



STANDING COMMITTEE ON ECONOMIC AFFAIRS

Review of Fiji Development Bank 2018 Annual Report



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Chairperson's Foreword

The Standing Committee on Economic Affairs is pleased to report to Parliament, its findings and recommendations on the Fiji Development Bank 2018 Annual Report.

The year 2018 marked a milestone for the Bank as it celebrated 50 years of existence in Fiji, 50 years of continuous dedication and fruitful contribution towards increasing and improving the country's economic growth as well as uplifting the lives of countless Fijians.

2018 was also the year in which the Bank started the implementation of the 2018-2022 Strategic Plan. The launch of the plan enabled the Bank to make significant progress in areas such as Green Climate Fund activities, improved cost management, diversifying established funding base and revenue streams. The Committee also acknowledges FDB's commitment towards achieving SDGs.

Despite the challenges faced, the Bank achieved a respectable net profit of \$7.411M. The Committee commends the Bank's continuous efforts towards the Agricultural sector reflecting an increase of 11.5% in 2018 over 2017. Further to this, the Committee welcomes the new products and services designed by FDB such as the Yaubula term deposit and Agriculture Family Loan facility.

The Bank continues to work towards Gender Equity and Social Inclusion Policy to enhance women and youth participation in the Bank's portfolio which is commendable.

Finally, I would like to thank our Committee Members - Deputy Chairperson- Hon. Veena Bhatnagar, Hon. George Vegenathan, Hon. Ro Filipe Tuisawau, Hon. Viliame Gavoka and Hon. Inosi Kuridrani. I also take this opportunity to acknowledge and thank the Parliamentary Staff who have given us invaluable support.

On behalf of the Standing Committee on Economic Affairs, I commend the Fiji Development Bank 2018 Annual Report to the Parliament.



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Chairperson – Hon. Vijay Nath

1.0 Introduction

1.1 Background

The Fiji Development Bank (FDB) is an autonomous statutory body that was established on 1 July 1967 under the Fiji Development Bank Act. The Bank works with the mandate to facilitate and stimulate the promotion, development of natural resources, transportation and other industries and enterprises in Fiji. In the discharge of these functions it gives special consideration and priority to the economic development of the rural and agricultural sectors of the economy of Fiji.

The FDB Board comprise four Directors who are appointed by the Minister of Economy. The Board is ultimately responsible for all decision making while upholding the interest of shareholders.

For the year 2018, the Bank's total assets grew up to \$467.645m compared to \$402.060m in the year 2017. Further to this, the Bank's gross loan portfolio stood at \$487.06m, an improvement of \$48.95m (11.17%) over the 2017 financial year. These growths were attributed to effective customer relationship and efficient lending methods which, as a result, attracted more Agriculture, SME and Corporate customers whilst maintaining the existing ones.

The Bank continued to uphold its Corporate Social responsibility and role in Community and environment through various initiatives. This included the Bank's Small and Medium Enterprise Awards and Financial Literacy programme. Money Smart and Invest Smart being part of these literacy programmes have been incorporated into high school curriculum.

1.2 Committee Remit and Composition

The Committee is made up of five (5) Members of Parliament, three (3) of which are Government members and two Opposition members. According to Section 109(2)(a) the Standing Committee is responsible to look into matters related to economic development, finance, banking and taxation.

2.0 Findings and Recommendations

1. Despite the challenges faced, the Bank achieved a respectable net profit of \$7.411M, albeit a 9.12% decrease in comparison to 2017.

Even though, the Bank's total operating revenue recorded an impressive growth of 23.52%, the Committee noted an 11.31% increase in operational expenses. These included one off costs such as the 50th Anniversary expenses, Job Evaluation Implementation and internal office renovations, which impacted the 2018 profits. The Committee commends FDB for maintaining a consistent profit level but looks forward to measures towards reducing operational costs.

2. The Committee notes that on a consolidated basis, 1022 Accounts (19.8%) in the non-focus sector comprise 54.63% of total lending (\$266m) as in comparison to the focus sector with 4128 accounting for 45.37% (\$220m). The Committee is pleased to note that for 2018, the trend for new loan approvals is 69.3% (\$84.5m) for the focused sectors and 30% (\$37.3m) for the non-focused sector.
3. The Committee commends the Bank's continuous efforts towards the Agricultural sector despite the high risks involved. This was reflected through an increase in lending by 11.5% in 2018 compared to 2017.
4. The Committee welcomes and commends the new products and services designed by FDB such as;
 - i) The Yaubula term deposit – designed to strengthen the Bank in terms of sources of Funds.
 - ii) FDB Agriculture Family Loan Facility – designed to assist farming families who have no lease or formal ownership of land which they occupy and work on.
5. The Committee applauds the Green Climate Fund (GCF) commitment by the Bank in supporting a nomination made by the Fijian Government to the United Nations Framework Convention on Climate Change (UNFCCC). The Committee notes that the Accreditation is nearing completion and recommends that necessary compliance requirements are completed soonest. The Committee emphasizes that obtaining Accreditation will provide the means to marshal unprecedented levels of international agency and private sector support both financial and technical through GCF.
6. The Committee commends the role played by FDB in partnership with Ministry of Industry, Trade and Tourism (MITT) in the development of Micro and Small Business entrepreneurs through grant disbursements which benefitted 38,000 recipients at a success rate of 75%.

7. The Committee was informed that FDB Nominees Limited has been dormant for some time. The Committee recommends that its role be reviewed to ultimately meet the needs of those who need assistance from this Entity as originally intended.
8. The Committee notes and commends the various Human Resource initiatives, in particular the Job Evaluation and Remuneration review exercise where the salary packages were aligned to competitive Market Rate, thus creating a sustainable Human Resource environment.
9. The Committee commends FDB for its Disaster Rehabilitation Package which plays a major role in supporting rehabilitation and reconstruction through loan flexibility, such as grace periods and concessional interest rates. The Committee encourages other initiatives which would further assist in disaster rehabilitation.
10. The Committee compliments the initiative towards Financial Literacy Awareness which are now carried out in the three major languages; English, iTaukei and Hindi.

3.0 Gender Analysis

Gender is a critical dimension to parliamentary scrutiny. Under Standing Order 110 (2) the Committee is required to ensure full consideration to the principle of gender equality so as to ensure all matters are considered with regard to the impact and benefit on both men and women equally.

In 2018, the Bank was working towards the completion of its Gender Equity and Social Inclusion Policy designed to be formally incorporated into Bank policies and procedures.

Further, the Bank celebrated women entrepreneurs, at its National SME Awards, that have demonstrated innovative traits or business methods and outstanding qualities in developing and growing the business with a commitment in empowering others in the community along with promoting environmental awareness.

The following is the staff composition at FDB as of 2018:

Women to Men Ratio	Male	Female
in Employment	52	47
in Leadership Role	17	6

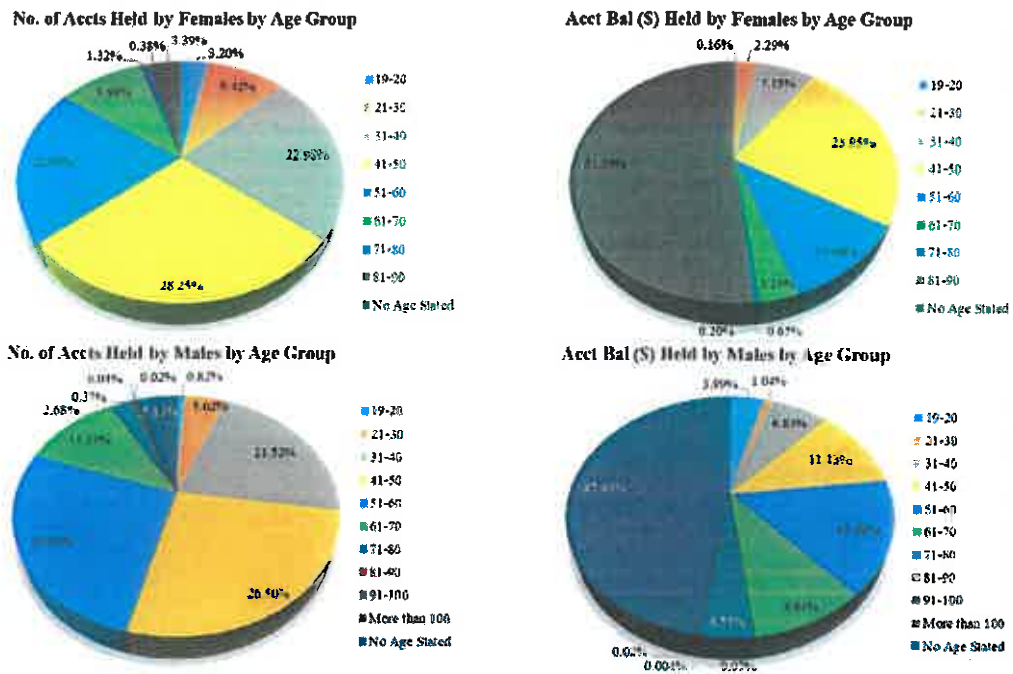


Fig 1.0 (Source: FDB presentation to the Committee)

- Youths¹ made up 7.18% of the total loan portfolio by value and 16.27% by number. Out of this, 0.29% by value and 2.52% by number are females.
- It is important to note that there is no age stated for 255 accounts with a value of \$257.64million. Out of these, 18 are females with a value of \$12.71million and 237 are males with a value of \$244.92million.
- The Total Bank portfolio comprises of 10.31% female clients and 89.69% male clients as at July 2019.

¹ Youths are classified as individuals who are 19-35 years of age.

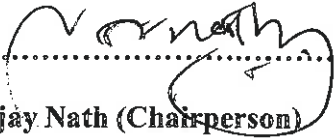
4.0 Conclusion

The Committee is pleased with the overall performance of the Fiji Development Bank. Integral to this is the launch of the three year strategic plan which is a development financing roadmap believed to be most inclusive and engaging in FDB's history.

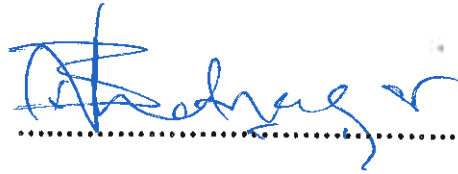
The Committee encourages FDB to continue its progress towards achieving the SDGs under its remit.

In closing, the Committee congratulates FDB on its 50th Anniversary.

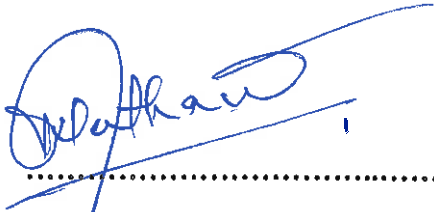
Members Signature



Hon. Vijay Nath (Chairperson)



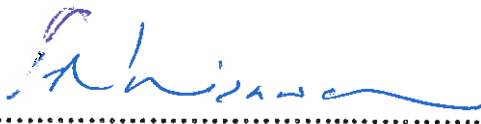
Hon. Veena Bhatnagar (Deputy Chairperson)




Hon. George Vegnathan (Member)



Hon. Inosi Kuridrani (Member)



Hon. Ro Filipe Tuisawau (Member)



Hon. Viliame Gavoka (Alternative Member)

STANDING COMMITTEE ON ECONOMIC AFFAIRS

FDB ANNUAL REPORT 2018

Introduction

The Fiji Development Bank's 2018 Financial Year begun on a celebratory note marking 50 consistently fruitful years of delivering development outcomes for Fiji and her people.

The year saw a number of transformational projects and initiatives generated by the much-anticipated 2018-2020 Strategic Plan for the Bank focusing on the areas of Financial, Customers, Internal Business Processes, Learning and Growth, Employee Engagement and Community and Environment.

The Bank significantly expanded its portfolio through extensive outreach programs to its customer and providing innovative business solutions and products.

Successful application for Green Climate Fund (GCF) accreditation for Fiji from the 18th Meeting of the GCF Board on 2 October in Cairo brought in further celebration for the Bank. This accreditation would open up new opportunity for the Bank in project lending and advocacy, where Bank's climate mitigation and adaptation initiatives dovetail with Government plans for cushioning the negative impact of global climate phenomena, and achieving 90% renewables by 2030.

The Board

Under the Fiji Development Bank Act, the Minister of Economy appoints the Board of Directors. The Board is ultimately responsible for all decision making while upholding the interest of Shareholders and all Stakeholders.

The Board of Directors during the 2018 financial year were as follows:

1. Mr. Robert Lyon: Chairman
2. Mr. Wella Pillay: Deputy Chairman
3. Mr. Inia Naiyaga: Member
4. Mr. Rajesh Patel: Member

The Board meets very second month and Board Committee meetings are held every quarter.

The Board Committees are as follows:

Audit Committee

Credit Risk Committee

Talent and Organizational Development Committee

Given the urgency for approval of large loans, the Board Credit Risk Committee usually delivers decisions by flying minute.

Executive Management

The Executive Management for the financial year 2018 were as follows:

1. Mr. Mark Clough: Chief Executive Officer
2. Mr. Nafitalai Cakacaka: General Manager Business Risk Services
3. Mr. Saiyad Hussain: General Manager Finance and Administration
4. Mr. Tevita Madigibuli: General Manager Relationship and Sales (Retired June 2018)
5. Ms. Mere A. Asi: General Manager Talent and Organizational Development

The Executive Committees meetings are held every fortnight to review operations and make operational decisions.

FDB 2018 OVERVIEW

Achievements and Key Highlights for Financial Year 2018

The completion of the 2018 financial year was a milestone achievement year for the Bank, as it celebrated its 50 years of existence in Fiji and started execution of its 2018-2020 Strategic Plan with the focus on delivery of the Bank's Mission and Vision in an increasingly competitive environment. Despite the challenges faced, the Bank achieved a record net profit of \$7.411M, albeit a 9.12% decline in comparison to 2017. However, against this decrease, the Bank's total operating revenue recorded impressive growth of 23.52%. As part of its customer retention strategy, the Bank was also able to retain the majority of its corporate customer base, while achieving a growth of 11.17% in its customer portfolio.

Profitability Structure

Income Statement (\$mm)	2018 (\$mm)	2017 (\$mm)	Change (\$mm)	Change rate (%)
Interest Income	32,423	25,369	7,054	27.81
Interest & Other Borrowing Expenses	(9,251)	(7,412)	(1,839)	(24.81)
Net Interest Income	23,172	17,957	5,215	29.04
Net Fees Income	4,249	3,801	0,448	11.79
Other Income	2,867	2,763	0,104	3.76
Total Operating Income	30,288	24,521	5,767	23.52
Operating Expenses	(13,761)	(12,363)	(1,398)	(11.31)
Profit before Allowances	16,527	12,158	(4,369)	(35.94)
Total Allowances	(9,116)	(4,003)	(5,113)	(127.73)
Net Profit	7,411	8,155	(0,744)	(9.12)

Operating Income versus Operating Cost

The Bank's total operating income for the 2018 Financial Year was \$30.288M, against total operating expenses of \$13.761M. Total allowance for credit impairment (loan provision) increased by \$5.113M compared to the previous financial year.

Asset Growth

The Bank's financial position further strengthened from 2017 with an increase in total assets from \$402.060M in 2017 to \$467.645M in 2018. The Bank's gross loan portfolio stood at \$487.06 million, an improvement of \$48.95 million (11.17%) over 2017 Financial Year. Portfolio growth was achieved through effective customer relationships and efficient lending methods, which combined to attract more Agriculture, SME and Corporate customers, while retaining existing ones. The Bank's liquid assets, fixed assets and other receivables also recorded increases over 2017.

	Portfolio	% of total portfolio	No of Accounts
Focus Sector	: \$220.98M	45.37%	4,128
Non focus Sector	: \$266.07M	54.63%	1,022

During the 2018 Financial Year, a total of 1,621 applications worth \$121.86 million were approved, an increase of 15.79% by number when compared to 2017. The value of applications received during the year rose by 19.41% when compared to the 2017 Financial Year.

Market Share

For 2018 Financial year, based on total loans and lease advances outstanding by all commercial banks and other licensed credit institutions, the Bank held market share of 6.54%, showing an increase of 0.3% over 2017 Financial Year.

The Bank is notable for holding majority of Agriculture Sector lending in Fiji, with a 58.60% market share. This is an increase of 11.55% in comparison to 2017 Financial Year, and reflects the steadfast commitment of the Bank to ongoing support for clients in this critical sector.

The Bank was a prominent contributor during the year to other key economic sectors such as Building and Construction, Manufacturing, Transport, Communication and Storage, and Professional Business Services. With growth anticipated in Fiji's Tourism and Infrastructure Development industries, the Bank is slowly gaining market share there also.

The Bank has maximum outreach to the remote /rural areas with potential for economic growth, particularly in Agriculture and SME sectors. The Bank has Branches spread throughout Fiji: Central/Eastern - Suva and Nausori, Western Division - Sigatoka, Nadi, Lautoka, Ba and Northern Division - Nabouwalu, Seaqaqa, Labasa, Savusavu and Taveuni.

Cost of fund

As a development Bank, FDB has the challenging task of balancing low lending rates against a high cost of funds, an area where commercial banks have the upper hand. The cost of funds as at

June 2018 was 3.28%, an increase of 0.01%. The Bank usually borrows from the market to on-lend to customers.

To diversify its funding base, the Bank ventured into accepting of term deposits with the successful launching of the “Yaubula” Term Deposit product.

2018 – 2020 Strategic Plan

Within the first year of the launch of the 2018 -2020 Strategic Plan, the Bank has made a significant progress in the areas of

- Green Climate Fund activities;
- diversifying the established funding base and revenue streams;
- improved cost management;
- facilitating improved customer responsiveness;
- improving corporate visibility through asset renovation;
- technological renewal and process re-engineering;
- product development and renewal;
- improving workforce culture, competencies and communication;
- community programs and business linkages.

Green Climate Fund Accreditation

From the 18th Meeting of the GCF Board on 2 October in Cairo, news of Fiji’s successful application for GCF accreditation through FDB represented the culmination of two years of committed effort by the Bank in support of a nomination made by the Fijian Government to the United Nations Framework Convention on Climate Change (UNFCCC).

From here formal accreditation has started to take place upon the Bank satisfying a number of conditions, including the review and any necessary further development of key policies and procedures. As of the end of the 2018 Financial Year, this process was nearing completion with the assistance provided from USAID, UNEP, World Bank, ADB, WRI, GGGI, NDA, and UNDP.

Talent and Organizational Development and Culture Change

In the 2018 Financial Year, the Bank embarked on a programme to transform staff behaviour and attitude, strengthen leadership qualities and bring about the alignment of HR systems and policies to improve on performance and deliveries at every level to result in superior outcomes for our customers.

The initiatives focused on engaging staff, promoting their growth and learning and building careers. These included:

- the review, amendment and re-awareness of staff related policies;

- design of new Performance Management System;
- formulation of a comprehensive Bank-wide training plan;
- the launch of the first Emerging Leaders Programme (ELP);
- job evaluation exercise;
- introduction of Employee Excellence Awards (EEAs);
- staff health and wellness programmes;

Micro and Small Business Grant Disbursement

The Bank once again partnered with the Ministry of Industry, Trade & Tourism (MITT), in an important programme of grant disbursements to aspiring Micro and Small Business entrepreneurs. This also included rehabilitation funds for those that had been impacted due to Tropical Cyclone Winston.

The Bank hopes these grants will serve as effective seeds of further economic growth, and as springboards to additional funding to assist viable businesses through the next critical stages of their development.

New Products and Services

During 2018, in order to remain relevant to customers while contributing to the growth of the Fijian economy and the advancement of Fijians, the Bank developed a number of new products and reviewed existing ones. Some of these included:

- financing of tractors and farm implements for cane farmer co-operatives, an important initiative to drive efficiency in the important Sugar sector;
- a complete review of its taxi portfolio which focused on the review of internal policies and procedures to address risk, as well as providing more definition to our customers in this major transport sub-segment;
- development of cash flow financing product targeting infrastructure projects was also developed;
- the launch of Yaubula term deposit product;
- plans on launching Agricultural loan product, designed to assist experienced and otherwise qualified farming families who have no lease or formal ownership of the land on which they occupy and work.

50th Anniversary Celebrations

In 2018, the Bank celebrated its 50th Anniversary. Programme of special events spanned an entire twelve months, engaging FDB customers, management, and all members of staff across Fiji.

The tone was set with a high-profile launch function staged on 28 July, 2017 at Suva's Grand Pacific Hotel. The event attracted extensive media coverage and provided a platform to showcase the Bank's 2018 – 2020 Strategic Plan.

The other functions included:

- included the presentation of awards to our longest-established customers and longest serving staff in the Central and Eastern Divisions;
- significant upgrade of the Bank's webpage, resulting in a more interactive and informative interface;
- lasting recognition for four former Chief Executive Officers of the Bank, with the unveiling of their portraits in a new Hall of Fame at the Head Office Customer Service area;
- annual launch of the National SME Awards.

Corporate Social responsibility and Community and Environment

1. The Banks Small and Medium Enterprise Awards

Held annually to encourage the growth of Micro and Small Enterprise by providing a platform for competitive recognition and national exposure.

2. Financial Literacy – two programmes are;

Money Smart – part of the Commercial Studies syllabus of 162 Fiji Secondary Schools. Key elements include, budgeting, opening a saving accounts, and starting a saving plans.

Invest Smart - teaches students how to identify opportunities for investing their savings.

Each year close to 30,000 students benefit from the two programmes.

The Bank also stepped up as a good corporate citizen by lending its support to various initiatives fostering community and environmental development, through enhanced sponsorship programmes.

HOW POLICIES AND PROGRAMS BENEFIT AND IMPACT ON BOTH MEN AND WOMEN AND FDB'S INITIATIVES TOWARDS PROMOTING GENDER EQUALITY

FDB's Support for Social Inclusion

During the 2018 Financial Year, FDB proudly continued its association with the Viti Spinal Injuries Association of Fiji, a non-profit organisation committed to improving the quality of life for people living with spine-related impairments. The Association's vision is of an integrated community in which affected individuals are valued as highly as anyone else, and ensured equal access to everything society has to offer.

This precisely mirrored the Bank's own thinking.

Gender Equity and Social Inclusion Policy

The development of FDB products in which inclusion is specifically inbuilt is already underway. In 2018, the Bank was working to complete a Gender Equity and Social Inclusion Policy designed around these same objectives. We intend to eventually see inclusion for all formally incorporated in all Bank policy, and in every operational and service delivery decision taken by the Bank.

Women in Leadership Positions

In 2017, the Bank appointed a woman to an executive management role. A new General Manager position was established for Talent and Organisational Development (TOD) where Ms Mere Asi was appointed. Mere is a highly experienced banking professional, and under her leadership the Bank's staff management and development processes have already undergone significant change. At the Middle Management Level, the Bank has 5 women Managers (same in 2017) and 10 Team Leader level.

Youths and Women in Development

The Bank's enduring commitment to projects contributing to poverty eradication and the economic empowerment of women and youths was once again evident in 2018: FDB continued its support of the country's largest microfinance body, South Pacific Business Development Microfinance Ltd (Fiji). The Bank works closely with SPBD as it continues to rehabilitate its operation since the devastation of natural disasters to be able to continue to lend to the micro finance sector, most of whom are women. The Bank has had to rehabilitate the SPBD account. On annual basis, the SPDB organizes an annual awards event, for which the Bank plays an important role as one of the judges that sits on the panel.

The Continuing Market for Change Business Fair, also won staunch FDB support. The event formed part of an international initiative of the United Nations Development Programme (UNDP) to promote gender equality, economic empowerment, safety and security for those seeking to earn a living in public markets.

Community programs included financial contributions to organisations aligned with our mandate, including those involved in wellness, social inclusion, dialogue, women in business, financial literacy and promoting SMEs.

During the presentation of awards to our longest-established customers at the occasion of FDB's 50th anniversary celebrations launch, FDB recognized Mrs Chandra Lekha, a valued FDB client since 1976 and Mrs. Parbha Wati, a valued FDB client since 1995.

Further, the Bank celebrated women entrepreneurs that have demonstrated innovative traits or business methods and outstanding qualities in developing and growing the business with a commitment of empowering others in the community and promoting environmental awareness at its National SME Awards.

Staff:

Percentage of Women to Men Ratio in Employment: 52 males and 47 females.

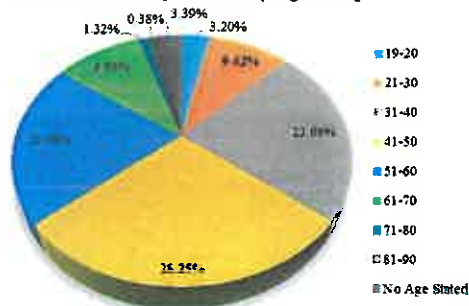
Percentage of Women to Men Ratio in Leadership Role: 17 males and 6 females.

Customers:

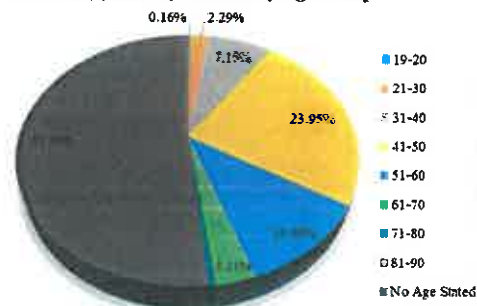
Gender/Age Analysis

1. The following pie chart displays the details of loans by gender and age group as at July 2019.

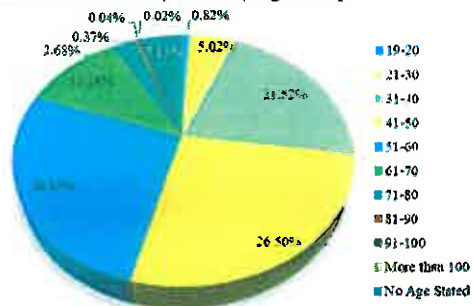
No. of Accts Held by Females by Age Group



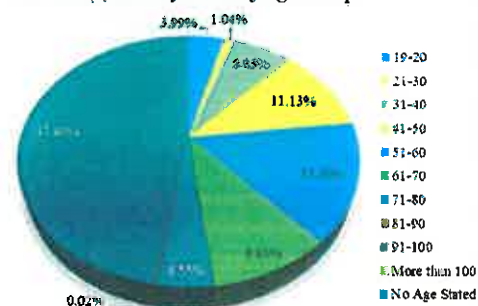
Acct Bal (\$) Held by Females by Age Group



No. of Accts Held by Males by Age Group



Acct Bal (\$) Held by Males by Age Group



- Youths¹ made up 7.18% of the total loan portfolio by value and 16.27% by number. Out of this, 0.29% by value and 2.52% by number are females.
- It is important to note that there is no age stated for 255 accounts with a value of \$257.64million. Out of these, 18 are females with a value of \$12.71million and 237 are males with a value of \$244.92million.
- The Total Bank portfolio comprises of 10.31% female clients and 89.69% male clients as at July 2019.

¹ Youths are classified as individuals who are 19-35 years of age.

FDB'S COMMITMENT IN ADVANCING THE SUSTAINABLE DEVELOPMENT GOALS (SDGS) AND NATIONAL DEVELOPMENT PLAN TARGETS (NDPS)

The Fiji Development Bank [FDB] has continued to pursue its mandate and over fifty years it has positioned itself as a financially sustainable instrument critical to the Fijian economy.

FDB is committed to the SDGs, which is expressed in the Bank's 2018-2020 Strategic Plan. The Plan is a development financing roadmap that is for the first time most inclusive and engaging in FDB's history.

The Bank plays an important role in providing financial solutions that promote prosperity, which is the overall objective of the SDGs.

The Bank's focus has been on delivering not only on outputs related to the SDGs and its own mission and vision, but also on Government budget initiatives, the National Development Plan, and on obligations attached to our Green Climate Fund (GCF) accreditation conditions.

FDB contributed towards realizing the goals in the National Development Plan by supporting and promoting inclusive socio-economic development, reducing unemployment, promoting food and nutrition security initiatives, access to clean and safe water, proper sanitation, clean energy, quality education and healthcare facilities. The Bank has also addressed youth unemployment and promoted women in development. FDB has also committed towards improving the transportation sector and digital connectivity while nurturing new and emerging growth sectors. Building vibrant cities and towns and a stronger rural economy has also been part of FDB's financial solutions.

Agriculture

In 2018, FDB committed \$102.35 million into the market to support a competitive, sustainable and value-adding agriculture sector in Fiji.

The Bank is notable for holding majority of agriculture sector lending in the country, with 58.60% market share as reported in the 2018 annual report. There was an increase of 11.5% in comparison to 2017.

Sugar Industry

FDB invested \$19.96 million into the market to support a sustainable sugar industry in Fiji. With the industry playing an important role in Fiji's socio-economic development, FDB has committed to support adoption of mechanization. Loans advanced to Fiji Sugar Corporation, cane co-operatives and individual farmers in 2018 were allocated to the purchase of harvesters and other machinery.

Forestry

Similarly, FDB committed \$6.06 million to support sustainably managed and developed forestry resources in Fiji, in 2018. In fact, FDB was the first financial institution to collaborate with the Ministry of Forestry to support its 4 Million Trees in 4 Years initiative. The Bank also introduced mangrove restoration programs as part of its staff community projects. Further, it has called on

customers and stakeholders to adopt a strategic approach, rather than just a corporate social responsibility stance, for climate-action initiatives.

Fisheries

In 2018, FDB invested \$4.64 million in supporting one of Fiji's key resource-based sectors, the fisheries sector.

Mining and Quarrying

In 2018, FDB invested \$2.64 million into the market for the mining and quarrying industry. However, internal classification shows that the Bank's portfolio stood at \$0.57 million, comprising of 0.26% of FDB's total commitment in its priority sectors, in investments in promoting a sustainable mining sector that has continued to provide employment, income, foreign exchange earnings and revenue for the government.

Manufacturing

FDB committed \$52.96 million into the market for the manufacturing sector. Internally, the portfolio stood at \$29.24 million, comprising 13% of the total commitment in its priority sectors, in investments to support the National Development Plan of developing Fiji as a manufacturing hub of the Pacific.

In the market, FDB committed \$32.97 million in investments in the food, beverages and tobacco sectors; with \$0.82 million invested in the textiles, \$0.35 million invested in the metal products and machinery sector.

Building and Construction

FDB committed \$143.75 million into the building and construction market. The portfolio stood at \$57.53 million, comprising 22% of the total commitment in its non- priority sectors, being those that comprise of investment opportunities that are essentially commercial.

Real Estate (Development)

The largest decrease by number and value recorded in 2018 Financial Year was in the Real Estate sector. The Bank invested \$58.92 million into the market for investments in this sector. The portfolio stood at \$42.46 million, comprising of 16% of the total commitment in its non- priority sectors.

Wholesale, Retail, Hotels and Restaurants

FDB committed \$50.01 million into the market in the Wholesale, Retail, Hotels and Restaurants sectors. The portfolio stood at \$142.63 million, comprising 6% of the total commitment in its priority sectors being that portfolio which is the most closely aligned to the Bank's Mission and Vision, and 48% of the total commitment in its non-priority sectors, being those that comprise of investment opportunities that are essentially commercial. Of the total investment, \$20.01 million was invested in hotels, restaurants, and \$20.99 million in other commercial advances.

Transport, Communication and Storage

FDB's second largest investment was its commitment of \$40.97 million in the Transport, Communication and Storage sector, comprising 19% of the total commitment in its priority sectors. The Bank held 7.63% market share, worth \$36.22 million in value of commitment.

Electricity, Gas and Water

FDB's commitment to the energy sector saw it provide financing for reliable, adequate, and affordable energy for the economic growth in a socially, economically, and environmentally sustainable way.

FDB is looking to broaden support for greater energy access by also identifying innovative solutions, sharing information with partner development institutions, and with the private sector.

Professional and Business Services

FDB committed \$19.09 million into the market to support professional and business services sectors in 2018. The portfolio stood at \$4.86 million for the industry, which includes businesses providing services in the legal, dental, accounting, beautician, photography and consultancy and domestic services industry.

Non-Bank Financial Institutions

FDB committed \$1.56 million into the market to support Non-Bank Financial Institutions in 2018. The Bank held 20.34% share in the market for this sector investment.

Access to Financial Services (loans)/ Financial Inclusion & Financial Literacy

FDB was firm in its commitment to promote an entrepreneurial culture by supporting micro, small and medium as well as large enterprises by providing access to financial solutions by committing \$121.86 million through loans by approving a total of 1,621 applications.

This was an increase of 15.79% by number (in 2018) when compared to 2017. The value of applications received during the year rose by 19.41% when compared to the 2017 Financial Year.

In addition, FDB continues to be part of the National Financial Inclusion Task Force and chairs the IPWSG Inclusive Product Services Working Group for last three years. Under this group, the financial literacy roadshow was coordinated with an effort to streamline information that is communicated to the general public. Insurance products has been a big part of the discussion in an effort include those that would not normally be able to access insurance such as Farmers – Bundle Insurance is presently available for Farmers, pensioners, Fiji Rice and was introduced through a research by Pacific Financial Inclusion Programme (PFIP) under UNDP. Under this group, the Bank has supported the promotion of digital wallets at the national level which is supported by PFIP (UNDP programme).

The Bank operates all over Fiji. Branches are located in cities, towns and more so in remote locations such as Nabouwalu, Seaqqa and Taveuni. This broad network shows a commitment on the part of the Bank to improving economic growth and living standards everywhere.

During the year, the Bank continued its involvement in community-focused expositions and road shows organised by the Reserve Bank of Fiji, the Ministry of iTaukei Affairs and the Ministry of Agriculture. The Continuing Market for Change Business Fair, also won staunch FDB support.

Public Enterprises

FDB invested \$12.82 million towards public enterprises in 2018.

SME and Agriculture Sectors

The 2018 Financial Year focused on 'Mission 500', which targeted quality growth in SME and Agriculture loans. The main aim was to market and improve the customer base. Having targeted a portfolio worth \$500 million by the year end, at the close of 2018 Financial Year around \$487.05 million had been achieved. These Sectors continue to a high risk one for the Bank however our investment for the year under review speaks of our commitment towards upgrading livelihoods impacted by these sectors. Agriculture lending key challenge has been in the area of market connectivity as well financial management. There are plans to work on introducing lending through the value chain to manage these risks.

Disaster Rehabilitation Package

In April 2018, in order to provide urgently-required assistance to homeowners and businesses affected by devastating flooding associated with Tropical Cyclone Josie, the Reserve Bank of Fiji reactivated the Natural Disaster Rehabilitation Facility. FDB played a major role in the emergency operation, quickly advancing necessary credit to affected customers at concessional interest rates, in support of the Government's rehabilitation and reconstruction initiatives. In cases of customers facing unexpected difficulty with existing loans, the Bank also authorised repayment moratoriums, interest rate concessions and rehabilitation arrangements. The facility was available till 30 June 2018.

Conclusion

2018 once again saw the Bank making exhaustive efforts to identify the best possible financial products and services, in order to contribute significantly to the expansion of the Fijian economy, emerging markets and an improved quality of life for every Fijian.

In keeping with its promise of Your Partner in Progress, the Bank will continue to offer enhanced access to products providing funding for agricultural businesses, and new service providers, that will help maintain or enhance their cash flows. Products will be designed or reviewed specifically to assist investors in meeting changing needs and challenges.