BUILDING RESILIENCE, INCLUSIVENESS AND SUSTAINABLE GROWTH

F·D·B

your partner in progress

FIJI DEVELOPMENT BANK
ANNUAL REPORT 2023

I am happy to advise that with the collaborative efforts between the FDB team and its key stakeholders, it had recorded more than double Year on Year growth on Net Profit, **112%** which is an increase from **$1.78million to $3.78million** in this Financial Year.

Damend Gounder
CHAIRMAN OF THE BOARD

VISION OF THE FIJI DEVELOPMENT Bank

TO BE A DYNAMIC FINANCIAL SERVICE PROVIDER IN THE DEVELOPMENT OF FIJI.

TABLE OF CONTENT

CHAIRPERSON'S LETTER	02
EXECUTIVE REPORT	04
BOARD OF DIRECTORS	10
CORPORATE GOVERNANCE	12
THE BOARD OF DIRECTORS	14
THE EXECUTIVE LEADERSHIP COMMITTEE (EXCO)	18
AUDIT AND REGULATORY COMPLIANCE FRAMEWORK	20
EXECUTIVE COMMITTEE	24
FIJI DEVELOPMENT BANK ORGANIGRAM	27
FINANCE AND ADMINISTRATION	28
PROPERTIES AND ADMINISTRATION DEPARTMENT	32
ICT DEPARTMENT	33
FDB'S MARKET SHARE 30 JUNE 2023	34
RELATIONSHIP AND SALES REVIEW	36
FINANCING FOR SUSTAINABLE DEVELOPMENT	42
BUSINESS RISK SERVICES	46
TALENT AND ORGANISATIONAL DEVELOPMENT	49
ENTERPRISE RISK MANAGEMENT	51
CLIMATE AND ECO-FINANCE	54
COMMUNITY AND ENVIRONMENT	59
CUSTOMER SUCCESS STORY	62
FINANCIAL REPORT	64

CHAIRPERSON'S Letter

7 November 2023

The Honourable Professor Biman Prasad,
Deputy Prime Minister and Minister for Finance,
Strategic Planning, National Development and Statistics,
Ro Lalabalavu House,
Victoria Parade,
SUVA.

Dear Minister,

RE: 2023 ANNUAL REPORT

On behalf of the Fiji Development Bank, I am pleased to submit the enclosed 2023 Annual Report and Accounts for the Financial Year ending 30 June 2023.

The Fiji Development Bank had realised a significant increase of 10% in the number of customers it served from the previous year.

Even though the economy is in its post Covid- recovery phase, I am happy to advise that with the collaborative efforts between the FDB team and its key stakeholders, it had recorded more than double Year on Year growth on Net Profit, 112% which is an increase from $1.78million to $3.78million in this Financial Year.

The positive achievements of the Bank within this Financial Year have been mainly driven by de-risking of our portfolio with stronger focus on Agriculture, MSME and the SME Sectors, emphasis on control and management of Non-Performing Loan Portfolio, provision of innovative financial solutions under the Agriculture Value Chain Concept and off course its digital transformations.

The Bank intends to continue in this direction to drive its digital agenda and maintain strong focus on the development of the Agriculture, MSME and SME sectors.

Yours sincerely,

Damend Gounder
CHAIRMAN OF THE BOARD

Our objectives set the broad direction for FDB:

- To improve the socio-economic status of people by assisting them with their needs making the right development investments and financing; and
- To stay financially and economically sustainable.

EXECUTIVE REPORT

Saud A Minam

Chief Executive Officer (CEO)

Year in Review

The Bank showed positive results with financials demonstrating resilience post Covid recovery phase within this Financial Year. This was made possible with the Bank's digital transformations to enhance customer service delivery, de-risking our portfolio by redefining our focus on the key sectors- Agriculture, SME and MSMEs, and being a value driven Bank. This has in turn successfully strengthened our delivery and performance. In alignment with the Bank's mandate it has worked and will continue to help grow the Agriculture, SMEs and MSMEs segments. Overall, the Bank's financial operation throughout the year has been a great achievement which unveils the continued team efforts of dedicated staff and supportive stakeholders of the Bank contributing to the sustainable and economic development of the nation.

In the Bank's efforts to promote financial inclusion and improve financial literacy for farmers and micro, small and medium enterprise businesses – the Bank in partnership with VISA International launched its first-ever FDB Digital Financial Literacy Program on its website. This program has been made available through the FDB website and FDB teams across all branches have also reached out to carry out the Financial Literacy Outreach Programs especially to rural and more remote vulnerable communities.

In addition, aligned to the Fiji Government's support for the MSME and the Agriculture sector, $40million worth of loans to assist in the sector's progress. The FDB also introduced new innovative products including the FDB loan for Women Entrepreneurs and the Sugarcane Farmers Special Loan Facility. After the great launch of the SME sustainability Package in the previous Financial Year, the team had started work and will be moving into the introduction of the New Energy Vehicle financial solutions in the new Financial Year. This reflects the Bank's commitment towards sustainable development in Fiji.

Significant milestones accomplished as well throughout the year in its 55 years of existence was the appointment of Ms. Titilia V Kamil as the Bank's General Manager Relationship and Sales– breaking the gender wall and inclusion of female leadership.

FEMALE PORTFOLIO OF THE BANK ROSE FROM

19.16% to **26.09%**

Market Conditions

The 2023 Financial Year saw improvement to the last Financial Year as international borders opened and provided a boost to the Tourism industry. The improvement in the Tourism sector and its good momentum supported the growth in Fiji. The positive spillover effects from the Tourism sector and the supporting sectors such as the Agriculture, Transport and Wholesale and Retail also saw improvement as the supply chains began to recover and progress. The underlying recovery remained robust, particularly as tourism and remittances continued to support economic activity. In turn, this helped customers improve their repayments to the Bank accordingly.

The Bank remained focused on delivering key outcomes to its customers and stakeholders.

RBF Supervision

In line with the Reserve Bank of Fiji requirements, the Bank's Risk division had made changes to its leadership roles by introducing a Manager Enterprise Risk Management, a Manager Securities role to stringently manage documentation and securities matters and a Senior Manager Credit Risk and Approvals to oversee the functions of credit risk and approvals. The change also saw a new role as Manager Governance and Legal created. The roles are in conformity with the strategic direction of the Division to better manage risk functions across the Bank's processes.

Furthermore, the Bank established partnerships with Dow Jones, an agency that does risk searches on clients, which is based in Sydney, and Credit Information Reporting Agency (CIRA).

It had also analysed more than 8400 customer details for Dow Jones to run searches for Anti-Money Laundering (AML) compliance to align to the Reserve Bank of Fiji's (RBF) Banking Supervision Policy Statement (BSPS). The result of which will re-assign levels of risk for customers, however, the results will be available in the next Financial Year.

10%

MORE CUSTOMERS SERVED COMPARED TO THE PREVIOUS YEAR.

Year Performance

Throughout this Financial Year, amidst the post-Covid recovery phase, the Bank realised a substantial surge of 10% in the number of customers it served from the previous year. Year on Year Growth on Net Profit was doubled, recording a 112% increase from $1.78million in the last Financial Year to $3.78million in this Financial Year.

The positive results can be ascribed to cautious risk and financial management practices, effective utilisation of resources and the combined effort of our employees.

It had also recorded a substantial decrease in its Non Performing Loans by 30.2%, four times more, compared to the previous Financial Year movement that had recorded a 7% decrease. This was made possible through de-risking of our portfolio and focusing more on agriculture, SME and the MSME customer segments and successful recovery processes.

The overall picture of the Bank's financial performance in 2023 displays its sound financial health and its pivotal role in development and growth in Fiji.

Approvals

During the Financial Year, with the increase in economic activity, the Bank has been able to approve new loans up to $93.4 million, of which more than $46.10 million has been disbursed.

Innovative Financial Solutions

FDB provides a range of products including lending products as well as a term deposit facility. The Bank has continued to enhance and align its lending products to benefit farmers, small businesses and even micro businesses to grow.

In line with our mandate, the Bank also launched its first-ever GESI inclusive lending facility for women– "The FDB Loan for Women Entrepreneurs". This support reaffirms the Bank's commitments to Gender Equity and Social Inclusion Policy (GESI) and its action plan.

Embracing equality remains a top priority for the Fiji Development Bank, whether for employees or customers. This was also driven by the Bank's first-ever Gender Equity and Social Inclusion (GESI) Policy rollout across all FDB branches in the Western, Northern and Central divisions. This also reflects the Bank's promotion of diversity and inclusion and also emphasizes environmental and social sustainability in our lending practices.

The Bank had successfully supported more than 700 women-led businesses with $1.79million by the close of this Financial Year and will continue to focus efforts on serving the more vulnerable women in hard to reach remote and rural areas. This is also the Bank's innovative efforts to break barriers to finance, especially for women and women-led businesses, the MSME sector across all divisions in Fiji.

Agriculture lending continues to be the Bank's priority. In support of growth in the sector, the Bank had also launched the Sugarcane Farmers' Special Loan facility targeted at providing an additional loan facility including loan top-up for our existing sugarcane farming customers and loan facility for new sugarcane farmers.

With the Bank's efforts to contribute to a more sustainable environment, the Bank had also funded the first customer, an environmentally friendly business that had set-up the New Energy Vehicle Charging station at a prominent supermarket. FDB was also fortunate to have been part of this launch that supports Fiji's efforts to create a more cleaner, sustainable Fiji.

The Bank intends to further enhance and introduce new financial solutions and works have also begun to present an innovative financial solution for New Energy Vehicle Financing under its SME Sustainability Package in the new Financial Year.

FDB's Signature Event – National Small and Medium Enterprises Awards (NSMEA)

SMEs were the most impacted due to the pandemic and given their hard work and changes in business cycles, most of these SMEs have been able to sustain their businesses. Therefore, it is of great importance to FDB that it continues to recognise the SMEs through this prestigious event after a two-year lapse due to COVID 19 impacts in Fiji. This year's NSMEA, for the first time in the Bank's 55 years of existence, had all processes held digitally.

Award categories recognised SMEs which had put in extra efforts to maintain an environmentally friendly business in the Agriculture and SME sectors mainly. The awards

$40million

disbursed to the MSME sector to assist in the sectors progress.

It is the **Fiji Development Bank's goal** to remain sustainable in servicing our customers while adapting to the changes in our environment.

also included a Rookie Entrepreneur Award supporting those who are gradually progressing as start up SMEs to encourage their good work. There was also a Woman Entrepreneur Award that saw an SME owner who had braved the struggles of a woman in business in her career to still achieve her dreams as a Professional working Mum and entrepreneur.

The Bank will continue to support the noteworthy successes of SMEs and continue to hold this event to recognise this sector, growth and embrace empowerment in the SME sector.

Digital Services

The Bank is continuing its gradual process to digitally transform its end-to-end (E2E) process, enabling customers to access the loan facilities completely online through the FDB Website. This has allowed for its breakthrough into the customer segments that had financial barriers to financial services especially in the rural and maritime areas. The move to have the customer applications online and even digital repayment processes in place is continuing to bring convenience to customers who previously had to spend too much resources to get to the nearest FDB Branch. Through innovative service enhancements and gradually progressing together with our customers in the digitisation journeys, the Bank intends to enhance and better its services.

Future Outlook

The Bank's future efforts will be concentrated on Agriculture, SME and MSME sector growth, enhancing customer service delivery, advancing and driving FDB's digital agenda with continuous collaboration with relevant Ministries to help drive the Fijian Government's agenda.

The Bank will also operationalise GESI policy across all branches and customers, and enhance its financial literacy programs with VISA. It also has plans to promote value chain and public private partnership and design targeted products for youth and the more vulnerable segments of our society.

Acknowledgement

I'd like to thank the dedication of my staff and team, for without their support, the achievements within this Financial Year would not have been possible.

I also take this opportunity to thank the current and incoming Board of Directors and the Executive Management team for another great year.

The values our staff embrace in the execution of their duties reflect the pivotal role the Bank plays in the development of **Fiji**.

DEVELOPMENT

FDB continuously focuses on the economic development of our country that is why we exist. We believe in the development of Fiji and bringing success to its entire people.

INNOVATION

FDB continuously strives to exceed customers' expectations with products and services that would meet the changing needs of all customers and also taking advantage of emerging opportunities before competitors can.

COLLABORATION

FDB always works as one team and communicates one message for the development of Fiji and its people.

INTEGRITY

FDB exhibits the highest levels of objectivity, honesty, transparency, fairness and responsibility at all times.

ACCOUNTABILITY

FDB acknowledges and assumes responsibility for its actions with the overarching obligation to report, explain and be answerable for resulting consequences.

MISSION

We provide finance, financial and advisory services to assist in the economic development of Fiji, and in particular in the development of Agriculture, Commerce and Industry.

"My spouse and I picked up baking abilities in our former job, so when we returned to the village, we knew exactly where our hearts were. We decided to start small with a canteen and then slowly commenced with the bakery business,

Through the Ministry of Trade, Co-operatives and Small and Medium Enterprises and Communications IHRDP program, I was able to secure a 2/3 Grant and 1/3 business loan from FDB. I applied to FDB through their online application portal for the FDB Loan for Women Entrepreneurs which was convenient, user-friendly, and easily accessible as long as you have internet connection. I am grateful to the Bank for creating opportunities for us women to get funds to expand our business, especially for us in the maritime areas."

– Alumita Tuila, 57 years old from Galoa Village, Kadavu Island.

BOARD OF DIRECTORS

MR DAMEND GOUNDER

Board Chairperson

Appointed January 2023

Mr Gounder is an eminent businessman in the Fijian community with more than 33 years of experience in the business arena. He is the Founder and Managing Director of the Tour Managers Group, which consists of Tours Managers PTE Ltd, Paradise Brides PTE Ltd, Kimaya Resorts and Tour Managers Coral Coast PTE Ltd. Prior to this, he was the Group Director/General Manager for Adventure/Endless Holidays and Hamacho Restaurants (a Japanese company) for more than 15 years. He has served as a Director on the Boards of Air Pacific – now Fiji Airways, Fiji Sugar Corporation and Fiji Visitors Bureau- now Tourism Fiji. He is a prominent figure in the Tourism industry, having served as the Chairman of the Tourism Action Group, President of the Society of Fiji Travel Associates and Member of various Tourism Business and Marketing task force groups. Mr Gounder cherishes community service and served as the International President of Apex International (1992), the National President of the Association of Apex Clubs of Fiji (1990), the General Secretary of TISI Sangam and a Board Member of FRIEND.

MS EMELE DUITUTURAGA

Board Director

Appointed April 2023

Emele Duituturaga is a Development specialist by profession with experiences spanning 3 decades working with governments, regional organisations, bilateral and multilateral organisations and civil society organisations in the Pacific and around the globe. She currently works as a consultant on various assignments and projects with specific focus on Gender, Equity, Disability and Social Inclusion. She is also involved in business and private sector development. She is a member of the Fiji Development Bank Board and a Director of the Lakeba Nawa Vision Company Ltd. Previously, she led the Pacific Islands Association of Non-Governmental Organisations (PIANGO) for a decade as its Executive Director where she was instrumental in PIANGO's strong positioning as a regional and global civil society actor raising the profile of the Pacific and Small Islands Developing States advocating on climate change, localisation of humanitarian aid, gender equality, development effectiveness and implementation of Agenda 2030 and the SDGs. Prior to that, she was the Permanent Secretary for the then Ministry of Women, Children & Poverty Alleviation for four years.

MS MAIMUNA HANIFF

Board Director

Appointed February 2022

Ms Haniff is an Executive Finance Director with 18 years of leadership and financial management experience in a multinational business. She has a successful track record of being an enabler in adding commercial value to the business through the conception and implementation of strategic initiatives to create people growth, revenue growth, cost efficiency, sustainability and accountability. She has been employed by British American Tobacco in Fiji, Australia and New-Zealand in various roles since 2004. She is a Member of the Australian Institute of Company Directors (AICD), a Fellow of CPA Australia, a Chartered Accountant with the Fiji Institute of Accountants and a Company Director for British American Tobacco Fiji, and Future Farms Limited. Ms Haniff holds a Bachelors Degree in Accounting from the University of the South Pacific.

MR JAGDISH SINGH

Board Director

Appointed January 2023

Mr Singh is a Civil Engineer with more than 31 years of experience in the industry. He began his career with the Housing Authority before moving to the Suva City Council where he worked for 10 years and served as the Director of Engineering Services for 5 years. He then joined the University of the South Pacific as a Projects Manager and later moved to Wood & Jepsen Consultants. Mr Singh holds a Bachelor of Engineering (Civil) from the University of Wollongong, Australia.

MR DAVID ROBERTSON

Board Director

Appointed June 2023

Mr Robertson is a Suva-based businessman and capital market professional with more than 40 years of experience in senior executive positions in Fiji, New Zealand, and the wider Pacific. He is currently the General Manager of South Sea Towage Limited, a marine services organisation operating out of Suva and Lautoka. Mr Robertson's first association with Fiji commenced in 1970 as a career Banker with the Bank of New Zealand. Thereafter, from 1990 to 1999, he acted as General Manager of Investments for the Colonial (CML) Investment Fund. Mr Robertson has served on numerous Boards in Fiji, particularly in capital intensive industries. He has extensive experience in Banking, with an emphasis on lending arrangements, governance, and regulatory oversight.

MR SALESH KUMAR

Board Director

Appointed March 2023

Dr. Salesh Kumar is an academic with 30 years of agricultural experience. He holds a Doctor of Philosophy in Agricultural Economics and Agribusiness. He worked in the Ministry of Agriculture for 15 years before joining Fiji National University. During his service in the Ministry of Agriculture, Dr. Kumar worked in Ba, Lautoka, Vunidawa, Naqali and Nausori. He has researched and published in the area of agribusiness including agri-value chains in Fiji and other Pacific Island Countries. He provides mentorship to agribusinesses. Dr. Kumar is also a social worker advocating the need to assist underprivileged children.

MRS ASILIKA MUAVESI ROGERS

Board Director

Appointed April 2022

Ms Rogers is a Lawyer with Toganivalu Legal. She has also worked for the Patel Sharma Lawyers and Amrit Chand Lawyers. She holds a Bachelor of Law from the Fiji National University, a graduate Diploma in Legal Practice from the University of Fiji, a postgraduate Certificate in International Relations and Diplomacy and a Postgraduate Diploma in International Relations and Diplomacy.

CORPORATE GOVERNANCE

Corporate Governance involves balancing the interests of various stakeholders, such as shareholders, employees, customers, suppliers, regulators and the community. Corporate governance also ensures accountability, transparency, fairness and ethical conduct in the business operations. A well-governed company can benefit from enhanced reputation, trust, performance, innovation and risk management.

Corporate Governance at Fiji Development Bank

The Fiji Development Bank (FDB) is a statutory body that provides financial services to support the development of Fiji's economy and its vision is to be the leading financial institution for empowering and transforming businesses and livelihoods in Fiji. The corporate governance of FDB is aligned to the nature, scope and diversity of the Bank's operations to ensure effective management in accordance with the prudent conduct of business principles. The Bank's commitment to its purpose, values and vision requires the integration of sound corporate governance practices into regular business activities.

Board Responsibilities

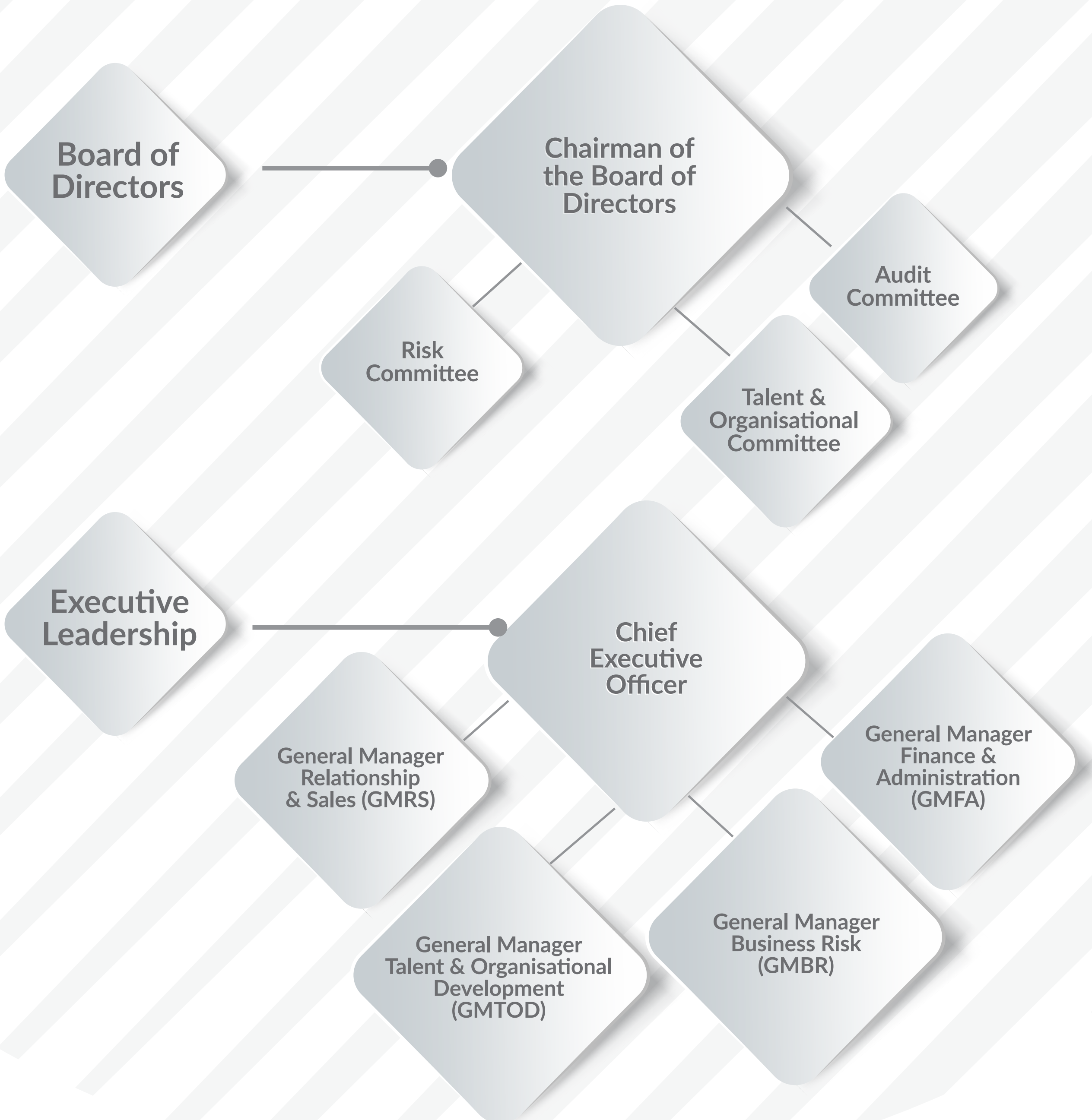
The Board of Directors and the CEO are responsible for the management and performance of the Bank. The main emphasis is on the Board noting and undertaking its role in FDB's corporate governance structure and the interaction with other governing bodies to ensure sound corporate governance, including system for internal control and risk management regarding financial reporting.

Corporate governance and duties of the Bank's governing body are defined by applicable frameworks where the Bank operates under the Fiji Development Bank Act 2004 and is governed by the Banks Code of Corporate Governance. The Code of Conduct meets the standards set out in the Fiji Development Bank Act (Cap 214) 1st July 1967.

Corporate Governance Structure

The Board has a leading role in driving a sustainable strategy and is assisted by its committees. At management level, the Bank is organisationally integrated into the existing processes for decision making, risk management and control as well as escalation, including management committee structures. The first line of defense is managing sustainability and financial impacts, while the second line of defense is accountable for developing the Bank's risk management framework.

The illustration below depicts the Corporate Governance structure of the Bank. 67 (FDB Act) and the Fiji Companies Act 2015.



THE BOARD OF DIRECTORS

Board Charter

The Board Charter of the Fiji Development Bank is a document that outlines the roles, responsibilities, and functions of the Board of Directors and its Committees. It also defines the relationship between the Board and the Management, as well as the expectations and standards of conduct for the Board Members. The Charter aims to ensure good governance, accountability, and transparency in the Bank's operations and decision-making.

The Board of Directors of the Fiji Development Bank (FDB) is responsible for overseeing the strategic direction, performance, and governance of the Bank.

Key Responsibilities of the Board:

- Ensure effectiveness of internal control.
- Ensure appropriate policies and procedures are in place.
- Oversee the Bank's strategic direction.
- Approve annual budget and annual financial results.
- Approve management structure, responsibilities, and succession.
- Approve major capital projects, investments, and divestment.
- Being independent when it comes to decision making.

FDB Board Composition and Directors

The Board consists of seven (7) members appointed by the Minister for Economy, as mandated in the FDB Act, to serve a term of three (3) years after which the member is eligible for reappointment. The Board Members have diverse backgrounds and expertise in business, finance, engineering, agriculture, law and development. The Board meets regularly to review the Bank's operations, policies, risk management and financial statements. The Board also ensures that the Bank fulfills its mandate and target sectors as a Development Financial Institution (DFI) that supports the economic growth and social progress of Fiji.

The Board welcomed five (5) new Board of Directors during the Financial Year - Damend Gounder, Jagdish Singh, Emele Duituturaga, Salesh Kumar and David Robertson.

For the Financial Year, the Board Members were as follows:

Directors	Title	Appointment Date	Term of Appointment
Mr. Damend Gounder	Chairman	Jan 2023	1st Term
Mr. Jagdish Singh	Director	Jan 2023	1st Term
Ms. Emele Duituturaga	Director	Apr 2023	1st Term
Ms. Maimuna Haniff	Director	Feb 2022	1st Term
Ms. Asilika Rogers	Director	Apr 2022	1st Term
Mr. Salesh Kumar	Director	Mar 2023	1st Term
Mr. David Robertson	Director	Mar 2023	1st Term
Mr. Andre Viljoen (Resigned – 26.01.23)	Chairman	Aug 2020	1st Term
Mr. Wella Pillay (End of Term – 23.12.22)	Director	Reappointed Dec 2019	2nd Term
Mr. Inia Naiyaga (End of Term – 23.12.22)	Director	Reappointed Dec 2019	2nd Term
Mr. Rajesh Kumar Patel (End of Term – 23.12.22)	Director	Reappointed Dec 2019	2nd Term

Board Chairman

As per the FDB Act 1967, the Minister of Economy has the authority to appoint the Board Chairman of the Fiji Development Bank. The Board Charter specifies the roles and responsibilities of the Chairman and the procedures for decision making. *Mr. Damend Gounder was appointed as the Board Chair of FDB on 31st January 2023. Prior to him, Mr. Andre Viljoen served as the Board Chairman.*

Chief Executive Officer (CEO)

The Board of Directors appoints the Chief Executive Officer (CEO) of the Bank. The CEO is responsible for the day-to-day management of the Bank, ensuring that it delivers on its mandate of providing financial services to support the economic and social development of Fiji. The CEO also chairs the Executive Committee (EXCO) meetings and provides information to the Board as necessary to enable the Board to monitor the performance of the management. The CEO provides complete and correct information in a timely manner to the Board, enabling the Board to make assessment of proposals made. *Mr. Saud A. Minam currently serves as the Chief Executive Officer.*

Board Secretary

The role of the Board Secretary for Fiji Development Bank is to provide administrative and legal support to the Board of Directors and the management team. The Board Secretary is responsible for preparing and distributing board agenda, minutes, resolutions, and other documents, as well as maintaining the Bank's corporate records and policies. The Board Secretary also advises the Board and the management on governance, compliance, and regulatory matters, and liaises with external stakeholders such as shareholders, auditors, regulators, and lawyers.

For the 2023 Financial Year, Ms. Sheik Maizabeen Nisha, the Manager Finance continued to serve as the Board Secretary.

Delegation

The Board has established the separation of work and responsibilities between the Board of Directors and the executive Leadership Team covering delegation of authority, duties and responsibilities, and reporting obligations.

Board of Directors Remunerations

The Board of Directors' remuneration is determined by the Minister of Finance. It consists of a fixed annual fee, a meeting allowance, and a travel allowance which is paid in monthly installments. The remuneration reflects on the expected time commitment and responsibilities of the Board Members. The Directors are informed 2 weeks in advance of all board meeting dates and the allowance is paid for each board meeting or committee meeting attended by the Board Members. It covers the preparation time and participation in the meeting. The travel allowance is paid for expenses incurred by the Board Members in relation to their board duties, such as airfare, accommodation, meals, and incidentals.

To protect the Board Members from personal liability arising from their duties, FDB has purchased a comprehensive Directors and Officers (D&O) insurance policy that covers legal costs, settlements, and damages in the event of a claim.

Conflict of interest

Directors must notify the Chairman of any conflicts of interest at the beginning of the Board of Directors meeting. The Board Secretary records these statements and subsequent decisions in the minutes of the meeting.

Board Meetings

The table on the next page (16) shows the number of meetings held by the Board and the attendance of individual Board Members.

Directors	Board Meetings		Special Board Meeting	
	Attend	Held	Attended	Held
Mr. Damend Gounder	2	2	1	1
Mr. Jagdish Singh	2	2	1	1
Ms. Emele Duituturaga	1	1	1	1
Ms. Maimuna Haniff	4	4	1	1
Ms. Asilika Rogers	4	4	1	1
Mr. Salesh Kumar	1	2	1	1
Mr. David Robertson	2	2	1	1
Mr. Andre Viljoen (Resigned – 26.01.23)	2	2	n/a	n/a
Mr. Wella Pillay (End of Term – 23.12.22)	1	2	n/a	n/a
Mr. Inia Naiyaga (End of Term – 23.12.22)	2	2	n/a	n/a
Mr. Rajesh Kumar Patel (End of Term – 23.12.22)	1	2	n/a	n/a

The Board Sub-Committees

In accordance with FDB Act 214 regulatory requirements, the Board of Directors has established three (3) permanent committees undertaking preparatory work each within their specific area, namely i) the Risk Committee, ii) the Audit Committee, iii) the Talent & Organisational Development Committee. The duties of the Board Committees, as well as working procedures, are stipulated in the Committee Charters. In general, the Board Committees do have autonomous decision-making powers and each Committee reports on its work to the Board.

Board Audit Committee

The role of the Audit Committee in Fiji Development Bank is to oversee the financial reporting and internal control systems of the Bank, as well as to monitor the performance and independence of the external auditors. The audit committee also advises the board of directors on risk management, compliance, and governance matters. The audit committee consists of three independent non-executive directors, who meet at least four times a year.

The Members of the FDB Audit Committee are tabulated below:

Members	Position
Ms. Maimuna Haniff	Chairperson
Mr. Salesh Kumar	Member
Ms. Asilika Muavesi Rogers	Member

Board Talent & Organisational Development Committee

The Committee is responsible for overseeing the recruitment, training, performance management, and career development of the Bank's staff. The Committee also ensures that the Bank's culture and values are aligned with its vision and mission. The Committee works closely with the Senior Management and the Board of Directors to foster a high-performing and innovative workforce that can deliver quality services to the Bank's customers and stakeholders. The Members of the FDB Board Talent and Organisational Development Committee for this Financial Year are:

Members	Position
Mr. Jagdish Singh	Chairman
Mr. Damend Gounder	Member
Ms. Asilika Muavesi Rogers	Member
Ms. Emele Duituturaga	Member

Board Risk Committee

The Risk Committee operates as a preparatory Committee for the Board of Directors with respect to FDB risk management and it advises the Board of Directors on the Bank's risk profile, risk culture, risk appetite, risk strategy and risk management framework. The Committee reviews and submits recommendations to the Board of Directors regarding the Bank's risk appetite, policies and instructions, its capital, leverage, liquidity, solvency and recovery requirements, its operational resilience framework, its impairment levels, its products and services from a risk perspective and the credit quality of loan portfolio.

The Risk Committee also advises the Board on strategic decisions that involve significant risks or opportunities for the Bank. The Bank regularly assesses its control environment and has in place a risk management framework which comprises a comprehensive list of policies and procedures and a Corporate Risk Register. These enable the Bank to effectively manage inherent and emerging risks to economic growth and stability of the financial system. The Bank continues to strengthen its risk management framework.

The members of FDB's Board Risk Committee are:

Members	Position
Mr. David Robertson	Chairman
Mr. Salesh Kumar	Member
Mr. Jagdish Singh	Member
Ms. Emele Duituturaga	Member

The Board Committee meetings and attendance during the Financial Year were as follows:

Directors	Audit Committee Meetings		Talent & Organisational Development Meetings		Risk Committee Meetings	
	Attended	Held	Attended	Held	Attended	Held
Mr. Damend Gounder	n/a	n/a	2	2	n/a	n/a
Mr. Jagdish Singh	n/a	n/a	2	2	2	2
Ms. Emele Duituturaga	n/a	n/a	1	1	1	1
Ms. Maimuna Haniff	2	2	n/a	n/a	n/a	n/a
Ms. Asilika Rogers	2	2	2	2	n/a	n/a
Mr. Salesh Kumar	2	2	n/a	n/a	2	2
Mr. David Robertson	n/a	n/a	n/a	n/a	2	2
Mr. Andre Viljoen (Resigned – 26.01.23)	2	2	1	1	n/a	n/a
Mr. Wella Pillay (End of Term – 23.12.22)	n/a	n/a	1	1	n/a	n/a
Mr. Inia Naiyaga (End of Term – 23.12.22)	2	2	n/a	n/a	n/a	n/a
Mr. Rajesh Kumar Patel (End of Term – 23.12.22)	1	2	1	1	n/a	n/a

THE EXECUTIVE LEADERSHIP COMMITTEE (EXCO)

The Executive Committee of the Fiji Development Bank (FDB) is a key decision-making body that oversees the strategic direction, policies, and operations of the Bank.

The Committee consists of the CEO, who is Saud Minam and the heads of the four business units; Finance & Administration, Business risk, Relationship & Sales, and Talent & Organisational Development. The committee meets fortnightly to review the performance, risks, and opportunities of the Bank and its portfolio of projects. The Committee also ensures that the Bank adheres to the highest standards of governance, accountability, and transparency in fulfilling its mandate of promoting sustainable and inclusive development in Fiji. The Executive Committee is guided by the EXCO Charter.

The Media and Communications Officer is the EXCO Secretary.

Timely And Balanced Disclosures

Annual Report

The Annual Report often looks back to earlier achievements and we are proud of what we have accomplished. But now it is time to turn the page and take the next step. The Bank is committed to producing and releasing the Annual Report in a timely fashion. The Annual Report of the Bank is made public through the Bank's website after it is presented in Parliament.

Continuous Disclosure

The Bank is committed to transparency and accountability in its operations and dealings. It informs the Bank staff of any internal issues through a Head Office Circular and shares any public matters through the Bank's print and digital media. The Bank ensures that the information it provides is timely, accurate and complete.

Code of Conduct

The Code of Corporate Governance of the Bank guides the Board of Directors in their duties and responsibilities. The Code of Conduct complies with the Fiji Development Bank Act 1st July 1967 (FDB Act) and the Fiji Companies Act 2015, which set the standards for the Bank's governance. The Directors receive the Code of Conduct when they join the Board.

Conflict of Interest Register

The Bank has a Conflict-of-Interest Register that complies with the Code of Corporate Governance. The Directors inform the Board Chairman of any conflict of interest at the start of each meeting and the Board Secretary documents these statements and subsequent decisions in the minutes of the meeting and then updates the register.

The Bank protects its information from unauthorised disclosure and does not share it with any third party without the permission of the owner of the material, unless required by law. Directors, Management and Staff at every level are required to declare any conflict of interest and are to sign and follow the Bank's Code of Conduct and Ethics.

The Key Functions of EXCO

1. Implement corporate objectives, policies, and strategic direction set by the Board
2. Allocate resources within the allocated budget approved by the Board
3. Ensure compliance of all regulations and laws
4. Establish and implement an effective internal control system aligned to the business requirements

> The strength of the team is each individual member. The strength of each member is the team.
>
> **— Phil Jackson**
> One of the Best NBA Coach of all time.

AUDIT AND REGULATORY COMPLIANCE FRAMEWORK

Reserve Bank of Fiji

Internal audit

Internal audit is an essential function of any organisation that aims to ensure compliance, efficiency and effectiveness of its operations. At Fiji Development Bank, internal audit is conducted by an independent Unit that reports directly to the Board Audit Committee. The Unit follows a risk-based approach to plan and execute its audits, covering various aspects of the Bank's activities such as lending, treasury, finance, human resources and information technology. The internal audit function also supports the Board of Directors (Board Audit Committee) and Senior Management (CEO) in fulfilling their responsibilities. The Unit also conducts special audits as requested by the Board or the Management.

The frequency and scope of internal audit depends on the level of risk and materiality of each area, as well as the availability of resources and the audit schedule. Generally, internal audit is conducted at least once a year for each area, and the findings and recommendations are reported to the Board Audit Committee and the Management for their review and action. The Bank's internal audit team conducted audits across all branches in the 2023 Financial Year, following the Internal Audit Plan that aligns with the Bank's Risk Management Framework and relevant regulations. The audit team evaluated the internal control, risk management and governance systems and processes established by the business units and support functions and provided assurance on their effectiveness and efficiency. The audit team also recommended improvements to these systems and processes based on their audit findings. The Manager Audit oversees the Audit Division and has three direct reports.

External Audit

The Bank is subject to the FDB Act and the Financial Management Act of 2004, as well as the amendments made by the Promulgation (No.21) of 2007, which mandates an annual external audit of the Bank's financial statement. The Office of the Auditor General conducts the audit and issues the Auditor's Report, which evaluates the Bank's performance and verifies that the financial statement is accurate and free of significant errors.

Reserve Bank of Fiji

The Bank is fully supervised by Reserve Bank of Fiji and adheres to the Banking Supervision Policy of the Reserve Bank of Fiji as a prudential requirement. The Bank communicates with RBF regularly and seeks RBF's guidance on policy amendments and new policy formulation. The Bank also submits supervisory reports to RBF on a monthly and quarterly basis and engages in regular discussions on matters pertaining to the introduction of new products and revisions to the existing guidelines. The Bank updates RBF frequently on the issues and challenges encountered through quarterly meetings with the Governor and the Financial Institutions Supervision Team. RBF also keeps a close watch on the external audit updates of the Bank by having opening and exit meetings with the Management and External Auditors of the Bank.

Risk Management

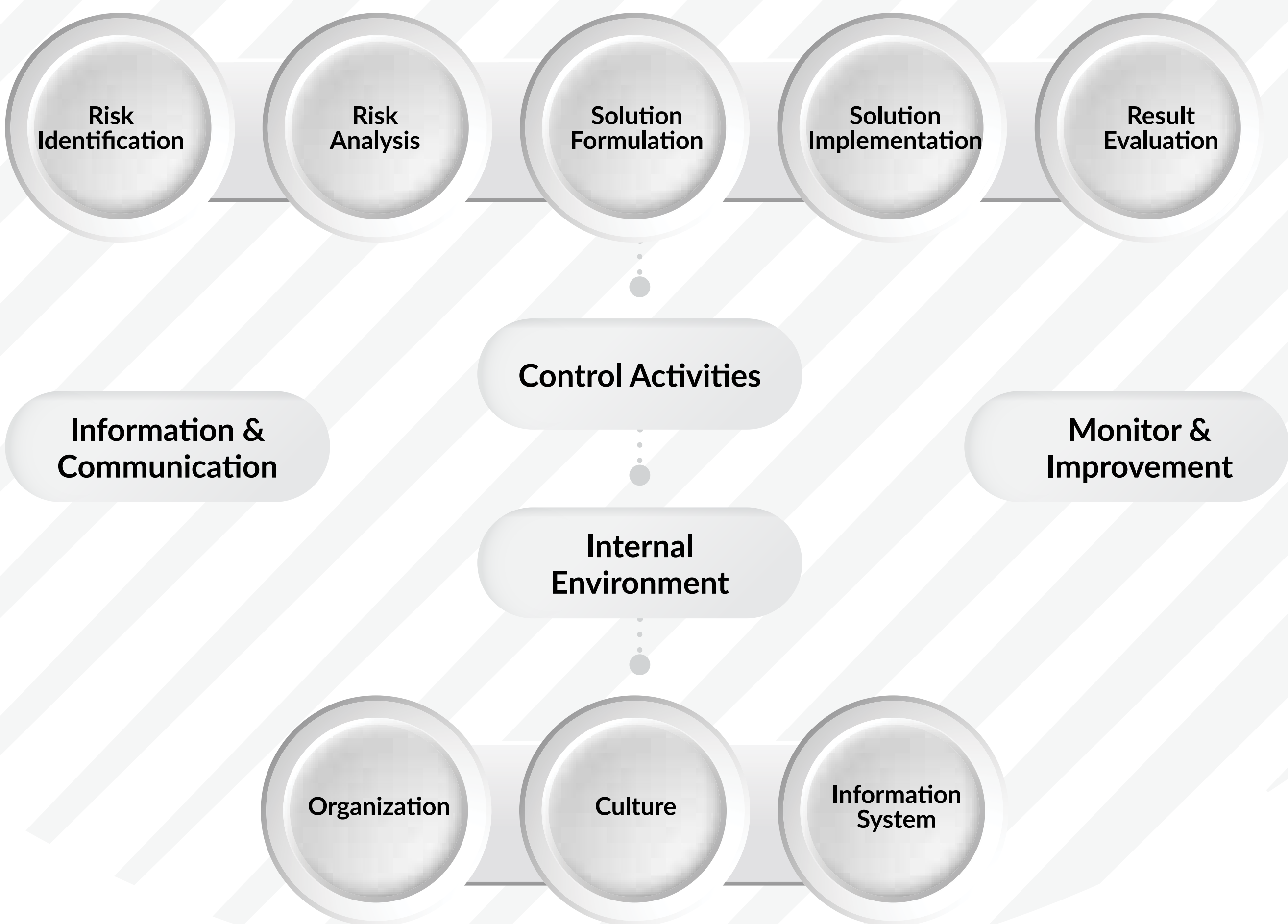
The Bank relies on effective internal controls to manage its risks and achieve its business goals. A robust system of internal control helps to protect both the Bank's assets and the interests of the stakeholders. FDB faces various risks

Audit and Regulatory framework – "assures the quality of our work by systematically identifying good practices and improvements."

in its operations, such as credit risk, market risk, operational risk, strategic risk, and reputational risk. Therefore, FDB needs to have an effective internal control system that can help it manage these risks and achieve its objective.

The role of internal control in managing risk at FDB can be summarised as follows:

- Internal control helps FDB to identify and assess the risks that it faces in its operations, such as the likelihood and impact of loan defaults, interest rate fluctuations, frauds, errors, regulatory breaches, etc. By identifying and assessing the risks, FDB can prioritise them and decide on the appropriate responses to mitigate or avoid them.
- Internal control helps FDB to implement and monitor the responses to the risks, such as setting policies and procedures, establishing limits and controls, conducting audits and reviews, reporting and communicating the results, etc. By implementing and monitoring the responses, FDB can ensure that its operations are conducted in accordance with its policies and procedures, that its controls are functioning effectively, that its deviations are detected and corrected in a timely manner, and that its performance is measured and reported accurately.
- Internal control helps FDB to improve and adapt to the changing environment, such as new opportunities, threats, regulations, technologies, etc. By improving and adapting, FDB can enhance its efficiency and effectiveness of operations, increase its reliability and transparency of financial reporting, and ensure its compliance with applicable laws and regulations.

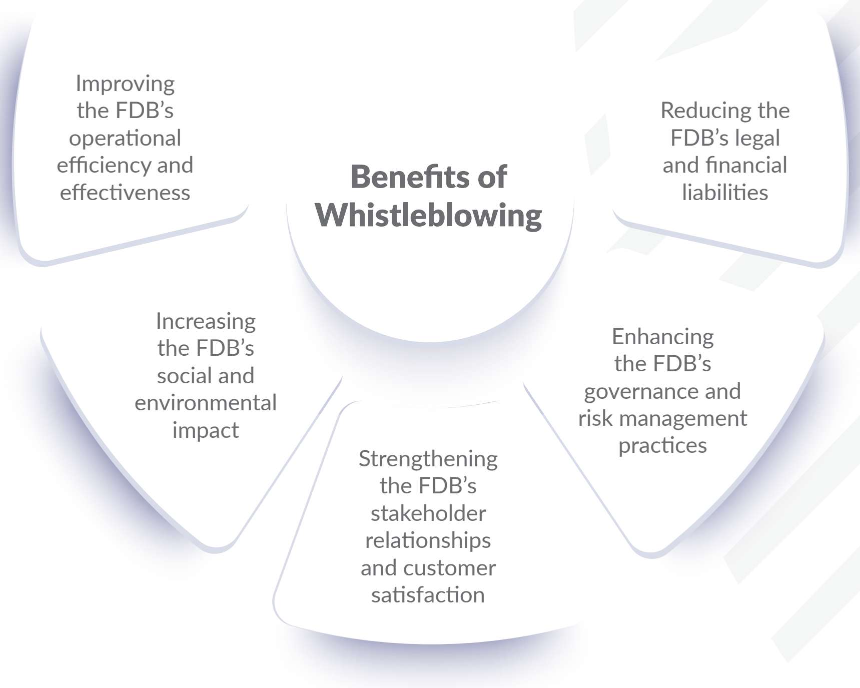


Whistleblower Policy

A whistleblower policy is a set of guidelines and procedures that encourage employees to report misconduct, fraud, corruption, or other unethical behaviour within an organisation. A whistleblower policy can help protect the reputation, integrity, and public trust of the Fiji Development Bank (FDB), as well as ensure compliance with laws and regulations. FDB is committed to upholding the highest standards of ethical conduct and accountability in all its activities. The whistleblowing function enables anyone who has a stake in FDB's performance, such as customers, regulators, affected communities and FDB's own employees, to voice their concerns about any suspected misconduct that may harm FDB's reputation or integrity. Such misconduct may include violation of human rights, laws, regulations, policies, instructions, or guidelines, or any fraudulent, inappropriate, dishonest, illegal or negligent actions or behaviour in FDB's operations, products or services. The whistleblowing function guarantees that all reports are confidential and those reporting can choose to disclose their identity and contact details or remain anonymous through an electronic reporting channel (Fraud.Alert@fdb.com.fj). FDB encourages everyone to speak up and assures them that they will be protected from any retaliation or adverse consequences for reporting in good faith.

A whistleblower policy can benefit FDB in several ways, such as:

FDB encourages everyone to speak up and assures them that they will be protected from any retaliation or adverse consequences for reporting in good faith.



Our Stakeholders

The Bank's Mission is to offer finance, financial and advisory services that support the economic development of Fiji, especially in the areas of Agriculture, Commerce, and Industry. Fiji Development Bank is committed to building and sustaining strong and long-lasting relationships with our stakeholders including shareholders (Government), employees, customers, and community at large. We continually seek insights into their needs and expectations and respond in a timely manner with relevant actions and engagements.

In 2023 we clustered our stakeholders into four (4) major stakeholder groups as displayed in the table on the opposite page.

Who are they	What they need and expect	Our responses and actions
Customers		
- Households - Small and medium sized enterprise - Large corporates and institutions - High net worth individuals	- Convenient and easy access to expert advice - Broad range of competitive financial product and services - Sustainability advice and sustainable choices - Personal approach	- Customer feedback systematically collected through various channels, continually adjusting services in response. - Met customers need for safety and flexibility during the pandemic by increasing and enhancing remote interaction, launching new digital services and providing installment free periods loans. - Provide dedicated training in local communities to support customers with less digital experience. - Respond to growing customer demand for sustainability linked products by further expanding Sustainable choice offering.
Employees		
- Almost 175 employees from all the centres	- Fair employment terms - Professional development opportunities - Productive working environment - Safe and inclusive workplace - Recognition	- Closely tracked employee wellbeing and engagement through annual KPI. - Held regular performance and learning. dialogues to support professional development - Set targets to improve gender balance at senior leadership.
Shareholders		
Government	- Long term business strategy - Timely and transparent communication - Sustainable practices and sustainable commitments	Assist in the economic development of the country by providing finance to Agriculture, Commerce, and Industries.
Community at Large		
- General Public - Media - Non-governmental organisation - Educational institutions - Aspiring entrepreneurs	- Taking responsibility for impact of operation - Presence in society and dialogue with our stakeholders - Support to improve financial and digital literacy - Entrepreneurship support	- helped build financial skills and foster entrepreneurship through participation in over various programmes and partnerships. - continued to develop position statements and sector guidelines to support and challenge customer and investees needing to transition to a more sustainable future.

Corporate Sustainability

Fiji Development Bank adopts an integrated approach to corporate sustainability. The Bank is committed to continuously improving its business practices to maximise positive and minimise negative social, environmental, and economic impacts. This enhances employee engagement and retention, supports corporate reputation, and manages risk.

Website

The Bank maintains an up-to-date website to supplement the official release of information to the public. The website address is **http://www.fdb.com.fj/**

EXECUTIVE COMMITTEE

Executive Committee Members of the Bank.
(Front Left to Right: Ms Titilia V Kamil (GMRS), Ms Zarine Carol (MMBD), Ms Priya Chand (MERM), Ms Sheik Maizabeen Nisha (MF)
(Back Left to Right: Mr Semisi Biumaiwai (GMTOD), Mr Bimal Sudhakar (GMR), Mr Saud Minam (CEO), Mr Saiyad Hussain (GMFA).

Ms Titilia V Kamil

General Manager Relationship & Sales (GMRS)

Titilia leads the Bank's twelve branches' Relationship and Sales teams across Fiji. Prior to being appointed to the role in 2022, she was the Manager Relationship & Sales Suva. She has 30 years of Development Banking experience, with a focus on Relationship Banking and Sales. Titilia's focus is on building sustainable growth and acquisition of a reputable customer base in a crowded and competitive market. Her position is critical in enabling her team to make informed decisions that will contribute to an increase in the Bank's loan portfolio, in partnership with both internal and external stakeholders.

Ms Zarine Carol

Manager Marketing and Business Development (MMBD)

Zarine is a solution driven Strategic Planner, Marketing and Banking Professional who leads the Marketing and Business Development Department for FDB. She holds more than 16 years of experience in policy development and has a solid background in Strategic Planning and Marketing. Zarine has actively been a key contributor leading internal teams successfully producing the past Strategic Plans for the Bank. As a strategic leader, she also provides oversight and advice on innovative strategies to increase the Bank's brand visibility, market share and profitability. Her broad experience in Policy provides an edge in the creation of the Bank's Strategic Plan, new business opportunities and aligned lending procedures for the Bank. She is a collaborative leader who strongly believes in teamwork. She also regards respect and honesty of high value. Zarine holds a Bachelor of Education and Mathematics and a Post Graduate Diploma in Mathematics from the University of the South Pacific.

Ms Priya Chand

Manager Enterprise Risk Management (MERM)

Priya is a Certified Enterprise Risk Management Professional (CERMP) leading the ERM program of FDB. With more than 15 years of Internal Audit and Risk Management experience, Priya has been instrumental in setting up the Risk Management platform for the Bank. She has vast experience in developing and implementing a structured way of identifying and managing risks through advanced guiding principles and policies. Priya is a credible and visible champion for a strong risk culture amongst colleagues and peers. She oversees and maintains the 2nd line of defense mechanism in line with agreed business strategies and Bank's Risk Appetite statements. Acting as a trusted advisor to the respective Business Heads, she provides independent oversight, review and challenge for activities of Operational, Compliance, Market, Credit, Liquidity and Strategic Risks. She is a firm believer of empathetic leadership and respect. She holds a Bachelor of Arts Degree in Accounting & Financial Management and Management & Public Administration from the University of the South Pacific.

Ms Sheik Maizabeen Nisha

Manager Finance (MF)

She joined the Bank in 2005 and has held the position of Manager Finance at FDB since March 2012. Nisha holds a Bachelor of Arts degree in Accounting & Financial Management and Economics. She is a Chartered Accountant with the Fiji Institute of Chartered Accountants and a member of CPA, Australia. She has more than 15 years of professional experience in accounting and financial management. In her role as Manager Finance she is responsible for all the Accounting, Finance and Treasury functions of the Bank. She shoulders the responsibility of coordinating the Bank's budgeting processes, monitoring of expenditure, setting adequate financial controls, handling annual audits and sourcing funds to ensure that sufficient liquidity is maintained at all times. She is also the Board Secretary.

Mr Semisi Biumaiwai

General Manager Talent and Organisational Development (GMTOD)

Semisi Biumaiwai is a seasoned HR practitioner, with almost two decades of combined experience in the government and private sector. He started working with the then Fiji Revenue & Customs Authority following the completion of his tertiary studies at the University of the South Pacific. After just over six years, he joined the ANZ Bank and spent the majority of his time in Fiji with stints across the Pacific, from Guam to Timor Leste to the Solomon Islands. His career has covered the breadth of the HR field, from the traditional personnel-type functions like pay and benefits on the one hand to more intensive and challenging duties like policy drafting and review, union negotiations and ER-related matters on the other. He is a firm believer that people are vital to the sustained success of any organisation, and that culture and leadership are key in harnessing potential. Before being appointed to FDB in October 2021, he was the Senior Talent and Culture Business Partner at ANZ.

Mr Bimal Sudhakar

General Manager Risk (GMR)

Mr Bimal Sudhakar brings in more than 18 years of local and regional Banking and executive leadership experience to FDB. He has diverse experience in commercial Banking and a grasp of credit and operational risk management. Appointed to his role in October 2021, he manages FDB's Legal, Insurance and Records, Asset Management and Credit Risk and Approval departments and Enterprise Risk Management. Prior to taking up his position at FDB, Bimal held the position of General Manager Credit at HFC Bank. He is known to be a people person with strong collaborative and interpersonal skills. He is also a very astute believer in healthy living and promotes work-life balance.

Mr Saud A Minam

Chief Executive Officer (CEO)

Saud has more than 30 years of experience within the financial sector and is a thoughtful leader and passionate knowledge sharer within the Banking sector. He is well recognised for his ability to negotiate contracts and manage Banking agreements with integrity and discretion. He has extensive experience working with stakeholders to exceed client needs, assessing commercial needs, and acting as the conduit between operational practicalities and technical abilities. Prior to taking up his position as the CEO of FDB in July 2021, Saud for more than 7 years headed as CEO of ANZ Bank Fiji and Commercial Banking Head Pacific. He also held multiple positions at ABN AMRO/ANZ in five different countries (Pakistan, Hong Kong, China, Singapore, and Indonesia) over a span of 27 years. He enjoys working collaboratively, leading and mentoring staff to ensure team effectiveness. He holds a Bachelor of Computer Science from the University of North Texas State.

Mr Saiyad Hussain

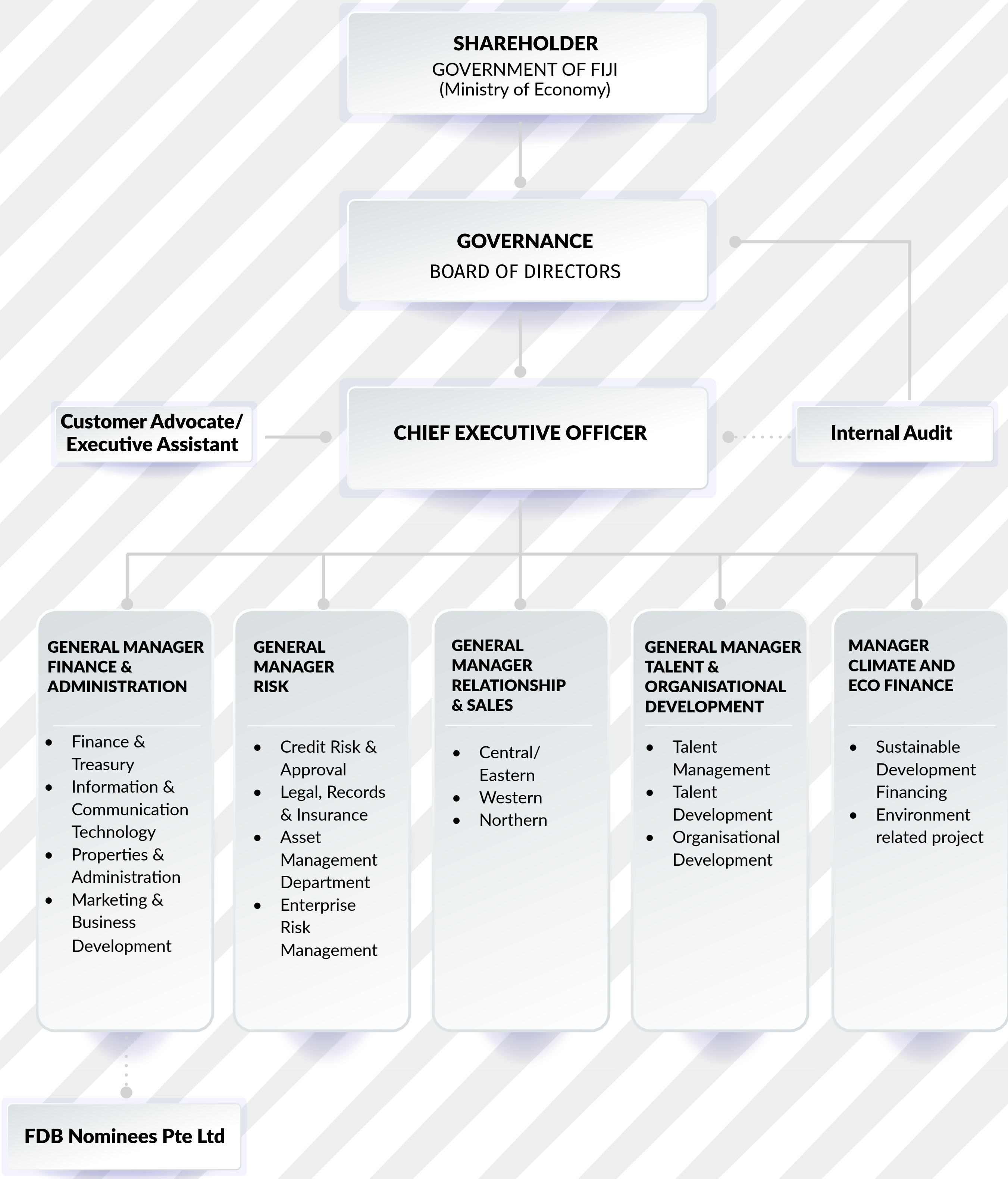
General Manager Finance & Administration (GMFA)

Saiyad has been with the Bank for more than 27 years. He has vast experience in devising budgets for the overall FDB Strategic Plan that incorporates profitability, growth, sustainability, and operating performance targets. Appointed to his senior role in 2010, he manages FDB's Finance and Treasury, Properties, Information and Communication Technology and Marketing and Business Development departments. A qualified Chartered Accountant, he is a Board Director of the South Pacific Stock Exchange and a Member of the Fiji Institute of Bankers. He is also a member of the Australian Institute of Company Directors (AICD). He has a Postgraduate Diploma in Banking and Financial Management and holds a Bachelor of Arts Degree in Accounting and Financial Management, Economics and Public Administration & Management from the University of the South Pacific.

"Sustainable Development to me is about safeguarding fishing resources for future generation by sustainable fishing practices, working with communities and various stakeholders to implement sustainability strategies that prioritises the environment, social and personal health of the people in Fiji and around the world"

– Vaerua Fishing Company Limited, Director - Filipe Koroi.

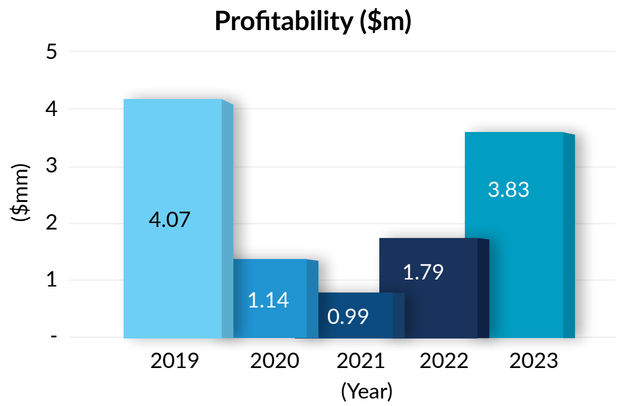
FIJI DEVELOPMENT BANK ORGANIGRAM



FINANCE and ADMINISTRATION

Review of Financials Operations and Performance

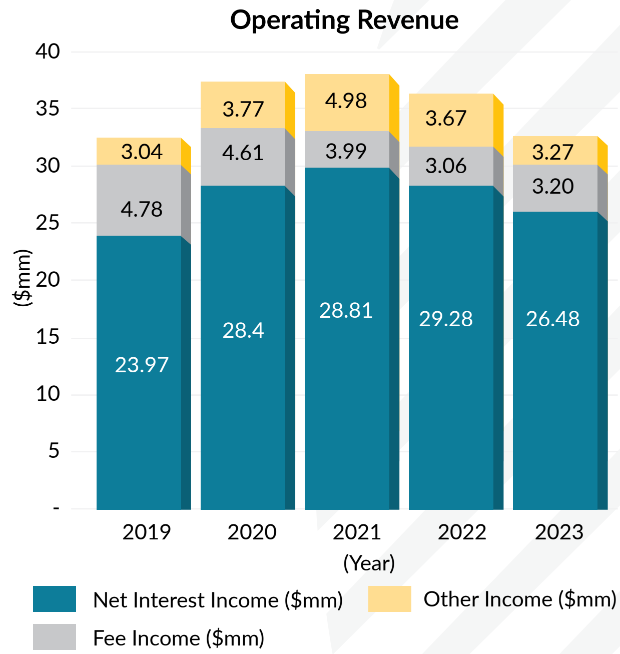
The overall financial performance of Fiji Development Bank in 2023 has been commendable, reflecting the Bank's strong commitment to its objective of promoting sustainable economic development in Fiji. Despite the challenging global economic landscape, the Bank has demonstrated resilience and achieved significant milestones throughout the year. A net profit of $3.83 million was recorded during the year, an increase of 114% from the previous year. The positive results can be attributed to prudent risk and financial management practices, effective utilisation of resources and the collective effort of our employees. Overall, the Bank's financial performance in 2023 showcases its sound financial health and its pivotal role in fostering economic growth and prosperity in the nation.



Income

The Bank continued to support various sectors of the economy, especially Agriculture and MSMEs.

The Bank disbursed $46.10 million in loans, benefiting around 2,499 customers with a special focus on gender and social inclusiveness. Despite an overall increase in customer base (9,366 customers), the Bank recorded a decrease of 9.97% in total operating revenue, from $36.59 million to $32.95 million. This was mainly driven by the decline in interest income from loans and advances as a result of tough competition amongst the financial institutions. The interest income accounted for 80.36% of the total revenue.

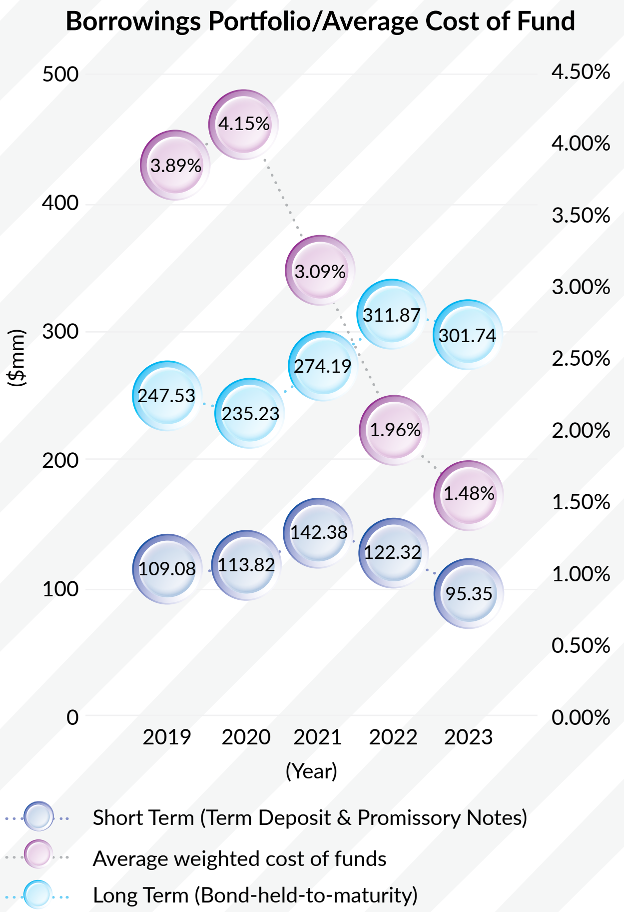


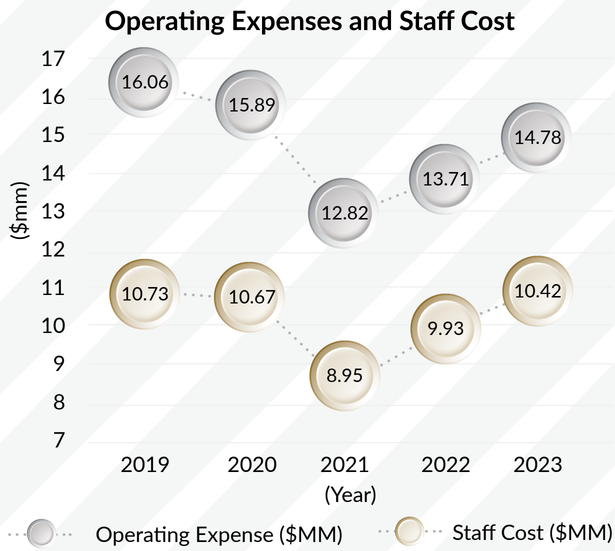
Interest and Borrowings Expenses

In the Financial Year ending 30 June 2023, the Bank incurred a total of $7.264 million in Interest and Borrowings expenses. To fund our lending activities, the Bank has mostly borrowed through term deposits and RBF special facilities during the year. The excess liquidity in the Banking system exerted a downward pressure on borrowing interest rates, resulting in lower borrowing costs compared to last year.

Operating Expense

In 2023, the Bank's operating expenses recorded a slight increase of $1.06 million (7.77%) compared to the previous year. The increase in expenses was mainly driven by a general surge in prices of goods and services, additional employer FNPF contributions made for all staff and investments made in technology/ infrastructure to improve service delivery. However, the Bank managed to keep its operating expenses under budget by implementing cost-saving measures, such as reducing variable overhead expenses and re-negotiating contracts with suppliers.





Allowance for Expected Credit Loss

In order to shape a better tomorrow and to properly recover from the lingering effects of the COVID-19 pandemic, the Bank took a conservative approach to its provisioning requirements. In dealing with challenges on past due loans, the Bank booked a net expected credit loss of $17.416 million during the year, which represents 3.47% of the total loan portfolio compared to $21.358 million in the previous year. Recoveries made via non-performing loans also contributed to the overall decline in allowances for expected credit losses.

A summary of the Bank's Income Statement as at 30 June 2023 is as follows:

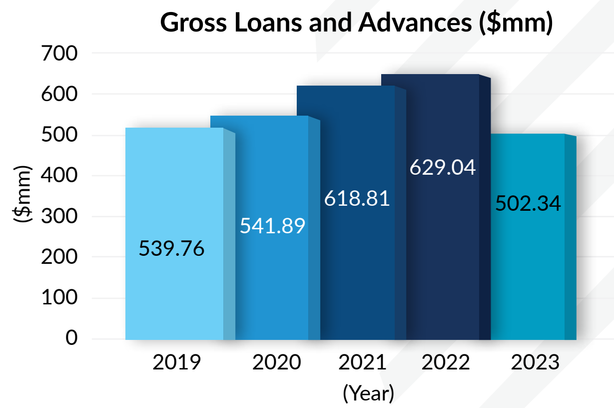
Income Statement ($mm)	2023 ($mm)	2022 ($mm)	Change ($mm)	Change rate (%)
Interest Income	33.739	40.090	(6.351)	(0.16)
Interest & Other borrowing expenses	(7.263)	(10.806)	3.543	(0.33)
Net interest income	26.447	29.283	(2.836)	(0.10)
Net Fees Income	4.014	3.639	0.375	0.10
Other Income	2.456	3.670	(1.214)	(0.33)
Total Operating Income	**32.945**	**36.592**	**(3.647)**	**(0.10)**
Operating Expenses	(14.774)	(13.709)	(1.065)	0.08
Profit before Allowances	**18.170**	**22.883**	**(4.713)**	**(0.21)**
Total Allowances	(14.343)	(21.098)	6.755	(0.32)
Net Profit	**3.828**	**1.784**	**2.044**	**1.15**

Asset Structure

A summary of the Bank's Asset Structure as at 30 June 2023 is as follows:

Balance Sheet Review ($mm)	2023	Composition (%)	2022	Composition (%)
Liquid Assets	179.10	30.15%	104.03	12.41%
Investments	11.02	1.85%	0.04	0.33%
Net loans and advances	367.80	61.92%	488.78	81.45%
Receivables	1.85	0.31%	2.74	0.75%
Right of Use	1.15	0.19%	1.57	0.25%
Fixed Assets with Intangibles	33.04	5.56%	28.83	4.81%
Total Assets	**593.95**	**100.00%**	**625.98**	**100.00%**

The Bank's Treasury function ensures that all current and projected cash inflows and outflows are monitored to enable the Bank to have access to sufficient cash resources to meet its financial obligations. Excess liquidity in the Banking system during the Financial Year required the Bank to manage its cash resources effectively in order to remain yield bearing despite the downward pressure on interest rates.

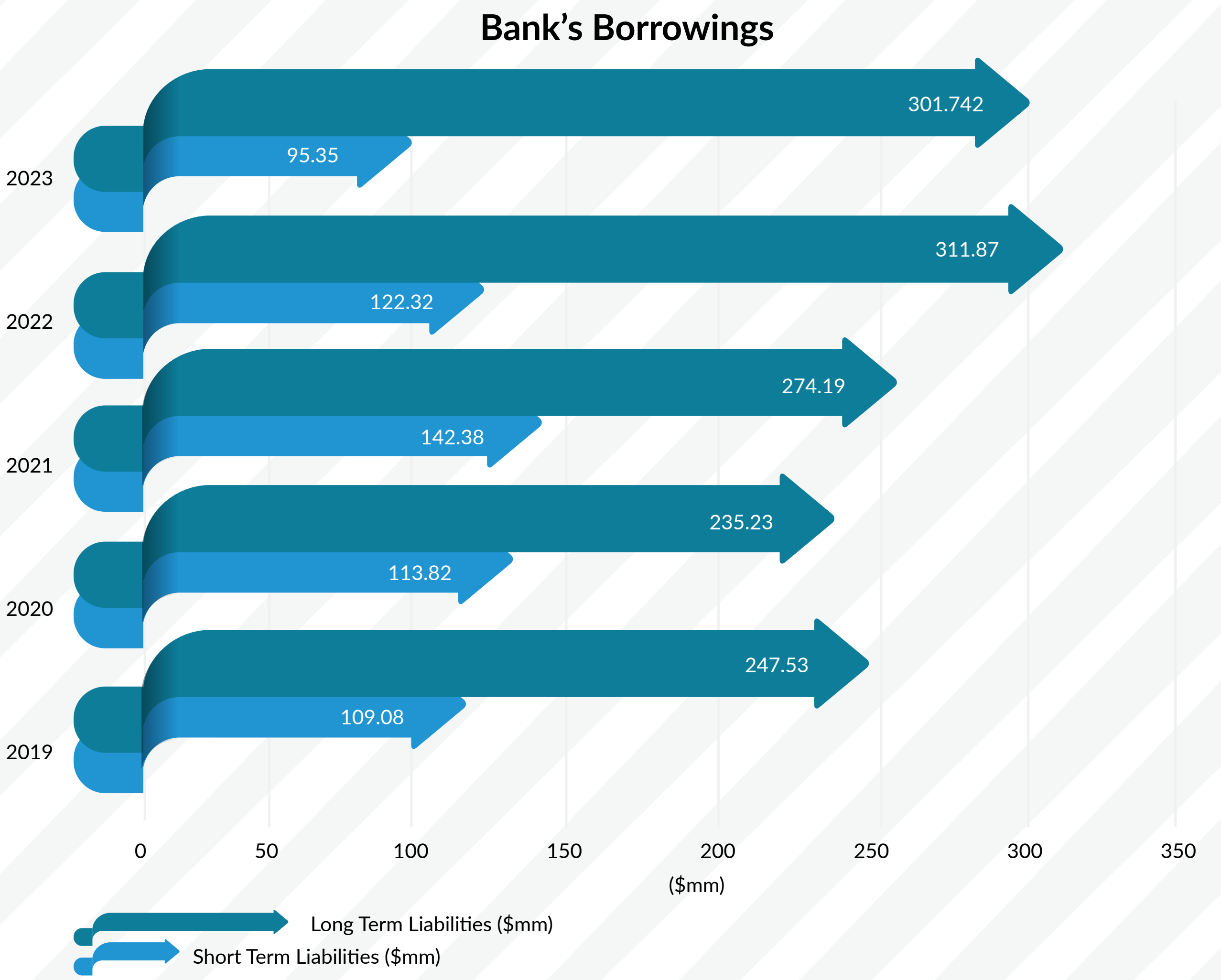


Liabilities Structure

A summary of the Bank's Liability as at 30 June 2023 is as follows:

Balance Sheet Review ($mm)	2023	Composition (%)	2022	Composition (%)
Accounts payable & accruals	7.50	1.26%	7.63	1.22%
Lease Liability	1.21	0.20%	1.63	0.26%
Short Term Borrowings	91.71	15.44%	92.79	14.83%
Other Liabilities	2.86	0.48%	3.15	0.50%
RBF Facility & Term Deposit	232.44	39.13%	225.11	35.97%
Bond –held to maturity	76.00	12.80%	119.10	19.03%
Total Liabilities	411.71	69.32%	449.41	71.82%
Total Equity	182.24	30.68%	176.36	28.18%
Total Liabilities and Equity	593.95	100.00%	625.77	100.00%

The Bank relied primarily on Term Deposits ($88.656 million) and the RBF ISEFF / Covid-19 Relief facilities ($0.146 million) to meet its funding needs during the year. There was no issuance of longer-term bonds during the year, indicating a cautious approach cost of fund and risk management. As a result of prudent management of its borrowing portfolio, a decline of $37.70 million (8.39%) was recorded in the Bank's total liabilities. The Bank managed its operational needs through its own cash flow, thus achieving a reduction in interest expenses and demonstrating its commitment to responsible financial management.



Capital Structure

A summary of the Bank's capital structure as at 30 June 2023 is as follows:

Balance Sheet Review ($mm)	2023	2022
Total Assets	593.953	625.982
Total Liabilities	411.710	449.867
Total Equity	182.242	176.115

The Bank's capital adequacy ratio remains well above regulatory requirements, demonstrating its ability to withstand unforeseen financial shocks. As part of its commitment to continued financial sustainability, the governance and risk management systems were further strengthened to comply with the relevant regulatory requirements. A noteworthy improvement was registered in the Bank's efficiency and profitability ratios, achieving a return on assests of 0.05% and a return on equity of 2.14%.

PROPERTIES and ADMINISTRATION DEPARTMENT

The Bank allocated substantial amount for the upkeep of its properties portfolio.

The Bank undertook work to upgrade five branches to ensure that our customers and staff are provided with the best office environment. The upgrade also ensured that the Bank is in compliance with all regulatory requirements.

The Bank strives to provide enhanced facilities to cater for our customers for the increasing number of products being launched into the market. We have also replaced our fleet vehicles to meet our field visits requirements.

All these measures would provide solutions for the next five years. FDB has achieved significant progress in addressing these issues in the most cost-effective manner, while maintaining all necessary safety and security requirements for all customers, tenants, and our employees in line with the Corporate best practices.

The Bank also undertook re-valuation of all its Properties (Building) to ensure that the Bank has updated property value for insurance purposes and correct value is reflected in the Banks asset register. This exercise is undertaken every three years as per policy.

Bank picture with sky showing beautiful sunset.

ICT DEPARTMENT

The Department is the backbone in providing out of the box solutions in driving the digital agenda of the Bank.

The ICT Department comprises the Systems Development, and the Network and Infrastructure sections and are responsible for planning, development and implementation of computer-based information systems to provide cost-effective operational systems that meet current and future needs of the Bank.

The Bank continues to deliver on its digital transformation roadmap with the New Core Banking System Project dominating and taking up much of the time and resources in the Financial Year. The new core Banking project is progressing as per plan and we anticipate going live in the next Financial Year.

Running parallel to the CBS project and also dominating our calendar was the New Datacenter project. The Bank, with its trusted hardware partner, implemented and commissioned a modern state-of-the-art primary Datacenter based on the new hyper converged architecture replacing its blade server technology. This was a significant hardware upgrade project that would see the existing blade system relocated for the secondary disaster recovery site.

The Bank also upgraded its Disaster Recovery (DR) site based in TFL Valelevu which has seen a major upgrade from relying on just one hardware to having a dedicated 8 host private cloud infrastructure with a 36 TB storage space. The best part of this is that the new DR is now capable of hosting 80% of the total load – all mission-critical applications over a dedicated 100M TFL WAN link. The upgraded DR site was commissioned live in May 2023.

In terms of its digital transformation, the Bank's wireless access point infrastructure was upgraded to improve capacity and security in all the branches and head office. The upgrade facility is accessed by both the staff and the customers. The upgraded Wi-Fi system has built-in firewall security that allows all traffic traversing to be monitored and filtered.

The Systems Development team's major responsibilities include BMS end-user support and process automation and re-engineering. There were a lot of process automation and re-engineering requirements from the Bank and the team collaborated with relevant departments and delivered according to scope.

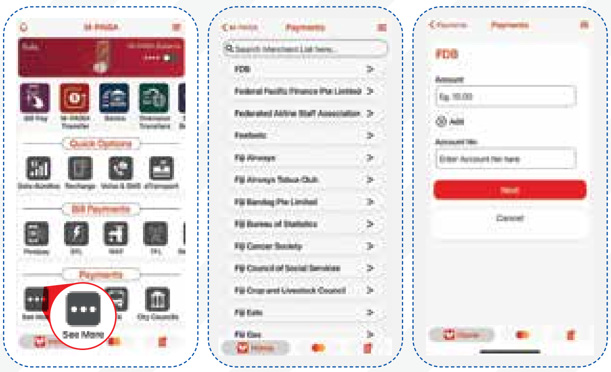
In automating and streamlining the back-office functions for efficiency and better control, the electronic payments, direct lodgements functions were centralised to the Finance Division as there was an increase in the number of payments and direct lodgements entries for the team. Therefore, for efficiency and faster processing, the bulk upload assists in approving multiple transactions, and bulk receipt allows multiple Bank GL uploads as more customers are doing repayments/application fees/ deposits electronically through biller pay, M-PAiSA, MYCASH, internet Banking and Post Fiji. Bulk receipt also allows generating receipts and bulk journals can be uploaded.

The Bank will continue to enhance, automate and upgrade processes and systems for efficient and better service to its customers.

STEP 1 - Select See More

STEP 2 - Type FDB

STEP 3 - Make Payment



FDB'S MARKET SHARE

	FDB ($)	FDB ($M)	Commercial Banks ($M)
Agriculture	71,360,000	71.4	118.9
Sugarcane Growing	16,634,000	16.6	3.3
Forestry & Logging	1,703,000	1.7	5.2
Fisheries	4,365,000	4.4	15.7
Others	48,658,000	48.7	94.7
Mining & Quarrying	1,058,000	1.1	35.4
Manufacturing	43,304,000	43.3	565.5
Food, Beverages and Tobacco	3,524,000	3.5	213.6
Textiles, Clothing and Footwear	2,162,000	2.2	60.3
Metal Products and Machinery	1,403,000	1.4	59.4
Others	36,215,000	36.2	232.2
Building and Construction	75,373,000	75.4	721.8
Real Estate (Development)	66,300,000	66.3	1,623.7
Non-Bank Financial Institutions	1,942,000	1.9	5.2
Public Enterprises	94,986,000	95.0	36.9
Wholesale, Retail, Hotels and Restaurants	85,714,000	85.7	1,666.4
Hotels and Restaurants	47,350,000	47.4	522.8
Other Commercial Advances	38,364,000	38.4	1,143.6
Transport, Communications and Storage	32,085,000	32.1	586.6
Electricity, Gas and Water	1,203,000	1.2	183.6
Professional Business Services	21,631,000	21.6	196.9
Private Individuals	7,381,000	7.4	2,257.1
Housing	6,700,000	6.7	1,993.1
Car or Personal Individual Transport	342,000	0.3	59.0
Others	339,000	0.3	205.0
Central and Local Government	-	-	4.9
Other Sectors	-	-	146.5
TOTAL	**502,337,000**	**502.3**	**8,149.4**

NOTE: Fiji total refers to total loans and leases advances outstanding by all Commercial Banks, Licensed Credit Institutions and the Fiji Development Bank as at 30 June 2019. The Bank's market share is highlighted.

Credit Institutions ($M)	Fiji Total ($M)	FDB as a % of Fiji Total	CB as a % of Fiji Total	CI as a % of Fiji Total
18.7	209.0	34.2	56.9	8.9
0.1	20.0	83.0	16.5	0.5
4.3	11.2	15.2	46.4	38.4
0.6	20.7	21.1	76.0	2.9
13.7	157.1	31.0	60.3	8.7
2.8	39.3	2.7	90.2	7.1
10.4	619.2	7.0	91.3	1.7
0.6	217.7	1.6	98.1	0.3
0.7	63.2	3.4	95.5	1.1
3.3	64.1	2.2	92.7	5.1
5.8	274.2	13.2	84.7	2.1
46.4	843.6	8.9	85.6	5.5
1.1	1,691.1	3.9	96.0	0.1
-	7.1	27.2	72.8	-
0.7	132.6	71.6	27.8	0.5
51.0	1,803.1	4.8	92.4	2.8
10.7	580.9	8.2	90.0	1.8
40.3	1,222.3	3.1	93.6	3.3
83.2	701.9	4.6	83.6	11.9
0.3	185.1	0.6	99.2	0.2
39.5	258.0	8.4	76.3	15.3
242.9	2,507.4	0.3	90.0	9.7
-	1,999.8	0.3	99.7	-
-	59.3	0.6	99.4	-
-	205.3	0.2	99.8	-
-	4.9	-	100.0	-
6.6	153.1	-	95.7	4.3
503.6	**9,155.3**	**5.5**	**89.0**	**5.5**

RELATIONSHIP and SALES REVIEW

Lending activities during the Year

In adherence to the Fiji Government's firm commitment to supporting the Micro, Small, and Medium Enterprises (MSMEs) sector, as well as strengthening the agriculture industry, the Bank successfully disbursed a substantial sum of $46.10 million. This allocation represented an impressive 55.38% of the disbursement target. Although projections indicated a growth of 8.50%, an unexpected reduction of 20.14% was recorded. This reduction was due various factors, including refinance activities by other financial institutions, early exits, and sale of assets.

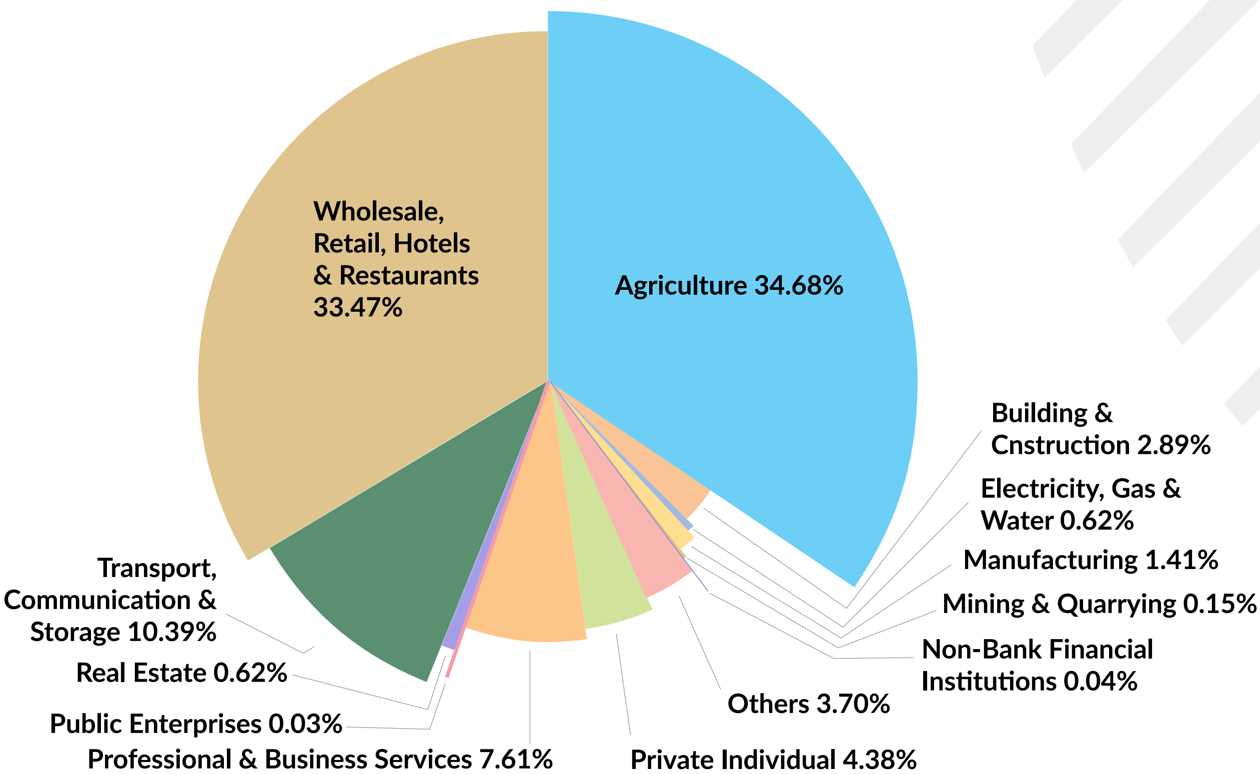
Notably, in the 2023 Financial Year, amidst the post-Covid recovery phase, the Bank demonstrated a significant surge in disbursements dedicated to Core Lending. This surge exceeded disbursement figures from the prior three years in the Core Lending Arears, which in turn translated into tangible growth and development, aligning seamlessly with the government's primary objectives and the Bank's Mission.

The disbursements were mainly allocated towards two key sectors: the agriculture sector, receiving a significant share of 26.68%, and the Wholesale, Retail, Hotels & Restaurants sector, which received the majority allocation of 28.54%. The prioritization of these sectors highlights the Bank's commitment to sustainable growth and stability in areas fundamental to Fiji's economy.

Portfolio

As of June 30th, 2023, the portfolio comprised of 9366 accounts with a total value of $502.34 million. This represents a 9.85% increase in the number of accounts. The customer base is predominantly from the agricultural sector, constituting 34.68% of the total, followed closely by Wholesale, Retail, Hotels & Restaurants at 33.47%, and Transport, Communication & Storage at 10.39%. Within the agriculture portfolio, the distribution of total value shows that a majority (64.98%), is associated with sugar cane-related activities, while the remaining 35.02% relates

Portfolio by Number as at 30th June 2023



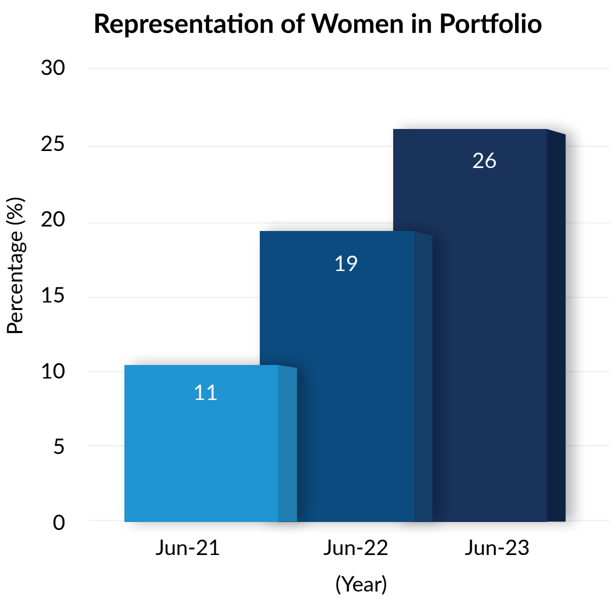
One of the Bank's goals is to increase its ability to support women's empowerment and gender inclusivity so they may expand their own business. Pictured are some of the Women entrepreneurs who connects through the e-commerce supply chain platform with the ***"Rise Beyond the Reef"*** initiative. This has allowed MSME businesses to build resilience and create a conducive environment for e-commerce to grow in Fiji in sustainably creating a better world for women and children.

to non-sugarcane projects. This breakdown features the significant presence of sugar cane-related activities within the overall agriculture portfolio, indicating its substantial contribution to the portfolio's overall value.

Agriculture portfolio under the entire value chain perspective, including producers/ growers, processors, and exporters accounts for 19.57% of the Bank's Portfolio by value. Comparatively, in numbers, it stood at 1563 (48.25%) for sugar -related and 1681 (51.75%) non -sugar. Compared to 2022 Financial Year, the Sugarcane Portfolio grew by 8.90% in number.

In terms of loans, the performing loans portfolio amounted to $385.40 million, while non-performing loans totaled $116.94 million. The performing loan ratio to the total portfolio saw a slight uptake, rising from 75.79% in the 2022 Financial Year to 76.72%. Another noteworthy achievement was the reduction in non-performing loans, dropping from 24.21% to 23.28% amounting to $35.37 million, primarily due to successful recovery efforts. The Bank achieved a collection rate of 86.36% of total repayments due and 70.81% of overdue collections, surpassing the set targets of 85% and 70% respectively.

Furthermore, the women portfolio demonstrated commendable growth, from 19.16% to 26.09% in the 2023 Financial Year to Total Bank Portfolio, indicating a positive outcome in relation to Bank's objective in operationalizing gender and diversity as part of Bank's GFC accreditations and aligning to SDG 5-Gender Equality and SDG 8 Descent Work and Economic Growth.



In the 2021 Financial Year, the number of accounts for women was 490. This figure increased significantly to 1634 in the 2022 Financial Year and further rose to 2444 in the 2023 Financial Year. These numbers highlight a consistent upward trend, indicating a substantial growth in the usage of the Bank's services by women over the specified years.

During this Post Covid-19 period, the Bank received a total of 4,490 applications amounting to a value of $175.54 million. It was noted that the majority (77.13%) of these applications were submitted online, reflecting a growing trend in digital accessibility and convenience. The remainder of the applications were received through more traditional means, such as, physical copies and emails, highlighting the diverse range of applicants' preferences and the Bank's inclusivity. Among all the applications submitted, a total of 1965 applications were successfully approved, to a value of $59.31 million. Notably, 1212 of these approved applications were received digitally, showcasing a growing trend in digital submissions, while 753 were submitted through non-digital modes. This indicates a substantial portion of approvals coming from digital channels, reflecting the increasing adoption of digital processes in the application submission and approval workflow.

Online Loan Applications generated over 1,000 successful applications for the 2023 Financial Year. This achievement is attributed to the streamlined application process, characterized by simplified forms, and enhanced accessibility via the Bank's website. The convenience provided by this approach has not only attracted a greater number of customers but has also led to a notable increase in sales. The focus remains the same for 2024 Financial Year, with a greater emphasis on revamping and tailoring the products to be offered.

The approval rate can be attributed to the stringent selection process and the Bank's commitment to ensuring the viability and impact of the funded projects. It is particularly noteworthy that over half of the approved applications, accounting for 65.68%, were part of the newly launched products tailored for women, demonstrating a significant positive response to initiatives focused on empowering and supporting women entrepreneurs. This data not only showcases the product's popularity and success in attracting a wide pool of applicants, but also emphasizes the positive impact of tailored financial products on underrepresented demographics.

Moreover, the Bank introduced a new facility known as the Sugarcane Farmers Special Loan Facility tailored specifically for sugarcane farmers, aiming to render borrowing more accessible for both new and existing sugarcane farmers. This effort has gained positive feedback, with an impressive 19.99% of the total loan approvals being attributed to this specialized program.

Sectoral Allocations and Impact

In terms of specific sectors, Public Enterprises lending ranked highest in market share at 71.6%, followed by lending in the agriculture sector. The Bank holds the highest share in the agriculture portfolio at 34.20% compared to other financial institution and commercial Bank and continues to dominate the Sugarcane portfolio at 83%. Furthermore, the Bank maintains a commanding presence in the Sugarcane portfolio, boasting an impressive 83% share.

The Bank's notable influence and expertise in key agricultural sectors solidify its position as a prominent player in agricultural finance. One of the significant contributions of agriculture finance is the increase in financial inclusion among farmers, who often encounter difficulties in accessing formal financial services. This highlights the Bank's commitment to promoting economic growth and stability within the agricultural community.

Employee Engagement

In a significant milestone, the Bank marked a historic moment by appointing Ms. Titilia V Kamil as the General Manager of Relationship & Sales Division—the first female to hold such a position in the Bank's 55-year history. This appointment not only signifies a breakthrough in gender diversity within the institution but also reflects a broader commitment to fostering an inclusive and progressive work environment.

Internal Business Process

During the functionality study of the new core Banking system, the Relationship and Sales team played a vital role by actively engaging in the process of gathering both current and anticipated system requirements. Their involvement was instrumental in ensuring that the new system not only met the existing operational needs but also anticipated future demands. Through comprehensive consultations with internal departments and Vendors, the relationship and sales teams were able to gather valuable insights and translate them into detailed system specifications.

Furthermore, the Bank's commitment towards digital end-to-end paperless processes remained in place for the newly launched online FDB Women Entrepreneur Facility in July 2022 and the Sugarcane Farmers Special Loan Facility in September 2022.

Community and Environment

In a collective display of solidarity, all branches across the nation joined forces to contribute towards the Pinktober Drive. This meaningful initiative not only exemplifies the unity and compassion within the Bank's community but also shows commitment to Corporate Social Responsibility. The Bank joined hands with the community to support important causes. This shows the commitment to helping society and making a positive difference beyond just Banking.

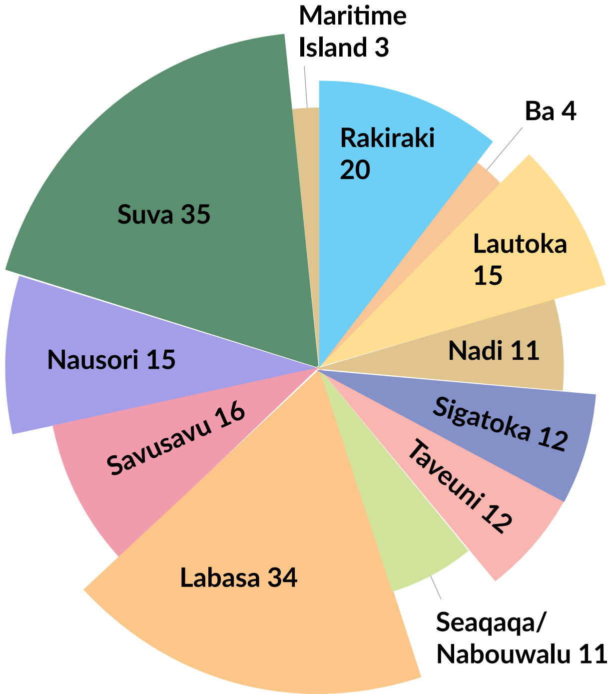
Furthermore, the Taveuni Branch made a generous donation to Mr. Lagilagi during the festive season. This act of generosity demonstrates their commitment to the well-being of the community the Bank serves. It is heartening to witness such acts of kindness, which not only bring happiness to individuals like Mr. Lagilagi but also fosters stronger community connections.

FDB Taveuni team making a generous donation at Mr. Lagilagi's Residence in Vuniwai.

Division's Contribution to Building Resilience and Inclusive Growth: Highlighting Achievements

The Bank's operations are facilitated through a strategically located network of eleven (11) branches, covering the North, West, and Central Eastern regions. Additionally, it houses a specialized MSME Unit dedicated to overseeing the FDB Covid-19 Recovery Credit Guarantee Scheme and FDB Women Entrepreneurs loan. The Bank's widespread network shows how committed it is to being more involved and making financial solutions more accessible.

Community Outreach by Branches as at 30th June 2023



The Bank actively participated in 188 community events, including networking, radio talkback shows, roadshows, and awareness sessions. Three (3) of these events involved visits to Maritime Islands, made possible through collaboration with various Government Ministries. These activities were organized in collaboration with entities including the Ministry of Agriculture, Fiji National Provident Fund, Business Assistance Fiji, Ministry of Trade, Co-operatives, SMEs, Communication, and various other Government departments and organisations.

In the same year, FDB actively engaged in Outer Island visits as well, accompanying the Honourable Attorney General during his Ministerial trips to Levuka in April and to Lomaiviti in May, as well as joining the Honourable

FDB Taveuni participation with Fiji Government, Korea Government, EFL and Stakeholders for Green jobs and business investment through Mua Solar grid construction: ground-breaking ceremony.

Minister for Rural and Maritime Development and Disaster Management's Tour to Koro in June.

Furthermore, the Bank conducted comprehensive Financial Literacy sessions, aiming to empower Fijians with crucial knowledge in financial management. These sessions equip individuals with the fundamental skills needed to efficiently start and run a business. Additionally, the FDB MSME Team demonstrated their commitment by participating in the Ministry of Women-organized Eastern Lau/Lomaiviti Expo. The team performed online applications drive at the site. These engagements underscore the Bank's dedication to actively collaborate with stakeholders and contribute to community development.

15

COMMUNITY ENGAGEMENT ON A MONTHLY BASIS

Honourable Minister for Rural and Maritime Development and Disaster Management, Mr. Sakiasi Ditoka after the Talanoa Session with Tikina Mudu in Koro Island.

Several notable instances of stakeholder engagement stand out from the Bank's initiatives. Labasa Branch actively participated in the World Day to Combat Desertification/Degradation & Drought Day held in Nabouwalu. Taveuni Branch contributed to the IUCN - Cakaudrove Multi-stakeholders Consultation Workshop in September 2022. Taveuni Branch contributed towards the Honourable Minister for Infrastructure, Transport & Meteorological Services Tour. Savusavu Branch made a significant impact by being present at the Ministry of Agriculture-organized Farmers Awareness Outreach in Domokavu village, Savusavu.

Moving Forward: Future Directions and Initiatives

Collaboration with government departments and other stakeholders is a cornerstone of FDB's strategy to enhance and expand its range of loan products. Going forward, the Bank will continue to work hand-in-hand with key players in various sectors, to gain access to critical data, expertise, and resources that are instrumental in refining existing products and creating more innovative solutions. This collaborative effort will ensure that FDB's loans are not only responsive to market demands but also align with economic development goals set forth by the government. This collaborative approach ultimately will empower FDB to continue playing an important role in fostering sustainable economic growth and prosperity across Fiji. The Bank will also engage with private sectors to enhance product offerings through the Agriculture Value Chain Financing Model.

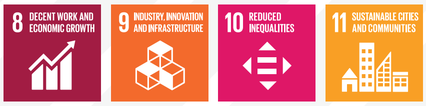
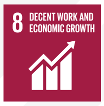
FINANCING FOR SUSTAINABLE DEVELOPMENT

Development Financing

Development financing refers to the collaborative efforts of the Bank and its key partnering stakeholders in providing innovative financial solutions including concessional loans, co-financing and guarantees. The main aim is to facilitate the growth of sectors aligned with the Bank's mandate.

The table below shows the sectors in which the Bank has contributed to in terms of development , its portfolio performance and its relevance and alignment to the Sustainable Development Goals (SDGs).

Sectors	Performance Highlights	Relevant SDG's
Agriculture	• As of June 30th, 2023, the Bank's overall customer base is predominantly from the Agriculture sector- total of 34.68%. • Notable highest market share at 34.20% compared to other financial institutions and commercial Banks. • Developed tailor-made financial packages for smallholder farmers through improving access to market under the Agriculture value chain concept- (Rice, Dairy and Sugar) commodities. • The Bank is also working on developing more innovative financial packages under the AVC Concept in the new FY.	
Electricity, Gas & Water	• Holds a market share of 0.6% which recorded a drop in shares by 0.31%. • FDB assisted the growth of creative clean energy business, specifically a New Energy Vehicle charging station in the Central Division of Fiji. • The portfolio, which had 6 more loans in it, was worth $1.2million during the 2023 Financial Year.	

Sectors	Performance Highlights	Relevant SDG's
Manufacturing	• The Bank's market share in this industry decreased to 7.0% from 11.46% in the previous Financial Year. • The portfolio had a value of $43.3 million. By Portfolio customer number as at 30th June, a total of 1.41% was the representation over total portfolio.	
Mining & Quarrying	• The Bank has also supported promoting a sustainable mining sector that has continued to provide employment, income, foreign exchange earnings and revenue for the government. • This saw the portfolio stand at $1.1 million for the 2023 Financial Year. • Holds a market share of 2.7% which is a slight increase from the previous Financial Year by 0.39%.	
Professional & Business Services	• A total value of $21.6 million was recorded for the Financial Year 2023 which shows a significant increase as compared to the previous year of $12 million. • The market share noted for this industry was 8.40 respectively. • Business projects financed include Projects in the health sector include but are not limited to, those in the areas of consulting, manufacturing/repair of machinery for manufacturing, wholesaling, and retailing, chiropractic and wellness, hairdressing and beauty salons, and medical and dental services.	
Public Enterprise	• The portfolio stood at $95 million which saw a slight decrease by $0.16million from the previous Financial Year. • Market share saw a decrease as well from 88.30% to 71.6%. • The 2023 Financial Year had another massive increase in market share, from 64.86% in the 2021 Financial Year to 88.30%, again knocking the Commercial Banks and other Licensed Credit Institutions in the market	

Sectors	Performance Highlights	Relevant SDG's
Transport, Communication & Storage	• Third largest in terms of portfolio by number as at 30th June 2023-10.39% which is a slight decrease from 10.95% recorded in the previous Financial Year. • The market share further decreased to 4.6% this year from 5.80% in the 2022 Financial Year.	5 GENDER EQUALITY; 8 DECENT WORK AND ECONOMIC GROWTH; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 10 REDUCED INEQUALITIES; 11 SUSTAINABLE CITIES AND COMMUNITIES
Wholesale, Retail, Hotels & Restaurants	• Total portfolio of 91.1 million by value was realised within the 2023 Financial Year. • Second largest in terms of portfolio by number-33.47% as at 30th June 2023. • No movement in terms of market share of 5.55% from the last Financial Year.	1 NO POVERTY; 2 ZERO HUNGER; 5 GENDER EQUALITY; 8 DECENT WORK AND ECONOMIC GROWTH; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Building & Construction	• In this portfolio, a total of $75.4.million has been achieved which is a decrease from last Financial Year which recorded a total portfolio of $127.10 million. • The share market witnessed a reduction of 5.15% in the shares from 14.05% to 8.9% within the Financial Year.	8 DECENT WORK AND ECONOMIC GROWTH; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Non-Bank Financial Institutions	• FDB is devoted to the overall growth of the economy in terms of its efforts to create employment, boost transportation and support the more vulnerable segments in Fiji. • The portfolio increased by 0.50million in value when compared to the last Financial Year- recorded a total of $1.9million. • Market share recorded 14.68% which is a constant from last Financial Year.	1 NO POVERTY; 5 GENDER EQUALITY; 8 DECENT WORK AND ECONOMIC GROWTH; 10 REDUCED INEQUALITIES
Real Estate	• A total of $66.3million portfolio value was realised which is a drop from $84.1million realised in the previous Financial Year. • Similarly, the market share also witnessed a decrease of 1.8% as it stood at 3.9% as compared to the 5.70% in the 2022 Financial Year.	8 DECENT WORK AND ECONOMIC GROWTH; 11 SUSTAINABLE CITIES AND COMMUNITIES

" I have been a Dalo farmer all my life, I started farming on my own with the help from God, my family, and friends. When I needed to scale up my farming business, FDB was there as my partner in progress. Thank you FDB for believing in me and allowing me and my family to improve our livelihood so that we can be good role models to our next generation. My motto has always been to seek first the kingdom of God *and his righteousness, and* all *these* things will *be* added *to you".*

- Ameniasi Rakula, 65 years old and hails from Wainimakutu, Namosi.

BUSINESS RISK SERVICES

Review of the Year

During the Financial Year, the Bank reviewed the objectives of improving credit risk and streamlining the Division's internal business processes to better suit the operating environment of the Bank while managing the overall operation, credit, and market risk. The Division had gone through a name change from "Business Risk Services (BRS)" to "Risk" Unit to reflect the purpose of the Division. The Unit is responsible for two lines of defence which are Enterprise, Legal and Governance and Credit with the other, operational risk – covering Securities and Conveyancing and Asset Management Unit.

The Risk division had made changes to its leadership roles by introducing a Manager Enterprise Risk Management role in line with the Reserve of Bank of Fiji (RBF) requirements, a Manager Securities role to stringently manage documentation and securities matters and a Senior Manager Credit Risk and Approvals to oversee the functions of credit risk and approvals. The change also saw a new role as Manager Governance and Legal created. The roles are in conformity with the strategic direction of the Division to better manage risk functions across the Bank's processes.

With the Fijian economy getting back on its strides, the Bank has seen interests from MSMEs for assistance throughout the Financial Year. This culminated in an increased customer base compared to previous Financial Years. The customer base in terms of number of accounts has increased. As at June 2022, the portfolio by number of accounts was 8526 which increased to 9366 as at June 2023, marking an increase of 9.85%. This increase was attributed to Agriculture and MSME customers coming on board as a result of the introduction of some new and popular products by the Bank

Loans that fall in the category of Non-performing Loans (NPL) are transferred to the Asset Management Department for either rehabilitation or recovery, with the former being the most targeted and desired approach. During the Financial Year, the average repayment collection for AMD was 40% of expected repayment for the period. The cost of recovery in the Financial Year had reduced by 42% when compared to the last Financial Year and the interest income and fees recovered over the period was $8.31 million. Furthermore, the unit also recovered bad debts to the value of $0.42 million.

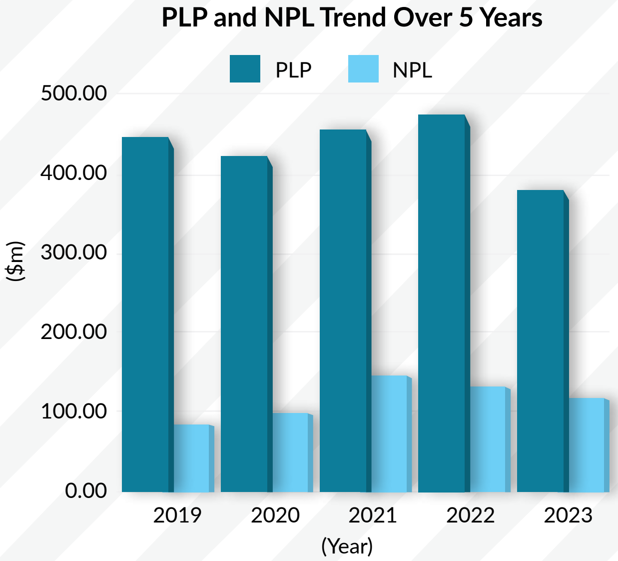
The Securities unit also generates income in terms of Bank fees as part of servicing a loan application and creating proper documentation. For the 2023 Financial Year, the Unit collected $0.82 million, a 39% increase from the previous Financial Year.

Internal Business Process

The Bank, in its efforts, always strives to refine its internal business processes to operate seamlessly in the demanding competitive environment. As the Risk division is required to maintain regulatory compliance and risk management of the Bank, the team keeps on perfecting the processes required to operate and maintain operational efficiency. FDB is continuously enhancing digital platform for its internal business processes. This entails perfecting document transfers, communication and information dissemination and reporting. During the Financial Year, the Bank established partnerships with Dow Jones, an agency that does risk searches on clients, which is based in Sydney, and Credit Information Reporting Agency (CIRA). The Bank analysed more than 8400 customer details for Dow Jones to run searches for Anti-Money Laundering (AML) compliance to align to the Reserve Bank of Fiji's (RBF) Banking Supervision Policy Statement (BSPS). The result will re-assign levels of risk for customers. However, the results will be available in the next Financial Year. CIRA, a local based credit history repository, is now used by the Bank to do searches for incoming customers to establish their credit risk. Both search facilities will add value to the CRA team in making informed decision on applications and assigning proper credit risk in the appraisal process

The quality of the assets in our portfolio is an indication of the Bank's well managed credit coverage. The majority portion of the portfolio is graded 'E' (standard accounts) taking up 46.44% of the portfolio share, 28.94% of the portfolio is graded 'F'. Grades 'D', 'E' and 'F' are Performing Loans Portfolio (PLP) and grades 'G', 'H' and 'I' are classified Non-Performing Loan (NPL). At the end of 2023 Financial

Year, 23.28% of the portfolio was established as NPL portfolio, while 76.72% was PLP.



Over the course of the Financial Year, several NPL accounts with significant value had been either exited via sale, rehabilitated, or refinanced to other financial institutions, bringing the overall NPL value of the Bank's portfolio to a low level.

Total Bank NPL as at end of 2023 Financial Year amounted to $116.94 Million which is 23.28% of the total portfolio. Regardless of the NPL accounts being a high portion of the total portfolio, the non-performing loan has significantly decreased from the last Financial Year, which was $152.31 million.

Community & Environment

The Risk team visited the Colonial War Memorial Hospital's Oncology Unit, spreading the Christmas cheer to the children admitted there, in December 2022. As part of the annual visit, the team handed over toiletries, gifts and refreshments to the hospital staff and the parents of children suffering from cancer.

FDB Risk Representatives at the Oncology Unit of the CWM Hospital handing over gifts and toiletries to the Unit staff.

The Bank cares about the environment and we give our level best to nourish the ecosystem in Fiji. The Risk team also collaborated with the Soroptimist International of Suva (SI – Suva), a group whose mission is to transform the lives and status of women and girls through education, empowerment and enabling opportunities. The collaboration was to plant mangrove propagules along the Nasese foreshore, and the group managed to plant 11,000 plants despite the unfavourable weather on that day.

Team Risk of the FDB collaborating and participating in the mangrove planting at the Nasese Foreshore.

Manager Enterprise Risk Management (Ms. Priya Chand) representing the Bank in a virtual meeting revolving around Peer to Peer Dialogue on Corruption Prevention in the Pacific.

Employee Engagement

The General Manager Risk recognises outstanding performers, and the Division has awards for those who have outperformed the challenges to make things happen. This in turn encourages staff of the Division to perform, meet their Key Performance Indicators (KPIs) and be exceptional team players. Being on the same page is very important to the Bank to function optimally. For this reason, GMR partnered with other GMs to do Branch visitations on a quarterly basis.

The purpose of these visits is to clarify lingering issues, reaffirm the Bank's strategies and generally talk with staff to boost their morale.

The Risk decision also introduced its own Risk Spot Awards for achievements as and when it happens, and a certificate is awarded. As a result of this, there is a morale boost in the unit.

Looking Ahead

The future looks bright for the team, with an array of changes to set the direction for the Division amid the challenging and competitive year ahead.

The Division anticipates some changes to the Personal Credit Approval Authoriy (PCAA) to empower Branch staff to make decision effectively and adhere to the risk conscious culture.

The Core Banking System is currently being designed and should be ready for testing in mid-2024 Financial Year. The Risk team has participated in interviews, joined discussions, planning, document requirements and workflows with the vendor. The Bank staff are looking forward to using the new system which will provide better paperless workflow, make appraisals easier, capture data effectively and produce reports more accurately.

The COVID 19 Disaster Recovery Credit Facility (DRCF) loans are set to receive normal repayments from the customers after two years of concession in the next Financial Year. Currently, the interest on the accounts were paid by the government. The Risk division and the Bank as a whole, will be eager to assess the risk of the Bank after monitoring the performance of the accounts.

Partnership in any business is pivotal to growth and ventures thus, FDB endeavours to collaborate with government departments and agencies. Additionally, the Bank maintains good relationships with our local and international partners and the Bank intends to strengthen these relationships further for the benefit of Fiji.

"EMPOWERING BRANCHES TO SERVE OUR CUSTOMERS BETTER"

TALENT AND ORGANISATIONAL DEVELOPMENT

The Talent & Organisational Development Division played a pivotal role in supporting the FDB's strategic objectives during the year. Our efforts were directed towards fostering resilience and inclusive growth across the six key thematic areas.

We continued our unwavering commitment to nurturing our people – our most valuable asset. Despite challenges in the business landscape and significant headwinds, particularly in the number of staff that resigned to go abroad, we made significant strides in attracting, retaining, and nurturing top talent, while fostering an inclusive and growth-oriented workplace culture.

Our aim is to be an employer of choice, known for promoting talent, innovation, and inclusivity. To achieve this, our focus this year has been on introducing a culture that empowers our employees to thrive personally and professionally while driving our company's success through continuous learning, development, and engagement. To ensure the success of our cultural transformation, we have taken a systemic development approach which enables and supports leader-led and top down change. We took firm steps to strengthen our leadership cadre through involvement in external forums and broaden exposure through participation in the Leadership Fiji program. In addition to providing in-house face-to-face leadership workshops run by external providers, we also reaffirmed our confidence in our talent with appointments to managerial roles coming from within the Bank.

We enhanced our previously limited medical insurance offering with the introduction of a comprehensive group medical cover for both staff and dependants, fully-funded by the Bank. In addition, we took steps to support our employees through the provision of mental health and wellness programs. We also partnered with Empower Pacific to deliver stress management, mental health and wellbeing programs across the Bank.

FDB Staff Ms. Sheik Nisha and Mr. Mohammed Jaffar joined the Leadership Program with valuable leadership qualities acquired to improve the Bank.

5000
HOURS OF EMPLOYEE TRAINING FOR THE YEAR

Through a consultative and productive dialogue with the Fiji Bank & Finance Sector Employees Union (FBFSEU), we were able to secure a 4% salary adjustment for all staff with effect from 1 January 2023. We continue to partner closely with the FBFSEU for the common goal of fair and relevant benefits and employment conditions for our people, and look forward to signing a revised Collective Agreement in the coming year.

For long term job security and consistent with the mandate of the ruling Coalition government, the Bank converted the employment contracts for all employees except one from fixed term to permanent following approval from the Board of Directors (Board). The CEO remains on a fixed term contract as the role comes under the ambit of the Board. The retirement age was also revised upward from 55 to 60 years.

On the training and development front, our employees logged over 5000 training hours, with a focus on technical, soft, and leadership skills. To support the local industry, we also established partnerships with local training providers and pivoted to sourcing and promoting locally available training vendors. This was for courses that the Bank would have otherwise opted for an overseas vendor in the past. The feedback from our people has been largely positive in both content and delivery which augurs well for our collective future. The upskilling and retraining of our OHS representatives, Fire Wardens, and First Aiders was also necessary to meet our employer obligations and ensure we are well prepared for any eventuality.

We capitalised on our Attachment program by increasing the number of attachments, revising weekly allowances, and opened options for greater exposure to more functions throughout the Bank. We are now using our Attachments pool as a Talent pipeline. This approach has been quite fruitful.

On the well–managed front, the regular review of policies and procedures ensures relevance and efficacy. The Bank's Whistleblower Policy and Conflict of Interest Policy underwent extensive review for robustness and ease of use/understanding. The review of the Recruitment Policy resulted in greater efficiency with significant reduction in time-to-hire through the delegation of recruiting authority, a paperless process, and improved turnaround time for decision making, all whilst maintaining existing risk controls.

Looking ahead, we remain dedicated to strengthening our Employee Value Proposition by expanding our remote work policies to accommodate evolving work preferences, ensuring our benefits are market competitive, investing in technology-driven learning and development solutions, strengthening our diversity initiatives with a focus on measurable impact, and enhancing our employee recognition and rewards programs.

As we conclude this annual report for 2023, we are grateful for the dedication and resilience of our employees and the unwavering support of our stakeholders. Together, we will continue to make the FDB a place where talent flourishes, and innovation thrives. We look forward to another year of growth, development, and shared success.

Redefining our **recruitment process** through paperless processes created greater efficiency with significant reduction in time to hire.

ENTERPRISE RISK MANAGEMENT

General Overview

Managing risk and uncertainty is integral to the successful delivery of strategy and supports the desire to grow a sustainable and resilient business.

FDB, like any other organisation, faces business uncertainties and it is through a structured approach to risk management that it acts proactively respond to, mitigate and manage these risks and embrace opportunities as they arise.

Risk Governance

The Board is ultimately responsible for the management of risk and for setting the Bank's risk appetite. On an annual basis, the Board agrees to the principal and emerging risks facing the Bank and a robust risk management framework is in place which enables it to effectively prioritise and manage risk to be within our risk appetite levels. The Board, through Internal Audit, carries out a review of the effectiveness of the risk management and internal control systems at least annually. The Bank's risk management governance framework has been designed using a Three Lines of Defence (3LOD) model which has been implemented to ensure there is clear ownership and delegation of responsibility for the management and overseeing of risk to support the appropriate flow of information throughout the Bank.

The enterprise-wide risk management process is embedded across the Bank to support the delivery of its strategic objectives.

Methods and Processes

The enterprise-wide risk management process is embedded across the Bank to support the delivery of its strategic objectives. The annual risk assessment is an integral part of this process. This risk assessment incorporates a Bank-wide top down and bottom-up evaluation to determine the likelihood of occurrence and potential impact of risks on the Bank at a residual level. Input obtained from this exercise is consolidated to produce the Risk Register. Our risk universe forms the basis of conversations and additional new and emerging risks are added as they are identified and assessed. A standard risk scoring methodology has been devised to provide context and ensure consistency in reporting and evaluation of risks.

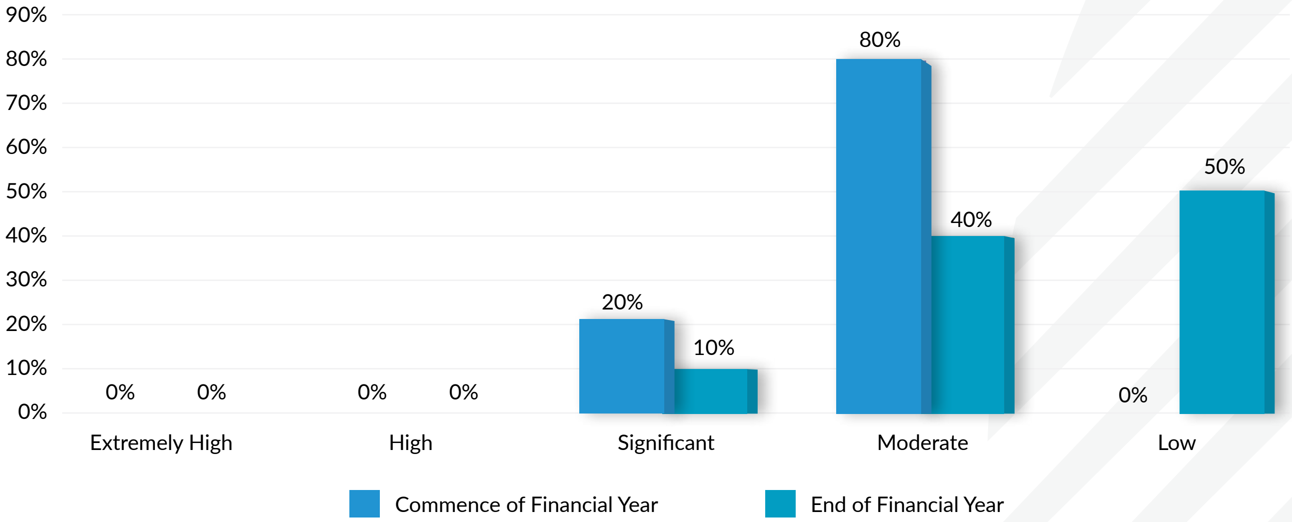
During the Financial Year, the Board Risk Committee and the Executive Management considered the Bank's principal risks in the context of our risk appetite. Its approach is to minimise exposure to reputational, financial, and operational risk, while accepting and recognising a risk and reward trade-off in pursuit of our strategic and commercial objectives.

As Fiji's only Development Bank, the integrity of our business is critical and cannot be put at risk. Consequently, we have a zero tolerance for risks such as fraud and legislative or regulatory non-compliance. Our acceptance of risk is subject to ensuring that potential benefits and risks are fully understood and appropriate measures to mitigate those risks are established.

Enterprise Risk Management joint staff collaboration for Business Continuity Test with HFC Bank.

Risk rating movements for the 2023 Financial Year is depicted in table below:

Risk Ratings for 2023 Financial Year



ERM Achievements

POLICY/ PROCESS/ PROCEDURE

- Developed Risk Appetite & Tolerance Statement
- Compliance Management Framework
- Bankwide Risk Register
- ERM Framework Review
- Sector Limit Review

ASSURANCE & COMPLIANCE

- Business Continuity Plan Tests
- Key Control Tests
- Incident Management

PROCESS IMPROVEMENT

- Automated Incident Management Portal
- Risk & Control Self Assessment
- Enhanced Risk Culture
- Risk Screening Through Dow Jones

REPORTING

- RBF Onsite Examination Updates
- EXCO & Board Risk Register Updates
- Credit and Operational Appetite & Tolerance Updates
- Enterprise Risk Profile

FDBs Resilience through Enterprise Risk Management

Growth and development are often disrupted or slowed down by a number of factors with disasters posing a major downside risk to development affecting business continuity at the extreme. FDB's investment in its enterprise-wide risk management platform brings extended benefits such as strengthening resilience to uncertain and unpredictable shocks and threats. The platform also acts as a robust driver of innovation and growth.

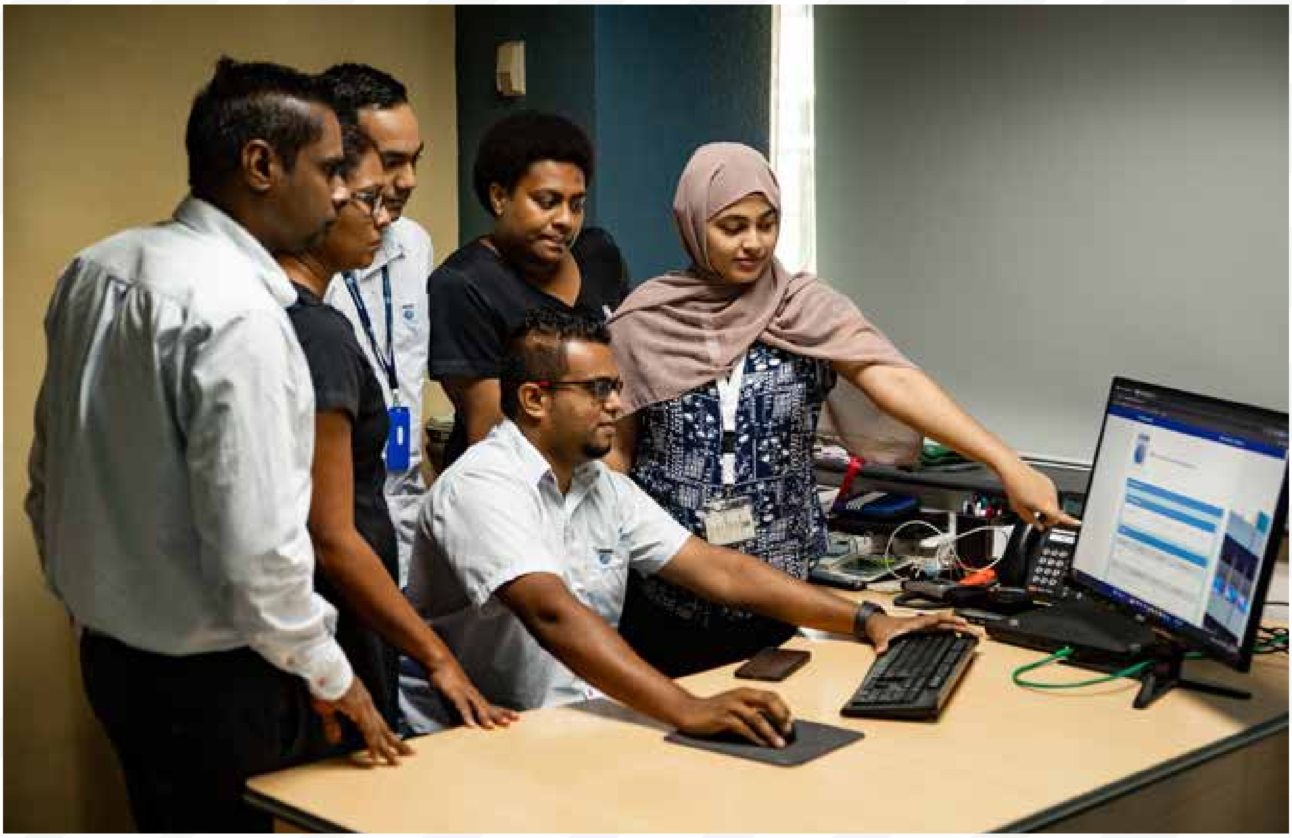
Managing risk and creating resilient platforms start with growth mindsets. This requires constant, all-level, Bank-wide efforts to adapt to the ever-changing landscape of risk management thus fostering inclusive growth. ERM has supported the Bank's journey of resilience through creating platforms to identify and address root causes of crisis or incidents while strengthening capacities and resources in order to cope with risks, stresses and shocks. By understanding its key risks, the Bank has developed various effective mitigation strategies to minimise the impact of disruptions.

Looking Ahead to 2024

The risk landscape is changing rapidly, and it feels like new risks and response strategies are around every corner. The rising importance of operational risks, the emergence of Environment, Social & Governance (ESG) requirements, impacts of COVID-19, increased digitisation and regulatory changes are all evidence of a volatile risk universe.

To navigate the shifting risk management landscape, ERM, in brief, will be looking at the following initiatives (not limited to) to enhance the current platform in place:

- Maximising the digitised platform offered by the new CBS. Good quality data management will provide improvement opportunities and richer insights.
- Embed Risk in strategy and decision making by strengthening Risk capability on thematic risks, establishing competence centres across the Business and Risk teams, and breaking down silos across the lines of defense.
- Continuing to build operational resilience into the Bank.
- Prioritising incident management - detecting patterns that may indicate or even predict risk events. Activities such as monitoring emerging threats, identifying anomalies in business processes and preparing for risk-related workplace disruptions, to rise in importance.
- Reviewing the Credit and Operational risk appetite & tolerance levels, while collaborating on the development of the market and liquidity risk appetite & tolerance statements.
- Overseeing and monitoring the Bank's regulatory and legislative compliance environment through development of the Compliance Register.



The ICT Team at FDB are on a continuous path to improving data management and improvement opportunities.

CLIMATE and ECO-FINANCE

Climate and Eco-Finance - Multifaceted Solutions for Climate Action

FDB continues to promote a holistic approach to contributing to the sustainable development of Fiji through its project and lending activities. During the year, the focus was on the provision of inclusive and appropriate policies, collaborating with development partners, knowledge sharing, mainstreaming Gender Equity & Social Inclusion, exploring means of improving climate finance access as well as the implementation of the first GCF project channeled through the Bank, the Fiji Agro Photovoltaic project in Ovalau.

Heightening Access to Climate Finance

The Bank's climate and eco-finance strategy ambition is that of a development Bank strongly positioned to promote inclusive and sustainable development, with social and environmental safeguards; an initiator that mobilises funding, introduces new lending activities such as in climate smart technologies for private and public sector engagement towards climate-resilient development, that provides innovative financing for businesses, builds capacity in small and medium enterprises to grow into large corporations, and confidently engages with international markets by setting high operational standards. During the year, guided by its climate & eco-finance strategy, the Bank continued to focus on a holistic approach to maintaining climate resilience to contribute to the sustainable development of the Fijian people and economy. For this purpose, the Bank continued to develop policies and procedures; collaborate with partners; engage in knowledge management and sharing and enhance project designs aimed at channeling the much-needed climate finance in country.

Environmental & Social Safeguards and Gender Equity & Social Inclusion

In a bid to actively engage in the provision of sustainable finance through both climate and development finance, the Bank adopted a Whole-of-Bank approach to introduce the Environmental & Social Safeguards (ESS) and Gender Equity & Social Inclusion (GESI) policies and procedures. These policies and procedures are part of the lessons learned from the Bank's engagement with the Green Climate Fund (GCF) as a Direct Access Entity. While there were already a focus on ESS and GESI in the operation of the Bank, the two policies and procedures provided some structure and tools to assist in ensuring that financed activities prevent and mitigate undue harm to the environment and people. Additionally, it also assists the Bank to consciously assess its financing through the gender lens in the sustainable development financing process. One of the key challenges in finalising the ESS Policy and Procedures related to balancing economic and environmental and social benefits. This is a grey area for the Bank, requiring further external and internal consultation on the back of its mandate as enshrined in the FDB Act. Nevertheless, the Bank has finalised its ESS Policy & Procedures for adoption in the next Financial Year.

Gender Equity & Social Inclusion Mainstreaming in FDB

Manager Climate & Eco Finance, Setaita Tamanikaiyaroi and Chief Executive Officer, Mr Saud Minam, sharing FDB's GESI Mainstreaming journey in a video produced by USAID Climate Ready Project that is now available on climatelinks,https://www.climatelinks.org/blog/climate-change-adaptation-and-inclusive-finance-fiji

During the year, FDB successfully implemented its GESI Whole of Bank Approach Project with the support of the USAID Climate Ready Project. Again, influenced by the GCF Gender Policy, this year, FDB purposefully engaged in a Bank wide consultation aimed at mainstreaming GESI.

During this consultation, FDB successfully carried out a GESI awareness session and obtained feedback on gaps, challenges and possible way forward from staff across its 11 Branches spread across Fiji. These bottom-up approach findings guided the formulation of a revised GESI Policy and Action Plan for FY2024 to FY2028. Most importantly it formed the basis of proposing five (5) action plan elements for inclusion in the Bank's Strategic Plan for FY2024 to FY2028. Its approval was a significant achievement paving the way to mainstreaming GESI in the Bank. This process also saw the Bank introducing in July 2022, a Women Entrepreneurs Loan Facility that by end of Financial Year 2023, the portfolio stood at $1.79million.

Total Bank portfolio also began to reflect a slower increasing trend of women and youths in the portfolio mix. With the targeted approach to increase this composition in the next 5 years, FDB is set to grow towards an inclusive Bank.

GESI Achievements!
FDB Lending by Gender and Age

Financial Year	Male	% of Total	Female	% of Total	Total
2019	4,610	90	539	10	5.149
2020	4,293	89	532	11	4,825
2021	4,100	89	490	11	4,590
2022	6,895	81	1,634	19	8,529

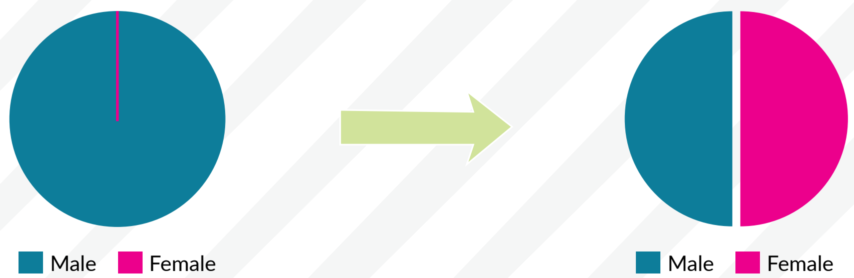
Financial Year	Youths Age GP: 18-35	% of Total	Non-Youths Age GP: 36-55	% of Total	Non-Youths Age GP: >55	% of Total	Total
2019	829	16	2724	53	1,596	31	5,149
2020	710	15	2631	55	1,484	31	4,825
2021	648	14	2577	56	1,365	30	4,590
2022	1,642	19	4,589	54	2,298	27	8,529

There were also changes to the Bank's Executive Commitment composition that now comprises 50/50% women and men.

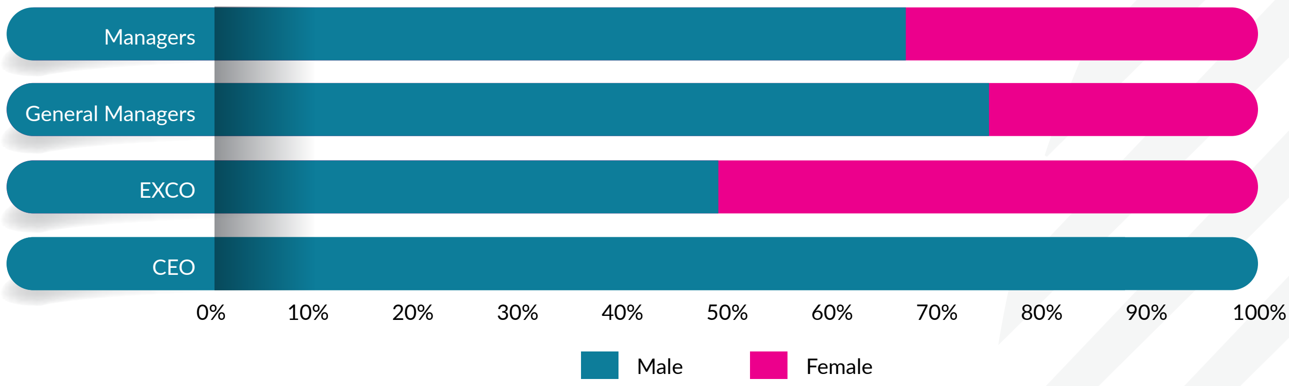
Internal GESI Achievements
FDB Management Before & After GESI June 2022 Workshop

FDB Executive Committee (EXCO) representation by Gender

FDB Executive Committee representation by Gender As at 19 January 2023

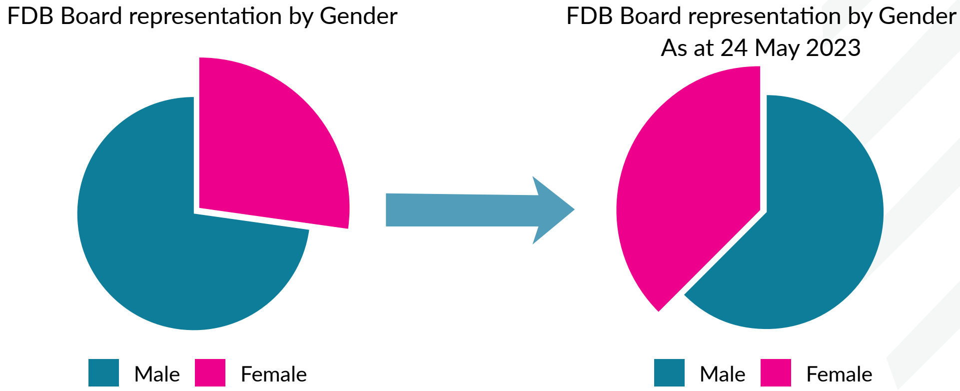


FDB Staff representation by Managers, General Managers, EXCO & CEO



At the Board level, significant achievement was also seen with 43% women compared to 33% in the previous Financial Year. In 2021 and 2020, the position was grimmer with 17% women and 83% men for both years.

Internal GESI Achievements



FDB is happy to report that from a GESI perspective - it has set itself as a trailblazer in this space among the finance sector.

Collaborating with Partners

True to its value of collaboration, FDB always works as one team and communicates one message for the development of Fiji and its people with other partners. During the year, FDB participated in various panel discussions and workshops organised by the Pacific Island Forum Secretariat sharing experiences on its Green Climate Fund Accreditation Journey in the hope that it can assist other aspiring organisations in getting accredited. A significant achievement was FDB being invited as a panel member at the Pacific Island Leaders Conference held in Hawaii on 13 September 2022. At this conference FDB's contribution aimed to assist Pacific Leaders in deciding on accessing climate finance. Through an invitation from the South Pacific Commission (SPC) Pacific Women Lead's Women Economic Empowerment Round Table Community of Practice in May 2023, FDB communicated on its GESI mainstreaming journey and the success factors in launching the FDB Women Entrepreneurs Loan Facility. Whilst other agencies were sharing the challenges of women economic empowerment, the FDB presentation was solution focused and addressed most of the challenges that were being highlighted. During the year, FDB also supported a Samoan Government delegation visit to Fiji through a peer to peer sharing on renewable energy financing that included site visits to some of the Bank's existing renewable energy service providers. The Bank continued to support its sister Development Financing Institutions in the Pacific Region to get accredited to the Green Climate Fund.

FDB-AFD 'EURIZ loan portfolio guarantee' agreement signing which offers a flexible, convenient and attractively priced risk-sharing mechanism to facilitate loan access for Micro, Small and Medium Enterprises (MSMEs) with high development impacts.

Channelling Climate Finance

Throughout the Year, FDB has had many visits from development partners such as World Bank, IFC, DT Global, Deloitte USA, ADB, French Development Agency, British Embassy in Fiji, Reserve Bank of Fiji etc discussing on the most topical topic in one form or another but the general theme was on, 'Accelerating Climate Finance in Fiji and the Pacific Region'. Whilst it has been the most widely talked about matter, there remains a gap and today the flow of climate finance to Fiji and the Pacific remains extremely slow. To address the gaps, FDB's strategy is to work on climate change resilience projects through its own funding where possible whilst being open to working with other development partners. In the process, FDB continues to focus on building organisational capacity in the technical aspects of energy generation and access; low-emission transport, infrastructure and built environment; ecosystems and ecosystem services and buildings, cities, industries, and appliances.

As a national Development Bank operating in Fiji, channeling climate finance in the country is best adopted through blended finance as an acceptable risk mitigating factor. Therefore, FDB continues to offer lending, equity and guarantee financial instruments. However, it is imperative that development partners must consider local currency financing if Fiji and the Pacific region is to receive the much-needed climate funds. This stems from the fact that DFIs balance sheet cannot sustain foreign exchange movement in the long term. However, bigger development agencies such as the Green Climate Fund, AFD, IFC etc are built to sustain such currency shocks.

More importantly developing a pipeline of projects through its Climate & Eco Finance Strategy must be an on-going process as well as capacity to take the projects from concept note stage to implementation of the funded activity agreement. This is a gap that urgently needs plugging as it requires a dedicated focus which means having an experienced person taking lead or at least one that is willing to grow into these roles. Effectively this means having both human capacity in the country or inhouse to tap on and budget to attract the right person. FDB continues to reach out to development partners for support however most support have requirements that are not conducive to national development Banks in the Pacific Region.

While the Bank appreciates the various forms of assistance provided through development partners' consultants, it does not contribute to the capacity building requirements at the national level in the long term. It calls for development partners to rethink this approach. A more effective approach is to support human resources appointments embedded in FDB for a period of three years at least that are then absorbed by the Bank from the fourth year onwards. Technical consultants can continue to be provided by development partners aimed at working closely with the embedded team ensuring in-house and in-country sustainable capacity building. Realistically, this approach will see more climate change projects being developed and implemented therefore heightening the pace in which climate finance is challenged through FDB for Fiji. The current approach where consultants are only available to review project concept notes or develop projects up to concept note stage is proven ineffective therefore contributing to snail pace flow of climate finance to Fiji particularly through national organisations such as FDB.

Fiji's First 4MW Agro Photovoltaic Project in Ovalau

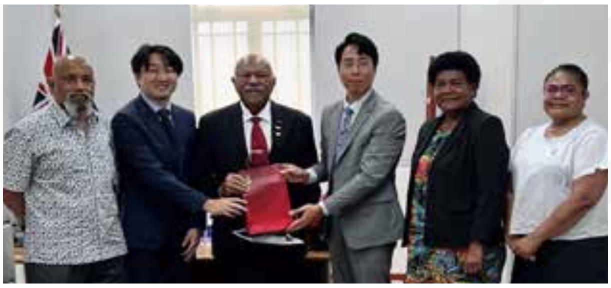
FDB CEO, Mr Saud Minam (back to camera) briefing the Hon. Prime Minister, Sitiveni Ligamamada Rabuka, on the Bank's perspective on the AgroPV project, looking attentively on are FDB Manager Climate & Eco Finance, Ms Setaita Tamanikaiyaroi (next to FDB CEO), Bureta Development Committee Chair, Ms Sereana Qoro, representing the Bureta community (next to Ms Tamanikaiyaroi) and KOICA Fiji Director (sitting opposite).

FDB in close collaboration with the Ovalau Agrosolar Pte Limited, the Bureta Development Committee (landowners) and the Fiji Government continue to pursue the implementation of Fiji's and the Pacific Region's first AgroPhotovoltaic project in Ovalau. On 17 February 2023, the Team met the Hon. Prime Minister, Mr Sitiveni Ligamamada Rabuka, briefing him on the project. The Fiji Government, through the Hon. Prime Minister reaffirmed support whilst acknowledging the significant impact of the project in mitigating risks of climate change to the Ovalau community and Fiji as a whole.

FDB CEO, Mr Saud Minam & Manager Climate & Eco Finance, Ms Setaita Tamanikaiyaroi, KOICA Fiji Director sharing details with Hon. Minister for Trade and Deputy Prime Minister, Hon. Manoa Kamikamica and Hon. Minister for Rural, Maritime Development and Disaster Management, Hon. Sakiasi Ditoka.

The project milestone achieved during the year was the receipt of the power purchase agreement from Energy Fiji Ltd. It has set the Bank one step closer to implementing a paradigm shifting project for Fiji. More importantly, it paves the way for scaling up across Fiji and other countries in the Pacific Region. Additionally, with the technical and in-kind support from Korea International Cooperation Agency (KOICA), the agro component of the project was implemented. Ovalau Agrosolar Pte Limited (OAS) took the financial risk and constructed a 200KW test PV on site, a show of real commitment.

A first for Fiji and the Region, a concerted effort is being made to embark on the full implementation of the project. FDB acknowledges all stakeholders support so far.



Acknowledging the support from the Fiji Government

COMMUNITY and ENVIRONMENT

The Fiji Development Bank (FDB) received a Merit Award at the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP) Awards 2022 for its 'COVID-19 Recovery Credit Guarantee Scheme' under the Outstanding Development Project, Local Economic Development category.

FDB's Chief Executive, Saud Minam, and receiving the Merit Award at the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP) Awards 2022.

Corporate Social Responsibility

The FDB's dedication to corporate social responsibility is reflected through sponsorships, donations, and collaborative planned activities with various stakeholders. These programs aim to align with impactful causes for the environment, different sectors, and communities across Fiji.

FDB Digital Financial Literacy Program:

FDB partnered with Visa to offer a financial education program, becoming the first in the Pacific to do so. This collaboration aims to improve the financial literacy skills of individuals and small entrepreneurs.

Deputy Prime Minister and Minister for Finance Hon. Binman Prasad and Assistant Minister for Finance Hon. Esrom Yosef Immanuel launching FDB's Digital Financial Literacy Program.

The Minister for Rural, Maritime Development and Disaster Management, Hon Sakiasi Ditoka led a team from the Ministry's senior management to the meeting with FDB's Chief Executive, Saud Minam, and his team to discuss potential areas of collaboration.

Team FDB with their families participating in the 1 million Mangrove Planting Initiative organized by the Soroptimist International Suva.

Award Sponsorships

The Bank supported key awards throughout the Financial Year, including the USP Gold Medalists Award 2021 and the Prime Minister's Youth Awards. Sponsorships for these awards were acknowledged for their contribution to collaboration and practical knowledge sharing.

Additional Sponsorships and Donations

FDB supported various organizations, including the Harland Deaf Ministry Trust, South Pacific Business Development, Leadership Fiji, Founder for the Education of Needy Children (FENC) in Fiji, and the Vodafone Festival of the Friendly North. Donations were provided to diverse organizations, emphasizing inclusivity and support for community development.

FDB Supporting Environmental Sustainability Efforts:

FDB participated in the 1million Mangrove Planting Initiative organized by Soroptimist International Suva, showcasing its commitment to environmental sustainability.

FDB's CSR programs aim to be inclusive and supportive across sectors and groups, contributing to reducing poverty and addressing global warming. The Bank emphasizes collaboration with stakeholders for a deeper impact and better performance.

In line with the SME Development, FDB annually hosts the National Small and Medium Enterprises Awards (NSMEA). This is the only platform in the country that recognises and celebrates the achievements of SMEs and fosters a thriving SME sector by promoting excellence, enhancing visibility, instilling confidence, and offering networking opportunities.

Winners of the FDB's 2022 National Small and Medium Enterprise (SME) Awards that was held on 15 June 2023 to commemorate SME businesses that was resilient and sustainable in its operation in 2022.

CUSTOMER SUCCESS STORIES

SERA VAKALAGILAGIA

Founder of Blush Boutique, Suva, Fiji

Product name: Rice FDB Loan for Women Entrepreneurs.

“The facility is timely and a great initiative to assist female-owned businesses. I would describe the product as a capsule that would give a much-needed boost to women entrepreneurs to expand and make their businesses top-notch. The loan under this facility will assist me in buying more stock and cater to the shipping costs as well. Thanks to FDB, I am able to give my customers more options at very little cost. The flexible requirements of the loan facility make it easier for us women to apply for this.”

HEMANT KUMAR

Rice farmer- from Seaqaqa, Labasa

Product name: Rice Mobility Package

“Timely financial access has enabled me to invest in equipment that has eased the process of rice farming and harvesting. Purchasing machinery such as power tiller and tractor have been made possible through financing options made available by FDB. I have also been able to expand my farm and I’m looking forward to increasing the volume of rice farming in the near future”.

FINANCIAL REPORT

Directors' Report	65
Directors' Declaration	67
Independent Audit Report	68
Consolidated Statement of Financial Position	71
Consolidated Statement of Profit and Loss and Other Comprehensive Income	72
Consolidated Statement of Changes in Equity	73
Consolidated Statement of Cash Flows	74
Notes to and forming part of the Financial Statements	75 - 104

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2023

In accordance with the resolution of the Board of Directors, the Directors herewith submit the statements of financial position of the Fiji Development Bank ("the Bank") and of the Group, being the Bank and its subsidiary ("FDB Nominees Pte Ltd") as at 30 June 2023, the related statement of profit and loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date and report as follows.

DIRECTORS

The following are Directors of the Bank at any time during the Financial Year and up to the date of this report:

Current Directors

Mr. Andre Viljoen	-	Chairperson; resigned 26th January, 2023
Mr. Damend Goundar	-	Chairperson; appointed on 31st January 2023
Mr. Vadivelu Pillay	-	Term Ended 23rd December, 2022
Ms. Maimuna Haniff	-	Appointed on 24th February 2022
Ms. Asilika Rogers	-	Appointed on 27th April 2022
Mr. Inia Rokotuiei Naiyaga	-	Term ended 23rd December, 2022
Mr. Rajesh Patel	-	Term ended 23rd December,2022
Mr. Jagdish Singh	-	Appointed on 23rd January 2023
Mr. Salesh Kumar	-	Appointed on 30th March 2023
Mr. David Robertson	-	Appointed on 30th March 2023
Ms. Emele Duituturaga	-	Appointed on 18th April 2023

PRINCIPAL ACTIVITIES

The principal business activities of the Bank and the Group during the course of the Financial Year were providing finance, financial and advisory services to assist in the development of agriculture, commerce and industry in Fiji. There were no significant changes in the nature of the activities of the Bank and the Group during the year.

RESULTS

The consolidated profit for the year ended 30 June 2023 was $3,829,601 (2022: $1,789,581) after providing an income tax expense of $393 (2022: $1,242). The profit for the Bank for the year was $3,828,028 (2022: $1,784,611).

DIVIDENDS

The Directors recommend that no dividend be declared or paid for the year.

GOING CONCERN

The financial statement of the Bank and the Group have been prepared on a going concern basis. The Bank has recovered well from the impact of Coronavirus (COVID-19) outbreak. The Directors consider the application of the going concern principle to be appropriate in the preparation of these financial statement as they believe the plans and strategies put in place by the Bank and the Group, will generate and maintain the required funding to meet its liabilities and commitments as and when they fall due over the next twelve months. Accordingly, the Directors believe that the classification and carrying amounts of the assets and liabilities as stated in the financial statements to be appropriate.

BAD AND DOUBTFUL DEBTS

Prior to the completion of the financial statements, the Directors took reasonable steps to ascertain that action had been taken in relation to writing off bad debts and allowance recorded by the Bank and the Group. In the opinion of the Directors, adequate allowance has been made for doubtful debts.

As at the date of this report, the Directors are not aware of any circumstances, which would render the amount written off for bad debts, or the allowance for doubtful debts in the Bank and the Group inadequate to any substantial extent.

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 30 JUNE 2023

UNUSUAL TRANSACTIONS

Apart from those matters and other matters specifically referred to in the financial statements, in the opinion of the Directors, the results of the operations of the Bank and the Group during the year were not substantially affected by any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Bank and the Group in the current Financial Year.

NON-CURRENT ASSETS

Prior to the completion of the financial statements of the Bank and the Group the Directors took reasonable steps to ascertain whether any non-current assets were unlikely to be realized in the ordinary course of the business compared to the values as recorded in the accounting records of the Bank and its subsidiary. Where necessary these assets have been written down or adequate provision has been made to bring the values of such assets to an amount that they might be expected to realise. As at the date of this report, the Directors are not aware of any circumstances that will cause the value of non-current assets in the financial statements to be misleading.

SIGNIFICANT EVENTS

There were no significant changes in the state of affairs of the Bank and the group during the Financial Year.

EVENTS SUBSEQUENT TO BALANCE DATE

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 a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the Group, the results of those operations or the state of affairs of the Bank and the Group in subsequent Financial Years.

OTHER CIRCUMSTANCES

As at the date of this report:

(i) no charge on the assets of the Bank and the Group have been given since the end of the Financial Year to secure liabilities of any other person;

(ii) no contingent liabilities have arisen since the end of the Financial Year for which the Bank and the Group could become liable; and

(iii) no contingent liabilities or other liabilities of the Bank and the Group have become or is likely to become enforceable within twelve months after the end of the Financial Year which, in the opinion of the Directors, will or may substantially affect the ability of the Bank and the Group to meet its obligations as and when they fall due.

As at the date of this report, the Directors are not aware of any circumstances that have arisen, not otherwise dealt with in this report or the financial statements, which would make adherence to the existing method of valuation of assets or liabilities of the Bank and the Group misleading or inappropriate.

DIRECTORS' BENEFITS

Since the end of the previous Financial Year, no Director has received or become entitled to receive a benefit (other than those included in the aggregate amount of emoluments received or due and receivable by the Directors shown in the financial statements or received as the fixed salary of a full-time employee of the Bank and the Group or of a related corporation) by reason of contract made by the Bank and the Group or by a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors this 13th day of December 2023.

Director

Director

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
DIRECTORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2023

In accordance with a resolution of the Board of Directors of the Bank and the Group, we state that in the opinion of the Directors:

(i) the accompanying statement of comprehensive income are drawn up so as to give a true and fair view of the results of the Bank and the Group for the year ended 30 June 2023;

(ii) the accompanying statement of changes in equity are drawn up so as to give a true and fair view of the changes in equity of the Bank and the Group for the year ended 30 June 2023;

(iii) the accompanying statement of financial position are drawn up so as to give a true and fair view of the state of affairs of the Bank and the Group as at 30 June 2023;

(iv) the accompanying statement of cash flows are drawn up so as to give a true and fair view of the cash flows of the Bank and the Group for the year ended 30 June 2023;

(v) at the date of these statement there are reasonable grounds to believe the Bank and the Group will be able to pay their debts as and when they fall due; and

(vi) all related party transactions have been adequately recorded in the books of the Bank and of the Group.

(vii) the financial statements of the Bank and of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and Fiji Development Bank Act (Cap 214).

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors this 13th day of December 2023.

Director

Director

OFFICE OF THE AUDITOR GENERAL

Promoting Public Sector Accountability and Sustainability through our Audits

Level 1, Modyl Plaza
Karsanji Street, Vatuwaqa
P. O. Box 2214, Government Buildings
Suva, Fiji

Telephone: (679) 8921519
E-mail: info@auditorgeneral.gov.fj
Website: http://www.oag.gov.fj

INDEPENDENT AUDITOR'S REPORT

Fiji Development Bank and its Subsidiary Company

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of Fiji Development Bank ("the Bank") including its subsidiary Company (collectively "the Group"), which comprise the Statement of Financial Position as at 30 June 2023, the Statement of Profit and Loss and Other Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information and the Directors' Report.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank and the Group as at 30 June 2023 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing ("ISAs"). My responsibility under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Bank and the Group in accordance with the International Ethics Standards Board for Accountant's Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to my audit of the financial statements in Fiji and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

The Management and Directors are responsible for the other information. The other information comprises the Annual report but does not include the financial statements and the auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained during the audit, or otherwise appears to be materially misstated. If, based upon the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report the fact. I have nothing to report in this regard.

Responsibilities of the Management and those charged with governance for Financial Statements

The Management and Directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as the Directors and management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management and Directors are responsible for assessing the Bank's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management and Directors either intend to liquidate the Bank and the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's and the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud and 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 the financial statements.

As part of an audit in accordance with ISAs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my 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 Bank's and the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors and Management.

- Conclude on the appropriateness of the Directors' and Management's 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 Bank's and the Group's ability to continue as a going concern. If I conclude that material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures, are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Bank and the Group to cease to continue as a going concern.

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

Auditor's Responsibilities for the Audit of the Financial Statements (con't)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Bank and the Group to express an opinion on the financial statements. I am responsible for the direction, supervision and performance of the audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on Other Legal and Regulatory Requirements

In my opinion, the financial statements have been prepared in accordance with the requirements of the Fiji Development Act (Cap 214) in all material respects;

a) I have been given all information, explanations and assistance necessary for the conduct of the audit; and

b) the Bank and the Group has kept financial records sufficient to enable the financial statements to be prepared and audited.

Sairusi Dukuno
ACTING AUDITOR-GENERAL

Suva, Fiji
14 December 2023

AUDITOR-GENERAL FIJI

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Notes	CONSOLIDATED		THE Bank	
		2023	2022	2023	2022
		$	$	$	$
Assets					
Cash and cash equivalents	9	179,099,320	104,062,121	179,071,248	104,032,228
Debt financial assets at amortised cost	10	243,668	239,892	-	-
Loans and advances	11	367,797,120	488,775,145	367,797,120	488,775,145
Other receivables	12	1,606,275	2,740,393	1,606,062	2,739,960
Investment in subsidiary	13	-	-	20,000	20,000
Investments	14	11,015,001	15,001	11,015,001	15,001
Right of use assets	18	1,152,323	1,572,691	1,152,323	1,572,691
Property and equipment	16	31,344,545	28,529,530	31,344,545	28,529,530
Computer Software -Intangibles	17	1,694,846	297,465	1,694,846	297,465
TOTAL ASSETS		593,953,098	626,232,238	593,701,145	625,982,020
Liabilities					
Accounts payable and accruals	19	4,202,693	4,515,396	4,200,096	4,512,962
Lease Liability	18	1,211,328	1,626,421	1,211,328	1,626,421
Debt securities issued	20	397,096,132	434,200,460	397,096,132	434,200,460
Other liabilities	21	6,624,887	6,342,414	6,624,887	6,342,414
Employee entitlements	22	483,292	587,321	483,292	587,321
Deferred income		2,091,872	2,596,993	2,091,872	2,596,993
TOTAL LIABILITIES		411,710,204	449,869,005	411,707,607	449,866,571
Equity					
Capital	23	56,050,636	56,050,636	56,050,636	56,050,636
Reserves		26,142,513	25,192,968	26,142,513	25,192,968
Accumulated profits		100,049,745	95,119,629	99,800,389	94,871,845
TOTAL CAPITAL AND RESERVES		182,242,894	176,363,233	181,993,538	176,115,449
TOTAL LIABILITIES AND EQUITY		593,953,098	626,232,238	593,701,145	625,982,020

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors this 13th day of December 2023.

Director

Director

The statements of financial position are to be read in conjunction with the notes to and forming part of the financial statements set out on pages 75 to 104.

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

	Notes	CONSOLIDATED		THE Bank	
		2023	2022	2023	2022
		$	$	$	$
INCOME					
Interest income	3	33,742,260	40,098,402	33,738,703	40,090,045
Interest expense	6	(7,263,524)	(10,806,599)	(7,263,524)	(10,806,599)
Net interest income		26,478,736	29,291,803	26,475,179	29,283,446
Fee income	4	4,014,097	3,639,161	4,014,097	3,639,161
Other income	5	2,455,953	3,669,535	2,455,953	3,669,535
OPERATING INCOME		32,948,786	36,600,499	32,945,229	36,592,142
OPERATING EXPENSES	7	(14,776,104)	(13,711,366)	(14,774,513)	(13,709,221)
OPERATING PROFIT BEFORE ALLOWANCES		18,172,682	22,889,133	18,170,716	22,882,921
Allowance for Expected Credit Loss	11	(17,416,402)	(21,358,031)	(17,416,402)	(21,358,031)
Allowance for Interest and Fees	8	3,073,714	259,721	3,073,714	259,721
PROFIT BEFORE TAX		3,829,994	1,790,823	3,828,028	1,784,611
Tax expense	1(r)	(393)	(1,242)	-	-
PROFIT FOR THE YEAR		3,829,601	1,789,581	3,828,028	1,784,611
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified to Profit & Loss					
Revaluation of Land and Building	16	2,050,058	-	2,050,058	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		5,879,659	1,789,581	5,878,086	1,784,611

The statements of profit and loss and comprehensive income are to be read in conjunction with the notes to and forming part of the financial statements set out on pages 75 to 104.

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

CONSOLIDATED

	Notes	Capital	General reserve	Revaluation reserve	Accumulated profits	Total
		$	$	$	$	$
Balance at 30 June 2021	23	56,050,636	8,064,000	17,128,968	93,330,048	174,573,652
Net profit for the 2022 year		-	-	-	1,789,581	1,789,581
As reported Balance at 30 June 2022		56,050,636	8,064,000	17,128,968	95,119,629	176,363,233
Adjustment	30	-	-	(1,100,516)	1,100,516	-
Restated 2022		56,050,636	8,064,000	16,028,452	96,220,145	176,363,233
Total other comprehensive income		-	-	2,050,061	-	2,050,061
Net profit for the 2023 year		-	-	-	3,829,600	3,829,600
Balance at 30 June 2023		56,050,636	8,064,000	18,078,513	100,049,745	182,242,894

THE Bank

	Notes	Capital	General reserve	Revaluation reserve	Accumulated profits	Total
		$	$	$	$	$
Balance at 30 June 2021	23	56,050,636	8,064,000	17,128,968	93,087,234	174,330,838
Net profit for the 2022 year		-	-	-	1,784,611	1,784,611
As Reported Balance at 30 June 2022		56,050,636	8,064,000	17,128,968	94,871,845	176,115,449
Adjustment	30	-	-	(1,100,516)	1,100,516	-
Restated 2022		56,050,636	8,064,000	16,028,452	95,972,361	176,115,449
Total other comprehensive income		-	-	2,050,061	-	2,050,061
Net profit for the 2023 year		-	-	-	3,828,028	3,828,028
Balance at 30 June 2023		56,050,636	8,064,000	18,078,513	99,800,389	181,993,538

The statements of changes in equity are to be read in conjunction with the notes to and forming part of the financial statements set out on pages 75 to 104.

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	Notes	CONSOLIDATED 2023 $ Inflows (Outflows)	CONSOLIDATED 2022 $ Inflows (Outflows)	THE Bank 2023 $ Inflows (Outflows)	THE Bank 2022 $ Inflows (Outflows)
OPERATING ACTIVITIES					
Interest and subsidy received		34,814,573	41,391,975	34,814,573	41,391,975
Interest and other costs of borrowing paid		(7,263,524)	(10,806,599)	(7,263,524)	(10,806,599)
Net loans and advances		95,337,395	(13,726,551)	95,337,395	(13,726,551)
Fees received		899,857	655,260	899,857	655,260
Cash paid to suppliers and employees		(13,392,234)	(12,358,560)	(13,390,413)	(12,355,432)
Other receipts		5,544,918	7,027,310	5,544,918	7,027,310
Interest received on leases		(72,617)	(85,095)	(72,617)	(85,095)
Net cash provided by/(used in) Operating Activities		115,868,368	12,097,740	115,870,189	12,100,868
INVESTING ACTIVITIES					
Proceeds from the sale of property, plant and equipment		84,460	138,680	84,460	138,680
Payments for property, plant and equipment, intangibles		(3,332,014)	(773,051)	(3,332,014)	(773,051)
Net cash used in investing activities		(3,247,554)	(634,371)	(3,247,554)	(634,371)
FINANCING ACTIVITIES					
Net increase in long-term borrowings		(35,772,646)	18,135,897	(35,772,646)	18,135,897
Net (decrease)/increase in short-term borrowings		(1,331,682)	(481,838)	(1,331,682)	(501,902)
Payment for lease liability		(479,287)	(456,417)	(479,287)	(456,417)
Net cash (used in)/provided by Financing Activities		(37,583,615)	17,197,642	(37,583,615)	17,177,578
Net increase in cash and cash equivalent		75,037,199	28,661,011	75,039,020	28,644,075
Cash and cash equivalents at the beginning of the Financial Year		104,062,121	75,401,110	104,032,228	75,388,153
Cash and cash equivalents at the end of the Financial Year	9	179,099,320	104,062,121	179,071,248	104,032,228

The statements of cash flows are to be read in conjunction with the notes to and forming part of the financial statements set out on pages 75 to 104.

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Fiji Development Bank ("FDB or the Bank") is a fully owned Government of Fiji ("Government") entity domiciled in Fiji Islands. The address of the registered office is 360 Victoria Parade, Suva, Fiji. The financial statements of the Bank and the Group for the year ended 30 June 2023 comprise the Bank and its subsidiary company (collectively "the Group"). The Bank and the Group is primarily involved in the provision of finance, financial and advisory services to assist in the development of agriculture, commerce and industry in Fiji.

The financial statements were authorized for issue by the Board of Directors on 13th day of December 2023.

The significant policies, which have been adopted in the preparation of these financial statements, are:

(a) Statement of compliance

The financial statements are presented in Fiji dollars, rounded to the nearest dollar. The financial statements have been drawn up in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and the requirements of the Fiji Development Bank Act.

(b) Basis of preparation

The measurement base adopted is that of historical cost as modified by the fair value through other comprehensive income measurement and financial instruments held at fair value through profit or loss. Loans and Advances are measured at amortised cost. In addition, land and buildings are carried at re-valued amount.

(c) Changes in accounting policies

The Bank and the Group have consistently applied the accounting policies to all periods presented in these financial statements.

(d) New standards and interpretations not yet adopted

The following accounting standards are available for early adoption but have not been applied by the Bank in this financial statements.

Standard	Summary of requirements	Effective Date
IFRS 17 (Insurance Contracts)	In May 2017, the IASB issued IFRS insurance Contacts (IFRS 17), a comprehensive new accounting standard for insurance contracts, covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4). This standard is not applicable to the Bank.	Annual periods beginning on or after 1 January 2023
Definition of a Business (Amendments to IFRS 3)	In October 2018, the IAS issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Bank will not be affected by these amendments on the date of transition.	Annual periods beginning on or after 1 January 2023
Definition of Material (Amendments to IAS 1 and IAS8)	In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information in material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial statements, which provide financial information about a specific reporting entity. The amendments to the definition of material is not expected to have a significant impact on the Bank's consolidated financial statements.	Annual periods beginning on or after 1 January 2023

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2023

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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 any future periods affected.

In particular, information about significant areas of estimation uncertainty and 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(l) and Note 11 – Impairment of Loans and advances
- Note 1(j) – Valuation of land and buildings
- Note 1(h) and Note 18 - Leases

(f) Principles of consolidation

Subsidiary

The consolidated financial statements of the Group include the financial statements of the Bank and the Group and its wholly owned subsidiary as disclosed in Note 13. Control exists when Bank and the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity as to obtain benefits from its activities. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that controls ceases.

The investment in subsidiary is measured at cost less impairment loss in the financial statements of the Bank.

Transactions eliminated on consolidation

The balances and effects of transactions between Bank and the Group and the controlled entity have been eliminated in the consolidated financial statements.

(g) Revenue recognition

Under IFRS 15, revenue is recognised with reference to the satisfaction of performance obligation either at a point in time (when) or over time (as). Despite the level of costs incurred, revenue will only be recognised once performance obligation fulfilment can be assessed.

Interest income

Interest income on investments, loans and advances is recognised in profit or loss using the effective interest method. Unearned interest on lease finance is brought into account at the time of realization.

Government interest subsidies

Government provides interest subsidies on certain loans schemes. These interest subsidies are recognised as interest income in profit or loss using the effective interest rate method.

Rental Income

The Bank has applied IFRS 16 in terms of lessor accounting.

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2023

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Revenue recognition (continued)

Fees and charges

Lending fees

Fees and direct costs relating to loan origination, financing or restructuring and to loan commitments are deferred and amortised to profit or loss over the term of the loan. Lending fees not directly related to the origination of a loan are recognised as and when the service has been renewed.

Other fees and charges

When other fees and charges relate to specific transactions or events, they are recognised in profit or loss over the period that the service is provided to the customer.

Fees on impaired loans are recognised as income and impaired as doubtful debts to profit or loss.

(h) IFRS 16 Leases

Leases

Under IFRS 16, the Bank and the Group assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 18. The Bank and the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 July 2019.

(i) Lessee

As a lessee, the Bank and the Group previously classified leases as operating, or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Bank and the Group recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet. For leases of other assets, which were classified as operating under IAS 17, the Bank and the Group recognised right-of-use assets and lease liabilities.

(ii) Lessor

The Bank and the Group are not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor. The Bank and the Group accounted for its leases in accordance with IFRS 16 from the date of initial application. Under IFRS 16, the Bank and the Group is required to assess the classification of a sub-lease with reference to the right of-use asset, not the underlying asset.

(i) Debt securities issued

FDB registered bonds and promissory notes are measured at fair value on initial recognition. Subsequent to initial recognition they are measured at amortised cost using effective interest method. Any discount on these bonds is amortized to interest expense on a straight-line basis over the term of the bond to which it relates.

(j) Property and equipment

Items of equipment are measured at cost less accumulated depreciation and impairment loss. Items purchased at less than $1,000 are expensed.

Land and buildings are measured at revalued amounts being the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. Revaluations reflect independent assessments of the fair market value of land and buildings based on existing use. Revaluation increments are credited directly to the revaluation reserve in equity via other comprehensive income. Revaluation decrements are debited directly to equity via other comprehensive income to the extent they reverse a previous revaluation surplus. Any remaining decrease is debited to statement of profit and loss and other comprehensive income.

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2023

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Property and equipment (continued)

The Directors have adopted a policy of obtaining regular independent valuations for all of the Bank's properties on an existing use basis of valuation. The Bank and the Group's land and buildings were last revalued by Lomara Associates and these valuations were adopted by Bank and the Group within the 2023 Financial Year. The next revaluation on land and building is expected to be conducted after three years.

All other items of property and equipment are carried at cost less accumulated depreciation and impairment losses.

Depreciation

Property and equipment with the exception of freehold land are depreciated over their expected useful lives using the straight-line method of depreciation at the following rates, whilst leasehold land and improvements are amortised over the shorter of their useful lives and the terms of their respective leases.

Buildings and improvements	1-2%
Equipment, furniture and fittings	10%
Motor vehicles	20%
Computer hardware	20%
Computer software	20%
Leasehold land	Term of the lease

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the asset or cash-generating units are written down to their recoverable amount. The recoverable amount of property and equipment is the higher of fair value less costs to sell and value in use. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognised in profit or loss statement of profit and loss and other comprehensive income.

(k) Intangible assets

The Bank and the Group recognises internally generated Banking Software (Bank Management System) and any other externally purchased software as intangible assets. Due to the finite life of the software, it is amortised on a straight-line basis at 20% per annum.

(l) Financial assets and liabilities

i.) Recognition and initial measurement

The Bank and the Group initially recognised loans and advances, other receivables and debt securities issued on the date on which they are originated. All other financial assets and financial liabilities are initially recognised when the Bank and the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

ii.) Classification and subsequent measurement

A financial asset is classified as measured at: amortised cost; FVOCI or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and,
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2023

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Financial assets and liabilities (continued)

ii.) Classification and subsequent measurement (continued)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and,
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

An equity investment that is not held for trading, the Bank and the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment by investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

The Bank and the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Bank and the Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Bank and the Group management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and,
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Bank and the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Bank and the Group considers:
- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and,
- terms that limit Bank and the Group claim to cash flows from specified assets (e.g. nonrecourse features).

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2023

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Financial assets and liabilities (continued)

iii.) Derecognition

Financial assets

The Bank and the Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Bank and the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Bank and the Group enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Bank and the Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Bank and the Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in statement of profit and loss and other comprehensive income.

Modifications of financial assets

If the terms of a financial asset are modified, the Bank and the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Bank and the Group recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in statement of profit and loss and other comprehensive income. If such a modification is carried out because of financial difficulties of the borrower 1(l)(vi), then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income 1(g).

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Bank and the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

vi) Impairment of assets

The Bank and the Group recognizes loss allowances for ECLs on:
– financial assets measured at amortized cost.

The Bank and the Group measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as 12-month ECL:
– debt securities that are determined to have low credit risk at the reporting date; and,
– other debt securities and Bank and the Group balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Bank and the Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date.

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2023

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Financial assets and liabilities (continued)

vi) Impairment of assets (continued)

Measurement of ECL

ECLs are a probability-weighted estimate of credit losses. They are measured as follows:
– financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank and the Group expects to receive);
– financial assets that are credit-impaired at the reporting date; as the difference between the gross carrying amount and the present value of estimated future cash flows; and
– undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Bank and the Group if the commitment is drawn down and the cash flows that the Bank and the Group expects to receive.

ECLs are discounted at the effective interest rate of the financial asset

Credit-impaired financial assets

At each reporting date, the Bank and the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due.
- the restructuring of a loan or advance by the Bank and the Group on terms that the Bank would not consider otherwise;
- it is probable that the borrower will enter Bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower’s condition is usually considered to be credit impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a loan that is overdue for 90 days or more is considered impaired.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:
- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- loan commitments: generally, as allowance for credit impairment;
- where a financial instrument includes both a drawn and an undrawn component, and the Bank and the Group;
- cannot identify the ECL on the loan commitment component separately from those on the drawn component, the Bank and the Group presents a combined loss allowance for both components.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Bank and the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank and the Group’s procedures for recovery of amounts due.

Bad debts are written off against the allowance in the year in which the debt is recognised as being irrecoverable. Where not previously included in the allowance, bad debts are written off directly to profit or loss. Debts previously written off and subsequently recovered are credited to profit or loss in the year in which they are recovered.

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2023

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Financial assets and liabilities (continued)

vi.) Impairment of assets (continued)

Individually assessed allowances

Individually assessed allowance is maintained to cover identified impairment. The individually assessed allowance requirement (representing new and increased individually assessed allowances less individually assessed releases) is recorded in profit or loss. Individually assessed allowances are made against individually significant financial assets and groups of financial assets with similar credit risk characteristics for those that are not individually significant. The determination of the amount of specific allowance is based on many factors including credit evaluation of the borrowers, value of security and collateral held, current economic conditions and past experience.

Recoveries, representing excess transfers to the Individually assessed allowance (specific provision), are credited to the profit or loss.

(m) Investments

Investments are those securities that the Group has purchased with positive intent and ability to hold until maturity. These securities are initially recorded at fair value and subsequently adjusted for amortisation of premium or discounts. Premiums and discounts are capitalised and amortised using the effective interest method from date of purchase to maturity. Interest income is recognized using the effective interest method. Borrowing costs are recognised as expenses in the period in which they are incurred.

(n) Land held for resale

The cane estate and other land held for subdivision and resale are carried at the lower of their carrying amount and fair value less cost to sell.

(o) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at Bank and highly liquid financial assets with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the Group in the management of its short- term commitments.

(p) Other debtors

Other receivables are stated at amortised cost less impairment losses.

(q) Accounts payable and accruals

Accounts payable and accruals are stated at amortised cost.

(r) Taxation

The Bank has made no provision for taxation, as it is not subject to income tax in accordance with the Income Tax Act; 2016. However, the Bank's subsidiary FDB Nominees Pte Ltd adopts the principles of tax effect accounting and thus is the basis of recognition of tax expense in consolidated financial statements of the Group.

(s) Employee entitlements

Annual leave

The accrual for annual leave represents the amount which the Bank and the Group have a present obligation to pay, resulting from employees' services provided up to the balance date. The accrual is based on current wage and salary rates and includes related on-costs.

Long service leave

The liability for employees' entitlements to long service leave represents the amount payable to employees, based on current wage and salary rates, for services provided up to balance date. The liability for long service leave increases according to the number of years of service completed by the employee.

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2023

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Employee entitlements (continued)

Gratuity

The accrual for gratuity represents amounts payable to permanent employees who have achieved in excess of the minimum ten years of service on retirement and is based on current wage and salary rates.

Triennial leave

The triennial leave is payable to employees on completion of every three years of service and is based on staff grades.

Number of employees
The number of employees as at 30 June 2023 was 175 (2022: 180).

(t) Contingent liabilities and credit commitments

The Bank and the Group is involved in a range of transactions that give rise to contingent and / or future liabilities. The Bank and the Group discloses a contingent liability when it has a possible obligation arising from past events that will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the Bank and the Group control. A contingent liability is disclosed when a present obligation is not recognised because it is not probable that an outflow of resources will be required to settle an obligation, or the amount of the obligation cannot be measured with sufficient reliability.

The Bank and the Group issues commitments to extend credit, letters of credit, guarantees and other credit facilities. These financial instruments attract fees in line with market prices for similar arrangements. They are not sold or traded. The items generally do not involve cash payments other than in the event of default. The fee pricing is set as part of the broader customer credit process and reflects the probability of default. They are recorded as contingent liabilities at their face value. Information on the face value and credit equivalents of commitments and contingent liabilities is shown in note 24.

(u) Deferred income

Deferred income represents establishment fees charged and is deferred and amortised using the effective interest rates over the term of the loan.

(v) Deposits and other borrowings

Deposits and other borrowings include certificates of deposits, interest bearing deposits and other related interest-bearing financial instruments. They are measured at amortised cost. The interest expense is recognised using the effective interest method.

(w) Debt financial asset at amortised cost

Debt financial assets are those which carry fixed or determinable payments and have fixed maturities and which the Bank subsequently measured at amortised cost using the effective interest rate method, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Amortisation is included as 'other income' in the income statement. The losses arising from impairment of such investment are recognised in the income statement line 'impairment losses on financial investments'.

(x) Other receivables

Other receivables include interest receivable investments, interest subsidy receivable, deposits, prepayments and receivable from the subsidiary the Bank and the Group. In the consolidation process, receivables from the subsidiary the Bank and the Group in the Bank's book of accounts are eliminated against corresponding payables recorded in the subsidiary the Bank's general ledger.

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2023

2. FAIR VALUE ESTIMATION

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

When available, the Bank and the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction. The Bank and the Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of relevant observable inputs and maximising the use of unobservable inputs. The different levels have been defined as follows:

- Level 1 fair value measurement are those instruments valued based on quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2 fair value measurements are those instruments valued based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those instruments valued based on inputs for the asset or liability that are not based on observable market data (unobservable) inputs.

The following table analyses financial instruments measured at fair value at the reporting date by level in the fair value hierarchy into which the fair value measurement is categorised. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount			Fair value			
2023	**Debt financial asset at amortised cost**	**Other financial**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Liabilities	$	$	$	$	$	$	$
Bonds		(76,000,000)	(76,000,000)		78,719,848		78,719,848
	-	(76,000,000)	(76,000,000)	-	78,719,848	-	78,719,848
2022							
Liabilities							
Bonds		(119,100,000)	(119,100,000)		124,941,856		124,941,856
	-	(119,100,000)	(119,100,000)	-	124,941,856	-	124,941,856

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2023

	CONSOLIDATED		THE Bank	
	2023	2022	2023	2022
	$	$	$	$
3 INTEREST INCOME				
Interest Income (non – subsidised)	30,181,559	36,455,184	30,178,002	36,446,827
Interest subsidies – (received / receivable from the Government for:				
- Agricultural loans	1,383,163	1,775,937	1,383,163	1,775,937
- Commercial Loans to Fijians scheme	4,943	16,408	4,943	16,408
- Small Business Scheme	605,026	386,837	605,026	386,837
- Northern Rehabilitation Package	1,567,569	1,464,036	1,567,569	1,464,036
	3,560,701	3,643,218	3,560,701	3,643,218
	33,742,260	40,098,402	33,738,703	40,090,045

Interest income is recognised in the statement of profit and loss and other comprehensive income using effective interest method.

	CONSOLIDATED 2023 $	CONSOLIDATED 2022 $	THE Bank 2023 $	THE Bank 2022 $
4 FEE INCOME				
Application fees	86,726	78,855	86,726	78,855
Establishment fees	1,271,580	866,485	1,271,580	866,485
Commitment fees	88,422	124,107	88,422	124,107
Bank Service fees	1,596,833	1,875,754	1,596,833	1,875,754
Arrears fees	157,405	117,555	157,405	117,555
Legal fees	810,616	573,905	810,616	573,905
Other fee income	2,515	2,500	2,515	2,500
	4,014,097	3,639,161	4,014,097	3,639,161
5 OTHER INCOME				
The following items are included in other income:				
Gain on sale of property, plant and equipment	84,460	138,680	84,460	138,680
Bad debts recovered	423,269	1,188,901	423,269	1,188,901
Insurance commission	149,929	132,759	149,929	132,759
Rental income	1,018,361	972,371	1,018,361	972,371
Other Income	779,934	1,236,824	779,934	1,236,824
	2,455,953	3,669,535	2,455,953	3,669,535

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2023

	CONSOLIDATED		THE Bank	
	2023 $	2022 $	2023 $	2022 $
6 INTEREST EXPENSES				
Interest paid - Bonds	4,286,147	6,575,272	4,286,147	6,575,272
Interest paid on Call	2,706,008	3,884,123	2,706,008	3,884,123
Other administrative cost	271,369	347,204	271,369	347,204
	7,263,524	10,806,599	7,263,524	10,806,599
7 OPERATING EXPENSES				
Items included in administrative expenses:				
Auditors' remuneration	39,996	39,996	39,996	39,996
Directors' fees	107,676	95,463	107,676	95,463
Depreciation and amortisation	1,169,679	1,128,362	1,169,679	1,128,362
Right of Use (ROU) Amortisation	454,664	427,105	454,664	427,105
Employee costs	10,430,324	9,931,606	10,430,324	9,931,606
Finance Cost	72,617	85,095	72,617	85,095
Other Expenses	2,501,148	2,003,739	2,499,557	2,001,594
	14,776,104	13,711,366	14,774,513	13,709,221
8 ALLOWANCE FOR INTEREST AND FEES				
Allowance for Interest	2,672,204	10,334,994	2,672,204	10,334,994
Allowance for Fees	329,830	444,262	329,830	444,262
Doubtful Interest and Fees Recovery	(6,075,748)	(11,038,977)	(6,075,748)	(11,038,977)
	(3,073,714)	(259,721)	(3,073,714)	(259,721)

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2023

9 CASH & CASH EQUIVALENTS

	CONSOLIDATED		THE Bank	
	2023	2022	**2023**	2022
	$	$	**$**	$
Petty cash	1,880	1,880	1,880	1,880
Cashier Till Float	1,100	1,100	1,100	1,100
Short Term Deposit	39,999,999	5,492,132	39,999,999	5,492,132
Deposit accounts -Branches	12,175,342	7,018,676	12,147,270	6,988,783
Bred Bank	44,293,335	46,579,480	44,293,335	46,579,480
Bank of South Pacific- Call account	18,378,543	11,851,659	18,378,543	11,851,659
Bank of Baroda- Head office	9,081,291	944,635	9,081,291	944,635
HFC Bank- Head office	51,726,354	30,438,080	51,726,354	30,438,080
Westpac Bank- Head office	3,441,476	1,734,479	3,441,476	1,734,479
	179,099,320	104,062,121	179,071,248	104,032,228

Deposit accounts are maintained for the Bank and the Group's daily transactions with its clients and the accounts earn interest at floating rates based on market rates. Short Term Deposit are at interest of 1.00% The Bank provided float to all its Branches to manage its day-to-day operation.

10 DEBT FINANCIAL ASSETS AT AMORTISED COST

	CONSOLIDATED		THE Bank	
	2023	2022	**2023**	2022
	$	$	**$**	$
Investment in Term Deposit	243,668	239,892	-	-

There are five term deposits aggregating $243,668 (2022:$239,892) held by FDB Nominees Pte Limited in Home Finance Corporation at 1.00% for a term of 24 months, and two term deposits at 1.75% at a term of 12 months at Kontiki Finance Limited.

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2023

11 LOANS AND ADVANCES

	CONSOLIDATED		THE Bank	
	2023	2022	2023	2022
	$	$	$	$
Loans and advances	502,338,457	629,040,262	502,338,457	629,040,262
Allowance for interest and fees suspended	(21,923,200)	(26,217,456)	(21,923,200)	(26,217,456)
	480,415,257	602,822,806	480,415,257	602,822,806
Allowance for Expected Credit Loss	(112,618,137)	(114,047,661)	(112,618,137)	(114,047,661)
Net loans and advances	367,797,120	488,775,145	367,797,120	488,775,145

Loans and advances include finance lease provided to customers. There were no new finance leases granted in the current Financial Year.

The Bank's split for gross loans and advances to customers is represented as follows:

Current	197,731,208	34,849,138	197,731,208	34,849,138
Non-current	304,607,249	594,191,124	304,607,249	594,191,124
Total	502,338,457	629,040,262	502,338,457	629,040,262

Allowance for credit impairment as per ECL (Expected Credit Loss) model is represented as follows:

Balance at the beginning of the year	114,047,661	96,763,405	114,047,661	96,763,405
Charge to the profit or loss	17,416,403	21,358,031	17,416,403	21,358,031
	131,464,064	118,121,436	131,464,064	118,121,436
Bad debts written off against impairment allowances	(7,191,133)	(4,073,775)	(7,191,133)	(4,073,775)
Transfer to Other Receivables	(11,654,794)		(11,654,794)	
Total allowance for credit impairment as per ECL (Expected Credit Loss) model	112,618,137	114,047,661	112,618,137	114,047,661

12 OTHER RECEIVABLES

Government guarantees and grants	5,499,216	5,499,216	5,499,216	5,499,216
Impairement loss - government guarantee and grants	(5,499,216)	(5,499,216)	(5,499,216)	(5,499,216)
Government interest subsidies	916,773	1,992,643	916,773	1,992,643
Others	689,502	747,750	689,289	747,317
Receivable from related party	11,654,794	-	11,654,794	-
Impairment loss – related party	(11,654,794)	-	(11,654,794)	-
	1,606,275	2,740,393	1,606,062	2,739,960

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2023

	CONSOLIDATED		THE Bank	
12 OTHER RECEIVABLES (continued)	**2023 $**	2022 $	**2023 $**	2022 $
Impairment loss is represented as follows:				
Total impairment at the beginning of the year	5,499,216	5,499,216	5,499,216	5,499,216
Charge to profit or loss – government guarantee and grants	-	-	-	-
Transfer from Expected Credit Loss	11,654,794	-	11,654,794	-
Total impairment at the end of the year	17,154,010	5,499,216	17,154,010	5,499,216

The amount receivable from Sequitur Resorts Pte Limited, a related party, is due between 3 to 5 years.

13 INVESTMENT IN SUBSIDIARY

FDB Nominees Ltd	-	-	20,000	20,000

The Bank has 100% beneficial interest in the ordinary share capital of the subsidiary company which is incorporated in Fiji.

14 INVESTMENTS

Shares in companies - at cost Impairment	14,314,291	3,314,291	14,334,291	3,334,291
	(3,299,290)	(3,299,290)	(3,319,290)	(3,319,290)
	11,015,001	15,001	11,015,001	15,001

Equity securities are valued in accordance with Note(1)(l)(ii) of the financial statement

Shares in subsidiary company				
FDB Nominees Limited	-	-	20,000	20,000
Shares in other companies				
Sequitur Resorts Pte Limited	11,000,000	-	11,000,000	-
South Pacific Stock Exchange	15,000	15,000	15,000	15,000
Adfip Trustees	1	1	1	1
Total Investments	11,015,001	15,001	11,015,001	15,001

Equity securities designated as at FVOCI

The Bank designated the investments shown above as equity securities as FVOCI because these equity securities represent investments that the Bank intends to hold for the long term for strategic purposes. During the year, the Bank was issued 20% non-voting redeemable shares in Sequitur Resorts Pte Limited (SRPL) after a restructure of a related entity's debt held with the Bank. The shares are redeemable at fair value at the option of SRPL at any time from 1 July 2025 and up to the mandatory redemption date of 1 July 2027.

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2023

15 LAND HELD FOR RESALE

	CONSOLIDATED		THE Bank	
	2023	2022	**2023**	2022
Nasarawaqa Estate	**$**	$	**$**	$
Cost at beginning of the year	99,426	99,426	99,426	99,426
Impairment at the beginning of the year	(99,426)	(99,426)	(99,426)	(99,426)
	-	-	-	-

16 PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED AND THE Bank				
	Leasehold Land and Buildings $	**Plant and Equipment $**	**Fixtures and Fittings $**	**Work in Progress $**	**Total $**
Cost or valuation					
Balance at 1 July 2021	27,825,519	7,408,266	107,655	1,067,317	36,408,757
Acquisitions during the year	204,994	249,652	19,738	303,408	777,792
Disposal	-	(299,495)	(9,191)	-	(308,686)
Transfer in (out)	549,872	8,879	-	(558,751)	-
Balance at 1 July 2022	**28,580,385**	**7,367,302**	**118,202**	**811,974**	**36,877,863**
Acquisitions during the year	74,648	698,207	580	1,160,685	1,934,120
Revaluation	(628,890)				(628,890)
Transfer in /(Out)	983,857	323,996	1,288	(1,309,141)	
Disposal	-	(439,743)	(4,915)	-	(444,658)
Balance at 30 June 2023	**29,010,000**	**7,949,762**	**115,155**	**663,518**	**37,738,435**
Accumulated Depreciation					
Balance at 1 July 2021	1,547,822	5,906,963	97,605	-	7,552,390
Depreciation charge for the year	577,942	523,369	1,940	-	1,103,251
Disposal		(298,117)	(9,191)	-	(307,308)
Balance at 1 July 2022	**2,125,764**	**6,132,215**	**90,354**	**-**	**8,348,333**
Depreciation charge for the year	603,062	541,739	5,140		1,149,941
Revaluation	(2,678,948)			-	(2,678,948)
Disposal	-	(420,520)	(4,916)	-	(425,436)
Balance at 30 June 2023	**49,878**	**6,253,434**	**90,578**	**-**	**6,393,890**
Carrying amount					
Balance at 30 June 2022	**26,454,621**	**1,235,087**	**27,848**	**811,974**	**28,529,530**
Balance at 30 June 2023	**28,960,122**	**1,696,328**	**24,577**	**663,518**	**31,344,545**

The Directors have adopted a policy of obtaining regular independent valuations for all of the Bank's properties on an existing use basis of valuation. The land and buildings were re-valued by Lomara Associates and these valuations were adopted by the Bank within the Financial Year 2023.

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2023

17 COMPUTER SOFTWARE - INTANGIBLES

	CONSOLIDATED		THE Bank	
	2023	2022	**2023**	2022
	$	$	**$**	$
Balance at the beginning of the year	659,026	720,162	659,026	720,162
Disposal	30,871	(61,823)	30,871	(61,823)
Work in Progress	1,386,683	687	1,386,683	687
Balance at the end of the year	2,076,580	659,026	2,076,580	659,026
Accumulated Amortisation				
Balance at the beginning of the year	361,561	394,222	361,561	394,222
Disposal	-	(57,772)	-	(57,772)
Amortisation charge for the year	20,173	25,111	20,173	25,111
Balance at the end of the year	381,734	361,561	381,734	361,561
Carrying amount				
Balance at the beginning of the year	297,465	325,940	297,465	325,940
Balance at the end of the year	1,694,846	297,465	1,694,846	297,465

18 LEASE

Leases as Lessee

Property, plant and equipment comprise of owned and leased assets. The Bank and the Group leases assets includes land, IT equipment and other leases. Leases of land and building generally have leases terms between 19 and 98, while IT equipment generally have lease terms between 1 and 5 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. However, at balance date the Bank and the Group did not have any leases meeting this exemption criteria. Information about lease for which the Bank and the Group is a lessee is presented below:

	Land	**IT Equipment and Other Leases**	**Total**
	$	**$**	**$**
As at 1 July 2022	780,917	791,774	1,572,691
Additions	-	-	-
Amortisation Expenses	(17,164)	(403,204)	(420,368)
As at 30 June 2023	**763,753**	**388,570**	**1,152,323**

Set out below are the carrying amounts of lease liabilities showing the movement during the year:

As at 1 July 2022	1,626,421
Addition	-
Accretion of interest	74,888
Payments	(489,981)
As at 30 June 2023	**1,211,328**

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2023

18 LEASE (continued)

	CONSOLIDATED		THE Bank	
	2023	2022	2023	2022
	$	$	$	$
Lease liabilities included in the statement of financial position are as follows:				
Current	214,893	759,489	214,893	759,489
Non-Current	996,435	866,932	996,435	866,932
	1,211,328	1,626,421	1,211,328	1,626,421

The Bank and the Group had total cash outflows for leases of $479,286.88.

Lease Liabilities				
Not Later than one year	264,961	482,386	264,961	482,386
Between one and five years	385,803	666,838	385,803	666,838
More than 5 years	2,036,603	2,040,824	2,036,603	2,040,824
	2,687,367	3,190,048	2,687,367	3,190,048

19 ACCOUNTS PAYABLE AND ACCRUALS

Interest accruals	2,211,531	2,860,836	2,211,531	2,860,836
Others	1,991,162	1,654,560	1,988,565	1,652,126
	4,202,693	4,515,396	4,200,096	4,512,962

20 DEBT SECURITIES ISSUED

Short term borrowings				
Term deposits	51,066,787	53,542,919	51,066,787	53,542,919
RBF Export Facility	5,786,760	25,689,108	5,786,760	25,689,108
FDB Registered bonds - face value	37,500,000	43,100,000	37,500,000	43,100,000
Total Short-term borrowings	94,353,547	122,332,027	94,353,547	122,332,027
Non-current - Bonds				
Term deposits	37,590,180	36,445,731	37,590,180	36,445,731
RBF Export Facility	226,652,405	199,422,702	226,652,405	199,422,702
FDB Registered bonds - face value	38,500,000	76,000,000	38,500,000	76,000,000
Long term borrowings	302,742,585	311,868,433	302,742,585	311,868,433
Total borrowings	397,096,132	434,200,460	397,096,132	434,200,460

The short-term borrowings have a repayment term of less than 1 year and have been guaranteed by the Government of Fiji. The interest rate for the short-term borrowing ranges from 1% to 4.66% (avg:2.01%) (2022:1.55% to 4.60%). The borrowings under RBF Import Substitution Export Finance Facility have term of 6 months to 5 years. The FDB registered bonds have a repayment term varying between 2 to 5 years and have been guaranteed by Government of Fiji.

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2023

21 OTHER LIABILITIES

	CONSOLIDATED		THE Bank	
	2023	2022	**2023**	2022
Current	**$**	$	**$**	$
Seed Capital Fund	2,370,615	2,336,091	2,370,615	2,336,091
Staff Savings account	3,048,358	2,800,409	3,048,358	2,800,409
Export Facility	1,077,228	1,077,228	1,077,228	1,077,228
Farmers Assistance Scheme	128,686	128,686	128,686	128,686
	6,624,887	6,342,414	6,624,887	6,342,414

Seed Capital Fund is a revolving fund from the Government of Fiji for lending to specialised business activities in forestry, fishing and eco-tourism. Principal repayments for the seed capital loans are added back to the initial fund for re-lending. Seed Capital Fund amounts that are not utilised are repayable to the Government. Staff savings are stated at amortised cost and are repayable on demand at an average interest rate of 2.5% per annum.

22 EMPLOYEE ENTITLEMENTS

At 1 July 2022	587,321	722,355	587,321	722,355
Utilised during the year	(690,263)	(626,160)	(690,263)	(626,160)
Arising during the year	586,234	491,126	586,234	491,126
At 30 June 2023	483,292	587,321	483,292	587,321

The employee entitlement includes accrued leave and gratuity. The gratuity is accrued for all tenure staff after continuous service of 10 years and the staff is eligible for payment on retirement after reaching the age of 55 years.

The employee entitlement's is represented as follows:

Current	339,035	508,724	339,035	508,724
Non-current	144,257	78,597	144,257	78,597
Total	483,292	587,321	483,292	587,321

23 CAPITAL

Authorised capital	100,000,000	100,000,000	100,000,000	100,000,000
Contributed capital	56,050,636	56,050,636	56,050,636	56,050,636

The Bank was formed by an Act of Parliament and the contributed capital of $56,050,636 consists of equity contribution from the Government of Fiji.

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2023

24 COMMITMENTS AND CONTINGENT LIABILITIES

	THE Bank	
	2023	2022
	$	$
(a) Commitments		
(i) Loans approved but not disbursed	12,701,431	19,127,973
(b) Capital Commitments		
(i) Work In Progress	284,705	450,000
(c) Contingent liabilities		
(i) Guarantees	54,516	-

25 RELATED PARTY TRANSACTIONS

Government

The related party transactions with Government have been disclosed in the respective notes of the financial statements. This includes notes 1,3,12, 20, 21 and 23.

Directors

The following are Directors of the Bank and the Group during the Financial Year ended 30 June 2023 and up to the date of this report.

Current directors

Mr. Andre Viljoen	Chairperson; resigned 26th January 2023
Mr. Damend Goundar	Chairperson; appointed 31st January 2023
Mr. Vadivelu Pillay	Term Ended 23rd December 2022
Ms. Maimuna Haniff	Appointed on 24th February 2022
Ms. Asilika Rogers	Appointed on 27th April 2022
Mr. Inia Rokotuiei Naiyaga	Term ended 23rd December 2022
Mr. Rajesh Patel	Term ended 23rd December 2022
Mr. Jagdish Singh	Appointed on 23rd January 2023
Mr. Salesh Kumar	Appointed on 30th March 2023
Mr. David Rovertson	Appointed on 30th March 2023
Ms. Emele Duituturaga	Appointed on 18th April 2023

	CONSOLIDATED		THE Bank	
	2023	2022	**2023**	2022
	$	$	**$**	$
Directors' expenses	107,676	95,463	107,676	95,463

Other related party transactions

Loans amounting to Nil (2022: Nil) were advanced to a Company where a director has a related party interest and are included in "Loans and Advances" (refer note 11).

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2023

25 RELATED PARTY TRANSACTIONS (continued)

Key Management Personnel

Details of compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

During the year the following persons were the Executives identified as key management personnel, with the greatest authority and responsibility for the planning, directing and controlling the activities of the Bank and the Group.

Name	Current title
Saud Minam	Chief Executive officer
Shaukat Ali	General Manager Relationship & Sales – Retired (05/10/2022)
Titilia Vakaoca	General Manager Relationship & Sales – Appointed (19/09/2022)
Bimal Sudhakar	General Manager Business Risk Services
Saiyad Hussain	General Manager Finance and Administration
Semisi Biumaiwai	General Manager Talent & Organizational Development

The aggregate compensation of the above key management personnel (excluding Directors) comprises only short-term benefits and is set out below:

	CONSOLIDATED		THE Bank	
	2023 $	2022 $	**2023 $**	2022 $
Short-term benefits	1,218,256	938,166	1,218,256	938,166

The Key Management Personnel are contracted employees and are entitled to short term benefits only. There is no long-term benefits payable. The 2023 benefits reflects the full year payment to the three General Managers.

Loans amounting to Nil (2022: Nil) to Executives are included in “Loans and Advances” (refer note 11).

26 RISK MANAGEMENT POLICY

Credit Risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from loans and advances. The credit risk framework is in place across the organization with the end-objective of ensuring a structured and disciplined approach in pursuing the targets mutually set by the board and management. The framework focuses on corporate mission, policies, procedures, people, skills, values, controls and portfolio balance exposures. It is supported by regular portfolio analysis and detailed underwriting evaluation that identifies risk areas / concentrations, with recommended risk remedies and monitoring procedures in order to avert any probable negative impact of the account and of the portfolio. The authority to make credit decision is layered. The Board risk committee retains the authority to approve loan amounts above a threshold that is set by the board. On the other hand, the management (EXCO) has authority and discretion to delegate defined approving limits to Risk Officers under certain conditions. The delegated credit decision authority, particularly below the threshold level is reviewed from time to time in respect of each Officer’s performance, exercise of delegated authority and changes to the Bank and the Group policy guidelines. Managers are also obliged to meet reporting and review requirements, to monitor credit risk exposure under their control and to report promptly any deteriorating situations that affect the Bank and the Group.

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2023

26 RISK MANAGEMENT POLICY (continued)

Credit Risk (continued)

The other component of the Bank and the Group's rating system for customers is a Client Quality Rating (CQR). This rating represents the Bank and the Group's view as to the "financial health" of the business during the past and in future. Furthermore, the Bank and the Group uses Credit Risk Rating (CRR) Systems, which were developed internally and integrates the different qualitative and quantitative variables of a borrower. The grading method takes into focus the history of the borrower, its financial performance, regulatory mandates (e.g. RBF regulations, Basel 2), industry/sectoral outlook, customer's liquidity to meet its contractual obligation and the probable loss in the event of default, a factor of the security value taken to support the facility. The credit risk grading system is robust and consistently applied on all borrowing customers. Any exceptions or variations on the risk grading for specific borrower is brought to EXCO or Board for final approval. The Bank and the Group considers and consolidates all elements of credit risk exposure (such as individual default risk, country risk and sector risk).

Forecasts are made using different statistical methodologies and pricing models in order to determine the relative volatility of the portfolios against market conditions. This includes forms of analysis such durated term of loan assets; interest rate elasticity and gaps, with the end-objective of maintaining a balance structure between the Bank and the Group's assets and liabilities; and a balance between developmental and commercial activities. As part of credit risk management process, portfolios are subjected to systematic stress tests in order to determine the probable loss of values due to changes in interest rates (financial market condition), default ratios and durated term structure. The stress testing also covers asymmetric risk-radicals that are unexpectedly sprouted on the portfolio thereby changing the estimated risk pattern previously established.

CREDIT RISK CONCENTRATION

The Bank lends to various industry sectors. The concentration of credit risk in relation to these industry sectors is set out below:

Industry	2023	2022
	$	$
Agriculture	71,359,250	91,973,011
Building and construction	75,373,045	72,097,630
Manufacturing	43,304,126	53,776,564
Mining and quarrying	1,057,900	920,396
Private individuals	7,381,087	11,393,188
Professional and business services	21,631,012	11,285,060
Real estate	66,300,002	57,237,505
Transport, communication and storage	127,070,133	55,979,184
Wholesale, retail, hotels and restaurants	85,713,996	181,080,664
Others	3,147,906	93,297,060
Total gross loans and advances	502,338,457	629,040,262

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2023

26 RISK MANAGEMENT POLICY (continued)

	THE Bank 2023 $	2022 $
IMPAIRED AND PAST-DUE ASSETS		
Non-accrual loans		
Gross	117,086,447	149,071,008
Less: Interest and Fees suspended	(22,008,209)	(25,629,335)
	95,078,238	123,441,673
Less: allowance for expected credit loss	(57,852,011)	(50,195,774)
Net non-accrual loans without allowance for expected credit loss	37,226,227	73,245,899
Restructured loans without allowance for expected credit loss		
Gross	52,284	53,401
Less: Interest and Fees suspended	(1,506)	(924)
Net restructured loans without allowance for expected credit loss	50,778	52,477
Restructured loans with allowance for expected credit loss		
Gross	-	-
Less: Interest and Fees suspended	-	-
	-	-
Less: Allowance for expected credit loss	-	-
Net restructured loans with allowance for expected credit loss	-	-
Other impaired loans		
Gross	403,817	3,184,172
Less: Interest and Fees suspended	-	36,960
	403,817	3,147,212
Less: Allowance for expected credit loss	-	-
Net other classified loans	403,817	3,147,212
Total impaired and past-due loans	37,680,822	76,445,588
Past-due loans but not impaired		
Gross	8,212,997	8,904,384
Less: Interest and Fees suspended	-	-
	8,212,997	8,904,384
Less: Allowance for expected credit loss		2,250
Total past-due loans	8,212,997	8,902,134

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2023

26 RISK MANAGEMENT POLICY (continued)

Impaired and Past-Due Assets (continued)

Ageing analysis of financial assets that are past due but not impaired or restructured

2023		1-3 months	3-6 months	6-9 months	9-12 months	More than 1 year
Loans & Advance	($)	7,837,214	321,077	44,779	-	9,927
2022		**1-3 months**	**3-6 months**	**6-9 months**	**9-12 months**	**More than 1 year**
Loans & Advance	($)	8,807,494	95,531	1,359	-	-

Default Risk

Default risk is a risk that some loans may not be repaid; implications of asset mix on risk-based capital and asset quality on ability to leverage the Bank and the Group's capital.

Credit risk details relating to the Bank and the Group are set out below:

Amounts arising from ECL Inputs, assumptions and techniques used for estimating impairment.
See accounting policy in Note 1(l).

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Bank and the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Bank and the Group's historical experience and expert credit assessment and including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:
- the remaining lifetime probability of default (PD) as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure.

The Bank and the Group allocates credit risk grades to each exposure based on certain data that is determined to be predictive of the risk of default and applying experienced credit judgment. A combination of qualitative and quantitative factors are used to assess risk of default. These factors vary depending on the nature of the exposure and the type of borrower. Customer accounts are graded internally and all existing customers are categorized A to F. Further, the individual accounts/customer groups are classified as Standard, Special Mention, Sub Standard, Doubtful and Loss for credit risk management purposes.

Each exposure is allocated to a credit risk grade at initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. The monitoring typically involves use of the following data:

- Information obtained during periodic review of customer files – e.g. audited financial statements, management accounts, budgets and projections. Examples of areas of particular focus are: gross profit margins, financial leverage ratios, debt service coverage and compliance with covenants;
- Payment record – this includes overdue status as well as a range of variables about payment ratios; and
- Existing and forecast changes in business, financial and economic conditions.

Generating the term structure of Probability of Default (PD) Credit risk grades are a primary input into the determination of the term structure of Probability of Default (PD) for exposures. The Bank and the Group collects performance and default information about its credit risk exposures by credit risk grading.

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2023

26 RISK MANAGEMENT POLICY (continued)

Significant increase in credit risk (continued)

The Bank and the Group employs statistical models to analyze the data collected and generate estimates of the remaining lifetime Probability of Default (PD) of exposures and how these are expected to change as a result of the passage of time. This analysis includes the identification and calibration of relationships between changes in default rates and changes in key macro-economic factors as well as in-depth analysis of the impact of certain other factors (e.g. forbearance experience) on the risk of default. For all exposures, key macro-economic indicators used is GDP as the main indicator and other indicators such as percentage change in tourism arrival, unemployment rate, based on publications by the trading economics (Bureau of Statistics) and Reserve Bank of Fiji. Determining whether credit risk has increased significantly. The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative changes in PDs and qualitative factors, including a backstop based on delinquency.

Using its expert credit judgment and, where possible, relevant historical experience, the Bank and the Group may determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis. Renegotiation of loans to customers in financial difficulties is a qualitative indicator of a significant increase in credit risk. As a backstop, the Bank and the Group considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due.

The Bank and the Group monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:
- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- the criteria do not align with the point in time when an asset becomes 30 days past due; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month Probability of Default (PD) (stage 1) and lifetime Probability of Default (PD) (stage 2).

Definition of default

The Bank and the Group considers loans and advances to be in default when:
- the borrower is unlikely to pay its credit obligations to the Bank and the Group in full, without recourse by the Bank and the Group to actions such as realising security (if any is held); or
- the borrower is past due more than 90 days on any material credit obligation to the Bank and the Group.

In assessing whether a borrower is in default, the Bank and the Group considers indicators that are: qualitative – e.g. breaches of covenant; quantitative – e.g. overdue status and non-payment on another obligation of the same issuer to the Bank and the Group; and based on data developed internally and obtained from external sources. Inputs into the assessment of whether loans and advances are in default and their significance may vary over time to reflect changes in circumstances.

Incorporation of forward-looking information

The Bank and the Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of Expected Credit Loss (ECL). Based on consideration of a variety of external actual and forecast information, the Bank and the Group formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by Reserve Bank of Fiji. The base case represents a most-likely outcome. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Bank and the Group carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios. The Bank and the Group has identified and documented key drivers of credit risk and credit losses for each portfolio of loans and advances and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2023

26 RISK MANAGEMENT POLICY (continued)

Measurement of ECL

The key inputs into the measurement of ECL are the term structure of the following variables:
- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information as described above. Probability of Default (PD) estimates are estimates at a certain date, which are calculated based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. If a counterparty or exposure migrates between rating classes, then this will lead to a change in the estimate of the associated PD. PDs are estimated considering the contractual maturities of exposures.

Loss Given Default (LGD) is the magnitude of the likely loss if there is a default. The Bank and the Group estimates Loss Given Default (LGD) parameters based on the history of recovery rates of claims against defaulted counterparties. The Loss Given Default (LGD) model considers the structure, collateral, seniority of the claim and recovery costs of any collateral that is integral to individual loans and advances. Loss Given Default (LGD) estimates are recalibrated for different economic scenarios. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

Exposure at Default (EAD) represents the expected exposure in the event of a default. The Bank and the Group derives the Exposure at Default (EAD) from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The Exposure at Default (EAD) of loans and advances is its gross carrying amount. For lending commitments, the Exposure at Default (EAD) includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. As described above, and subject to using a maximum of a 12-month PD for loans and advances for which credit risk has not significantly increased, the Bank and the Group measures Expected Credit Loss (ECL) considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Bank and the Group considers a longer period. The maximum contractual period extends to the date at which the Bank and the Group has the right to require repayment of an advance or terminate a loan commitment. Loans and advances are grouped on the basis of shared risk characteristics that include loan purpose and credit risk grading. The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

	2023				
	12 months ECL	Lifetime ECL not credit impaired	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Loans and advances to customers	**$**	**$**	**$**	**$**	**$**
Grade-Standard	240,047,066	-	-	-	240,047,066
Grade-Special mention	145,353,011	-	-	-	145,353,011
Grade-Substandard	-	38,891,417	-	-	38,891,417
Grade-Doubtful	-	-	4,425,121	-	4,425,121
Grade-Loss	-	-	-	73,621,842	73,621,842
	385,400,077	**38,891,417**	**4,425,121**	**73,621,842**	**502,338,457**
Loss on Allowance	**(34,435,221)**	**(25,698,121)**	**(2,281,661)**	**(50,203,134)**	**(112,618,137)**
Allowance for Interest and Fees					(21,923,200)
Carrying amount	**350,964,856**	**13,193,296**	**2,143,460**	**23,418,708**	**367,797,120**

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2023

26 RISK MANAGEMENT POLICY (continued)

Measurement of ECL (continued)

	2022				
	12 months ECL	Lifetime ECL not credit impaired	Lifetime ECL not credit impaired	Lifetime ECL credit impaired	Total
Loans and advances to customers	**$**	**$**	**$**	**$**	**$**
Grade-Standard	283,606,486	-	-	-	283,606,486
Grade-Special mention	193,125,196	-	-	-	193,125,196
Grade-Substandard	-	81,277,632	-	-	81,277,632
Grade-Doubtful	-	-	19,125,558	-	19,125,558
Grade-Loss	-	-	-	51,905,390	51,905,390
	476,731,682	**81,277,632**	**19,125,558**	**51,905,390**	**629,040,262**
Loss on Allowance	**(51,072,711)**	**(20,508,138)**	**(10,555,292)**	**(31,911,520)**	**(114,047,661)**
Allowance for Interest and Fees					(26,217,456)
Carrying amount	**425,658,971**	**60,769,494**	**8,570,266**	**19,993,870**	**488,775,145**

Liquidity Risk Management

Liquidity risk involves the inability of the Bank and the Group to fund increases in assets, manage unplanned changes in funding sources and to meet obligations when required, without incurring additional costs or inducing a cash flow crisis. The Bank and the Group generates its funding through issuance of bonds, with one to seven years' maturities, term deposits and promissory notes of maturities less than a year. The Bank and the Group's strong and effective liquidity risk management policy and framework ensures that the Bank and the Group has sufficient liquid assets to meet liabilities that fall due in the short term and to meet any unexpected demands for funds by its depositors or creditors. The Bank and the Group's executive committee manages the Bank's liquidity and cost of funds. The Bank and the Group performs a daily cash forecast for the next three months (one quarter) to identify any probable liquidity stress points. In addition to this, the Bank and the Group performs a stress-test on its cost of funds twice a month to measure any probable deviation from its forecasted forward rates and cost benchmarks by:

- quantifying liquidity outflows in all scenarios for each risk driver;
- identifying cash flows to mitigate liquidity shortfalls identified; and
- determine net liquidity position under each scenario.

Since the Bank and the Group does not have trading activities or hedge facilities to cushion unexpected liquidity gaps, it retains a policy of maintaining 10% of its total liability position in liquid assets at all times. Fully aware of maturity mismatched between its assets and liabilities, the Bank and the Group places a heavy emphasizes on collection efficiency of its lending units. The determination of the adequacy of FDB's liquidity position depends upon an analysis of the Bank and the Group's position relative to the following factors:

- historical funding requirements;
- current liquidity position;
- anticipated future funding needs;
- present and anticipated asset quality;
- present and future earning capacity; and
- sources of funds.

All of the Bank and the Group's interest rates during the time of borrowing are fixed. Therefore, there is no material sensitivity to changes in interest rates.

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2023

26 RISK MANAGEMENT POLICY (continued)

Liquidity Risk Management (continued)

Maturity Analysis

The following analysis of financial liabilities is based on remaining contractual terms to maturity.

2023	At call	1 day to 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Specific provision	Total
	$	$	$	$	$	$	$
Assets	(000)	(000)	(000)	(000)	(000)	(000)	(000)
Debt financial assets at amortised cost	-	-	-	-	-	-	-
Loans and advances	15,619	7,838	174,275	131,085	173,521	(57,575)	444,763
Other Receivables	689	917	-	-	-	-	1,606
Total	16,308	8,755	174,275	131,085	173,521	(57,575)	446,369
Liabilities							
Other Liabilities	6,625	-	-	-	-	-	6,625
Accounts Payable	4,200	-	-	-	-	-	4,200
Borrowings	-	29,641	64,712	302,743	-	-	397,096
Total	10,825	29,641	64,712	302,743	-	-	407,921
2022							
Assets							
Debt financial assets at amortised cost	-	-	-	-	-	-	-
Loans and advances	6,202	6,374	213,861	182,291	220,312	(50,196)	578,844
Other Receivables	747	1,993	-	-	-	-	2,740
Total	6,949	8,367	213,861	182,291	220,312	(50,196)	581,584
Liabilities							
Other Liabilities	11,154	-	-	-	-	-	11,154
Accounts Payables	4,513	-	-	-	-	-	4,513
Borrowings	-	34,636	87,696	310,868	1,000	-	434,200
Total	15,667	34,636	87,696	310,868	1,000	-	449,867

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2023

26 RISK MANAGEMENT POLICY (continued)

Market Risk

Market risk refers to the uncertainty of future earnings resulting from changes in interest rates, exchange rates, market prices and volatilities. Normally financial institutions assume market risk from consumer and corporate loans, position taking, and trading and investment activities.

The impacts of market risks to the Bank and the Group are on three dimensions, namely:
- Interest rate movement as it impacts the overall weighted cost of funds;
- As it impacts the interest rate margin; and
- As it changes the value of the earning assets; or putting it in another perspective, as it changes the value-at-risk of earning assets.

The strategy for controlling the Bank and the Group's market risk involves:
- Investing surplus funds in other Banks and financial institutions;
- Stringent control and limits;
- Timely Review of loan and deposit pricing;
- Regular independent review of all controls and limits; and
- Rigorous testing and auditing of all pricing, trading, risk management and accounting systems.

Market risk analysis is focused on the contemplated term of borrowing, which is then expressed by the rate offers of the Bond or Promissory Note buyers. In line with the term structure of interest rate defined by the financial market (investors or lenders), the Bank and the Group further consider the impact of such rates to its overall cost of funds. To achieve this, the Bank and the Group determines a benchmark on its weighted average cost of funds and stresses this benchmark by simulating different rate levels which the market may tender, when the Bank and the Group makes its offering.

In relation to overall cost of borrowings, the Bank and the Group re-calibrates its interest rate margin, which is the difference between the average interest yield of earning assets and the projected weighted average cost of funds. To cure the probable risk on margins, the Bank and the Group uses the reference curve approach where the durated term of groups of earning assets is matched with the durated term of group of fund sources. By matching the durated term and yield of earning assets with specific durated term and cost of borrowings, the target margin is often achieved under normal conditions. While the Bank and the Group's assets are of longer term maturities, they are repriced after a certain period thereby enabling the Bank and the Group to change its pricing structure and protecting its target interest margins.

The volatility of market interest rates impacts the value of the Bank and the Group's earning assets (also known as value-at-risk). While loan assets carry a repricing provision, they are committed for a fixed and long term, thereby making the asset structure immobile for probable contraction when warranted. Given these conditionality's, the Bank and the Group forecasts the probable market interest rates and measures its value-at-risk on its assets under the forecast conditions. Historical value at risk is used to determine the relative depletion of asset value at existing conditions. Forecast value at risk is then computed based on simulated conditions, integrating thereto the other risk variables that would impact the value at risk.

The value-at-risk is analyzed based on "likelihood to happen" (very low, low, medium, high and very high) and the respective consequences of each likelihood which is then measured in terms of probable losses (dollar values – quantitative; and reputational impact - qualitative).

Sensitivity Analysis

Market Risk

Market risk sensitivity due to ± 2.50% fluctuation in weighted average lending rate

	As at June 2023	Increase in Lending Rate (+2.50%)	Decrease in Lending Rate (-2.50%)
Weighted Average Lending Rate (%)	5.38	7.88	2.88
Interest Income ($)	33,738,703	12,558,461	(12,558,461)
Impact on profit or loss ($)	3,828,028	12,558,461	(12,558,461)

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2023

26 RISK MANAGEMENT POLICY (continued)

Operational Risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk but excludes strategic and reputational risk.

The Finance and Administration, through its Marketing and Business Development Unit develops the policies governing the operations of the Bank and the Group. The Internal Audit Department oversees the implementation of these policies and procedures across the organization. A more recent development is the application of Risk Base Audit in contrast with the traditional audit approach where compliance is the focus.

Most operational risks are best managed within the departments in which they arise. However, overall planning, coordination, and monitoring should be provided by a centralized operational risk management department. This should closely coordinate with market risk and credit risk management departments within an overall enterprise risk management framework.

27 COMPARATIVES

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current Financial Year amounts and other disclosures.

28 SIGNIFICANT EVENTS

There were no significant events during the year.

29 SUBSEQUENT EVENTS

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 a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the Group, the results of those operations or the state of affairs of the Bank and the Group in subsequent Financial Years.

30 ADJUSTMENTS MADE IN CHANGES IN EQUITY

Statement of Changes in Equity and Statement of Financial Position			
Consolidated	**As reported 2022**	**Adjustment**	**Restated 2022**
Revaluation reserve	17,128,968	(1,100,516)	16,028,452
Accumulated profits	95,119,629	1,100,516	96,220,145
The Bank			
Revaluation reserve	17,128,968	(1,100,516)	16,028,452
Accumulated profits	94,871,845	1,100,516	95,972,361

The Bank disposed previously revalued properties it held in Nadi and Labasa in prior years. The corresponding revaluation components were not released to Accumulated profits at the time of disposal. This is now being corrected resulting in a prior period adjustment to Reserves and Accumulated Profits. The prior period adjustment does not impact Net Profit for any year or Net Assets of the Bank and the Group for any of the years presented. The correction relates to specific accounts within the Bank and the Group's equity.

Suva Branch
360 Victoria Parade,
G.P.O. Box 104, Suva.
Ph: (679) 331 4866

Ba Branch
Varoka,
P.O. Box 110, Ba.
Ph: (679) 667 4211

Labasa Branch
Nasekula Road,
P.O. Box 41, Labasa.
Ph: (679) 881 1944

Lautoka Branch
38 Vitogo Parade,
P.O. Box 716, Lautoka.
Ph: (679) 666 0639

Nadi Branch
Main Street,
P.O. Box 1718, Nadi.
Ph: (679) 670 1900

Nausori Branch
60 Main Street,
P.O. Box 317, Nausori.
Ph: (679) 347 7277

Rakiraki Branch
Vaileka Parade,
P.O. Box 82, Rakiraki.
Ph: (679) 669 4088

Savusavu Branch
Hugh Street, Verevere,
P.O. Box 42, Savusavu.
Ph: (679) 885 0055

Seaqaqa Branch
Seaqaqa Township,
P.O. Box 62, Seaqaqa.
Ph: (679) 886 0166

Sigatoka Branch
Vunasalu Road,
P.O. Box 81, Sigatoka.
Ph: (679) 650 0122

Taveuni Branch
Ground Floor,
First Light Inn Building, Waiyevo.
P.O. Box 215, Waiyevo, Taveuni.
Ph: (679) 888 0084

F·D·B

your partner in progress

HEAD OFFICE:
360 Victoria Parade, Suva, Fiji.
G.P.O. Box 104, Suva, Fiji.
Ph: (679) 331 4866
Website: www.fdb.com.fj

Fiji Development Bank
info@fdb.com.fj