

SINPPF Board Chairman Dr Rodgers Explains why 3.7% interest awarded to Members

Thank you very much for accepting our invitation to this very important event in the Fund's calendar. I am pleased in a short while, will announce the 2020 members crediting rate for the financial year ended 30 June 2020.

As you have heard from our CEO/General Manager of the Fund, the 2020 crediting rate will be made today whilst our accounts are still in the process of being audited. Furthermore, the financial overview of the Fund's performance draft financial accounts showed that this year's crediting rate determination has been challenging due to the large unrealized losses from our unlisted equities.

Crediting Rate Declaration Consideration

The Board when considering the 2020 appropriate interest rate took into account the Board's crediting and reserving policies. The crediting policy requires the Board to consider; 1) the investment return after deducting for all board and operational costs 2) the Board's investment objective; 3) the reserving requirement of the Fund; 4) the Fund's code of conduct; and the 5) the minimum statutory 2.5% crediting rate as specified in section 8 of the NPF Act.

It has been a difficult determination for the Board to consider the 2020 members crediting rate in light of the ongoing uncertainty and risks surrounding covid19, how long the pandemic will take to be resolved, and time it will take for the global and our economy to recover.

Crediting Rate for 2020 Financial Year

With care, prudence and fairness to members, my Board today has considered and agreed to declare a crediting rate of 3.7% for its members. This means a total of \$95 million that will be credited to members' accounts after today's announcement.

Reserving Requirements and CBSI Tier 1 Capital Requirement

After this crediting the Fund's required reserving levels are still maintained above the Board's minimum policy thresholds of CBSI 7.5% tier 1 capital ratio and at least 3 years of 2.5% crediting interest guarantee.

Special Death Benefit (SDB)

I am also pleased to announce an increased Special Death Benefit (SDB) of \$7,500 for the current financial year. This is to at least contribute to meeting part of the funeral expense of members who had passed on.

Thank you all for your attention.

God bless our Members (employees and employers), the SINPF and Solomon Islands

ENDS//

30 September 2020