

REMARKS BY THE CEO /GENERAL MANAGER OF SOLOMON ISLANDS NATIONAL PROVIDENT FUND ON SOFT LAUNCHING OF SOLOMON FINANCE LIMITED (SFL), 11 AM FRIDAY 25 MARCH 2022.

Salutations

Hon Minister of Finance & Treasury, Mr Harry Kuma
Permanent Secretary of Finance, Mr. Mckinnie Dentana
Governor, Central Bank of Solomon Islands, Dr. Luke Forau,
Deputy Governor, Central Bank of Solomon Islands, Mr. Raynold Moveni
Chief Manager Financial Systems Regulation, CBSI, Mr. Daniel Haridi,
SINPF Deputy Chairman and Board
SFL Chairman Gane Simbe and members of SFL Board
SINPF and SFL management teams.
Invited Media.

It has been a long journey of more than 12 years since 2009 when the opportunity to restart a home loan scheme for NPF members was possible with the acquisition of the government owned Solomon Islands Home Finance Limited (now renamed Solomon Housing Limited) in 2009. The SIHFL is the successor to two previous entities the Solomon Islands Housing Authority and the Solomon Islands Home Finance Corporation.

Previously, the Board has loan schemes for its members namely the Urban and Rural Housing Loan Schemes and Members Furniture Loan Schemes. These were discontinued in the late 1990's as they were not feasible to be performed inhouse due to the small sizes of these loans.

The Board's strategy then is to establish a standalone entity with its own board and management and to be supervised and regulated under the Financial Institutions Act (FIA) by the Central Bank of Solomon Islands as a licensed financial institution.

Hence one of the investment motivations for the acquisition of SIHFL is its home mortgage business that will only need to be upgraded to meet the regulator Central Bank of Solomon Islands licensing requirements.

Unfortunately, the Central Bank of Solomon Islands will not accept an application from SIHFL and the SINPF board since SIHFL is also constructing homes for sale. If SIHFL has to apply for a credit license, SIHFL has to discontinue its new home construction business.

In May 2012 the SINPF Board decided to maintain SIHFL as a home construction company.

The SINPF Board in 2013 went back to the drawing board and with the support from one of our external investment advisors starting drawing the concept of a new non-bank financial

institution (NBFi) that will have to start from scratch and to develop what it would look like financially from the new concept.

Instead of providing of home loans only the NBFi must also provide other small personal loans for our members. This will not only expand benefits to our members but will also improve the new NBF's profitability.

Whilst developing the business case and financial model for the new entity that the Board name Providence Investment Corporation (PIC) the investment team continued to maintain dialogue with the Central Bank of Solomon Islands and the Economic Reform Unit of the Ministry of Finance on the feasibility of the proposed new investment.

From 2015 to 2017 the Minister of Finance then kept the investment proposal in abeyance until a change in the Minister of Finance in 2017.

In 2018 SINPF Board successfully secured financial and technical support from the Private Sector Development Initiative (PSDI) of the Asian Development Bank to update and finalise the feasibility of the credit institution.

An experience banker Mr. John Bulford from the United Kingdom was engaged by the PSDI. A joint feasibility paper was prepared by the PSDI and SINPF Investments team for presentation to the Board for its consideration in November 2018. The new investment of \$15M equity in cash and guarantee was approved by the Board. The NBFi loan book will be financed by the SINPF through term deposits to be placed with the new NBFi.

Following the endorsement of the Board, the investment proposal was sent to the Minister of Finance then now our current Prime Minister, Hon Manasseh Sogavare who considered and approved the new investment in February 2019.

With the approval from the Minister of Finance, the new credit institution now renamed Solomon Finance Limited was formally incorporated on 17 July 2019 as a private limited company with the appointment of an interim Board by the single shareholder SINPF Board.

And immediately thereafter an application for an interim credit license was prepared by the interim board with the support of our UK Advisor lodged an application for an interim credit license to the Central Bank of Solomon Islands.

Following the application, the Central Bank of Solomon Islands approved an interim license on 31 October 2019 for 12 months.

The 1st Board of SFL was appointed in October 2020 after meeting the fit and proper test of the CBSI who had over past 12 months to December 2021 worked hard to meet the requirements of the CBSI and had the interim credit license converted to a full credit license on 13 December 2021.

And today we are here for this soft launch of the SFL opening its doors for business on 28 March 2022.

SFL will join sister related subsidiary Solomon Housing Limited in partnerships to enable members acquire new homes for their families.

We would like to acknowledge the following persons and institutions for their support and their contributions towards the formation and successful establishment of the Solomon Finance Limited.

- Former Minister of Finance now our Prime Minister and the current Minister of Finance.
- Past Board Chairpersons – Austin Holmes, Baoro Koraoa and Peter Boyers and your members from 2009 to 2019
- My predecessor, Mr Tony Makabo
- Mr. Peter Dirou and Ms Katherine Passmore of the PSDI
- Mr John Bulford consultant secured by the PSDI for the project
- Mr. Leo Chassel, former ABV Investment Advisor
- The teams at the Central Bank of Solomon Islands and the Economic Reform Unit of the Ministry of Finance.
- Manager Investment Jennifer Lakoa and Assistant Manager Investment Albert Afu
- The SINPF management team who became advisors to the interim board in preparing the handover of the company to the new Board in October 2020
- The Investment Committee of the SINPF Board
- The current Chairman and members of the Board, and
- Finally, the Chairman and members of the SFL Board.

Once again thank you all especially our guests of honours for gracing this soft launch today.

There are others who deserved to be here to witness the launch of this new NBF. Unfortunately, due to our current restrictions we can only invite limited guests.

Thank you

God bless SFL
God bless SINPF, and
God Bless Solomon Islands

