i) Movement in Loan Loss Insurance

Loan Loss reserve is increased by annual loan loss provisioning expense and decreased by loan write-offs

	2014 WST ($)	2013 WST ($)
Loan Loss Reserve – January 1	19,561	30,727
Plus: Additional reserve	52,549	53,065
Loan Loss Expense for the Year (RE)	36,548	16,723
Loans written off	18,792	47,508
Loan Loss Reserve	16,770	19,561

ii) Movement in Insurance Loan Loss Reserve

	2014 WST ($)	2013 WST ($)
Loan Loss Reserve Jan 1		
Loan Loss expense for the year	36,548	16,723
Loans written off	36,548	16,723
Insurance Loan Loss Reserve	Nil	Nil

iii) Movement in Insurance Death Benefits Reserve

	2014 WST ($)	2013 WST ($)
Loan Loss Reserve Jan 1	20,000	20,000
DBI Additional Reserve	13,000	23,000
Payment made	18,000	23,000
Death Benefit Insurance Reserve	15,000	20,000

Death Benefit Insurance Reserve is increased by quarterly provisioning expense and decreased by actual payment made to beneficiaries of deceased SPBD dead members.

iv) Movement in Insurance Spouse Life Insurance Reserve

	2014 WST ($)	2013 WST ($)
Loan Loss Reserve Jan 1	15,000	
SLI Additional Reserve	22,000	21,000
Payment made	22,000	6,000
Spouse Life Insurance Reserve	15,000	15,000

Spouse Life Insurance Reserve is increased by quarterly provisioning expense and decreased by actual payment made to beneficiaries of deceased SPBD dead members.
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16. OPERATING EXPENSE

	31-Dec-14 WST ($)	31-Dec-13 WST ($)
Accident Compensation Board	4,884	3,829
Bank Charges	14,480	7,973
Guarantee Fees	58,664	72,382
Communications	139,428	109,630
Depreciation	140,051	112,924
Insurance	16,762	17,618
National Provident Fund	31,100	23,407
Office Expense	16,479	18,023
Other Expenses	47,504	20,237
Printing & Stationeries	64,013	64,935
Professional Services	330,626	290,628
Public Relations	1,055	4,992
Rental Expenses	186,904	183,386
Repairs & Maintenance	30,417	45,366
Salaries and Wages	924,566	875,049
Taxes and Fees	4,925	6,840
Training	1,694	7,619
Transportation	144,453	148,818
Travel	70,057	31,792
Operating Expenditures Sub-Total	**2,228,061**	**2,045,448**

17. NON OPERATING REVENUES

SPBD received a small amount of donations $8,250 for Business Women of the Year Awards 2013.

	31-Dec-14 WST ($)	31-Dec-13 WST ($)
Grants including donations for the Annual Award	8,250	3,500
Miscellaneous Income	485	1,343
Foreign Exchange Gain		1,142
Gain from Disposal of Fixed Assets		18,500
Total Non-Operating Revenues as per P & L	**8,735**	**24,485**

18. NON-OPERATING EXPENSES

Non-operating expenses are cost incurred as part of SPBD's social mission and commitment to recognize the success of SPBD clients (Annual Businesswoman Award) and to build the capacity of clients in running their business. In October 2012, the Financial Literacy Program was launched for a pilot test in Samoa, and the full roll was done in 2013 for Upolu and Savaii in 2014. All costs related to this new initiative/program including consultants costs were all covered under the non –operating expenses.

	31-Dec-14	31-Dec-13
	WST ($)	WST ($)
Annual Events - Women's Award	37,244	27,935
Foreign Exchange Loss	14,886	53,748
Financial Literacy Project/Training	34,095	103,422
Total Non-Operating Expenses as per P & L	**86,225**	**185,105**

19. INCOME TAX EXPENSE

	2014	2013	2012	2011
Income Tax Expenses	**$**	**$**	**$**	**$**
Profit before tax	**555,227**	332,434	436,290	571,923
Add: First time provision LLP 2010	58,690			
Add: First time provision LLIP 2010	26,229			
Add: First time provision DBI 2010	10,000			
add: First time provision SLI 2013	21,000			
Non taxable Donations received (2011-2014)	- 20,571			
	95,348			
Taxable profit	**650,575**	**332,434**	**436,290**	**571,923**
Income tax 27%	175,655	89,757	117,798	154,419
Add: underprovision of prior year taxes 2011-2013	965	-	-	-
Total Income Tax Expenses@31 December 2014	**176,620**	**89,757**	**117,798**	**154,419**

The income tax is higher this year due to the addition of provisions as though treated for the first time. Provisions are not tax deductible until such time they are written off. This is a one-time only adjustment to the tax calculations and from 2015 onwards only the movements of the provisions will be adjusted in the tax calculations.

20. OPERATING LEASE COMMITMENTS

The minimum annual lease payments required under non-cancellable leases through to their expiry are as follows:

	2014	2013
	WST $	WST $
Less than one year	132,302	102,000
	132,302	102,000

21. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: liquidity risk, market risk and credit risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

The Company's principal financial liabilities comprise borrowings and payables. The main purpose of these financial liabilities is to raise finance for Company operations. The Company has financial assets which mainly comprise cash and cash equivalents and receivables which are directly from operations. All financial assets are classified as 'loans and receivables' and all financial liabilities are classified as 'held at amortised cost'.

The Company'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 Company regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

a) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet the payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through and adequate amount of committed credit facilities.

The Company has incurred significant amount of indebtedness and evaluates its ability to meet these obligations on an on-going basis. Based on these evaluations the Company devises strategies to manage liquidity risk including maintaining a sufficient undrawn borrowing facilities to fund liquidity needs. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of subordinated debt, bank overdraft facilities and borrowings to fund liquidity needs. The Company's liquidity management process includes:

i) Maintaining a liquidity reserve in the form of cash and credit lines to ensure the solvency and financial flexibility at all times. For this purpose, the Company has net cash balances of $2.99 million Tala at 31 December 2014.

ii) Managing the concentration and profile of the Company's debt maturities. Refer to the table below for summary of the financial liability maturity profile at 31 December 2014 based on contractual undiscounted payments:

	Within 1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Total
Borrowings	320,654	1,091,792	6,992,577		8,405,023
Creditors		244,140			244,140
Total financial liabilities	320,654	1,335,932	6,992,577		8,649,163

b) Market risk

The Company takes on exposure to market risks, which is the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency exchange rates and interest rates. Market risk exposures are measured using sensitivity analysis.

i) ***Currency risk***

Currency risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company is exposed to foreign currency risks in connection with scheduled payments in currencies that are not their functional currencies. The payments relate mainly to overseas borrowings. The Company's income statement and statement of financial position can be affected materially be movements in the exchange rates between the US dollar, the Euro and the Samoa Tala. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

The Company manages its foreign exchange risk by ensuring that net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions.

Foreign currency sensitivity

The sensitivity analysis below discloses the impact on profit before taxation and equity from changes in the exchange rates of the Tala against the US dollar and the Euro to which the Company has significant exposure.

At 31 December 2014, if the Tala has strengthened/weakened by 10% against the US dollar and the Euro with all other variables held constant, profit before taxation for the year would have been $14,886 higher, mainly as a result of foreign exchange losses on translation of non Tala denominated borrowings. There would be no impact on other components of equity as the Company has no non-Tala denominated non-monetary assets classified as available for sale.

ii) ***Interest rate risk***

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Floating rate instruments expose the Company to cash flow interest risk, whereas fixed interest rate instruments expose the Company to fair value interest risk. SPBD has no floating rate instruments.

The company's interest rate risk policy requires it to manage the maturities of interest bearing financial assets and interest bearing financial liabilities. At 31 December 2014, 22.00% of the interests bearing liabilities were denominated in US dollars and Euros.

c) Credit risk

Credit risk arises mainly from micro-credit loan provided to the Customers of SPBD. This can be described as potential loss arising from the failure of a counter party to perform as contractual agreement with the SPBD. The failure may result unwillingness of a counter party or decline in his/her financial condition in adverse environment. Therefore, SPBD's credit risk management activities have been designed to address all these issues.

SPBD Centre Managers and the Team Leader have the proper introduction to the village chief before a new centre is opened. All interested women have to undergo a 6 session training to know about SPBD and the financial services offered. Potential clients must attend all sessions and has to undergo the final test to check their understanding of the SPBD Program. All potential clients must adhere to the five point decisions that SPBD requires:

- They must be willing to start or operate a business/economic activity
- They must be willing to attend the weekly meeting

- They must be willing to pay the weekly payment
- They must be willing to form a group and
- They must abide by the group guarantee and group rules.

All loan applications must be endorsed by the Centre Chief and the Centre Secretary. The Centre Manager evaluates the loan application and submit to their Team Leader for endorsement. The Back-office checks the completeness and validity of the application and submits the loan application to the General Manager for approval. Once a loan has been approved a check for disbursement is prepared. During the disbursement clients are interviewed individually to check their identification, revalidate the information provided on the loan application and verify that the client fully understand the terms and condition of the loan

22. Loan Recoveries

Loan Recoveries is the total amount of payments collected from loans that have already been written off in SPBD books of account. In 2014, SPBD was able to collect some payments from default loans and take into our Profit & Loss account.

23. Resignation Fees

Resignation Fees are classified as fees SPBD received from members who exited the program, and as per the savings policy, any member who leaves the program must pay a $10 fee to close their savings account. There were no resignation fees recognised in 2014, but there are some expected in 2015.

23a Development Fees

SPBD Samoa introduced a Development Fee of 3% of the loan amount in September 2014, and reduced its interest rate on group loans by the same percentage of 3% .This new initiative was approved by the President.

24. Events after statement of financial position date

There were no significant events after the statement of financial position date
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PORTFOLIO DESCRIPTION REPORT

Portfolio Composition

SPBD adopts the Grameen Bank's group solidarity lending methodology. SPBD's loan portfolio consists of two types: client loans and staff loans. Group loans are made under the provisions of SPBD Credit manual. Staff loans are made under the provisions of the employee loan program as outlined under SPBD Human Resources Policy Manual.

SPBD offers the following unsecured loan products: (1) 52-week loan product, (2) 17 weeks loan product, (3) SME loan product, (4) OWL and (5) Higher Education loan product is specifically for college and tertiary education. Minimum first loan sizes are ST$500 and ST$300 respectively for the 52 week and 17 week loan products. All loans are amortized in weekly instalments and these loan types are unsecured. The first loan (regardless of loan product) should be used exclusively to expand or establish a microenterprise to be managed by the client herself. Subsequent loans can be used for any or a combination of the following purposes: business, home improvement and education of children. Loans are disbursed at the SPBD office while loan repayments are collected at the village based weekly meetings by SPBD staff. A loan must be paid off before another loan is issued to the same client.

Loans Disbursed during 2014

Loan Type	# of Loans New	Principal Amount	Amount as % of Total Portfolio
Group loans (**New**)	1,870	1,870,000	16%
Group loans (**Existing**)	4,073	9,876,850	83%
Staff loans	84	123,672	1%
Total	6,027	11,870,522	100%
Ave loan Size at disbursement		$ 2,053	

Loans Disbursed during 2013

Loan Type	# of Loans New	Principal Amount	Amount as % of Total Portfolio
Group loans (**New**)	1,916	1,916,000	23%
Group loans (**Existing**)	4,600	8,266,980	76%
Staff loans	81	122,047	1%
Total	6,597	10,305,027	100%
Ave loan Size at disbursement		$ 1,562	

SPBD clients must use the first loans for starting or expanding micro-businesses. If these micro-businesses are doing well, they can then apply for housing improvement and educational loans for their subsequent borrowings. Housing improvement loans are typically used to buy concrete, timber roofing, plumbing or electrical supplies to significantly upgrade their homes. Educational loans are typically used to pay for school fees, school uniforms and text books.

PORTFOLIO QUALITY

SPBD loans are staff's number one priority to keep the loan portfolio healthy. They strictly apply the credit rules and policies outlined in SPBD Credit Manual. As SPBD only offers unsecured loans, we rely on good clients and projects selection as a primary tool to ensure portfolio quality is good. When a client does not have a payment, we apply the group guarantee policy and ask her group members to make a payment for that client. The principle of group guarantee is clearly communicated and explained in program training, knowledge test, loan application and loan interview, and is regularly reinforced through weekly meetings and periodic trainings.

Loan Types		31-Dec-14			31-Dec-13		
	# of Accounts	Outstanding Principal Balance	PAR > 30 Amount WST$	PAR > 30 Days (%)	Outstanding Principal Balance	PAR Amount WST$	PAR > 30 Days (%)
Group Loans							
Current	5,542	6,610,890			5,660,865		
1-4 weeks late (<30 days)	216	233,574			197,353		
5-8 weeks late (30 to 60 days)	12	15,851	15,851	0.23%	7,461	7,461	0.12%
9-12 weeks late (60 to 90days)	10	6,291	6,291	0.09%	1,133	1,133	0.02%
13-16 weeks late (90 to 120 days)				-	3,984	3,984	0.07%
17-20 weeks late (120 to 140 days)	1	2,578	2,578	0.04%	433	433	0.01%
over 21 weeks late (over 150 days)				-	6,347	6,347	0.10%
Sub-total	**5,781**	**6,869,184**	**24,720**	**0.36%**	**5,877,576**	**19,358**	0.32%
Staff Loans							
Current	152	140,086			124,354		
over 4 weeks in arrears							**0%**
Grand Total	**5,933**	**7,009,270**	**24,720**	**0.35%**	**6,001,930**	**19,358**	**0.32%**

SPBD defines portfolio at risk (PAR) as:

<u>Outstanding principal amount of all loans that have one or more instalments of principal past due by 30 days</u>
Gross Loan Portfolio

A loan is considered in arrears when a due weekly payment is missed and that group guarantee does not work. SPBD does not have any late or penalty fees. SPBD staff then follows the procedures outlined in the SPBD Credit Manual to get clients in arrears back on track as soon as possible. A significant portion of operation staff compensation is directly linked to the quality of loan portfolio under his/her management. Parallel to these efforts, SPBD provisions to ensure that adequate reserves are maintained for potential losses as outlined under SPBD Loan Loss Provisioning and Write-off Policies outlined in note A above.

Loan Accounts Outstanding

The numbers of outstanding loan accounts as at the end of the financial year were as follows:

	31-Dec-14	31-Dec-13
Number of outstanding loan accounts	5,933	6,611

Savings Accounts

The numbers of voluntary savings accounts at the end of the financial year were as follows:

	31-Dec-14	31-Dec-13
Number of savings accounts	19,072	16,140

Interest Accrual on Late Loans
Interest on unpaid loans is accrued up until the time a write off decision is taken. Interest is then written back.