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FIJI DEVELOPMENT BANK ANNUAL REPORT 2021

F·D·B

your partner in progress

PARLIAMENTARY PAPER NO. 81 OF 2022

VISION

To be a dynamic financial service provider in the development of Fiji.

OBJECTIVES

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.

GOAL

To remain sustainable in servicing our customers while adapting to the changes in our environment.

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.

VALUES

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.

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CHAIRPERSON'S LETTER

your partner in progress

23 March 2021

The Honourable Aiyaz Sayed-Khaiyum,
Attorney-General and Minister for Economy, Public Enterprises, Civil Service & Communications,
Level 7 Suvavou House,
Victoria Parade,
SUVA.

Dear Minister,

RE: 2021 ANNUAL REPORT

On behalf of the Fiji Development Bank (FDB) Board, I have much pleasure in submitting the enclosed 2021 Annual Report and Accounts for the Financial Year ending 30 June 2021.

The Bank's lending portfolio grew to $618.81 million at the end of the Financial Year, an increase of $76.93 million from the previous Financial Year. New disbursements of $118.54 million triggered the positive movement in the loan portfolio. The loan portfolio represents a customer base of 4,590. This slight decrease from 4,825 accounts in the previous year is attributed to loans being paid off during the year as well the adverse impacts of the pandemic.

The Bank achieved a net profit of $0.99 million in comparison to $1.14 million in the 2020 Financial Year. This Financial Year was undoubtedly challenging for the Bank due to the second wave of the pandemic, tropical cyclones and the subsequent floods. The Bank had to continually reassess its position and adopt new plans to assist the customers and remain sustainable. Stringent cost control measures and positive movements in net operating revenue were the key contributors to achieving the profits.

Overall, the Bank continued supporting the business continuity of its customers, especially Small and Medium Enterprises (SMEs) in the affected sectors.

The Board commends the Executive Management and staff for their efforts and commitments throughout the Financial Year, especially for their dedication to taking the Bank forward during such demanding times.

The Government's continued collaboration with FDB and the Bank's engagement with its stakeholders and the private sector have collectively contributed favorably with regards to the quality of projects financed during the Financial Year.

We look forward to the continued support and contribution of the Government in our endeavor to provide affordable developmental financing for the economic and social development of Fiji.

Yours sincerely,

Andre Viljoen
CHAIRMAN

EXECUTIVE REPORT

Saiyad Hussain
Acting Chief
Executive Officer

YEAR IN REVIEW

Overall, the 2021 Financial Year was challenging for the Bank due to the second wave of the pandemic, tropical cyclones and the subsequent floods.

The Bank had to continually reassess its position and redesign its existing plans in order to remain sustainable and continue assisting the customers.

STRATEGIC PLAN 2021-2023

The Bank adopted a new Strategic Plan in this Financial Year with strategies articulated considering our experiences and the unique environment that we expect to operate in for the next three years. Our goals during the Financial Year were aligned to the six thematic areas of the 2021-2023 Strategic Plan being our Community and Environment, Employee Engagement, Organization Capacity, Internal Business Processes, Customers and Financial. These strategies attest to FDB's commitment in supporting the Fijian economy and the people.

MARKET CONDITIONS

A decline in overall economic activity, supply chain disruptions and job losses occurred as a result of strong dependence on tourism revenues. Border closures and lockdowns continued to severely impact many businesses within the country. The situation deteriorated when the country was hit by two tropical cyclones. The Bank, nonetheless, continued to assist the customers using different approaches.

Disbursements for the 2021 Financial Year totaled $118.54 million, an increase of 88.31% when compared to $62.95 million in the 2020 Financial Year.

The first half of the year noted reasonable approvals in the following sectors:

- Agriculture
- Transport, Communication and Storage
- Wholesale, Retail, Hotels and Restaurants
- Professional and Business Services
- Private Individuals

However, the second wave of the pandemic again impeded the Bank's efforts to assist in the economic recovery as businesses continued to operate at minimal capacity adhering to the COVID safety measures in place. Additionally, the Bank had to strengthen its credit assessments to prevent losses and provisioning was significantly increased to account for possible impairment of loan assets.

YEAR PERFORMANCE

Despite business disruptions in the year, the Bank managed its operating expenses noting a reduction by $3.07 million (19.33%) during the 2021 Financial Year through stringent cost control measures implemented during the year including those related to the pandemic.

The Bank's Employee Costs also declined by $1.71 million (16.06%) in comparison to the same period last year.

The Bank's gross loan portfolio increased by $76.93 million. This contributed positively to gross interest income, which increased by $1.87 million (4.32%) when compared to the last Financial Year.

Regardless of the challenges faced during the Financial Year, the Bank achieved a net profit of $0.99 million in comparison to $1.14 million last Financial Year.

The second wave of the pandemic adversely affected our customer base. The Bank took additional allowance for expected credit loss of $4.04 million (28.30%) during the Financial Year. In addition, the allowance for interest and fees suspended also increased by $1.94 million (35.37%) during the Financial Year.

Total liabilities for the 2021 Financial Year increased by $65.97 million (17.98%). The growth is attributed to the Bank assisting several customers with working capital loans during the pandemic by undertaking borrowings from the Reserve Bank of Fiji through its Disaster Rehabilitation and Containment Facility.

PORTFOLIO PERFORMANCE

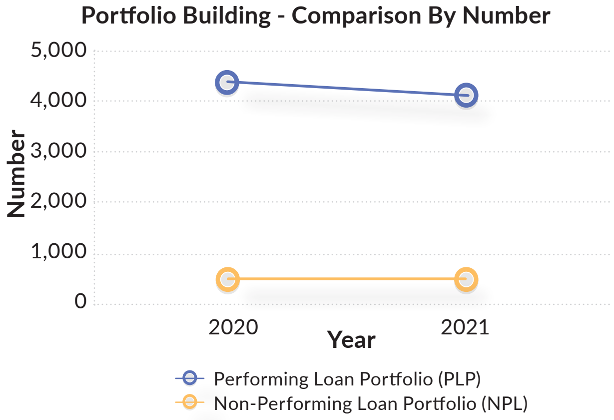
The total gross loan portfolio stood at $618.81 million for this Financial Year, in comparison to $541.88 million last Financial Year.

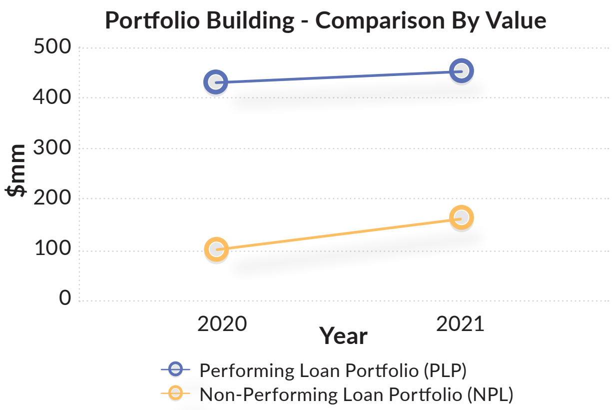
Further, the portfolio stood at 4,590 by number when compared to 4,825 for the 2020 Financial Year. For the 2021 Financial Year, the Bank's Market Share stood at 7.57% overall compared to 6.62% in the previous Financial Year.

LOAN PERFORMANCE

The Performing Loan Portfolio (PLP) increased to $455.83 million, representing a slight increase from the previous Financial Year. The Non-Performing Loan (NPL) portfolio increased to $162.98 million.

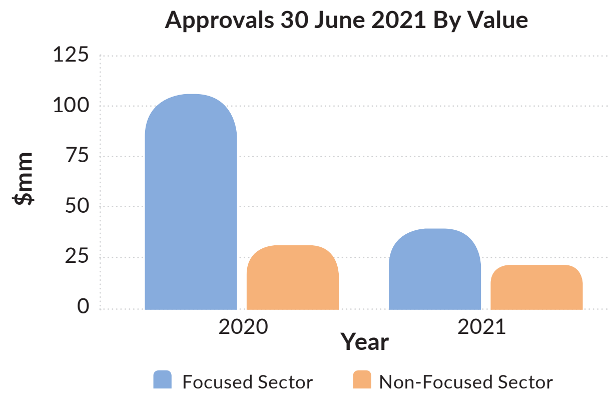
The number of NPL accounts were actively managed and reduced from 575 to 499 in the 2021 Financial Year.





APPROVALS

The Bank approved $65.76 million in loans by providing finance to 899 customers. This was a decrease of 6.94% by number and 52.36% by value in comparison to the previous Financial Year.



FOCUSED SECTOR

The Focused sector represented 83.92% by number and 45.76% by value of the total portfolio for the 2021 Financial Year, which equated to 3,852 accounts worth $283.17 million.

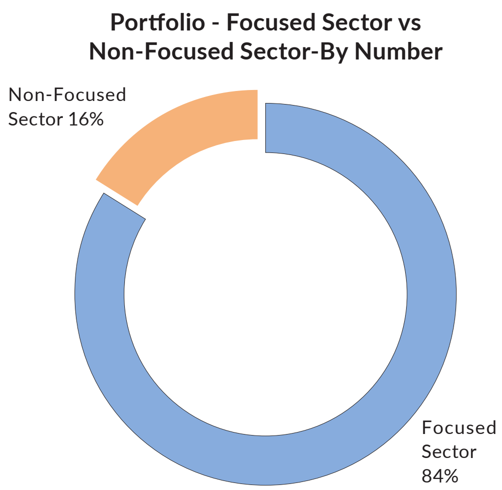
A decrease by 85 accounts while an increase of $59.97 million by value was noted when compared to the 2020 Financial Year.

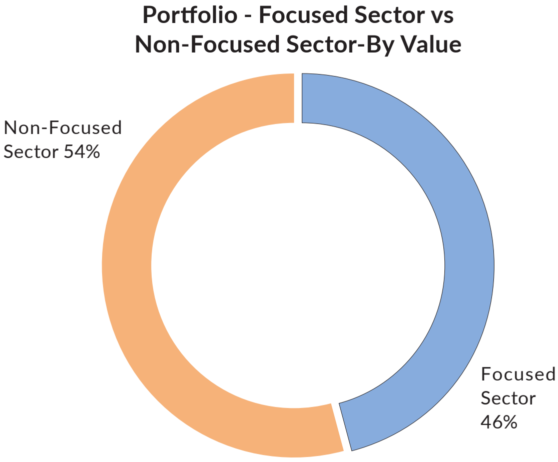
NON-FOCUSED SECTOR

At the end of the 2021 Financial Year, the Non-Focused Sector contributed 16.08% by the number of loans and 54.24% by value of the total portfolio, which equated to 738 accounts worth $335.63 million respectively.

A decrease of 16.89% by number and an increase of $16.95 million by value was noted in contrast to the 2020 Financial Year.

The following charts illustrate the Bank's portfolio buildup by Focused and Non-Focused sectors by number and value.





PRODUCT MIX

FDB's product mix comprises of lending and deposits. Under its lending products, FDB continued to provide working capital and syndicated loans to both its Corporate, SME and Agriculture customers.

Agriculture lending continues to be the Bank's priority. However, this year Public Enterprise sector topped the market share with 64.86%. Agriculture ranked second-highest with a market share of 50.61%. Also, the Bank continues to dominate the Sugarcane portfolio market share at 90.70%.

New product concepts such as the Farming for Retirement and Agriculture Value Chain Financing Lending Platforms were further revised to be introduced in the next Financial Year. In the new Financial Year, a number of existing products are expected to be repackaged to meet the current demanding economic conditions.

DIGITAL SERVICES

Despite the hurdles presented by the pandemic, FDB continued its focus on implementing transformational ideas and practices for continuous operational excellence.

The Bank continued its efforts to move toward paperless operations. The Talent and Organisational Development Division, in conjunction with the Information and Communication Technology (ICT) department, developed efficient and flexible processes. The Performance Management System has been automated, integrating the same into the existing Employee Self Service (ESS) system. Another notable achievement of the Division is the off-site accessibility of the ESS system by the staff.

The Information and Communication Technology Department continued its efforts to improve the overall reliability and systems availability of the Bank. The Department upgraded the wide-area network (WAN) infrastructure capacity by increasing the inter-branch bandwidth by two-folds. The team also trialed and successfully implemented the Microsoft 365 project which will be gradually rolled out across the Bank. With these timely upgrades, staff were able to work from home with minimal disruptions to business during the peak of the pandemic. It also ensured the safety of our staff which would have been compromised if they reported to the office.

FUTURE OUTLOOK

The economic activity is expected to improve once the COVID restrictions ease and the borders reopen, marking a new era for the tourism industry in our country. Subsequently, FDB's customer base in the tourism and related industries, such as agriculture and SMEs would benefit.

Therefore, FDB embarks into Financial Year 2022 with an intense focus on offering enhanced access to products providing funding, especially for agricultural businesses and SMEs as these business segments will play a pivotal role in economic recovery post-pandemic.

ACKNOWLEDGMENT

I acknowledge the dedication and loyalty of the staff when the country battled the second wave of COVID-19. Their commitment made all the difference in ensuring minimal disruptions to our services.

I also take this opportunity to thank our Board of Directors and our Executive Management team for another successful year.

BOARD OF DIRECTORS

Mr. Andre Viljoen
-Board Chairperson

Appointed August 2020

Mr. Vadivelu (Wella) Pillay
- Board Director and FDB Board Credit Risk Committee Member

Appointed December 2015
Reappointed December 2019

Mr. Inia Naiyaga
- Board Director and FDB Board Credit Risk Committee and Audit Committee Member

Appointed December 2015
Reappointed December 2019

Ms. Kalpana Kushla Lal
- Board Director and FDB Board TOD Committee Chair

Appointed April 2019
Resigned 22 March 2021

Mr. Rajesh Patel
- Board Director and FDB Board Audit Committee Chair

Appointed December 2015
Reappointed December 2019

Mr. Romit Parshottam Meghji
- Board Director

Appointed April 2019

BOARD OF DIRECTORS BIO

Mr. Andre Viljoen

Andre Viljoen, a Mauritian citizen, has 40 years of seasoned airline experience, and holds an Honour's Degree in Accounting and Commerce and is a Chartered Accountant (CA). He is also a Fellow of the Royal Aeronautical Society (FRAES).

He started his airline career with British Airways (Comair) in South Africa in the 1980s as Financial Manager and soon grew to the position of Group Financial and Commercial Director, which he held for more than 10 years. He played an instrumental role in elevating Comair from a small regional airline to becoming South African Airways principal domestic and regional competitor flying the British Airways brand as a British Airways franchise. He then went on in 1992 to join South African Express Airways, the largest regional airline in South Africa, as Chief Operating Officer and eventually CEO. He devised and led a turnaround program to restore the airline back to profitability and to expand its fleet from Dash 8 aircraft to include CRJ regional jets.

In 1995, he joined South African Airways, South Africa's National Airline, firstly as Chief Financial Officer and later took over as President and Chief Executive Officer in 2000 until 2005. He implemented an aggressive transformation program known as "Perfecting the Basics" which restored the airline back to profitability by 2002. Perfecting the Basics included an aggressive fleet modernization program, which comprised of 65 new aircraft to replace an aged and costly fleet. The program took advantage of the aviation slow down caused by events of 9/11 resulting in a landmark aircraft replacement deal for the South African Airways. The transformation program also earned the airline a Skytrax 4 Star Rating, as well as many travel awards such as "The Leading Airline to Africa". He then went on to join the tour operator group Cullinan Holdings as Chief Executive Officer from 2006. The group is well known for its travel brands Thomson Holidays, Thomson Tours, Trafalgar, Contiki and Pentravel.

In 2009, he joined Air Mauritius, Mauritius' National Airline, initially as Chief Financial Officer and then from 2010 as Chief Executive Officer. In 2012, he launched a successful turnaround program known as the "7 Step Recovery Plan". The plan was focused on re-balancing the company's network, improving revenue management and commercial, as well as re-fleeting with new generation aircraft. The plan restored the airline back to profitability resulting in a Euro 38 million rise in profitability by end of 2014. Air Mauritius followed an aggressive fleet renewal campaign, which resulted in an order for 6 Airbus A350-900 new generation aircraft to replace its aged fleet of Airbus A340-300's. He implemented Ron Kaufman's amazing service quality improvement program, UP Your Service (UYS), as part of the 7 Step Recovery Plan which earned Air Mauritius the Skytrax 4 Star Rating, as well as the travel award of "Leading Airline to the Indian Ocean".

Andre officially started with Fiji Airways in October 2015 with a three-year contract which has now been extended to end of 2024. Under Andre's leadership Fiji Airways has logged up significant achievements over the past four years.

Fiji Airways embarked on an aggressive fleet modernization and growth program to reduce operating costs, improve customer experience and grow capacity (scale), which culminated in the acquisition of 5 Boeing MAX 8 aircraft in 2017/18 and two Airbus A350-900s in December 2019. Fiji Airways today boasts one of the youngest aircraft fleet in the world. The growth in the wide-body Airbus aircraft from 3 to 6, and narrow body Boeing 737s to 6 (5 MAX's and 1 B737-800 NG's) resulted in the addition of Adelaide, Singapore, San Francisco and Narita as new routes and 12 new codeshare agreements with American Airlines, Alaska Airlines, British Airways, Cathay Pacific, Qantas, Singapore Airlines, etc, and 43 interline agreements. Fiji Airways network has accordingly increased from 69 to 108 destinations on offer with great connectivity. Passengers carried have grown progressively by more than 6% per year to 1.6 million in 2019 and revenue earned reached the 1 billion Fijian dollar mark. Fiji Airways was also selected by the four founding airlines of the 'oneworld global alliance' (American Airlines, British Airways, Cathay Pacific and Qantas) to be the first oneworld 'connect partner'. Fiji Airways also implemented the Ron Kaufman Up Your Service (UYS) program and attained the Skytrax 4 Star Rating in 2019 and earned the award for Best Airline Staff to the South Pacific beating Air New Zealand and Qantas.

Mr. Vadivelu (Wella) Pillay

Mr. Pillay is a well-known and seasoned Fijian businessperson.

He lived in New Zealand prior to his return to Fiji to start up his business ventures in the Western Division.

Prior to his migration to New Zealand, he had worked at the Bank of New Zealand's Sigatoka branch.

A golf enthusiast, Mr. Pillay also devotes his time to community and is an active member of TISI Sangam Fiji.

He is the chairman of Trustees for Friends of Fiji Heart Foundation, a New Zealand registered charitable trust, which provides free operations for the poor and needy Fijian citizens who suffer from valvular heart disease. He is also the Trustees for Fiji Football Association, the Northern club of Lautoka and the Lautoka club of Lautoka.

He is the Managing Director and Chief Executive Officer of Gecko Trucking (Fiji) Ltd, Construction Equipment Hire (Lautoka) Ltd and Wairiki Logging Limited.

Mr. Inia Naiyaga

Mr. Naiyaga is a Chartered Accountant, Life Member of the Fiji Institute of Chartered Accountants, Fellow of the Fiji Institute of Bankers (Hon) and was a Fellow of the Australian Institute of Directors.

He was a career Central Banker for 40 years and retired as the Deputy Governor of the Reserve Bank of Fiji in May 2014.

Prior to that, he was the Deputy Governor of the National Reserve Bank of Tonga for five years.

He is the Managing Director of Sun Insurance, Chairman of the Insurance Association of Fiji, Board Member of the National Fire Authority, Member of the University of the South Pacific (USP) Finance and Resources Committee, Member of the Christian Mission Fellowship International Executive Board and Chairman of the Fijian Holdings Trustees Limited.

Ms. Kalpana Kushla Lal

Ms. Lal, is a Fellow of CPA Australia, holds a Bachelor of Arts Degree from the University of the South Pacific in Accounting, Financial Management and Information Systems and has completed Fiji Directors Course with AICD.

Ms. Lal is a Chartered Accountant (CA) with the Fiji Institute of Accountants and is the Head of Unit, Finance & Administration at the German International Cooperation (GIZ) Pacific Operations and member of the Executive Management Team of GIZ Pacific.

She has over 15 years of professional experience in accounting, financial management, human resources and corporate governance.

Ms. Lal is the Chair of FHL Fund Management Limited, Board Director of Fiji National Provident Fund (FNPF), Board Director of Amalgamated Telecom Holdings Limited (ATH), Board Director of Vodafone Fiji Limited, Board Member of Pacific Governance Institute (PCGI) and Board Member of Women in Business (Fiji).

Ms. Lal currently serves as Chair of the Board Audit and Risk Committee at FNPF.

Ms. Lal is a member of CPA Australia, Australian Institute of Company Directors, Fiji Institute of Accountants and Member of Association of Certified Fraud Examiners.

Ms. Lal is the first female to have been awarded the "Chartered Accountant of the Year" by Fiji Institute of Accountants at their Annual Congress in April 2017, has been awarded 'Excellence in Executive Leadership" by Women in Business in 2019 and recognised by Rotary International as a "Paul Harris Fellow" for her contribution to the local community in Fiji.

Mr. Rajesh Patel

Mr. Patel is the Director for the R.C. Manubhai Group of Companies. He chairs the FDB Board Audit Committee and sits on the Talent and Organisational Development Board Committee.

He is the first Fijian to serve on the FIFA Council as a Member.

For his commitment towards developing soccer in Fiji and as the President of the Fiji Football Association, Mr. Patel has been awarded the Medal of the Order of Fiji. Recently he was also awarded with 50th Independence Medal. Under his leadership, Fiji qualified for both its first FIFA tournament and first Olympic Games.

Mr. Patel is also the former senior Vice President of the Oceania Football Confederation and current Executive Committee Member.

He is also the Board Director for APCO Coatings PTE Ltd.

He holds a Diploma in Textile Engineering from M.S. University.

He is also a Justice of Peace, and PTFA President for the Board of Governance at Xavier College.

Mr. Romit Parshottam Meghji

Mr. Meghji is the Executive Director of P. Meghji Group of Companies.

He has over a decade of experience in managing family-owned businesses and has been instrumental in guiding these businesses to their strategic goals.

He holds a Directorship at Ritam Investments (Property owners of Sheraton Tokoriki Resort and Spa), Cloud Investments, Virtualflex IT Company, Fresh Choice Supermarket, Krisp Investments, P. Meghji Trading and P. Meghji Co. Ltd.

Mr. Meghji holds a Bachelor of Business in Accounting degree from the Auckland University of Technology.

Mr. Meghji is a keen sports enthusiast representing Fiji in Squash to the Commonwealth and Pacific Games.

He holds various leadership positions within the Gujarati Community in Fiji and the Region focusing on Education, Sports and Community Development.

CORPORATE GOVERNANCE

Effective corporate governance is critical to the proper functioning of the banking sector and the economy as a whole. Fiji Development Bank's safety, soundness and how it conducts its business are key to financial stability. Therefore, corporate governance is central to economic health.

Fiji Development Bank recognizes that the corporate governance framework plays a crucial role in supporting our business operations and that good governance and transparency are integral at all levels in order to achieve our goals. As such, the corporate governance framework is continually updated and it now focuses less on agency conflicts and more on ethics, accountability, transparency and disclosure in alignment with stakeholder-friendly policies. Corporate governance principles provide clear guidance on how authority should be exercised within the Bank in accordance with values and behaviors that demonstrate accountability, transparency and fair dealing, and seek to protect stakeholder interests, including a commitment to excellence in governance standards.

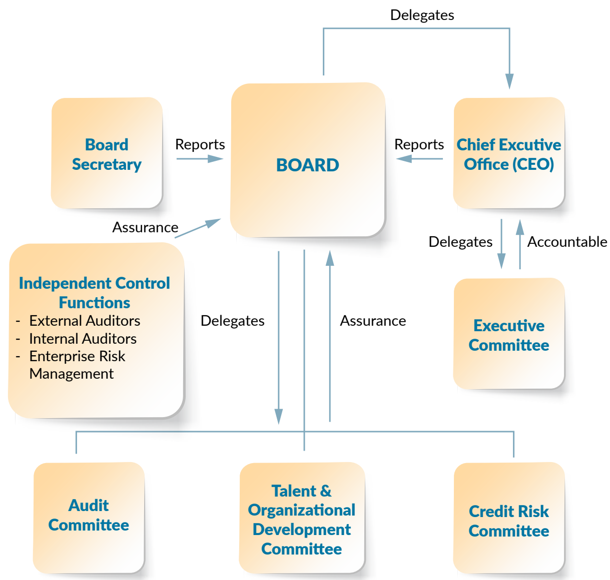
Together with all the key aspects of corporate governance, the Fiji Development Bank also incorporates good governance in terms of its Values – which are Development, Integrity, Collaboration, Innovation and Accountability. These Values help the Bank to provide the best possible service to its customers and shareholders.

THE CODE OF CORPORATE GOVERNANCE

The Bank's Board appointments, composition, functions and practices are governed via the Bank's Code of Corporate Governance, which is reviewed every now and then to incorporate changes in law and best practices. The last review was done in Financial Year 2020. The Code of Conduct meets the standards set out in the Fiji Development Bank Act (Cap 214) 1st July 1967 (FDB Act) and the Fiji Companies Act 2015.

CORPORATE GOVERNANCE STRUCTURE

The illustration below depicts the corporate governance structure of the Bank:



BOARD OF DIRECTORS

The Bank's Board Charter is the key document that governs the Board. It thoroughly describes the roles and responsibilities and most importantly stipulates the Board procedures.

The Board is ultimately responsible for all decision-making, with the core objective of adding long-term value to the Bank while upholding the interests of its shareholder and stakeholders. The Board strives to achieve a balance of skills, knowledge, experience and perspective among its Directors.

The ultimate responsibility, therefore, is in the hands of the Board to promote the sustainable growth and financial stability of the Bank.

The three integral channels for FDB's Good Governance system are:

1. **Board of Directors**
   Provides direction for business and risk strategies, financial stability and governance.

2. **Executive Committee**
   Implements the strategies and initiatives set and approved by the Board.

3. **Internal control system**
   Implements the key control functions such as risk management, compliance and internal audit.

FDB BOARD COMPOSITION & DIRECTORS

The Minister of Economy is responsible for the appointment of the Board of Directors which is primarily set out in the Fiji Development Bank Act. The appointment is valid for a maximum of 3 years after which the member is eligible for reappointment.

In terms of the economic development of Fiji, particularly focusing on the development of Agriculture, Commerce and Industry, it is the vital responsibility of the Board to oversee the implementation of the Bank's strategic goals.

For the 2021 Financial Year the appointed Board Members is tabulated below:

Directors	Title	Appointment Date	Term of Appointment
Mr. Wella Pillay	Director	December 2019 (Re-appointed)	3rd Term
Mr. Inia Naiyaga	Director	December 2019 (Re-appointed)	3rd Term
Mr. Rajesh Patel	Director	December 2019 (Re-appointed)	3rd Term
Mr. Romit Meghji	Director	April 2019	1st Term
Ms. Kalpana Lal Lal (resigned March 2021)	Director	April 2019	1st Term
Mr. Andre Viljoen	Chairman	August 2020	1st Term

THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER (CEO)

The appointment of the Chairman as per the FDB Act 1967 is undertaken by the Minister of Economy while the appointment of the Chief Executive Officer (CEO) is undertaken by the Board. The responsibility of the Chairman in conjunction with the CEO is clearly defined in the Code of Corporate Governance and the Board Charter.

The CEO of the Bank is appointed on the decision made by the Chairman and the Board of Directors. The CEO is responsible for the management of the Bank in terms of execution and administration of policies and procedures and to provide overall leadership and guidance to the Executive team. Together with this, the CEO also has a mandatory responsibility of implementing the FDB's strategic direction.

For the 2021 Financial Year, Mr. Saiyad Hussain continued as the Acting Chief Executive Officer of the Bank until Mr. Saud Minam was appointed as the CEO of FDB on 16th July 2021.

BOARD SECRETARY

The Board Secretary is the main link between the Board and the CEO. The Secretary is responsible for maintaining committee meeting records and ensuring that the procedures for the Bank are followed in accordance with the Board Charter.

For the 2021 Financial Year, Ms. Sheik Maizabeen Nisha, the Acting General Manager Finance and Administration relieved as Board Secretary.

DELEGATION

To have a good governance framework and for the Bank to perform in the best interest of its shareholders and stakeholders, the Board has delegated some of its powers and authorities to the Board sub-committees, the CEO and the Senior Management. However, the Board still has its powers to relook at some of the important decisions made by the Management.

DIRECTORS SKILLS & KNOWLEDGE

While acknowledging that no Director is fully qualified and experienced in all areas of the Bank's operations, the Bank ensures that the Directors are collectively empowered or have access to all the necessary expertise and skills. As such, the Bank ensures that Directors are provided with internal and external programs to develop their expertise and enhance their qualifications and experience, which will enable them to gain experience in all areas of the banking sector.

DIRECTORS REMUNERATION

Each Director receives a fixed Board and Sitting Allowance to compensate for the responsibilities they take on, and the time and commitment they devote to the performance of their duties. When Directors are required to attend meetings or events on behalf of the Bank, appropriate travel allowances are provided.

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 SUB-COMMITTEES

The Bank currently has three sub-committees as delegated by the Board with powers attributed from the FDB Act Cap 214 to delegate its responsibilities to these sub-committees. The three Board sub-committees include the Audit Committee, Talent and Organisational Development (TOD) Committee and Credit Risk Committee. The charter of each committee sets out the objectives, roles and responsibilities delegated by the Board of Directors.

BOARD AUDIT COMMITTEE

The Board Audit Committee has an overall purpose of assisting the Board in fulfilling its oversight responsibilities for the financial reporting process, the system of governance, internal controls, risk management, values and ethics and the internal audit functions.

The current members of FDB's Board Audit Committee are tabulated below:

Members	Position
Mr. Rajesh Patel	Chairman
Mr. Inia Naiyaga	Member
Mr. Romit Meghji	Member
Mr. Andre Viljoen	Member

For 2021 Financial Year, some of the key responsibilities undertaken by the Board Audit Committee are highlighted below:

- Ensuring that the Bank's Financial Statements are understandable and reliable,
- Ensuring that the Bank establishes a thorough risk management process and effective internal controls.
- Reviewing the Bank's policies, particularly in areas such as ethics, conflict of interest and fraud.
- Establishing communication with the organization's internal auditor and reviewing all audit findings.

BOARD TOD COMMITTEE

The TOD Committee is a means by which the Board guides the talent management of the Bank. Its primary responsibility includes reviewing, monitoring and making recommendations to the Board of Directors on FDB's talent and organisational policies and procedures.

The current members of FDB's Board TOD Committee are tabulated below:

Members	Position
Ms. Kalpana Lal (Resigned in March 2021)	Chairperson
Mr. Rajesh Patel	Member
Mr. Andre Viljoen	Member

For 2021 Financial Year, some of the key responsibilities undertaken by the Board TOD Committee are highlighted below:

- Reviewing FDB's policies related to compensation;
- Recommending compensation for Executive Management;
- Undertaking the appointment of CEO and executive succession planning and monitoring of management succession planning.

BOARD CREDIT RISK COMMITTEE

The Credit Risk Committee works as a preparatory committee for the Board of Directors in respect of the risk management of the Fiji Development Bank and thereto related matters. Any delegation to the Credit Risk Committee shall not amend the authority or responsibility of the Board of Directors.

The current members of FDB's Board Credit Risk Committee are tabulated below:

Members	Position
Mr. Andre Viljoen	Chairman
Mr. Wella Pillay	Member
Mr. Inia Naiyaga	Member

BOARD AND BOARD SUB-COMMITTEE MEETINGS

The Board Charter requires the Board to meet at least six times per year. The Board recognizes the importance of adequately meeting to assess the Bank's performance and formulate strategic directions for the Bank. It is at these board meetings that the Board Members can sit together and have thorough discussions and vote on business decisions proposed by the Management.

The Chairman with the CEO and the Board Secretary is responsible for setting the agenda for every Board Meeting in which Board level decisions are made for better operations of the Bank. All the meetings are mandatory for the CEO and the Board Secretary to attend and when the need arises for the General Managers to attend, they do so, as and when required under the scope of work being considered or unless requested by the Board.

For the 2021 Financial Year, the details of the Board and Board Sub-Committee meetings held are tabulated below:

Directors	Board Meetings (6 per year)	Special Board (3 Per year)	Audit Committee (3 per year)	Talent and Organisational Committee (3 per year)	Credit Risk Committee
Mr. Andre Viljoen	4/6	**2/3**	3/3	3/3	N/A
Mr. Wella Pillay	4/6	**3/3**	N/A	N/A	N/A
Mr. Inia Naiyaga	6/6	**3/3**	3/3	3/3	N/A
Mr. Rajesh Patel	6/6	**3/3**	3/3	3/3	N/A
Mr. Romit Meghji	6/6	**3/3**	3/3	N/A	N/A
Ms. Kalpana Lal	4/6	**3/3**	N/A	3/3	N/A

EXECUTIVE COMMITTEE

While the Board of Directors are responsible for ensuring that the principles and objectives of good corporate governance are respected and applied, it is the responsibility of the Executive Committee (EXCO) to review the implementation of the principles, policies, strategies and objectives of the Bank.

The EXCO Committee of the Bank is headed by the CEO guided by the EXCO Charter. For 2021 Financial Year, the EXCO included Mr. Saiyad Hussain, the Acting CEO and the remaining committee members comprised of the General Managers of the Bank.

The current practice at the Bank is that the committee members meet every 2nd Tuesday to evaluate the operational performance of the Bank and make decisions within their discretion or authority level.

The key duties of the Executive Committee are:

- Implementing of policies, strategic objectives and directions set out by the Board;
- Allocating of resources within the allocated budget approved by the Board;
- Managing the day-to-day affairs of the Bank to achieve the targets and the goals set by the Board to maximize the shareholder's value;
- Ensuring compliance with all regulations and laws;
- Setting up and implementing an effective internal control system, commensurate with the business requirements.

AUDIT & REGULATORY COMPLIANCE

Internal Audit

A periodic internal audit is required to monitor the Bank's system of internal control and procedures. A good internal audit process helps the management in the effective discharge of its responsibilities. It assures them of the risk and operational performance of the Bank. Thus, FDB has an independent Audit Division that directly reports to the Chairman of the Board Audit Committee. However, for operational matters, the Audit Department reports to the CEO of the Bank.

The Audit Team operates under the approved Audit Charter and the Bank's internal audit function is independent of the audited activities, which requires the internal audit function to have sufficient standing and authority within the Bank, thereby, enabling internal auditors to carry out their assignments with objectivity.

For the 2021 Financial Year, the Audit team carried out their tasks within the Bank in all the branches to ensure that correct policies, procedures and guidelines are being followed. An Internal Audit Plan is designed in line with the Bank's Risk Management Framework and applicable regulatory requirements.

From the findings of the audit being carried out, the internal audit team independently assesses the effectiveness and efficiency of the internal control, risk management and governance systems and processes created by the business units and support functions and provides assurance on these systems and processes and where the need arises, changes are suggested in their audit findings.

The Audit Division is managed by the Manager Audit who currently has three staff reporting to him directly.

External Audit

An external auditor plans and performs the audit of the Bank's financials to obtain reasonable assurance about whether the financials as a whole are free from material misstatements, either due to fraud or error and are prepared, in all material aspects, in accordance with an applicable financial reporting framework.

In accordance with the Financial Management Act (FMA) of 2004 and the Fiji Development Bank Act (Cap 214), the Bank is required to engage an External Audit firm to get their Annual Financial Accounts audited. Currently, the Bank's annual accounts are being independently audited by the Office of Auditor General. Upon the completion of the audit with reasonable assurance that the financial accounts are free from material misstatements, the external auditors provide the Bank with the auditor's report which is an independent and unbiased assessment of the Banks performance.

Reserve Bank of Fiji

The Attorney General and Minister for Economy, Civil Service and Communications has given his directive to the Reserve Bank of Fiji (RBF) for the full supervisory oversight of the Bank effective from November 2019.

The Bank, therefore, complies with all the Banking Regulatory Policy requirements outlined by the Reserve Bank of Fiji as the Central Bank. Supervisory reports are submitted to RBF on a monthly and quarterly basis. Regular consultations on matters relating to the development of new products, changes to the existing guidelines and/or on development of new guidelines are also carried out with RBF.

The Bank has also been updating the RBF on relevant issues and challenges during the pandemic by way of quarterly bi-lateral meetings with the Governor and the Financial Institutions Supervision team. Furthermore, RBF also undertook an on-site examination targeted at prudential corporate governance, credit and liquidity risk in March/April 2021 as part of its full supervisory oversight function. In addition to this, RBF keeps a close tab on external audit updates of the Bank by having audit opening and exit meetings with Management and the External Auditors.

Internal Control and Risk Matters

The internal control and the risk management system at Fiji Development Bank are set of procedures, organisational structures and related activities. These are aimed at ensuring a thorough and adequate process of identification, measurement, management and monitoring of the main risks of being consistent with the set objectives.

The Board considers the following factors when deliberating on its internal control and risk management policies:

- The nature and extent of the risks faced by the Bank;
- The extent and categories of risk that it regards as acceptable for the Bank to bear;
- The likelihood of the risks concerned materializing;
- The Bank's ability to reduce the incidence and impact on the Bank of risks that do materialize and;
- The cost of operating particular controls relative to the benefit thereby obtained in the management of related risks.

Whistleblower Policy

The Fiji Development Bank (FDB) is committed to the highest possible standards of integrity, a culture of openness, transparency, professionalism and accountability. The values that the staff of the Bank embraces in the execution of their duties reflect the pivotal role the Bank plays in the development of the country.

In line with this commitment and good corporate governance, FDB has a Whistleblower Policy to provide the avenue for genuine and legitimate concerns to be raised by employees and stakeholders (Reporting Individual) of any breach of laws, malpractices, wrongdoings, and unethical behavior via proper procedures.

Whistleblowing encourages employees to bring unethical or illegal practices to the forefront and address it before it becomes fatal to the Bank.

These concerns include (but are not limited to):

Any illegal act;

- Fraud, dishonesty or embezzlement;
- Inappropriate or unethical behavior of the employees with clients;
- Inappropriate disclosure of Bank's confidential information (including intellectual property);
- Engaging in activities that comprise or are potentially in conflict with the interests of the Bank;
- Accounting or internal control issues;
- Exchange of gifts or anything of value that would compromise with the objectivity of the employee's responsibilities;
- Use of inside information by an employee for personal benefit/gain.

The identity of the whistleblower is to be kept Confidential. All reports by the whistleblowers are treated fairly and properly to the greatest extent possible. The Bank does not retaliate against any Whistleblower acting in good faith.

STAKEHOLDER INTEREST

The Board respects the interests of all stakeholders taking into account the Bank's fundamental purpose of its Mission which is "We provide finance, financial and advisory services to assist in the economic development of Fiji and in particular the development of Agriculture, Commerce and Industry".

SHAREHOLDERS

The Bank strives to assist in the economic development of the country, mainly in regards to the development of Agriculture, Commerce and Industry for the national development agenda set out by the Fijian Government.

EMPLOYEES

The Bank's main goal is to build and support employee development and ensure job satisfaction. This is clearly outlined in the Performance Measurement System (PMS) of each employee so that the employee strives to achieve personal attributes to upgrade their skills and perform in the best interest of the Bank.

When an employee is provided a position to work at FDB, he/she is mandated to sign a contract that also outlines the key attributes regarding corporate governance such as the Bank's Code of Conduct, Confidentiality, and Conflict of Interest Declaration.

The Bank's Talent Organisational and Development Department ensures that the "General Instructions" is uploaded to the Bank's intranet that is easily accessible to employees. All procedures regarding employees are carried out in accordance with the labor laws of Fiji, Fiji Bank and Financial Sector Employees Union and the Bank's General Instructions.

Throughout the year, the Bank engaged its employees to take part in the Internal and External Training so that staff skills and knowledge are upgraded. The Bank also has a system of Performance Appraisal and discussions with the Team Leaders/Managers and General Managers, Staff Survey, Staff Newsletters and Staff social gathering organized by the FDB Sports & Social Club. The staff were also given an opportunity to interact with other commercial banks and the Reserve Bank of Fiji to participate in team building exercises and competitions between banks.

CUSTOMERS

Customer satisfaction is the top priority for the Bank in building lifelong customer relationships. Our products are one of the most flexible products in the market. Through FDB's Relationship and Sales team, the Bank maintains close contact with its customers throughout Fiji, including remote islands. Their visit allows them to fully understand the needs of their customers at the grassroots level. The Bank provides its customers with a Complaint Management Framework that allows them to address their concerns and have the Complaints Officers address them directly. Complaints are usually resolved within 5 business days keeping in mind customer confidentiality.

COMMUNITY AND THE ENVIRONMENT

The Bank has established as a good corporate citizen that reflects the responsibilities and ownership for the social and environmental commitments. Over the years, the Bank has supported financial education programs across schools and communities, providing credit and support to small and medium-sized entrepreneurs, and participating in various cleanups and other community initiatives.

In 2021, the Bank called for a strategic approach to community, environmental and climate initiatives. In addition, the Bank continued to support a variety of charitable projects through sponsorship programs. This social support is firmly and irreversibly rooted in the Bank's culture and values.

EXECUTIVE MANAGEMENT

Mr. Saiyad Hussain
Acting Chief Executive Officer (ACEO)

Saiyad shoulders the role of the CEO following the resignation of the former CEO in January 2020.

He is responsible for leading the Bank in its strategic direction of positioning it as one that drives innovative and inclusive development and climate financing solutions for all Fijians.

Saiyad has previously acted in the position as well in his over twenty-seven years with FDB. He is the General Manager Finance & Administration. He also serves as FDB Board Secretary.

Appointed to his senior role in 2010, he manages FDB's Finance and Treasury, Properties, and Information and Communication Technology Departments.

Saiyad has vast experience in devising budgets for the overall FDB strategic plan that incorporates profitability, growth, sustainability, and operating performance targets.

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.

Mr. Nafitalai Cakacaka
General Manager Business Risk Services (GMBRS)

He was the key liaison personnel with the Green Climate Fund Secretariat for Fiji's accreditation through the FDB.

Nafitalai has over thirty years of experience in development banking and strategic risk management. He is involved in various capacities in stakeholder engagements, promoting sustainable development of projects in Fiji's rural agro-based sectors, as well as infrastructure, clean energy, and small and medium enterprises.

He has been instrumental in incorporating the principles of financial inclusion and literacy in important policy and development agenda at the Bank and at the national level.

He is a Member of Fiji's National Financial Inclusion Task force and serves as Chairman of the Inclusive Products & Services Working Group. He is also a member of the Fiji Institute of Bankers.

Nafitalai holds a Bachelor of Arts in Business Management from the University of the South Pacific and a Certificate Masters-level in Banking from the Pacific Bankers Management Institute, Pacific Coast Banking School, USA.

Mr. Shaukat Ali
General Manager Relationship & Sales (GMRS)

He leads the Bank's thirteen branches - Relationship and Sales teams across Fiji. He was appointed to the position in 2018 prior to which he served as the Regional Manager, Relationship and Sales for the Western region.

Shaukat has over 30 years of experience in development banking, predominantly focusing on relationship banking and sales. Building sustainable growth and acquisition of a reputable customer base in a crowded and competitive market is Shaukat's core focus.

His role is instrumental in empowering his team to make informed decisions to contribute towards an increase in the Bank's loan portfolio, in collaboration with both the internal and external stakeholders, Business Risk Services, Talent and Organisational Development and Finance and Administration teams.

Before been appointed to the GM Relationship and Sales role, Shaukat served in various managerial positions within the Bank, since joining in 1987, including Lending, Audit, Business Risk Services, Corporate Business and Asset Management teams.

Shaukat holds a Bachelor of Arts in Business Studies from the University of the South Pacific and a Diploma in Business Studies from Fiji Institute of Technology.

Ms. Sheik Maizabeen Nisha
Acting General Manager Finance & Administration (AGMFA)

She has held the Manager Finance position at FDB since March 2012 and was appointed to the acting GM position in January 2020.

Nisha, a chartered accountant with the Fiji Institute of Accountants, shoulders the responsibility of overseeing the operations of the Finance, Information Communications and Technology and Properties Department of the Bank.

She has over 15 years of professional experience in accounting and financial management.

In her current role, she is responsible for identifying systems and standards required for a profit-focused culture. She is the lead in implementing and maintaining such a culture across FDB.

Further, she oversees the review and approval of the treasury plan and the cash flow of the Bank.

She is also the relieving Board Secretary.

Nisha holds a Bachelor of Arts degree in Accounting & Financial Management and Economics.

She is a member of CPA Australia.

Mr. Kishore Kumar
Acting General Manager Talent and Organisational Development (AGMTOD)

He is the Manager Talent Management and Development.

He was appointed to the acting GM position in October 2019, where he is responsible for strengthening service delivery through culture change, empowering teams, guiding career development, coaching and initiating leadership development programmes across the Bank.

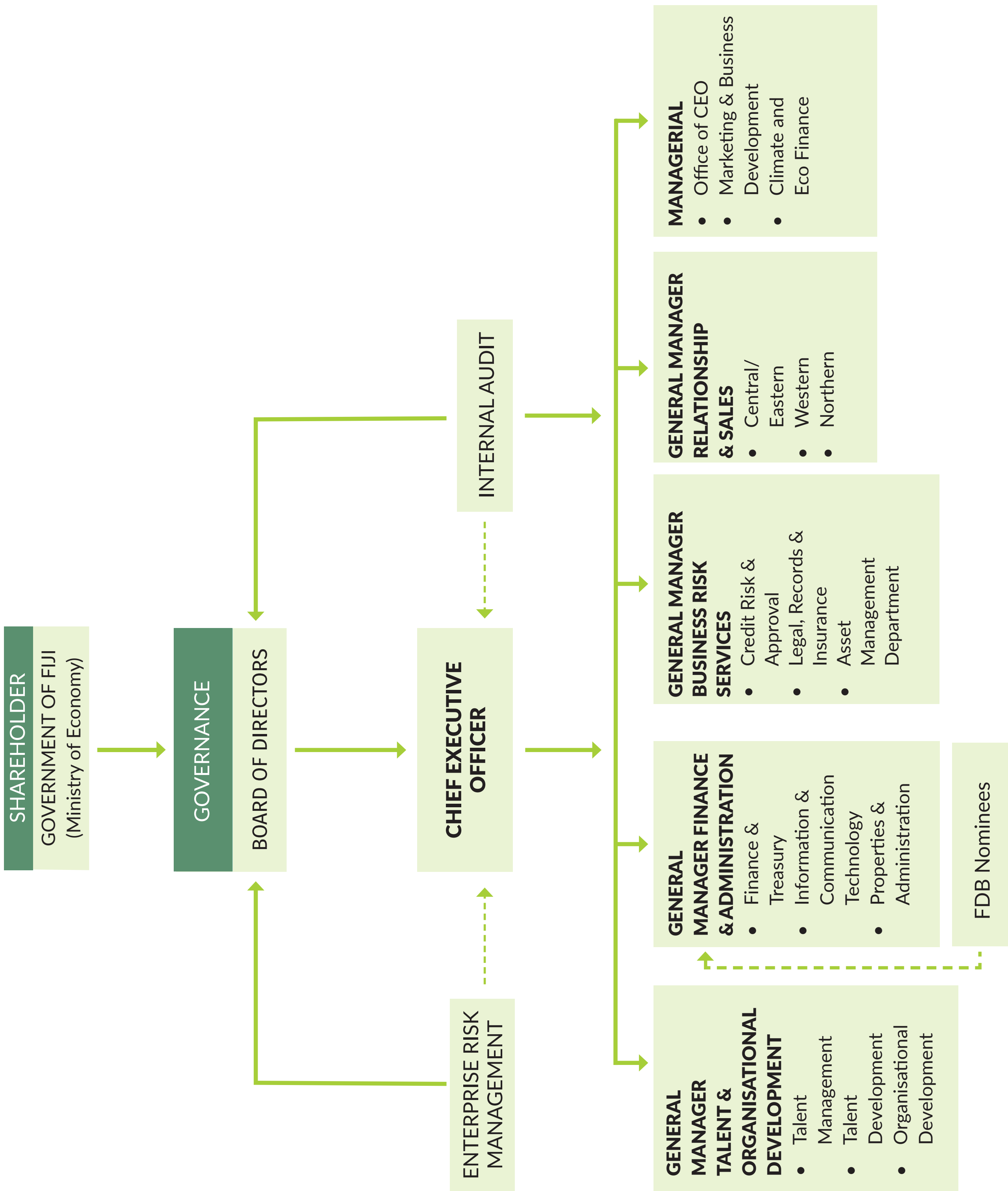
Kishore has been instrumental in a number of "Our People" oriented programmes across the Bank with his thirty-plus years of experience in various roles, including Audit and Relationship and Sales.

His current role contributes towards the design, delivery and implementation of the Bank's Talent and Organisational development strategies.

He is a Member of the Fiji Institute of Bankers and the Fiji Human Resources Institute.

Kishore holds a Certified Master's in Human Resource Management from the International Institute of Executive Training and a Bachelor of Commerce degree in Banking and Accounting from the University of the South Pacific.

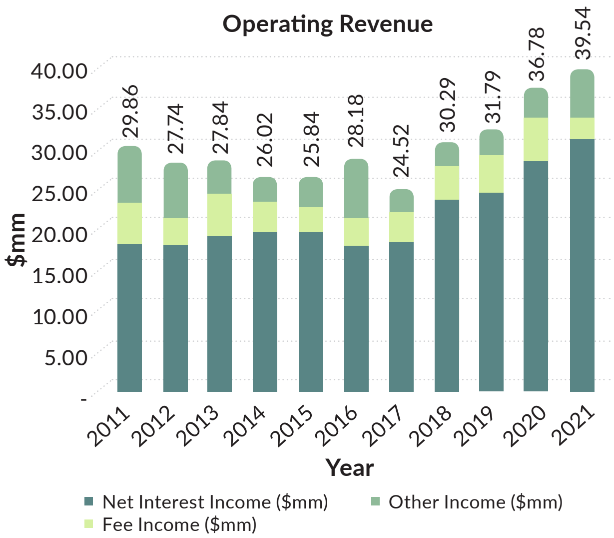
FIJI DEVELOPMENT BANK ORGANIGRAM



FINANCE AND ADMINISTRATION

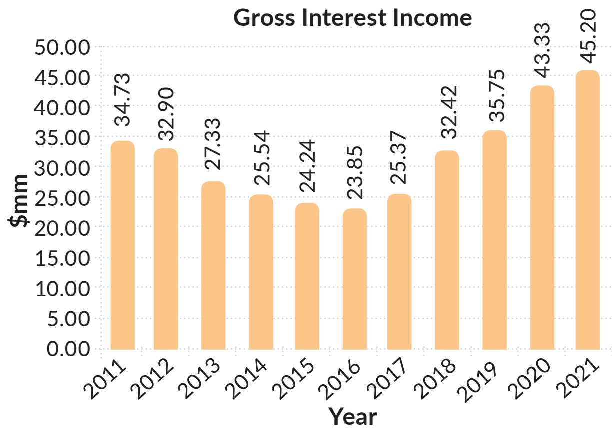
OVERVIEW - FINANCIAL OPERATIONS AND PERFORMANCE

The Bank had to continually reassess its position and adopt new plans to assist its customers and continue to remain sustainable given the natural events over the Financial Year. Despite these challenges and with stringent cost control measures and positive movements in net operating revenue, the Bank was able to achieve a net profit of $0.99 million in comparison to $1.14 million in the last Financial Year.



With a strong dependence on tourism revenues, many businesses within the country suffered immensely from border closures and lockdowns, resulting in a decline in overall economic activity, supply chain disruptions and job losses. Amidst the pandemic, the situation worsened when the country was hit by the two tropical cyclones and the floods, impacting the Agriculture sector. Subsequently, several loan accounts moved into arrears, loan repayments were reduced and customers continued to request extended repayment moratoriums on their loans. As a development financing institution, the Bank continued to assist its customers with the waiver of fees/charges and offered extensions in its repayment moratorium beyond the 12-month period on a case-by-case basis. As a result, the Bank took a very conservative approach on allowance for expected credit loss during the year.

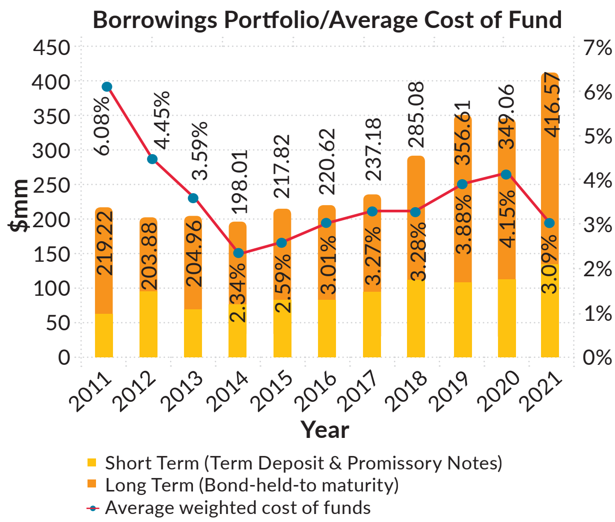
On a positive note, the Bank's gross loan portfolio increased by $76.93 million, contributing positively to an increase of $1.87 million (4.32%) to gross interest income, from the last Financial Year.



INTEREST AND BORROWING EXPENSES

With reduced economic activity and a build-up of liquidity in the financial market, there was a significant drop in market borrowing rates. As a result, the Bank took appropriate measures by aligning the Bank's investment rates with the market rates to manage its interest expenses. New borrowings acquired during the Financial Year were at a lower rate, resulting in a decrease in the Bank's interest expense.

The Bank's cost of funds decreased from 4.15% in June 2020 to 3.09% at the end of June 2021.

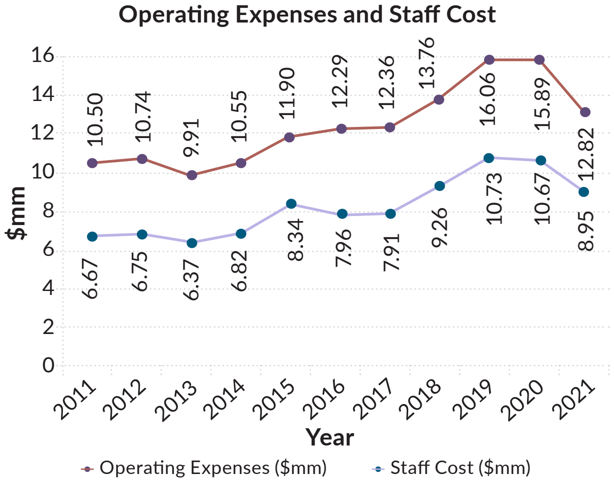


OPERATING EXPENSES

The Bank successfully managed its operating expenses and noted a reduction of $3.07 million (19.33%) from the previous Financial Year. The improved performance was attributed to stringent cost control measures implemented due to the pandemic.

The Bank's Employee Costs also declined by $1.71 million (16.06%) in comparison to the same period last year. The

Bank managed its staff cost within budget and a few of the vacant positions were not filled during the year.



ALLOWANCE FOR EXPECTED CREDIT LOSS

The Bank was progressing well until the second wave of the pandemic adversely affected our customer base. As a result the Bank took additional allowance for expected credit loss of $4.04 million (28.30%) in comparison to the prior Financial Year. In addition, the allowance for interest and fees suspended also increased by $1.94 million (35.37%) during the Financial Year.

A summary of the Bank's Income Statement as at 30 June 2021 is as follows:

Income Statement ($mm)	2021 ($mm)	2020 ($mm)	Change ($mm)	Change rate (%)
Interest Income	45.202	43.332	1.870	4.32
Interest & Other Borrowing Expenses	(14.637)	(14.932)	(0.295)	1.98
Net Interest Income	30.565	28.400	2.165	7.62
Net Fees Income	3.994	4.616	(0.622)	(13.47)
Other Income	4.981	3.766	1.216	32.29
Total Operating Income	**39.540**	**36.782**	**2.758**	**7.50**
Operating Expenses	(12.816)	(15.886)	3.071	19.33
Profit before Allowances	**26.724**	**20.896**	**5.829**	**27.90**
Total Allowances	(25.728)	(19.751)	(5.977)	30.26
Net Profit	**0.996**	**1.145**	**(0.148)**	**(12.96)**

ASSETS STRUCTURE

A summary of the Bank's Asset Structure as at 30 June 2021 is as follows:

Balance Sheet Review ($mm)	2021	Composition (%)	2020	Composition (%)
Liquid Assets	75.388	12.41	63.466	11.74
Investments	2.035	0.33	2.035	0.38
Net Loans and Advances	494.615	81.45	439.600	81.36
Receivables	4.554	0.75	3.980	0.74
Right of Use	1.521	0.25	1.471	0.27
Fixed Assets with Intangibles	29.182	4.81	29.779	5.51
Total Assets	**607.295**	**100.00**	**540.331**	**100.00**

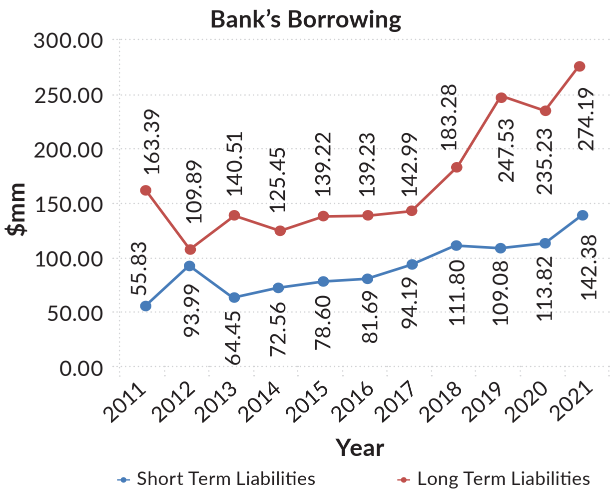
The Bank's net loans and advances increased from $439.60 million in the 2020 Financial Year to $494.62 million, a growth of $55.01 million (12.51%). New disbursements of $118.54 million triggered the positive movement in the loan portfolio. Moreover, an increase in Bank's liquid assets by 18.78% also contributed to the growth in the Bank's total assets.

LIABILITIES STRUCTURE

A summary of the Bank's Liabilities as at 30 June 2021 is as follows:

Balance Sheet Review ($mm)	2021	Composition (%)	2020	Composition (%)
Accounts Payable & Accruals	4.836	0.80	6.083	1.12
Lease Liability	1.555	0.25	1.498	0.28
Short Term Borrowings	142.378	23.45	113.821	21.07
Other Liabilities	10.007	1.65	10.361	1.91
Borrowings - RBF Facilities/ Term Deposits	169.088	27.84	79.534	14.72
Bond – Held to Maturity	105.100	17.31	155.700	28.82
Total Liabilities	**432.964**	**71.30**	**366.997**	**67.92**
Total Equity	**174.331**	**28.70**	**173.334**	**32.08**
Total Liabilities and Equity	**607.295**	**100.00**	**540.331**	**100.00**

There was an increase of $65.97 million (17.98 %) in the Bank's total liabilities for the 2021 Financial Year. The growth is mainly attributed to the increase in borrowings undertaken during the year. The Bank assisted a number of its customers with working capital loans during the pandemic period by undertaking borrowings from the Reserve Bank of Fiji through its Disaster Recovery and Containment Facility.



CAPITAL STRUCTURE

A summary of the Bank's capital structure as at 30th June 2021 is as follows:

Balance Sheet Review ($mm)	2021	2020
Total Assets	607.295	540.331
Total Liabilities	432.964	366.997
Total Equity	174.331	173.334

ADMINISTRATION AND ICT OPERATIONS AND PERFORMANCE

Properties and Administration Department

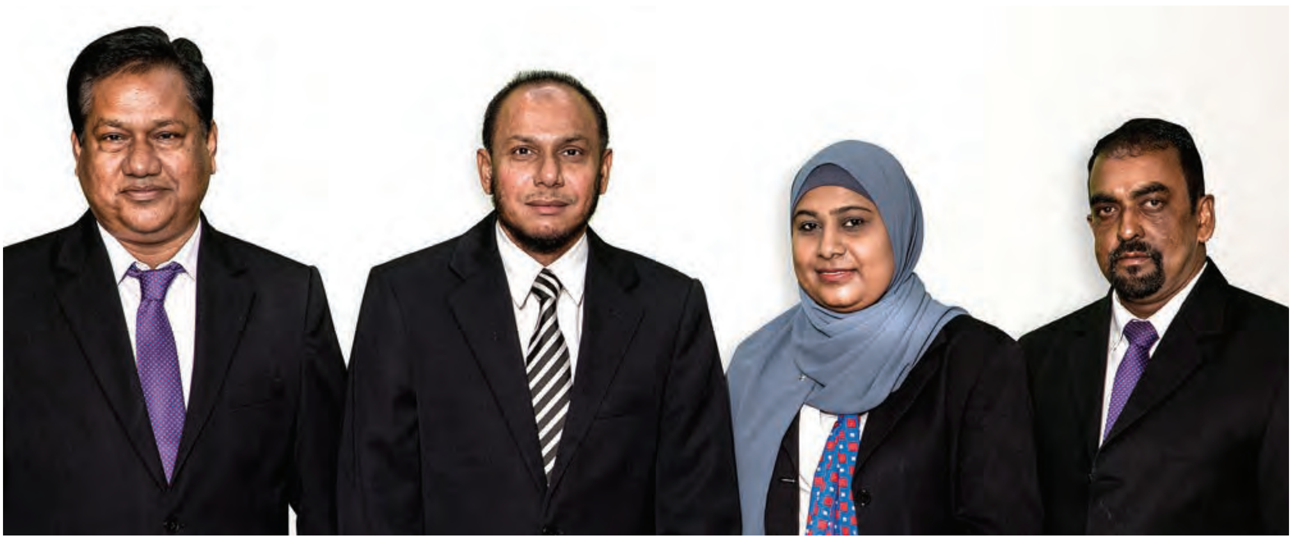
The Bank's Properties and Administration Department plays a major role in ensuring that all staff are well equipped in terms of the office working environment. The Department ensures the management and upkeep of the Bank's buildings and fleet in Head Office and Branches. This includes common liaison with stakeholders to manage relationships and facilitate well-timed deliverables with contractors, architects, engineers, consultants, various service providers, tenants and regulatory/compliance authorities.

The Bank through the Properties Department ensures to provide a clean and orderly office environment not just for the staff but for its customers as well to have comfortable, convenient and safe banking amenities.

The Properties department played an instrumental role during the second wave of the pandemic to ensure that social distancing measures, sanitizing and temperature check facilities were consistently made available across all Branches. The Department also worked very closely with the ICT team to successfully coordinate the work from home initiative during the peak of the pandemic.

A major project undertaken by the Department during the Financial Year initiated at the Head Office includes the construction of a double-storey building known as the Fiji Development Bank Centre (FDBC) garage and a recreational facility. Construction works have continued during the 2021 Financial Year. This facility will be accommodating filing and storage for respective departments of the Bank. The building will also accommodate nine parking spaces, a kitchenette, Bank contractors' space, a small office and a staff recreational room. Similarly, the Lautoka Branch upgrade project involved the conversion of the first floor into new office space for staff while the current branch space will be refurbished into shop outlets that will eventually generate rental income for the Bank. Both the projects have been delayed due to the impact of the Pandemic and now are in the final stage of completion.

Additionally, with the impact of the pandemic, the maintenance costs had increased in the construction industry which led to challenges for most of the project



works being carried out which affected the procurement and supply of the materials from abroad. Despite these challenges, the Properties and Administration Department strives to continue to provide safe working environments for the employees and tenants within the challenges posed.

All of these projects are closely monitored and supervised by the individual consultants who ensure that there are no downtimes for the Bank's operations and its tenants during the normal operating hours.

Information & Communication Technology (ICT) Department

Information & Communication Technology (ICT) has delivered several key facilities, infrastructure and application upgrades that have significantly improved the overall reliability and systems availability of the Bank.

The two units that make up the ICT department are the System Support and Development unit and Network & Infrastructure Support unit. Overall, these two units collectively provide a wide range of IT support to the Bank which includes the following but is not limited to; planning, developing, implementing and maintaining technology-based information systems that provide a cost-effective operational solution to meet the users current and future needs.

During the Financial Year, the Network and Infrastructure Support team has successfully implemented and achieved several notable milestones. These include the upgrade of wide-area network (WAN) Infrastructure capacity by increasing the inter-branch bandwidth two-folds, upgrading of the dedicated Internet links to all three of the Banks telecommunication providers TFL, Vodafone and Digicel resulting in significant connectivity performance, upgrading of the offsite Disaster Recovery (DR) Infrastructure by implementing for the first time a truly high-availability co-location with TFL through a 100M link to their DR site in Valelevu. This enables the Bank to replicate its mission-critical data and applications in real-time to its secondary datacenter.

The ICT Department also successfully trialed and implemented the Microsoft 365 project which is being gradually rolled out across the Bank to migrate every user to the cloud applications in comparison to the traditional on-premise mode of operation. Microsoft 365 includes high-end collaboration platforms like Exchange and SharePoint. These upgrades were timely and provided the Bank with an ideal platform to provide staff with the work from home option during the peak of the pandemic. Not only were staff able to work from home, but it also ensured the safety of other staff reporting to the office as staff contact was minimalized due to digitalization and having the enhanced infrastructure in place.

The System Support and Development team's major responsibilities include BMS end-user support and process automation re-engineering. Notable process automation deliverables include automation of the Tracking/Search system for the movement of Security Packets, automation of the Pre-Migration Report (PMR), automation of Staff Survey, development of the Online Recruitment System, EFT Transaction in BMS, enhancement of the Complaints Register and Upgrade/ Migration of Report SQL Server 2016. These automation projects have assisted various departments in the Bank to streamline their processes and to deliver key outputs more efficiently.

The Bank's Core Banking Transformation Project is currently in progress which has been delayed due to the impact of the Pandemic.

HISTORICAL PERFORMANCE

Historical Performance	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Financial											
Net profit($mm)	2.50	2.86	4.13	4.89	6.14	7.31	8.15	7.41	4.07	1.14	0.99
Total Assets ($mm)	345.09	332.63	338.47	335.07	361.83	374.91	402.06	467.65	545.30	540.33	607.30
Total Assets / Equity (%)	3.05	2.87	2.78	2.65	2.73	2.63	2.67	2.96	3.16	3.12	3.48
Average Earning assets ($mm)	381.55	330.70	351.22	342.99	371.81	381.03	442.98	491.96	545.80	547.90	625.40
Borrowing Cost / Average Earning Assets (%)	6.08	3.31	2.47	1.85	1.45	1.71	1.67	1.88	2.16	2.72	2.34
Total Cost / Average Earning Assets (%)	7.17	7.52	5.27	4.92	4.65	4.94	4.46	4.68	5.10	5.62	4.39
Profit (Loss) / Average Equity (%)	2.23	2.49	3.48	3.94	4.74	5.96	5.57	4.80	2.46	0.69	0.57
Long Term Debt : Equity	1.44:1	0.95:1	1.16:1	0.99:1	1.05:1	0.98:1	0.95:1	1.16:1	1.44:1	1.36:1	1.57:1
Interest Spread (%)	3.02	3.97	3.81	5.11	4.27	3.41	2.97	3.73	3.07	3.86	4.70
Earning Spread (%)	6.18	7.25	7.12	6.98	6.15	5.73	4.48	5.18	4.51	5.31	6.15
Operating Efficiency											
Staff Cost / Average Earning Assets (%)	1.75	2.04	1.81	1.99	2.24	2.09	1.79	1.88	1.97	1.95	1.43
Total Income / Average Earning Assets (%)	7.83	8.39	7.93	7.59	6.95	7.39	5.54	6.16	5.83	6.71	6.32
Lending											
Approvals (Number)	717	746	1014	1249	1532	1529	1400	1621	1595	966	899
Approvals ($mm)	50.57	76.48	139.04	140.76	108.89	120.46	145.31	121.86	187.59	138.04	65.76
Loan Portfolio (Number)	5258	4536	4071	3843	4189	4608	4943	5150	5149	4825	4590
Gross Loan Portfolio ($mm)	336.80	324.51	347.41	339.05	367.24	375.83	438.09	487.05	539.75	541.88	618.81
Growth in Loan Portfolio (%)	-20.98	-3.65	7.05	-2.41	8.31	2.25	16.67	11.17	10.82	0.39	14.20
Arrears / Loan Portfolio (%)	15.24	12.98	12.40	12.90	12.02	14.34	13.40	14.98	11.16	16.20	25.88

FDB'S MARKET SHARE

	FDB ($mm)	Commercial Banks (CB) ($mm)	Credit Institutions (CI) ($mm)	Fiji Total ($mm)	FDB as a % of Fiji Total	CB as a % of Fiji Total	CI as a % of Fiji Total
Agriculture	97.8	72.1	23.3	193.2	50.6	37.3	12.1
Sugarcane Growing	17.5	1.6	0.2	19.3	90.7	8.3	1.0
Forestry & Logging	3.6	14.3	6.6	24.5	14.7	58.4	26.9
Fisheries	4.0	9.8	0.8	14.6	27.4	67.1	5.5
Others	72.6	46.4	15.7	134.7	53.9	34.4	11.7
Mining & Quarrying	1.3	38.1	5.0	44.4	2.9	85.8	11.3
Manufacturing	57.0	455.1	14.2	526.3	10.8	86.5	2.7
Food, Beverages and Tobacco	31.5	155.9	0.7	188.1	16.8	82.9	0.4
Textiles, Clothing and Footwear	1.5	87.8	2.2	91.5	1.7	95.9	2.4
Metal Products and Machinery	0.1	25.9	4.4	30.4	0.2	85.3	14.5
Others	23.9	185.5	6.9	216.3	11.0	85.8	3.2
Building and Construction	166.5	708.5	61.8	936.8	17.8	75.6	6.6
Real Estate	84.4	1,298.8	1.6	1,384.8	6.1	93.8	0.1
Non-Bank Financial Institutions	2.6	4.9	8.6	16.1	16.1	30.5	53.5
Public Enterprises	75.1	39.4	1.3	115.8	64.9	34.0	1.1
Wholesale, Retail, Hotels and Restaurants	72.2	1,408.0	52.7	1,532.9	4.7	91.8	3.4
Hotels and Restaurants	49.6	466.8	11.3	527.7	9.4	88.5	2.1
Other Commercial Advances	22.7	941.2	41.4	1,005.3	2.3	93.6	4.1
Transport, Communications and Storage	31.9	310.4	127.3	469.6	6.8	66.1	27.1
Electricity, Gas and Water	4.2	196.1	0.5	200.8	2.1	97.6	0.2
Professional and Business Services	5.9	130.9	35.2	172.0	3.4	76.1	20.5
Private Individuals	17.3	2,068.4	226.3	2,312.0	0.7	89.5	9.8
Housing	16.4	1,787.6	-	1,804.0	0.9	99.1	-
Car or Personal Individual Transport	0.4	73.0	-	73.4	0.6	99.4	-
Others	0.5	207.8	-	208.3	0.2	99.8	-
Central and Local Government	-	8.0	-	8.0	-	100.0	-
Others	2.6	254.0	8.1	264.7	1.0	96.0	3.1
TOTAL	**618.8**	**6,992.7**	**565.9**	**8,177.4**	**7.6**	**85.5**	**6.9**

RELATIONSHIP AND SALES

LENDING ACTIVITIES

The lending activities faced its challenges from the start of the Financial Year with majority of the impactful accounts being affected by the COVID-19 Pandemic. Customers sought assistance under the Bank's various COVID-19 Packages together with financing options available under the Reserve Bank of Fiji's Disaster Rehabilitation and Containment Facility (RBF DRCF) or the Micro and Small Medium Enterprises Credit Guarantee Scheme (MSMECGS) or the Bank's repayment options of Interest Only Repayment or Repayment Holiday and waiver of fees. Majority of the customers were under repayment holiday for the first 3 months which was further extended to a few months thereafter.

While business activities slowly normalized during the second and third quarter of the Financial Year, the major downward impact to lending was noted in the fourth quarter from our normal business customers. The 2nd and 3rd quarter activities were well reflected through the COVID-19 loans as the Bank disbursed $118.54 million surpassing its disbursement target of $80 million. In comparison to the 2020 Financial Year disbursement of $62.95 million, a growth of 88.31% was noted.

Lending activities in the first half of the Financial Year was mostly under the Public Enterprises, Manufacturing, Non-Bank Financial Institutions and Wholesale, Retail, Hotels & Restaurants sector, which resulted in the Bank's total portfolio growth.

For the 2021 Financial Year, the Bank approved $65.76 million to 899 customers. However, this reflected a reduction of 6.94% by number and 52.36% by value in comparison to the previous Financial Year.

For the Focused Sector approvals, this represented a minor increase by 3.46% by number and 58.87% reduction by value and the Non-Focused Sector noting a huge drop of 60.51% and 30.91% by number and value respectively in comparison to the 2020 Financial Year. The larger contraction in the Non-Focused sector is attributed to the halt in operations under the tourism sector which had trickle down effects on the tourism supporting sectors.

Of the 899 loans approved, 837 loans valued at $43.54 million, were approved in the Focused Sectors. This reflects 93.10% of loan approvals in number and 66.21% in value.

There were 62 loans approved in the Non-Focused Sector, valued at $22.22 million. This reflects 6.90% of loan approvals in number and 33.79% in value.

2021 PORTFOLIO HIGHLIGHTS UNDER OUR MANDATED SECTORS

Mandated Sectors	Natural Resources	Agriculture	$101.26 mm
		Mining	$0.71 mm
		Electricity, Gas and Water	$4.30 mm
	Transport, Communication and Storage		$40.96 mm
	Other Industries	Manufacturing	$46.23 mm
		Building and Construction	$72.19 mm
	Enterprises	Wholesale, Retail, Hotels and Restaurants	$199.66mm
		Professional and Business Services	$3.58 mm
Non-Mandated Sectors	Private Individuals		$12.72 mm
	Real Estate		$57.24 mm
	Others		$1.98 mm
	Non-Bank Financial Institutions		$2.59 mm
	Public Entreprises		$75.20 mm

PORTFOLIO

At the closing of the 2021 Financial Year, the Bank's total loan portfolio recorded a growth of 14.20% in value to stand at $618.81 million while recording a minor drop in the number of accounts by 4.87%.

Portfolio Building	Jun-2020 By Number	Jun-2020 By Value ($mm)	Jun-2021 By Number	Jun-2021 By Value ($mm)
Performing Loan Portfolio	4,250	439.98	4,091	455.83
Non-Performing Loan Portfolio	575	101.90	499	162.98
TOTAL PORTFOLIO	**4,825**	**541.88**	**4,590**	**618.81**

The Bank's Performing Loan Portfolio (PLP) followed a similar trend to stand at $455.83 million noting a 3.60% in portfolio value and a 3.74% drop in number of accounts from the last Financial Year.

While the Non-Performing Loan (NPL) portfolio increased by 59.94% from $101.90 million to $162.98 million during the Financial Year. However, the strategies derived to handle the rehabilitation and recovery of accounts assisted in reducing the number of NPL accounts from 575 accounts to 499 in the 2021 Financial Year.

The increase in the NPL portfolio was a direct impact of the COVID-19 second wave that impacted the Fijian economy significantly since 19th April 2021 resulting in a total halt in businesses for almost 3 months with only essential business being in operation. Many Small and Medium Enterprises collapsed during this period as they could not survive the impact of the pandemic. Businesses struggled to meet their normal expenses hence loan repayments were also affected.

FOCUSED SECTOR

The Focused Sector represented 45.76% of the total Bank portfolio by value and 83.92% by number. The Focused Sector portfolio increased by 26.87% by value and reduced by 2.16% by number to stand at $283.17 million with 3,852 accounts, in comparison to last Financial Year portfolio of $223.20 million with 3,937 accounts.

In terms of portfolio distribution by the number of customers, the Focused Sector is dominated by the key mandated sectors of the Bank - Agriculture sector followed by Transport, Communication and Storage and loans below $500,000 in the Wholesale, Retail, Hotels and Restaurants and Professional and Business Services sector.

NON-FOCUSED SECTOR

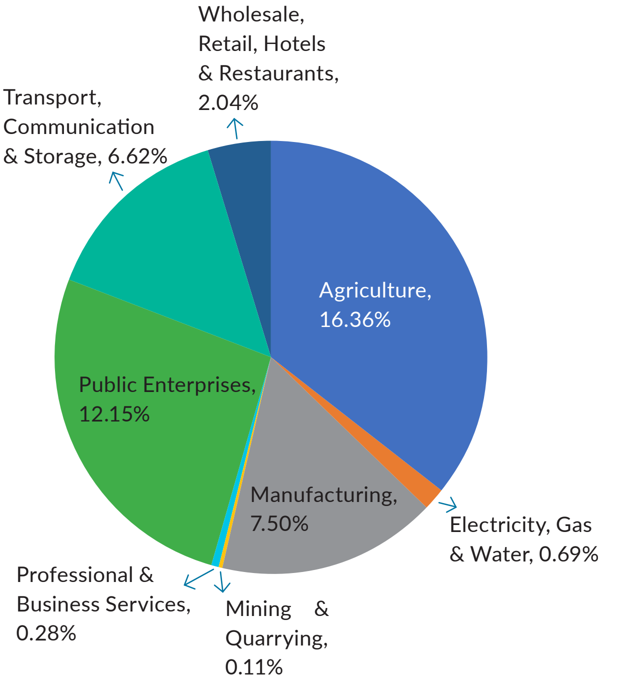
The Non-Focused Sector contributed to 16.08% by number of loans and 54.24% by value of the total portfolio which equated to 738 accounts worth $335.63 million respectively.

A decrease of 16.89% by number and an increase of $16.95 million was noted in comparison to the 2020 Financial Year ($318.68 million, 888 accounts).

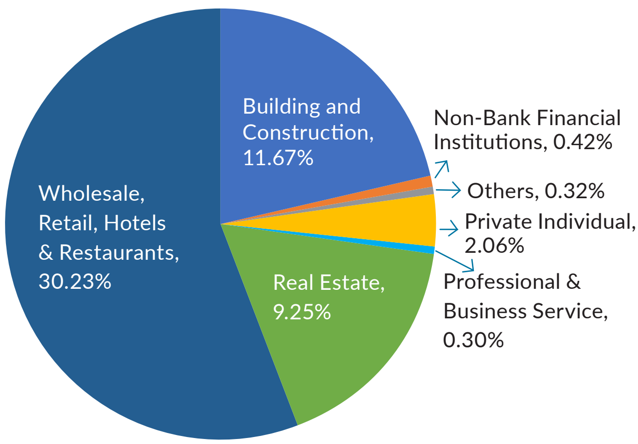
These were committed towards the Building & Construction, Private Individuals, Real Estate, Others and towards larger loans (above $500,000) in the Wholesale, Retail, Hotels & Restaurants and the Professional & Business Services sector.

The majority of the customers under Non-Focused Sectors, in terms of value, were concentrated in the Wholesale, Retail, Hotels & Restaurant portfolio with a value of $187.05 million followed by Building and Construction valued at $72.19 million and Real Estate valued at $57.24 million.

FOCUSED SECTOR PORTFOLIO FOR FINANCIAL YEAR 2021



NON-FOCUSED SECTOR PORTFOLIO FOR FINANCIAL YEAR 2021



MARKET SHARE

For the 2021 Financial Year, the total market share of the Bank's portfolio relating to total loans and lease advances outstanding by all Commercial Banks and other Licensed Credit Institutions stood at 7.57% when compared to 6.62% in the previous year. Agriculture lending continues to be the Bank's priority. The Bank for the past many years had the highest market share in the Agriculture sector however, this year Public Enterprise sector surpassed the market share with 64.86% in comparison with Commercial Banks and other Licensed Credit Institutions. Agriculture held the second highest market share of lending in Agriculture sector, however, same had dropped from 52.84% to 50.61% this Financial Year. The Bank continues to dominate the Sugarcane portfolio at 90.70%.

The Bank intends to maintain and further improve its market share in the near future. This would be targeted through encouraging lending through the agriculture value chain concept, launching new simplified products, initiating new partnerships, digitizing products, process improvements, enhancing customer engagement and creating more awareness to customers to venture into supply chain businesses.

STRENGTHENING OUTREACH

A key support to the growth in the Bank's market share is the efforts made in improving and strengthening the Bank's outreach. During the Financial Year, the Bank conducted sessions with mixed cluster farmers in various locations all over Fiji and tourism customers in Nadi. Meetings were also conducted with Ministry of Agriculture, Fiji Rice Limited, Fiji Crop and Livestock Council and other stakeholders. In the coming Financial Year, given the uplifting of movement restrictions, the Bank will conduct more outreach sessions.

The Bank's Branches throughout Viti Levu and Vanua Levu are strategically located to allow accessibility, discernibility for customers and enable the Bank staff to conduct regular agency visits within their own vicinity and outer islands. The branches are located at the main municipalities of Nausori, Rakiraki, Ba, Lautoka, Nadi, Sigatoka, Savusavu, Nabouwalu, Labasa, Seaqaqa, Taveuni. The Head Office Branch is divided into two, Suva Prime and Suva Branch.

THE FIJI DEVELOPMENT BANK'S PORTFOLIO AS AT 30 JUNE 2021

Portfolio as at 30th June 2021	By Number	%	By Value ($mm)	%
Focused Sectors	3852	83.92	283.17	45.76
Agriculture	3007	65.51	101.26	16.36
Electricity, Gas & Water	10	0.22	4.30	0.69
Manufacturing	49	1.07	46.43	7.50
Mining & Quarrying	4	0.09	0.71	0.11
Professional & Business Services	58	1.26	1.72	0.28
Public Enterprises	2	0.04	75.20	12.15
Transport, Communication & Storage	408	8.89	40.96	6.62
Wholesale, Retail, Hotels & Restaurants	314	6.84	12.61	2.04
Non-Focused Sectors	738	16.08	335.63	54.24
Building and Construction	65	1.42	72.19	11.67
Non-Bank Financial Institutions	3	0.07	2.59	0.42
Others	47	1.02	1.98	0.32
Private Individual	530	11.55	12.72	2.06
Professional & Business Services	3	0.07	1.86	0.30
Real Estate	59	1.29	57.24	9.25
Wholesale, Retail, Hotels & Restaurants	31	0.68	187.05	30.23
TOTAL PORTFOLIO	**4590**	**100.00**	**618.81**	**100.00**

THE FIJI DEVELOPMENT BANK'S APPROVALS AS AT 30 JUNE 2021

Approvals for Financial Year End 2021	By Number	%	By Value ($mm)	%
Focused Sectors	837	93.10	43.54	66.21
Agriculture	645	71.75	17.25	26.22
Electricity, Gas & Water	1	0.11	0.05	0.07
Manufacturing	9	1.00	18.11	27.54
Mining & Quarrying	0	0.00	-	0.00
Professional & Business Services	16	1.78	0.54	0.82
Public Enterprises	1	0.11	0.08	0.12
Transport, Communication & Storage	93	10.34	4.13	6.28
Wholesale, Retail, Hotels & Restaurants	72	8.01	3.39	5.15
Non-Focused Sectors	62	6.90	22.22	33.79
Building and Construction	4	0.44	2.54	3.86
Non-Bank Financial Institutions	0	0.00	-	0.00
Others	9	1.00	2.03	3.08
Private Individual	43	4.78	0.90	1.37
Professional & Business Services	1	0.11	1.22	1.85
Real Estate	4	0.44	14.49	22.03
Wholesale, Retail, Hotels & Restaurants	1	0.11	1.05	1.60
TOTAL APPROVALS	**899**	**100.00**	**65.76**	**100.00**

DEVELOPMENT FINANCING

The Bank has continued to pursue its mandate for over fifty years. During this time, it has positioned itself as an important financially sustainable institution critical to the development of the Fijian economy. It has played an important role in providing financial solutions that promote prosperity, which is the overall objective of the Sustainable Development Goals (SDGs).

FDB is committed to the Sustainable Development Goals, which is expressed in the Bank's 2021-2023 Strategic Plan. The Plan is a development financing roadmap that is inclusive and engaging in FDB's history.

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 (NDP), and on obligations attached to its Green Climate Fund (GCF) accreditation.

FDB has contributed towards realizing the goals in the NDP 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 business. 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 mandate.

FDB Financial Solutions	Poverty Reduction - SDG 1
	Food Security - SDG 2
	Health - SDG 3
	Education - SDG 4
	Gender Equality - SDG 5
	Water - SDG 6
	Affordable and Clean Energy - SDG 7
	Decent Work and Economic Growth - SDG 8
	Industry, Innovation and Infrastructure - SDG 9
	Reduced Inequality - SDG 10
	Sustainable Cities and Communities - SDG 11
	Responsible Consumption and Production - SDG 12
	Climate Action - SDG 13

AGRICULTURE

The portfolio value of $101.26 million reflects FDB's commitment in supporting a competitive, sustainable, and value-adding agriculture sector in Fiji. This value represents 16.36% and 65.51% by number of FDB's total portfolio.

The approvals for FY 2021 stood at 71.75% by number and 26.22% by value.

This sector holds the 2^{nd} largest market share across Fiji representing 50.61%. Financial solutions such as Agriculture Family Loan ensures women participation, promotes use of renewable energy within farms such as irrigation. It also supports farmers through partnerships with stakeholders such as the Commercial Farmers Equity Loan Package.

The Bank is also in the process of developing new innovative products to support the agriculture sector.

Portfolio	Number	Percentage (%)	Value ($mm)	Percentage (%)
2021	3007	65.51	101.26	16.36
2020	3002	62.22	107.64	19.86

Approvals	Number	Percentage (%)	Value ($mm)	Percentage (%)
2021	645	71.75	17.25	26.22
2020	596	61.70	16.62	12.04

ELECTRICITY, GAS & WATER

FDB's commitment to the energy sector saw it provide financing for reliable, adequate, and affordable energy for economic growth in a socially, economically, and environmentally sustainable way. This sector holds a market share of 2.11%.

FDB supports in providing access to cleaner and affordable energy through identifying innovative solutions, sharing information with partner development institutions and with private sectors. These include:

- Green Banking (GCF)
- Funding Renewable Energy Sources – Villages (Off- Grid)
- Solar Farms

- Import Substitution and Export Finance Facility ISEFF (Government Facility)

In 2021, the portfolio stood at $4.30 million comprising 10 loans. This reflected 0.22% by number and 0.69% by value.

There was 1 approval in the year, valued at $0.05 million, 0.07% in value of total approvals.

Portfolio	Number	Percentage (%)	Value ($mm)	Percentage (%)
2021	10	0.22	4.30	0.69
2020	10	0.21	8.67	1.60

Approvals	Number	Percentage (%)	Value ($mm)	Percentage (%)
2021	1	0.11	0.05	0.07
2020	1	0.10	0.05	0.04

MANUFACTURING

FDB is committed to supporting the National Development Plan of developing Fiji as a manufacturing hub of the Pacific. The Bank's market share for this sector increased to 10.83% from 7.84% in the last Financial Year, with 16.76% in the food, beverages, and tobacco sectors; 1.69% in the textiles, clothing and footwear sectors, and 0.19% in the metal products and machinery sector.

The manufacturing portfolio stood at $46.43 million at the end of Financial Year. There was a total of 49 loans (1.07% of the total loans by number).

For the 2021 Financial Year, $18.11 million was approved to 9 accounts. By value, this reflected 27.54% of total approvals and 1.00% by number of loans in the Focused Sector.

The Bank facilitates Private Sector Development. Also provides Import Substitution and Export Finance Facility (ISEFF), Export Credit Facility (ECF) (Government Facility) and Commercial Loans.

The Bank is currently developing a new model under the Agriculture Value Chain financing which involves an Anchor (processors) to ensure consistent supply and production. During the Financial Year, projects financed includes clothing, food and beverages, paper products, woodwork, and furniture makings.

Portfolio	Number	Percentage (%)	Value ($mm)	Percentage (%)
2021	49	1.07	46.43	7.50
2020	51	1.06	31.96	5.90

Approvals	Number	Percentage (%)	Value ($mm)	Percentage (%)
2021	9	1.00	18.11	27.54
2020	10	1.04	3.37	2.44

MINING & QUARRYING

FDB's investment in promoting a sustainable mining sector that has continued to provide employment, income, foreign exchange earnings and revenue for the government saw the portfolio stand at $0.71 million for the Financial Year. This comprised of 0.11% in value of the total portfolio. There were four (4) loans in total, reflecting 0.09% of total loans by number. These were mainly for rock quarry. A calculated credit risk applied aimed at managing the environmental risk.

FDB's market share for this industry stood at 2.92% in the 2021 Financial Year dropping from 4.63% in the last Financial Year . The Bank continues to promote sustainable mining activities. Stringent monitoring and evaluation mechanisms is in place to ensure environment management plans are implemented.

Portfolio	Number	Percentage (%)	Value ($mm)	Percentage (%)
2021	4	0.09	0.71	0.11
2020	4	0.08	0.52	0.10

Approvals	Number	Percentage (%)	Value ($mm)	Percentage (%)
2021	0	0.00	-	0.00
2020	2	0.21	0.91	0.66

PROFESSIONAL & BUSINESS SERVICES

This portfolio stood at $3.58 million, comprising 61 loans by number for the 2021 Financial Year.

FDB committed $1.76 million to this sector through approval of 17 loans during the Financial Year. This reflected a market share of 3.40%.

Projects include but not limited to those in health services, including medical and dental services, chiropractic and wellness, hairdressing and beauty salons, consultancy services, manufacture/repair of machinery for manufacturing, wholesaling and retailing.

Portfolio	Number	Percentage (%)	Value ($mm)	Percentage (%)
2021				
Focused Sector	58	1.26	1.72	0.28
Non-Focused Sector	3	0.07	1.86	0.30
2020				
Focused Sector	65	1.35	1.96	0.36
Non-Focused Sector	2	0.04	1.82	0.34

Approvals	Number	Percentage (%)	Value ($mm)	Percentage (%)
2021				
Focused Sector	16	1.78	0.54	0.82
Non-Focused Sector	1	0.11	1.22	1.85
2020				
Focused Sector	14	1.45	0.65	0.47
Non-Focused Sector	0	0.00	-	0.00

TRANSPORT, COMMUNICATION, AND STORAGE

The sector noted approvals of $4.13 million, comprising 6.28% by value of the total approvals for the Financial Year. There were 93 approvals, reflecting 10.34% of the total approvals for the Financial Year.

The portfolio stood at $40.96 million, comprising 6.62% in value of the total portfolio with a total of 408 loans.

Projects include taxi, minibus, freight transport, rentals, tours and support services to road transport as well as water transport. Activities remained low in the sector due to minimal activities noted resulting from the impacts of the pandemic.

The market share reduced to 6.80% at the end of the Financial Year.

A key project in the pipeline for the sector is the concept note development for e-bus project.

Portfolio	Number	Percentage (%)	Value ($mm)	Percentage (%)
2021	408	8.89	40.96	6.62
2020	471	9.76	51.26	9.46

Approvals	Number	Percentage (%)	Value ($mm)	Percentage (%)
2021	93	10.34	4.13	6.28
2020	114	11.80	80.72	58.48

WHOLESALE, RETAIL, HOTELS & RESTAURANTS

This portfolio, FDB's largest at the end of the Financial Year, stood at $199.66 million, comprising 345 loans by number. This reflected 7.52% of the total loans by number and 32.27% by value.

At the end of the Financial Year, a total of $4.44 million was committed to this sector through approval of 73 accounts. This reflected an increase in the market share as well. This reflected 8.12% of the approvals for the year, by number and 6.75% by value leading to an increase in the Bank's market share for the sector.

The Bank's market share for this sector stood at 4.71%. Projects include farm produce wholesaling/retailing, restaurants, purchase of farm products, supplies/machinery/equipment for wholesaling and retailing, bakery products and hotels, motels, resorts, and camp accommodation.

Portfolio	Number	Percentage (%)	Value ($mm)	Percentage (%)
2021				
Focused Sector	314	6.84	12.61	2.04
Non-Focused Sector	31	0.68	187.05	30.23
Total	**345**	**7.52**	**199.66**	**32.27**
2020				
Focused Sector	333	6.90	12.71	2.35
Non-Focused Sector	27	0.56	169.46	31.27
Total	**360**	**7.46**	**182.17**	**33.62**

Approvals	Number	Percentage (%)	Value ($mm)	Percentage (%)
2021				
Focused Sector	72	8.01	3.39	5.15
Non-Focused Sector	1	0.11	1.05	1.60
Total	**73**	**8.12**	**4.44**	**6.75**
2020				
Focused Sector	72	7.45	3.55	2.58
Non-Focused Sector	4	0.4	16.26	11.78
Total	**76**	**7.85**	**19.81**	**14.36**

PUBLIC ENTERPRISE

The portfolio stood at $75.20 million with only two loan accounts. The portfolio increase resulted from a large corporate disbursement which also lead to the sector noting the highest market share of 64.86% for the Bank and ahead of the commercial banks and other licensed credit institutions.

The sector noted a single approval representing 0.12% of total approvals by value and 0.11% by number.

Portfolio	Number	Percentage (%)	Value ($mm)	Percentage (%)
2021	2	0.04	75.20	12.15
2020	1	0.02	8.48	1.56

Approvals	Number	Percentage (%)	Value ($mm)	Percentage (%)
2021	1	0.11	0.08	0.12
2020	0	0.00	0.00	0.00

BUILDING & CONSTRUCTION

For the 2021 Financial Year, the Building and Construction portfolio stood at $72.19 million, representing 11.67% of the Bank's total portfolio by value. There were 65 loans in this sector, reflecting 1.42% of the Bank's total portfolio by number of accounts.

There were 4 approvals valued at $2.54 million, representing 0.44% by number and 3.86% by value of total approvals.

Projects included infrastructure construction, other construction services, commercial buildings, general contracting, building construction.

FDB's market share in this sector stood at 17.77%.

Portfolio	Number	Percentage (%)	Value ($mm)	Percentage (%)
2021	65	1.42	72.19	11.67
2020	78	1.62	70.01	12.92

Approvals	Number	Percentage (%)	Value ($mm)	Percentage (%)
2021	4	0.44	2.54	3.86
2020	12	1.24	4.25	3.08

REAL ESTATE

The portfolio noted a minor drop to stand at $57.24 million, comprising 59 loans. This reflected 1.29% by number and 9.25% by value of the total portfolio.

There were 4 approvals during the 2021 Financial Year valued at $14.49 million, representing 22.03% in total value of approvals and 0.44% by number of total approvals.

Projects include commercial and residential rental, and land sub-division purposes.

The market share for the sector increased to 6.10% from 5.73% in comparison to the last Financial Year.

Portfolio	Number	Percentage (%)	Value ($mm)	Percentage (%)
2021	59	1.29	57.24	9.25
2020	66	1.37	57.41	10.59

Approvals	Number	Percentage (%)	Value ($mm)	Percentage (%)
2021	4	0.44	14.49	22.03
2020	7	0.72	6.08	4.41

NON-BANK FINANCIAL INSTITUTIONS

This sector provides support to Fiji's microfinance institution South Pacific Business Development Microfinance (Fiji) Limited – a leading micro-enterprise development organization that provides unsecured credit assistance to women micro-entrepreneurs, especially in the rural areas and facilitates their capacity building.

There were no new loans booked under this sector as economic activity was low, however, the portfolio rose slightly as debt balance increased due to the approvals in the 2020 Financial Year being gradually disbursed in the 2021 Financial Year.

FDB's market share for this sector stood at 16.09%.

Portfolio	Number	Percentage (%)	Value ($mm)	Percentage (%)
2021	3	0.07	2.59	0.42
2020	2	0.04	2.24	0.41

Approvals	Number	Percentage (%)	Value ($mm)	Percentage (%)
2021	0	0.00	0.00	0.00
2020	2	0.21	3.00	2.17

SDG RELATED FUNDING MECHANISM UNDER THE GREEN CLIMATE FUND – FUTURE OUTLOOK

- Approved Project: AgroPV Project in Ovalau
- Project Idea 1: Fiji Climate-Smart Agriculture (CSA) Guarantee
- Project Idea 2: Promoting Decarbonisation of Public Bus Transport in Fiji
- Project Idea 3: Coral Reefs Resiliency Program
- Project Idea 4: Climate Resilient Housing

BUSINESS RISK SERVICES

"FDB's commitment to engage with customers and provide world-class customer service remained strong despite the economic outlook – FDB continues to look forward to the New Financial Year"

YEAR IN REVIEW

The Financial Year started with intense stress on the financial institutions for new lending and borrowing in the market, however, despite the challenges, optimism remained.

The Fiji Government requested the financial institutions to assist customers within their operating requirements to ensure that businesses could sustain their operation and rolled out incentives and packages for stressed businesses/industries. The Bank, in response to the effects of the pandemic, made flexible repayment arrangements on the debts through means of a moratorium, interest-only repayments, repayment holidays, relaxed collection process, debt restructures, rehabilitation and aging amongst other means to assist. As the businesses in the Central Business Districts and in general were getting back to normalcy, the second wave impacted all sectors and prolonged the isolative effects of the pandemic. The Bank again extended its flexible adjustments which most of the customers took advantage of despite the impact of stress on asset quality and increased provisioning to cushion future loss impacts.

With COVID-19 still making its presence felt in Fiji and globally, FDB had to strengthen its credit assessments to prevent future losses to the Bank during the volatile period and cushion existing customer impacts on the Bank's credit portfolio. The Bank has significantly increased its level of provision to account for possible impairment of loan assets.

The Bank had limited lending in certain sectors where businesses came to an utter halt minimizing or avoiding potential risk to the Bank yet, at the same time assisting existing customers in these sectors with flexible repayment strategies and rejuvenating efforts.

A significant portion of the Bank's portfolio is invested in the tourism sector where most, if not all businesses, had ceased operations, the businesses which rely on the industry had ceased operations and many have been left without livelihoods. Special attention was provided to such customers to ease the burden and assist in any means possible, however, each case was managed on its merits and Bank's risk assessment and credit appetite.

FINANCIAL

New product concepts such as the Farming for Retirement and Agriculture Value Chain Financing Lending Platforms were further revised to be introduced in the next Financial Year. These products were devised by factoring in the gap in the market for such facilitation and taking account of the impact of the pandemic.

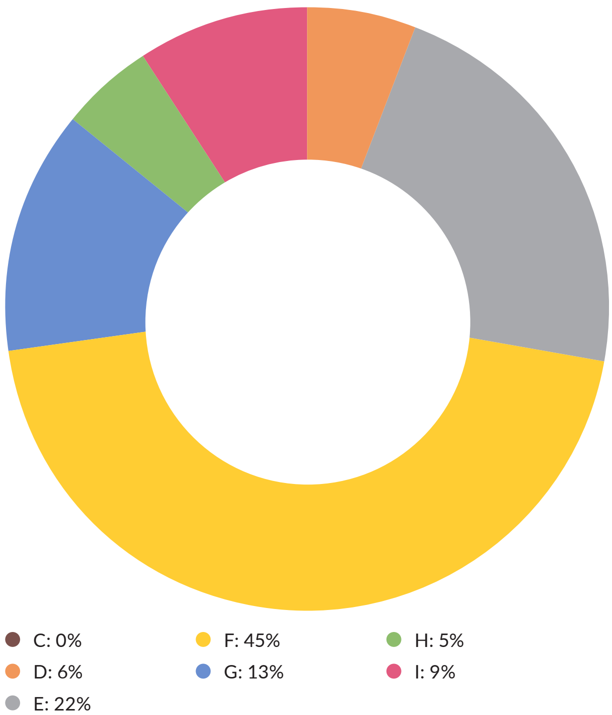
Despite the challenges, the Bank was able to generate income from non-interest means. These were from fees and charges and recoveries. The Asset Management Department (AMD) generated $6.14million through nonperforming debt recoveries. It was a challenge in attracting much interest from bidders for items tendered with much of the tension coming from the unfavorable economic downturn. Insurance and legal fees accumulated income of just over $700,000. The recent review of the Bank's fees and charges is expected to pave the way for more current market rates for such services and at par with other banks.

The Choice Home Loan (CHL) portfolio which is also supervised by AMD saw a slight decrease in value and number. 21 accounts were paid off or settled during the year amounting to over $613,000, attributed to the efforts of the AMD team.

ASSET QUALITY

The loan grades or the asset quality rating were mostly concentrated in grade 'F', representing 45.35% of the Bank's portfolio, followed by grade 'E' at 22.19%.

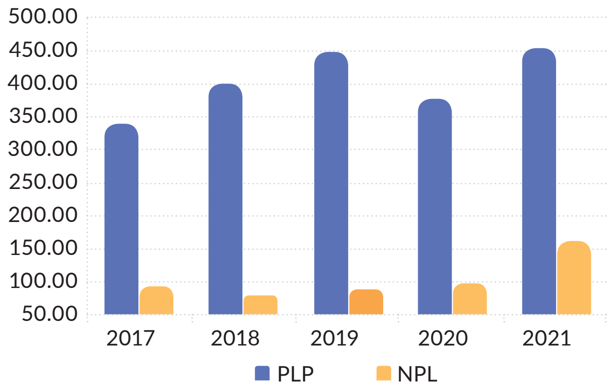
Asset Quality



Grades 'C', 'D', 'E' and 'F' are performing loan grades and grades 'G', 'H' and 'I' are the non-performing loan grades. For the 2021 Financial Year, the Performing Loan Portfolio (PLP) represented 73.66% while the Non-Performing Loan (NPL) portfolio represented 26.34% of the total Bank portfolio.

It is difficult to maintain the maximum 10% NPL target during the outbreak, however, all effort is taken to prevent further deterioration of the accounts.

PLP and NPL Trend



The NPL supervised by the Asset Management Department accounts for 75.82% of the total NPL portfolio of the Bank and at the end of the 2021 Financial Year, had increased by 92.69% ($59.44 million) in comparison to the last Financial Year. If COVID-19 measures are relaxed in the new Financial Year and economic activity picks up, it is anticipated that this high number will gradually decrease as some accounts will be rehabilitated and some are marked for recoveries in the new Financial Year.

INTERNAL BUSINESS PROCESS

The processes of the Bank geared towards adapting to the new way of doing business through digital platforms over the pandemic with more emphasis on utilizing online platforms for business. Staff focus was on implementing work from home policies where Staff were able to work efficiently and customer interaction focused more through virtual connections and remained positive.

FDB now comes under the Reserve Bank of Fiji's (RBF) supervision. As a result, on-site reviews are conducted. With one review conducted during the Financial Year, the culminated report prescribes improvements for the Bank's internal processes and reporting. This will allow the Bank to rebuild a robust credit risk culture and ensure the sustainability of FDB, its customers and the country as a whole. There is excess liquidity in the market with a saving strategy adopted by the general public and less uptake of loans leading to a decrease in interest rates. The Bank's focus in the new Financial Year will be to initiate loan products with lower interest rates as usual to support businesses devastated by COVID-19 and other Government initiated facilities to stimulate activity in the economy.

In order to mitigate the risks faced by the Bank, the Bank further revised its policy guidelines on treatment and reporting of COVID-19 affected accounts, policy amendments related to the removal of business licenses, revision to the Bank's sectorial limits and the ERM framework.

The Bank is contemplating a challenging year ahead with COVID-19 being top on the list of risk which affects all industries, some more than others. There is added risk of default and impairment, however, the Bank revised and strengthened its credit assessment guidelines for new applications to mitigate future unpredictability. The Bank's Business Continuation Plan (BCP) Committee is constantly converging to discuss possible risks to the Bank's business operation and the measures to mitigate the effects, so that the Bank remains in operation to serve the customers.

FDB's commitment remains strong to engage with customers and provide world-class customer service and the outlook for the upcoming Financial Year is that much improvement will be made in this context with improved asset quality and customer base.

TALENT AND ORGANISATIONAL DEVELOPMENT

In the 2021 Financial Year, the Bank committed to adapting to the new normal brought about by the global impact of the COVID19 pandemic by guaranteeing staff job security and managing staff complement to support business continuity to its customers.

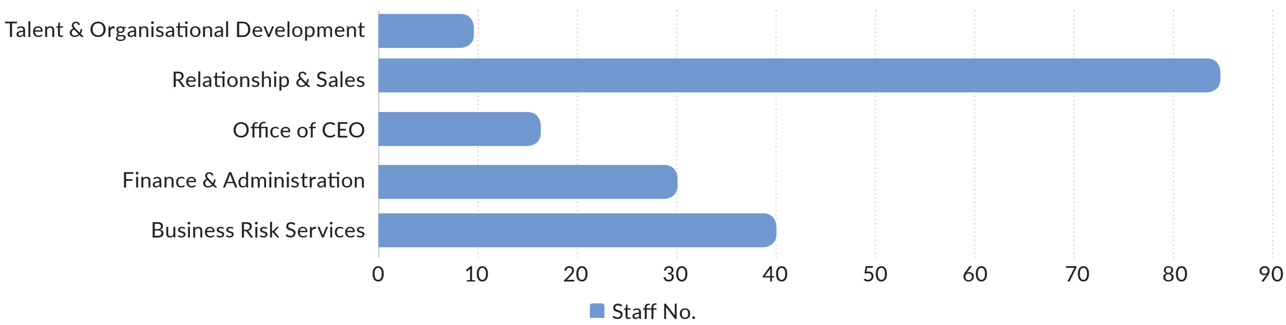
OVERVIEW

The socio-economic global impact of COVID-19 was felt acutely within the Bank with customers from all sectors facing the full brunt of lockdown initiatives, mandated legislations and a rapidly changing operating environment.

To ensure sustainable operations and continued support to its customers, the Bank had to reassess its operating capabilities, manpower placements, communication and techno-structural options. COVID-19 also accelerated the Bank's move towards a flexible working environment.

Despite the financial strains on operations set forth by COVID19, the Bank committed to maintaining its staff complement with zero release of staff, shortened hours or reduced pay with only a 5.3% turnover rate all due to normal retirement and resignation.

Staff Complement as at June 2021



Staff fortitude and loyalty bolstered by the Management team dedicated to staff retention, organization effectiveness and recovery enabled the Bank to withstand the impact of COVID-19.

ORGANISATIONAL CAPACITY

In line with the Bank's strategic focus for the year to diversify revenue base, manage cost, generate a unique customer service experience and create a loyal workforce, the Division arranged several skills development courses.

Capacity development strategies entrusted to the Division were centered around insurance, recovery work, collection targets, customer handling and leadership training sessions.

Additionally, in line with efforts to go paperless and develop efficient and flexible processes, the Division in conjunction with the ICT department automated its PMR system. By integrating the same into the Employee Self Service (ESS) system, it is now accessible to staff off-site. The Biometrics system has also been linked to payroll and the team developed a Moodle platform in order to be able to conduct virtual trainings.

The Division also implemented its Organization Development policy to outline the roles, responsibilities and procedures of its most recently established unit.

Furthermore, in line with the Bank's strategy to develop staff capabilities, a Competency Framework is being developed in-house to identify desired competencies and assess competency gaps for performance development.

EMPLOYEE ENGAGEMENT

The Bank made a coordinated effort to hold leaders accountable for staff engagement by introducing a succession plan, reviewing KPIs to include a values-based 360 Degree Assessment and reviewing the CEO's Employee Excellence Awards.

To create an inspired, passionate and emotionally loyal workforce, the Division conducted motivational leadership sessions and implemented a Leadership Practice Survey to gauge leadership capacity gaps. Also, to inspire innovation and communication, a Virtual Suggestion Box is being created for rollout in the next Financial Year.

The Bank's FDB Women's Forum and FDB Sports and Social Club were able to run themed inter-department competitions, a tea session and a donation drive for Pinktober and Fiji Day.

ENTERPRISE RISK MANAGEMENT

FDB adopts an integrated and enterprise-wide approach to managing financial and non-financial risks as established in the Enterprise Risk Management (ERM) Framework approved by the Board of Directors (BoD). This Framework guides strategic planning and day-to-day operational decision making to ensure prudent, effective, consistent, transparent, and accountable management of all types of risks. FDB's risk management platform is consistent with the approaches described in the ISO 31000 standards and the Basel Accord guidelines on Risk Management.

ERM is an independent function. The Bank's risk governance structure is based on a Three Lines of Defence [LoD] model. The roles and responsibilities, risk ownership and segregation of duties among FDB's functions have been clearly articulated as part of its overall risk governance architecture.

1st Line of Defence - Business Unit
Functions that own and manage risks (Relationship & Sales, Business Risk Services, Finance & Administration and Talent & Organisational Development)

- Involved in day-to-day risk management
- Management and internal controls

2nd Line of Defence - Risk and Compliance
Functions that oversee risks (Enterprise Risk Management)

- Oversee and challenge risk management
- Provides guidance and direction
- Develop, monitor and report on the risk management framework

3rd Line of Defence - Internal & External Audit
Functions that provide independent assurance

- Review 1st and 2nd lines
- Provides independent perspective and challenge the process
- Objective and offer assurance

RISK MANAGEMENT APPROACH

Throughout the 2021 Financial Year, the Bank maintained its ERM approach with the scope of coverage including Operational, Credit, Market, Liquidity, Strategic and Reputational risks. The Operational Risk pillars include internal fraud, external fraud, employment practices and workplace safety, clients, products and business practices, damage to physical assets, business disruption and system failures; and execution, delivery and process management; given its increasing visibility and potential impact on the risk profile of the Bank.

The Bank's risk management platform is underpinned by the monthly Risk Register process and the newly introduced Risk Control Self-Assessment process commencing from the 2022 Financial Year. The outputs from these processes are monitored by ERM and reported periodically to the Management and Board.

BUSINESS CONTINUITY

FDB-wide business continuity programme continued to represent a reliable recovery framework. The Bank set out to revise its Business Continuity Plan [BCP] to address pandemic risks, associated with the first wave of COVID-19. New measures and experiences such as Work-From-Home [WFH] initiatives, working within separate bubbles, wider utilization of digital platforms to carry out business and various health and safety initiatives were implemented through the BCP. The three LoD areas collaborated during the year and will continue to work on improving the BCP to enhance existing measures post the second wave. In addition, ERM supported the Bank to ensure operational resilience of critical operations, services and systems during the onset of the COVID-19 pandemic.

COMPLAINTS MANAGEMENT

The Bank is committed to resolving complaints to the satisfaction of the complainant and to learn from what has happened, and where appropriate, making demonstrable improvements to its services.

For the 2021 Financial Year, a total of sixteen (16) complaints were logged on the Bank's Complaints Management Portal. Out of this, only one (1) complaint remained outstanding at the end of the Financial Year. The highest number of complaints was recorded under 'Customer Service' tallying to eleven (11) which constitutes 69% of the total complaints logged. On average each complaint is resolved within the five (5) working days as per the Bank's Complaints Management Policy, however a few do remain outstanding due to its complexities.

Creating a Risk-Conscious Culture
There has been significant progress over the past Financial Years in developing effective tools and techniques for managing risks within the Bank. There is a mandate and general acceptance that Management and Board need to be mindful of the risks associated with their strategic objectives.

Embedding risk management into the Bank to the extent that it reliably makes a difference is still an ongoing task. During the 2021 Financial Year, awareness workshops on the risk management process adopted by the Bank were conducted for staff. The challenges posed by COVID-19 on travelling and face-to-face liaison were overcome through virtual platforms for conducting awareness sessions and training within the Bank. Moving forward in the 2022 Financial Year, an integrated approach to managing operational level risks on products, policies and projects has been introduced through the Risk Control Self-Assessment process. Staff are empowered to take ownership and accountability for identifying, managing and reporting the risks associated with their area of work.

GREEN BANKING - MULTIFACETED SOLUTIONS FOR CLIMATE ACTION

"Ovalau Island (in Fiji) is a small remote island with arable land leaving it largely dependent on subsistence farming and food import from the main island. Ovalau is a volcanic island of only 109km^2 with 9,606 people living in 27 villages. The only viable site in Ovalau for Photovoltaic (PV) development is agricultural land. The Agrophotovoltaic (APV) system to be implemented is an effective solution in this case by allowing for the sharing of the land for dual purposes of Agriculture and Renewable Energy generation".

SAP016 Fiji Agrophotovoltaic Project in Ovalau-Green Climate Fund

FIRST GCF PROJECT

The Agrophotovoltaic (APV) project is a first for FDB, Fiji and the region. With funding approval from Green Climate Fund (GCF), this innovative approach aims to provide renewable energy while at the same time contributing to Fiji's food security. The aim of the project is to use the same piece of land to both generate renewable energy and produce agricultural crops with direct benefit to the local community.

Fiji's first APV project includes a battery storage system to be located in Bureta in Ovalau, which will contribute to Fiji achieving its Nationally Determined Contribution of reduction of global Green House Gases (GHG) emission set under the Paris Agreement.

This investment in climate-resilient agriculture and paradigm shift to low emission and clean energy will create a catalytic environment for the replication of its success in other locations in Fiji.

It can also become a pioneering model for other Small Island States (SIDS). FDB is excited to share knowledge with its sister development financing institutions in the Pacific and other parties on this innovative technology that maximises the use of arable land.

The FDB is grateful to its development partners, the National Designated Authority (NDA) – Ministry of Economy, Ministry of Infrastructure and Transport – Department of Energy, Department of Environment, Energy Fiji Limited, the Ministry of Agriculture, Korean-based Envelops Co. Ltd and the GCF Secretariat Private Sector Facility Team for their genuine collaboration in assisting the Bank to develop the Concept Note and Funding Proposal to GCF.

HEIGHTENED ACCESS TO CLIMATE FINANCE

The year also recorded another first with the receipt of the GCF Readiness Grant that saw the appointment of three (3) consultants. The 'Enhancing Direct Access to Climate Finance in Fiji' readiness grant aimed to strengthen capacity and institutional procedures for climate action for both the National Designated Authority Fiji, Ministry of Economy and Fiji's national accredited Direct (National) Access Entity, the FDB as well as prepare the entity work programme for the Bank. It also included supporting the accreditation application by the NDA. For the Bank, the Readiness Grant creates the opportunity to formulate the required regulatory framework, allowing for a more effective and efficient engagement with the GCF.

A key focus was capacity building that included a general awareness on GCF, Financial Modelling & Forex Trading Training, Accreditation Master Agreement (AMA) workshop and AgroPV Funded Activity Agreement (FAA) Workshop. Additionally, FDB finalised a Training Needs Assessment backed by a Training Action Plan. One of the key outcomes was the formulation of the GCF Capacity Development Framework for the Fiji Development Bank. The latter provides a guideline on how FDB will engage with the GCF. Regulatory framework included the completion of two policies, Internal Audit Assessment and Evaluation & Annual Audit Plan & Report Template for GCF Funded Projects and General Risk Register for GCF Projects/Programmes Aligned to FDB Enterprise Risk Management Policy. The former was also aligned to the GCF accreditation conditions. There was also a focus on the development of two concept notes. During the year, FDB completed desk reviews and both internal and external consultation allowing for the formulation of the concept notes in the next Financial Year.

These activities provided the Bank opportunities to learn from the consultants. Additionally, it provided opportunities for a bottom-up approach through internal and external consultation. Formulation of the two concept notes created yet another opportunity to engage with private sector coupled with the Bank's experiences in this sector.

With the NDA support, FDB participated in sharing its accreditation experiences. FDB also participated in the various activities facilitated by the NDA including the sector working groups workshops. On the wider scope,

sharing lessons learnt included regional participants through the NDA as well as the Pacific Islands Forum Secretariat.

GREEN CLIMATE FUND ACCREDITATION CONDITIONS FULFILLMENT

The FDB was accredited by the GCF on 2nd October 2017 with 11 conditions to be complied with. Through the 'learning by doing' approach with the support of development partners like Climate Ready, UN Environment Programme and GCF Secretariat and Accreditation Panel, FDB has closed 10 out of the 11 conditions. FDB is currently negotiating with the GCF Accreditation Panel on the withdrawal of the last condition, given the fulfilment of the condition depends on the implementation of a project that utilizes guarantees and equity financial instrument from the GCF which may eventuate in 10 years time.

For a development bank in a Small Island Developing State, having a first-hand experience of working with the largest global fund dedicated to help fight climate change with finite resources, the closure of 10 out of 11 accreditation condition, was a significant achievement. FDB addressed each accreditation conditions as and when due. At the same time, it learnt to put together its first entity work programme and engaged with a private sector business to develop the AgroPV concept note and funding proposal. Lessons learnt from this process have been shared with other aspiring accredited entities locally and regionally.

LEARNING ORGANISATION LEADS TO A CLIMATE CHANGE RESPONSIVE BANK

FDB is a strong advocate of building a learning organisation particularly if it is to successfully implement climate change mitigation and adaptation programmes in Fiji. It's 'learning by doing' approach since accreditation reflects this commitment. During the year, FDB successfully formalized its interest to work with The Private Financing Advisory Network (PFAN), a global network of climate and clean energy financing experts. Further engagements with the Climate Ready Team helped formalize a working relationship between FDB and the Fiji Department of Environment in the area of Environmental Social Safeguards. During the year, this took the form of learning from each other on the best approach forward guided by expert advice through Climate Ready. FDB also took the opportunity to learn from sector experts through its membership of the Ministry of Economy Climate Finance Sector Working Group.

By the end of the Financial Year, FDB had progressed to identify two significant climate mitigation and adaptation projects by learning and engaging with development partners. This is expected to be finalised in 2022 and 2023. FDB is relatively new to the field of climate finance despite the progress thus far. Lessons learnt from other development partners around human capital, information capital as well as organisation capital will help in our journey to become a climate change responsive Bank.

COMMUNITY AND ENVIRONMENT

The commitment of the Fiji Development Bank to its corporate social responsibility is eminent in its climate action support initiatives, various community and financial literacy programmes, sponsorships and monetary donations.

The Bank's initiatives in support of the Sustainable Development Goals and its move towards digitizing its platforms for its customers are factors that have contributed to its increased visibility and its sustainability and resilience despite the COVID-19 pandemic.

FINANCIAL LITERACY AWARENESS

FDB conducted awareness sessions at the Nabua Youth Entrepreneurship Centre to encourage young potential farmers and SMEs to nurture a culture of savings, develop environment management plans or move into value chain financing where everybody involved benefits.

The Bank also conducted financial literacy training in the Tailevu communities with women. FDB's focus on community training was based on raising awareness that business is not only about the financials anymore but also about remaining innovative and sustainable.

In alignment with its mandate and promoting inclusiveness, the Bank also launched the USP Entrepreneurial Fair for 2021.

THE USP FAIR

The Fair shared with students and participants present on how to enhance the business for the long run and trained our young Fijians to steer the economy into a resilient and sustainable path.

The Bank was pleased to support USP's firm commitment to being at the forefront of promoting entrepreneurial development being indeed a positive way to go as it is the backbone of our economic development.

This will further help in narrowing the gap between the employment market and fresh graduates from tertiary institutions.

DONATIONS AND SPONSORSHIPS

The Bank's Donations and Sponsorship Programme operates under strictly enforced guidelines designed to ensure that entities receiving the funds are deserving of the assistance. All civil society and non-government organizations seeking donations are required to register with the Bank on an official form, and to provide evidence of their legal status.

Sponsorship and donations remained low during the 2021 Financial Year due to COVID-19 measures in place however the Bank supported three good causes.

CUSTOMER SUCCESS STORIES

RISK-CONSCIOUS CULTURE HELPS BUSINESS

A tow truck belonging to Chand's Towing Services ferries a car in a RO-RO vessel as part of its service.

Despite five (5) months of reduced demand for services, Nadi-based Chand's Towing Services has remained open for business for its loyal customers and to ensure no staff is laid off. Chand's Towing Services has held the "award-winning 24-hour towing service" brand name in Nadi for over five years.

The business provides cartage services of brand new vehicles, towing breakdown or accident vehicles, HIAB services, and provides cherry picker services.

Business owner, 26-year-old Shivneel Chand, said that significant business has been lost with the closure or reduced hours of operation of tourist tours and rental car companies.

"Majority of our customers are those who were operating resort-based tours and rental car businesses in and around Nadi but are now either non-operational or on reduced hours," said Chand.

"This had a substantial impact on my business but we have not lost our brand name. Despite the curfew, we are still available 24-hours for the Fiji Police Force," said Chand.

Speaking about the impact the pandemic had on his business, Chand said that although the business has been slow, he has found means to remain open for his other segment of the customer base.

"Reduced hours and reduced pay for the team has not even had the slightest change in our customer service," he said. "Customer service remains our priority even during the crisis," said Chand.

Chand's message to other business owners is "do not lose hope. We will get through this". He said that entrepreneurs should use this opportunity to prepare for business continuity.

"Look at preparedness for their business from all perspectives and prepare for any unforeseen circumstances such as this unprecedented pandemic," said Chand.

"This would also be the time to think outside the box and think about business recovery. I have had to identify and cut down on unnecessary expenses to remain open for business," he said.

"Once everything normalizes, I urge other business owners to put in the extra hours needed to cover the loss sustained during this period," he said.

Chand's Towing Services had scooped the Best Risk Managed Award at the Fiji Development Bank's National SME Awards in 2017.

Acting Chief Executive Officer, Saiyad Hussain, said that the business has lived up to its award by displaying its resilience amidst the COVID19 pandemic.

"Under the Best Risk Managed Award, this business was recognized for championing risk management by employing mechanisms that put safety first for the business, the customers and the community it serves.

"Since then Mr. Chand has been able to implement business continuity mechanisms as well. Even though it did not have a Business Continuity Plan (BCP) documented and in place, the business has been risk-conscious and that helped the owner find means of keeping the business afloat," said Hussain.

Business continuity planning is about prevention and recovery from potential threats to a business.

"The process involves identifying potential risks that can affect business operations, adopting risk management strategies to minimize service disruptions and mobilizing resources to return to 'business as usual' in the quickest possible time post-disaster," said Hussain.

He said that because Chand had been accustomed to a risk-conscious culture, as part of the nature of his business, it was easier for him to identify mitigation strategies during this period. As a young entrepreneur, he is setting a good example for his peers, added Hussain.

"We are profiling SMEs that have shown disaster resilience in the hope that other businesses will get inspiration from them and follow in their footsteps," he said.

FINANCIAL LITERACY HELPS BUSINESS STAY OPEN

"When I started, I had no idea on how to do business, or banking or tracking expenses. But I have always raised chickens in our backyard and so it made sense to do this as a business".

Award-winning Gopal's Poultry Farm in Coqeloa, Labasa stands out as a progress story, owning its success to the business owner Meena Gounden's efforts in being innovative and using her financial literacy skills to survive through the COVID19 pandemic crisis by staying open for business.

"I am now thinking about improving my business resilience by planning on how to recover from the crisis by adapting to the new "normal"," said Meena.

Meena's business turns nine this year, having started with no knowledge of doing business, managing money or even managing risks.

Over the years, she established a market for herself and competed against large poultry businesses.

"I started "blank". I had no idea on how to do business, or banking or tracking expenses. But I have always raised chickens in our backyard and so it made sense to do this as a business," said Meena.

Meena started with 150 layer birds. Today, she has over 2000 birds housed in two sheds. Her business started with grant assistance through the Northern Development Programme and financing from the Fiji Development Bank (FDB) in 2011.

"Because I have seen tough times, I was already in the habit of planning, budgeting, tracking my income and expenses to avoid risky situations. My financial literacy training also included skills in marketing which has been helpful during this pandemic crisis," said Meena.

"Before COVID19, I would sell eggs in the market and would successfully sell all the trays before day-end. But business is no longer normal," she said.

Meena said that her business got affected when her competitor dropped the price of the eggs because of the measures put in place due to the pandemic. As a result, some days, her income is slashed in half as well.

"I had to reduce my price as well – but I am a small business and I sell only fresh eggs. So I am affected more than the bigger competitors who have storage facilities," Meena explained.

"With that change, I had to find other ways of staying open for business," she said.

"Now with fewer sales at the market, I deliver eggs to families and friends in the town areas, make trips to neighbouring villages, and sell on the roadsides when necessary," said Meena.

"As long as my customers get fresh eggs," she said.

"One of the ways I have changed my method of doing business is that I now deliver as less as only two trays – whereas previously I would only make deliveries when there would be sales for at least five or more trays," she explained.

She said that her tough times during the initial days of starting up the business prepared her well for identifying risks and finding solutions for them.

“I have struggled previously so I knew that I needed to find other means of generating income when COVID19 hit and be able to pay for my workers somehow,” she said.

Apart from selling eggs, Gopal’s Poultry Farm also sells vegetables and manure.

“I did not want to lay off my workers, as these women have families to support as well. So we decided we would all work hard and ensure we have enough sales to pay their wages,” explained Meena.

Meena said that her reduced income has affected her monthly installment schedule for the payment of the bird’s feed from her supplier.

“I used my entire surplus to pay my loan in advance so now I am planning on how I will pay for the feeds if the sales continue to be low like this,” she said.

“But I am hopeful for customers to read this article and come forth to help me with my sales. They can call me on 8625363,” she said.

Acting Chief Executive Officer, Mr. Saiyad Hussain, said that financial literacy plays a role in preparing business owners to face challenges and plan for their sustainability.

“Financial education improves businesses’ ability to identify risks and their related mitigation,” said Hussain.

“Meena is able to keep Gopal’s Poultry Farm open for business because she is equipped with knowledge on managing the health of the birds, their environment, lighting, food and water supply as well as financial management skills to better plan and manage the expansion of her business,” he said.

“The financial literacy training that Meena attended helped her with ideas on how to manage during the crisis,” said Hussain.

In 2015, Meena was awarded the Best Microfinance Entrepreneur – Individual at the National Microfinance Awards organized by the National Financial Inclusion Taskforce. She was recognized for her outstanding progress as a micro business.

Three years later, as the business grew to a Small and Medium Enterprise (SME), Meena was awarded the FDB’s 2018 National SME of the Year award and the Best Risk Managed SME award.

In 2019, she installed a piping system conducive to maintaining health and preventing disease for her birds. Unlike others, the Farm’s piping system has no stopper and therefore allows free flow of clean water from the water tanks so that the chickens are not subject to drinking stagnant water.

Meena’s entrepreneurship is an exemplary journey with its potential to contribute positively to the economy by alleviating poverty, creating employment and empowering youths and women.

FINANCIAL REPORT

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2021

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 Ltd") as at 30 June 2021, 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; appointed on 18/08/2020
Mr. Vadivelu Pillay	-	Reappointed on 23/12/2019
Mr. Inia Rokotuiei Naiyaga	-	Reappointed on 23/12/2019
Mr. Rajesh Patel	-	Reappointed on 23/12/2019
Mr. Romit Parshottam Meghji	-	Appointed on 02/04/2019
Ms. Kalpana Kushla Lal	-	Appointed on 02/04/2019-Resigned on 22/03/2021

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 2021 was $1,002,967 (2020: $1,152,006) after providing an income tax expense of $1,638 (2020: $1,823). The profit for the Bank for the year was $996,416 (2020: $1,144,716).

DIVIDENDS

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

GOING CONCERN

Notwithstanding the recent novel coronavirus (COVID-19) outbreak and significant economic uncertainties resulting there from, the financial statement of the Bank and the Group have been prepared on a going concern basis. 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 of 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.

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

The outbreak of the COVID-19 pandemic and the measures adopted by Government to mitigate the pandemic's spread have significantly impacted the Group. The impact of the spread of this virus has disrupted travel and businesses in Fiji and throughout the world. The Bank has been giving repayment moratorium to a number of its customers since March 2020 on a case-by-case basis. It is likely that further moratorium may be given to customers until herd immunity is achieved and travel restrictions are lifted.

EVENTS SUBSEQUENT TO BALANCE DATE

The following event were noted subsequent to the balance date:

The Bank continues to be responsive to its customers and provides relief assistance to those impacted by the Pandemic. Following the announcement of the COVID-19 Recovery Credit Guarantee Scheme through the 2021-2022 National Budget, the Bank has started disbursement in August 2021 under this facility. The scheme is being offered through the Reserve Bank of Fiji (RBF) as an extension of the Disaster Rehabilitation and Containment Facility (DRCF) providing funding of $200 million at a rate of 0.25% to the Bank as well as commercial Banks and other licensed credit institutions. The funding is on-lent to customers at an interest rate of 3.99% for any loan purpose. The amount approved is based on Banks normal credit assessment and loan amount is strictly determined by the turnover of the micro, small and medium enterprises (MSME's) and the large businesses.

Apart from matters mentioned above, 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 7th day of January 2022.

Director	Director

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
DIRECTORS DECLARATION
FOR THE YEAR ENDED 30 JUNE 2021

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 2021;

(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 2021;

(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 2021;

(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 2021;

(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 7th day of January 2022.

Director

Director

OFFICE OF THE AUDITOR GENERAL

Promoting Public Sector Accountability and Sustainability through our Audits

6-8TH Floor, Ratu Sukuna House
2-10 McArthur St
P. O. Box 2214, Government Buildings
Suva, Fiji

Telephone: (679) 330 9032
Fax: (679) 330 3812
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 2021, 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.

Basis for Opinion

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 2021 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

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.

Emphasis of Matter

I draw attention to Note 29 of the financial statements which provides that the economic disruption caused by the COVID 19 pandemic continues beyond the balance date following the second wave outbreak in April 2021. The Bank continues to be responsive to its customers and provides relief assistance to those impacted by the pandemic.

My opinion is not modified in respect of this matter.

Other information

The 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.

Other information (con't)

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 Directors and management 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 Directors and management 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 Directors and management 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.

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

- 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.

- 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.

Ajay Nand
AUDITOR-GENERAL

AUDITOR - GENERAL
FIJI

Suva, Fiji
12 January 2022

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Notes	CONSOLIDATED		THE BANK	
		2021	2020	2021	2020
		$	$	$	$
Assets					
Cash and cash equivalents	9	75,401,110	63,473,626	75,388,153	63,465,680
Debt financial assets at amortised cost	10	2,250,982	2,249,581	2,000,000	2,000,000
Loans and advances	11	494,615,163	439,600,211	494,615,163	439,600,211
Receivable due from subsidiary	12	-	-	-	-
Other receivables	13	4,555,680	3,981,979	4,554,041	3,979,720
Investment in subsidiary	14	-	-	20,000	20,000
Investments	15	15,001	15,001	15,001	15,001
Right of use assets	19	1,520,581	1,471,192	1,520,581	1,471,192
Property and equipment	17	28,856,367	29,443,303	28,856,367	29,443,303
Computer Software -Intangibles	18	325,940	335,968	325,940	335,968
TOTAL ASSETS		607,540,824	540,570,861	607,295,246	540,331,075
Liabilities					
Accounts payable and accruals	20	4,838,304	6,086,182	4,835,540	6,082,659
Lease Liability	19	1,555,174	1,497,513	1,555,174	1,497,513
Debt securities issued	21	416,566,466	349,055,274	416,566,466	349,055,274
Other liabilities	22	6,170,848	6,367,396	6,170,848	6,367,396
Employee entitlements	23	722,355	887,471	722,355	887,471
Deferred income		3,114,025	3,106,340	3,114,025	3,106,340
TOTAL LIABILITIES		432,967,172	367,000,176	432,964,408	366,996,653
Equity					
Capital	24	56,050,636	56,050,636	56,050,636	56,050,636
Reserves		25,192,968	25,192,968	25,192,968	25,192,968
Accumulated profits		93,330,048	92,327,081	93,087,234	92,090,818
TOTAL CAPITAL AND RESERVES		174,573,652	173,570,685	174,330,838	173,334,422
TOTAL LIABILITIES AND EQUITY		607,540,824	540,570,861	607,295,246	540,331,075

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors this 7th day of January 2022.

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 54 to 84.

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021

	Notes	CONSOLIDATED		THE BANK	
		2021	2020	2021	2020
		$	$	$	$
INCOME					
Interest income	3	45,212,420	43,344,126	45,202,278	43,332,366
Interest expense	6	(14,637,539)	(14,932,019)	(14,637,539)	(14,932,019)
Net interest income		30,574,881	28,412,107	30,564,739	28,400,347
Fee income	4	3,994,200	4,615,554	3,994,200	4,615,554
Other income	5	4,981,461	3,765,593	4,981,461	3,765,593
OPERATING INCOME		39,550,542	36,793,254	39,540,400	36,781,494
OPERATING EXPENSES	7	(12,818,117)	(15,888,862)	(12,816,164)	(15,886,215)
OPERATING PROFIT BEFORE ALLOWANCES		26,732,425	20,904,392	26,724,236	20,895,279
Allowance for Expected Credit Loss	11	(18,312,871)	(14,273,128)	(18,312,871)	(14,273,128)
Allowance for Interest and Fees	8	(7,414,949)	(5,477,435)	(7,414,949)	(5,477,435)
PROFIT BEFORE TAX		1,004,605	1,153,829	996,416	1,144,716
Tax expense	1(r)	(1,638)	(1,823)	-	-
PROFIT FOR THE YEAR		1,002,967	1,152,006	996,416	1,144,716

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 54 to 84.

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

				CONSOLIDATED		
	Notes	**Capital**	**General reserve**	**Revaluation reserve**	**Accumulated profits**	**Total**
		$	$	**$**	**$**	**$**
alance at 30 June 2019	24	56,050,636	8,064,000	16,988,968	91,175,075	172,278,679
Total other comprehensive income		-	-	140,000	-	140,000
Net profit for the 2020 year		-	-	-	1,152,006	1,152,006
Balance at 30 June 2020		56,050,636	8,064,000	17,128,968	92,327,081	173,570,685
Total other comprehensive income		-	-	-	-	-
Net profit for the 2021 year		-	-	-	1,002,967	1,002,967
Balance at 30 June 2021		56,050,636	8,064,000	17,128,968	93,330,048	174,573,652

				THE BANK		
		Capital	**General reserve**	**Revaluation reserve**	**Accumulated profits**	**Total**
		$	$	**$**	$	$
Balance at 30 June 2019	24	56,050,636	8,064,000	16,988,968	90,946,102	172,049,706
Total other comprehensive income		-	-	140,000	-	140,000
Net profit for the 2020 year		-	-	-	1,144,716	1,144,716
Balance at 30 June 2020		56,050,636	8,064,000	17,128,968	92,090,818	173,334,422
Total other comprehensive income		-		-	-	-
Net profit for the 2021 year		-	-	-	996,416	996,416
Balance at 30 June 2021		56,050,636	8,064,000	17,128,968	93,087,234	174,330,838

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 54 to 84.

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	Notes	CONSOLIDATED 2021 $ Inflows (Outflows)	CONSOLIDATED 2020 $ Inflows (Outflows)	THE BANK 2021 $ Inflows (Outflows)	THE BANK 2020 $ Inflows (Outflows)
OPERATING ACTIVITIES					
Interest and subsidy received		42,527,623	41,241,300	42,527,623	41,241,300
Interest and other costs of borrowing paid		(14,659,111)	(13,831,532)	(14,659,111)	(13,831,532)
Net additional loans and advances provided		(85,599,493)	(13,753,228)	(85,599,493)	(13,753,228)
Fees received		710,282	980,226	710,282	980,226
Cash paid to suppliers and employees		(8,369,182)	(13,049,971)	(8,374,193)	(13,055,938)
Other receipts		6,000,482	3,651,938	6,000,482	3,651,938
Interest received on leases		77,399	92,444	77,399	92,444
Net additional loans in Small and Micro Grant Portfolio		17,030	21,877	17,030	21,877
Net cash provided by/(used in) Operating Activities		(59,294,970)	5,353,054	(59,299,981)	5,347,087
INVESTING ACTIVITIES					
Proceeds from the sale of property, plant and equipment		14,804	17,455	14,804	17,455
VAT refunds for rental properties		-	-	-	-
Payments for property, plant and equipment		(822,066)	(716,942)	(822,066)	(716,942)
Net cash used in investing activities		(807,262)	(699,487)	(807,262)	(699,487)
FINANCING ACTIVITIES					
Net increase in long-term borrowings		29,084,061	(40,360,747)	29,084,061	(40,360,747)
Net increase/(decrease) in short-term borrowings		42,427,131	32,807,584	42,427,131	32,807,584
Payment for lease liability		518,524	451,842	518,524	451,842
Net cash (used in)/provided by Financing Activities		72,029,716	(7,101,321)	72,029,716	(7,101,321)
Net (decrease)/increase in cash and cash equivalent		11,927,484	(2,447,754)	11,922,473	(2,453,721)
Cash and cash equivalents at the beginning of the Financial Year		63,473,626	65,921,380	63,465,680	65,919,401
Cash and cash equivalents at the end of the Financial Year	9	75,401,110	63,473,626	75,388,153	63,465,680

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 54 to 84.

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

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 2021 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 authorised for issue by the Board of Directors on 6th day of January 2022.

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 has 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 these 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 2021
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 2020
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 2020

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Use of estimates and judgements

TThe 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

(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 14. 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 given temporary rent waiver of $10,441.60. to some of its tenant. The Bank has applied IFRS 16 in terms of lessor accounting for the treatment of a voluntary forgiveness of lease payment.

The net income recognition is as per paragraph 81 of IFRS 16 has been implemented whereby the effect of a rent concession has been spread over the remaining lease term reducing future lease income.

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.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Revenue recognition (continued)

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 19. 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 $500 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.

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 Professional Valuations Limited and these valuations were adopted by Bank and the Group within the 2019 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.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Property and equipment (continued)

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.

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.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Financial assets and liabilities (continued)

ii.) Classification and subsequent measurement (continued)

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).

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 derecognised.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Financial assets and liabilities (continued)

iii.) Derecognition (continued)

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 recognises loss allowances for ECLs on:
– financial assets measured at amortised cost; and,

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.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Financial assets and liabilities (continued)

vi) Impairment of assets (continued)

Measurement of ECL

CLs 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; and
- 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.

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 specific allowance, 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 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 has 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.

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 2021 was 187 (2020: 198).

(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 25.

(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.

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.

2021	Carrying amount			Fair value			
Assets	Debt financial asset at amortised cost	Other financial	Total	Level 1	Level 2	Level 3	Total
	$	$	$	$	$	$	$
Debt financial asset at amortised	2,000,000	-	2,000,000	-	2,187,814	-	2,187,814
	2,000,000	-	2,000,000	-	2,187,814	-	2,187,814
Liabilities							
Bonds		167,700,000	167,700,000	-	175,295,327	-	175,295,327
Promissory notes		-	-	-	-	-	-
		167,700,000	167,700,000	-	175,295,327	-	175,295,327
2020							
Assets							
Debt financial asset at amortised	2,000,000	-	2,000,000	-	2,312,040	-	2,312,040
	2,000,000	-	2,000,000	-	2,312,040	-	2,312,040
Liabilities							
Bonds		228,800,000	228,800,000	-	234,925,274	-	234,925,274
Promissory notes		4,000,000	4,000,000	-	3,999,991	-	3,999,991
		232,800,000	232,800,000	-	238,925,265	-	238,925,265

	CONSOLIDATED		THE BANK	
	2021	2020	2021	2020
	$	$	$	$

3 INTEREST INCOME

Interest Income (non – subsidised)	40,911,112	38,571,327	40,900,970	38,559,567
Interest Subsidies – (received / receivable from the Government for:				
- Agricultural loans	2,207,864	2,454,402	2,207,864	2,454,402
- Commercial Loans to Fijians Scheme	31,482	45,844	31,482	45,844
- Economic Rehabilitation Package Scheme	-	1,332	-	1,332
- Small Business Scheme	513,659	679,618	513,659	679,618
- Northern Rehabilitation Package	1,548,303	1,591,603	1,548,303	1,591,603
	4,301,308	4,772,799	4,301,308	4,772,799
	45,212,420	43,344,126	45,202,278	43,332,366

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

4 FEE INCOME

Application fees	99,145	110,290	99,145	110,290
Establishment fees	778,401	853,253	778,401	853,253
Commitment fees	174,203	365,829	174,203	365,829
Bank Service fees	2,207,894	2,289,446	2,207,894	2,289,446
Arrears fees	123,420	126,800	123,420	126,800
Legal fees	608,726	866,933	608,726	866,933
Other fee income	2,411	3,003	2,411	3,003
	3,994,200	4,615,554	3,994,200	4,615,554

5 OTHER INCOME

The following items are included in other income:

Gain on sale of property, plant and equipment	14,804	17,455	14,804	17,455
Bad debts recovered	2,371,457	798,258	2,371,457	798,258
Insurance commission	178,435	187,310	178,435	187,310
Rental income	962,766	1,042,012	962,766	1,042,012
Other Income	1,453,999	1,720,558	1,453,999	1,720,558
	4,981,461	3,765,593	4,981,461	3,765,593

	CONSOLIDATED		THE BANK	
	2021	2020	**2021**	2020
	$	$	**$**	$

6 INTEREST EXPENSES

Interest paid - Bonds	9,975,481	11,640,847	9,975,481	11,640,847
Interest paid on Call	4,348,849	1,997,953	4,348,849	1,997,953
Interest paid on Promissory Notes	571	955,200	571	955,200
Other administrative cost	312,638	338,019	312,638	338,019
	14,637,539	14,932,019	14,637,539	14,932,019

7 OPERATING EXPENSES

Items included in administrative expenses:				
Amortisation of bond discounts	4	4	4	4
Auditors' remuneration	39,996	19,996	39,996	19,996
Directors' fees	102,353	104,955	102,353	104,955
Depreciation and amortisation	1,191,555	1,356,461	1,191,555	1,356,461
Right of Use (ROU) Amortisation	452,869	436,596	452,869	436,596
Employee costs	8,954,204	10,667,086	8,954,204	10,667,086
Finance Cost	77,399	92,444	77,399	92,444
Other Expenses	1,999,737	3,211,321	1,997,784	3,208,673
	12,818,117	15,888,862	12,816,164	15,886,215

8 ALLOWANCE FOR INTEREST AND FEES

Allowance for Interest	7,149,481	5,143,344	7,149,481	5,143,344
Allowance for Fees	265,468	334,091	265,468	334,091
	7,414,949	5,477,435	7,414,949	5,477,435

9 CASH & CASH EQUIVALENTS

	CONSOLIDATED		THE BANK	
	2021	2020	**2021**	2020
	$	$	**$**	$
Petty cash	1,980	1,980	1,980	1,980
Overdraft facility	15,500	15,500	15,500	15,500
Deposit accounts -Branches	40,873,969	34,468,810	40,861,012	34,460,864
Bank of South Pacific- Call account	3,641,383	2,889,972	3,641,383	2,889,972
Bank of Baroda- Head office	1,009,431	2,955,644	1,009,431	2,955,644
HFC Bank- Head office	10,667,228	22,606,952	10,667,228	22,606,952
Bred Bank- Head office	17,992,193	-	17,992,193	-
Westpac Bank- Head office	1,199,426	534,768	1,199,426	534,768
	75,401,110	63,473,626	75,388,153	63,465,680

The Bank and the Group maintains an overdraft facility of $15,500 to cater for staff withdrawals based on their eligibility level. 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 daily rates. A new cheque account was opened with Bred Bank (Fiji) Pte Limited for the Bank's daily transactions with its clients.

Restricted Funds

The cash at bank includes money received from the Government to be distributed to small and micro enterprises as grant. As at 30 June 2021, $17,030 (2020: $21,878) were yet to be disbursed and thus payable to Government. These funds are payable at call and since it is only provided by the Government to be distributed by way of grant to small and micro enterprises meeting certain criterions it cannot be used for any other activity.

10 DEBT FINANCIAL ASSETS AT AMORTISED COST

	CONSOLIDATED		THE BANK	
	2021	2020	**2021**	2020
	$	$	**$**	$
Investment In bonds	2,250,982	2,249,581	2,000,000	2,000,000

Investment in bonds relates to $2,000,000 of investments with the Reserve Bank of Fiji at 12.31%, with maturity year being 2022 and five term deposit aggregating to $250,982 (2020: $249,581) held by FDB Nominees Limited in Home Finance Corporation at 3.00% for a term of 24 months, 4.00% and 4.25% for a term of 24 months at Fiji Development Bank and 4.00% at a term of 12 months at Kontiki Finance Limited.

11 LOANS AND ADVANCES

	CONSOLIDATED		THE BANK	
	2021	2020	2021	2020
	$	$	$	$
Loans and advances	618,807,415	541,886,697	618,807,415	541,886,697
Allowance for interest and fees suspended	(27,428,847)	(22,120,457)	(27,428,847)	(22,120,457)
	591,378,568	519,766,240	591,378,568	519,766,240
Allowance for Expected Credit Loss	(96,763,405)	(80,166,029)	(96,763,405)	(80,166,029)
Net loans and advances	494,615,163	439,600,211	494,615,163	439,600,211

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	39,218,783	38,846,812	39,218,783	38,846,812
Non-current	579,588,632	503,039,885	579,588,632	503,039,885
Total	618,807,415	541,886,697	618,807,415	541,886,697

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

Balance at the beginning of the year	80,166,029	76,220,270	80,166,029	76,220,270
Charge to the profit or loss	18,312,871	14,273,128	18,312,871	14,273,128
	98,478,900	90,493,398	98,478,900	90,493,398
Bad debts written off against impairment allowances	(1,715,495)	(10,327,369)	(1,715,495)	(10,327,369)
Total allowance for credit impairment as per ECL (Expected Credit Loss) model	96,763,405	80,166,029	96,763,405	80,166,029

12 RECEIVABLE FROM SUBSIDIARY

	CONSOLIDATED		THE BANK	
	2021	2020	2021	2020
	$	$	$	$
FDB Nominees Limited	-	-	-	-

13 OTHER RECEIVABLES

	CONSOLIDATED		THE BANK	
	2021	2020	2021	2020
	$	$	$	$
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	3,294,573	2,710,984	3,294,573	2,710,984
Others	1,261,107	1,270,995	1,259,468	1,268,736
	4,555,680	3,981,979	4,554,041	3,979,720
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	-	-	-	-
Total impairment at the end of the year	5,499,216	5,499,216	5,499,216	5,499,216

14 INVESTMENT IN SUBSIDIARY

	CONSOLIDATED		THE BANK	
	2021	2020	2021	2020
	$	$	$	$
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.

15 INVESTMENTS

	CONSOLIDATED		THE BANK	
	2021	2020	**2021**	2020
	$	$	**$**	$
Shares in companies - at cost Impairment	3,334,291	3,334,291	3,334,291	3,334,291
	(3,319,290)	(3,319,290)	(3,319,290)	(3,319,290)
	15,001	15,001	15,001	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				
South Pacific Stock Exchange	15,000	15,000	15,000	15,000
Adfip Trustees	1	1	1	1
Total Investments	15,001	15,001	35,001	35,001

Equity securities designated as at FVOCI

The Bank designated the investments shown above as equity securities as at FVOCI because these equity securities represent investments that the Bank intends to hold for the long term for strategic purposes.

16 LAND HELD FOR RESALE

Nasarawaqa Estate				
Cost at beginning of the year	99,426	99,426	99,426	99,426
Impairment at the beginning of the year	(94,531)	(94,531)	(94,531)	(94,531)
Impairment expense during the year	-	-	-	-
Impairment at the end of the year	4,895	4,895	4,895	4,895
Contributions to project	(4,895)	(4,895)	(4,895)	(4,895)
	-	-	-	-

17 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 2019	27,902,631	7,692,985	108,885	302,420	36,006,921
Acquisitions during the year	155,800	101,982	5,950	230,182	493,914
Transfer in /(out)		178,128	-	(178,128)	-
Disposals	(12,912)	(315,492)	(5,390)	-	(333,794)
Balance at 1 July 2020	**28,045,519**	**7,657,603**	**109,445**	**354,474**	**36,167,041**
Acquisitions during the year	-	44,709	-	749,213	793,922
Disposal	(220,000)	(330,416)	(1,790)	-	(552,206)
Transfer In/(out)	-	36,370	-	(36,370)	-
Balance at 30 June 2021	**27,825,519**	**7,408,266**	**107,655**	**1,067,317**	**36,408,757**
Accumulated Depreciation					
Balance at 1 July 2019	410,006	5,247,675	102,117	-	5,759,798
Depreciation charge for the year	580,546	713,019	1,268	-	1,294,833
Disposal	(12,912)	(312,591)	(5,390)	-	(330,893)
Balance at 1 July 2020	**977,640**	**5,648,103**	**97,995**	**-**	**6,723,738**
Depreciation charge for the year	576,999	574,984	1,400	-	1,153,383
Disposal	(6,817)	(316,124)	(1,790)	-	(324,731)
Balance at 30 June 2021	**1,547,822**	**5,906,963**	**97,605**	**-**	**7,552,390**
Carrying amount					
Balance at 30 June 2020	**27,067,879**	**2,009,500**	**11,450**	**354,474**	**29,443,303**
Balance at 30 June 2021	**26,277,697**	**1,501,303**	**10,050**	**1,067,317**	**28,856,367**

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 Professional Valuations Ltd and these valuations were adopted by the Bank within the Financial Year 2019. The Bank will undertake its next valuation in the next Financial Year to assess the impact on its land and building due to COVID-19.

18 COMPUTER SOFTWARE - INTANGIBLES

	CONSOLIDATED		THE BANK	
	2021	2020	2021	2020
	$	$	$	$
Balance at the beginning of the year	692,018	390,109	692,018	390,109
Acquisitions during the year	-	68,267	-	68,267
Work in Progress	28,144	233,642	28,144	233,642
Balance at the end of the year	720,162	692,018	720,162	692,018
Accumulated Amortisation				
Balance at the beginning of the year	356,050	294,379	356,050	294,379
Amortisation charge for the year	38,172	61,671	38,172	61,671
Balance at the end of the year	394,222	356,050	394,222	356,050
Carrying amount				
Balance at the beginning of the year	335,968	174,611	335,968	174,611
Balance at the end of the year	325,940	335,968	325,940	335,968

19 LEASE

Leases as Lessee

Property, plant and equipment comprise of owned and leased assets. The Bank and the Group leases assets includes land and building, 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 and Building	IT Equipment and Other Leases	Total
	$	$	$
As at 1 July 2020	858,250	612,942	1,471,192
Additions	-	580,614	580,614
Amortisation Expenses	(59,703)	(471,522)	(531,225)
As at 30 June 2021	**798,547**	**722,034**	**1,520,581**

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

As at 1 July 2020	1,497,513
Addition	580,614
Accretion of interest	77,399
Payments	(600,352)
As at 30 June 2021	**1,555,174**

19 LEASE (continued)

	CONSOLIDATED		THE BANK	
	2021	2020	**2021**	2020
	$	$	**$**	$
Lease liabilities included in the statement of financial position are as follows:				
Current	340,423	522,346	340,423	522,346
Non-Current	1,214,751	975,167	1,214,751	975,167
	1,555,174	1,497,513	1,555,174	1,497,513

The Bank and the Group had total cash outflows for leases of $595,923

Lease Liabilities				
Not Later than one year	408,487	532,835	408,487	532,835
Between one and five years	651,891	418,827	651,891	418,827
More than 5 years	2,084,791	2,258,829	2,084,791	2,258,829
	3,145,169	3,210,491	3,145,169	3,210,491

20 ACCOUNTS PAYABLE AND ACCRUALS

Interest accruals	3,405,002	3,426,334	3,405,002	3,426,334
Others	1,433,302	2,659,848	1,430,538	2,656,325
	4,838,304	6,086,182	4,835,540	6,082,659

21 DEBT SECURITIES ISSUED

Short term borrowings				
Term deposits	70,060,249	32,828,527	70,060,249	32,828,527
Promissory Notes	-	4,000,000	-	4,000,000
RBF Export Facility	9,717,406	3,892,094	9,717,406	3,892,094
FDB Registered bonds - face value	62,600,000	73,100,000	62,600,000	73,100,000
Total Short term borrowings	142,377,655	113,820,621	142,377,655	113,820,621
Non-current - Bonds				
Term deposits	20,430,303	15,234,893	20,430,303	15,234,893
RBF Export Facility	148,655,329	64,292,443	148,655,329	64,292,443
FDB Registered bonds - face value	105,100,000	155,700,000	105,100,000	155,700,000
Bond Discount	3,179	7,317	3,179	7,317
Long term borrowings	274,188,811	235,234,653	274,188,811	235,234,653
Total borrowings	416,566,466	349,055,274	416,566,466	349,055,274

The above 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 2.00% to 5.00% in (2020: 2.75% to 5.50%). The borrowings under RBF Export Facility have term of 2 to 5 years. The FDB registered bonds have a repayment term varying between 1 to 7 years and have been guaranteed by Government of Fiji.

22 OTHER LIABILITIES

	CONSOLIDATED		THE BANK	
	2021	2020	**2021**	2020
Current	**$**	$	**$**	$
Seed Capital Fund	2,309,709	2,248,326	2,309,709	2,248,326
Staff Savings account	2,419,172	2,133,156	2,419,172	2,133,156
Export Facility	1,133,281	1,227,228	1,133,281	1,227,228
Tractors and Farm Implements	180,000	630,000	180,000	630,000
Farmers Assistance Scheme	128,686	128,686	128,686	128,686
	6,170,848	6,367,396	6,170,848	6,367,396

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.

23 EMPLOYEE ENTITLEMENTS

At 1 July 2020	887,471	797,424	887,471	797,424
Utilised during the year	(623,621)	(565,741)	(623,621)	(565,741)
Arising during the year	458,505	655,788	458,505	655,788
At 30 June 2021	722,355	887,471	722,355	887,471

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	662,502	759,807	662,502	759,807
Non-current	59,853	127,664	59,853	127,664
Total	722,355	887,471	722,355	887,471

24 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.

25 COMMITMENTS AND CONTINGENT LIABILITIES

	THE BANK	
	2021	2020
	$	$
(a) Commitments		
(i) Loans approved but not disbursed	42,676,049	33,086,255
(b) Capital Commitments		
(i) Work In Progress	-	483,801
(c) Contingent liabilities		
(i) Guarantees	221,226	782,620

26 RELATED PARTY TRANSACTIONS

Government

The related party transactions with Government have been disclosed in the respective notes of the financial statements. This includes notes 1,3,9,13, 21, 22 and 24.

Directors

The following are Directors of the Bank and the Group during the Financial Year ended 30 June 2020 and up to the date of this report.

Current directors

Mr. Andre Viljoen - Chairperson; appointed on 18/08/2020
Mr Vadivelu Pillay
Mr Rajesh Patel
Mr Inia Rokotuiei Naiyaga
Mr Romit Parshottam Meghji
Ms. Kalpana Kushla Lal-resigned on 22/03/2021

	CONSOLIDATED		THE BANK	
	2021	2020	**2021**	2020
	$	$	**$**	$
Directors' expenses	102,353	104,955	102,353	104,955

Other related party transactions

Loans amounting to Nil (2020: Nil) were advanced to a Company where a Director has a related party interest and are included in "Loans and Advances" (refer note 11). The loans were provided under normal terms and conditions.

26 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
Saiyad Hussain	Acting Chief Executive Officer (Mr. Saud Minam has been appointed as CEO on 16.07.2021 by the Board).
Shaukat Ali	General Manager Relationship & Sales
Nafitalai Cakacaka	General Manager Business Risk Services-Retired on 30.06.2021
Sheik Maizabeen Nisha	Acting General Manager Finance and Administration
Kishore Kumar	Acting General Manager Talent & Organisational 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	
	2021	2020	**2021**	2020
	$	$	**$**	$
Short-term benefits	694,980	899,462	694,980	899,462

The Key Management Personnel are contracted employees and are entitled to short term benefits only. There is no long term benefits payable.

Loans amounting to Nil (2020: $4,994) to executives are included in "Loans and Advances" (refer note 11). The loans were provided at arm's length transaction.

27 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 credit 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.

27 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 as but not limited to value-at-risk; 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	2021	2020
	$	$
Agriculture	101,257,563	107,641,684
Building and Construction	72,194,421	70,009,330
Manufacturing	46,425,113	31,963,518
Mining and Quarrying	709,117	516,230
Private Individuals	12,719,892	15,549,286
Professional and Business Services	3,579,212	3,776,219
Real Estate	57,237,505	57,405,193
Transport, Communication and Storage	40,961,605	51,264,635
Wholesale, Retail, Hotels and Restaurants	199,655,990	182,173,561
Others	84,066,997	21,587,041
Total gross loans and advances	618,807,415	541,886,697

27 RISK MANAGEMENT POLICY (continued)

	THE BANK	
	2021	2020
	$	$
IMPAIRED AND PAST-DUE ASSETS		
Non-accrual loans		
Gross	161,983,611	100,439,385
Less: Interest and Fees suspended	(27,072,790)	(22,042,715)
	134,910,821	78,396,670
Less: allowance for expected credit loss	(55,443,780)	(57,301,006)
Net non-accrual loans without allowance for expected credit loss	79,467,041	21,095,664
Restructured loans without allowance for expected credit loss		
Gross	-	45,846
Less: Interest and Fees suspended	-	(12,144)
Net restructured loans without allowance for expected credit loss	-	33,702
Restructured loans with allowance for expected credit loss		
Gross	60,871	105,120
Less: Interest and Fees suspended	(1,198)	(12,450)
	59,673	92,670
Less: Allowance for expected credit loss	(35,056)	(39,961)
Net restructured loans with allowance for expected credit loss	24,617	52,709
Other impaired loans		
Gross	932,540	1,310,618
Less: Interest and Fees suspended	-	-
	932,540	1,310,618
Less: Allowance for expected credit loss	-	-
Net other classified loans	932,540	1,310,618
Total impaired and past-due loans	80,424,198	22,492,693
Past-due loans but not impaired		
Gross	8,637,401	7,769,591
Less: Interest and Fees suspended	-	(2,781)
Total past-due loans	8,637,401	7,766,810

27 RISK MANAGEMENT POLICY (continued)

Impaired and Past-Due Assets (continued)

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

2021		**1-3 months**	**3-6 months**	**6-9 months**	**9-12 months**	**More than 1 year**
Loans & Advance	($)	8,228,755	406,603	-	-	2,043
2020		**1-3 months**	**3-6 months**	**6-9 months**	**9-12 months**	**More than 1 year**
Loans & Advance	($)	4,895,411	2,563,108	148,377	159,030	3,665

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 categorised 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.

27 RISK MANAGEMENT POLICY (continued)

Significant increase in credit risk (continued)

The Bank and the Group employs statistical models to analyse 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.

27 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.

	2021				
	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	175,182,328	-	-	-	175,182,328
Grade-Special mention	280,648,065	-	-	-	280,648,065
Grade-Substandard	-	77,904,706	-	-	77,904,706
Grade-Doubtful	-	-	29,233,316	-	29,233,316
Grade-Loss	-	-	-	55,839,000	55,839,000
	455,830,393	**77,904,706**	**29,233,316**	**55,839,000**	**618,807,415**
Loss on Allowance	**(20,038,186)**	**(25,831,371)**	**(15,195,964)**	**(35,697,884)**	**(96,763,405)**
Allowance for Interest and Fees					(27,428,847)
Carrying amount	**435,792,207**	**52,073,335**	**14,037,352**	**20,141,116**	**494,615,163**

27 RISK MANAGEMENT POLICY (continued)

Measurement of ECL (continued)

2020					
	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	102,633,070	-	42,842,549	-	145,475,619
Grade-Special mention	294,186,085	-	-	-	294,186,085
Grade-Substandard	-	40,097,260	-	-	40,097,260
Grade-Doubtful	-	-	10,323,414	-	10,323,414
Grade-Loss	-	-	-	51,804,319	51,804,319
	396,819,155	**40,097,260**	**53,165,963**	**51,804,319**	**541,886,697**
Loss on Allowance	**(26,742,625)**	**(16,620,391)**	**(5,901,729)**	**(30,901,284)**	**(80,166,029)**
Allowance for Interest and Fees					(22,120,457)
Carrying amount	**370,076,530**	**23,476,869**	**47,264,234**	**20,903,035**	**439,600,211**

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.

27 RISK MANAGEMENT POLICY (continued)

Liquidity Risk Management (continued)

Maturity Analysis

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

2021	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	2,000	61	131	-	-	-	2,192
Loans and advances	9,930	7,110	196,974	219,006	185,787	(56,502)	562,305
Other Receivables	1,259	3,295	-	-	-	-	4,554
Total	13,189	10,466	197,105	219,006	185,787	(56,502)	569,051
Liabilities							
Other Liabilities	11,512	-	-	-	-	-	11,512
Accounts Payable	4,873	-	-	-	-	-	4,873
Borrowings	-	29,457	110,287	275,822	1,000	-	416,566
Total	16,385	29,457	110,287	275,822	1,000	-	432,951
2020							
Assets							
Debt financial assets at amortised cost	2,000	61	185	192	-	-	2,438
Loans and advances	9,643	7,183	145,154	249,032	130,875	(38,427)	503,460
Other Receivables	1,269	2,711	-	-	-	-	3,980
Total	12,912	9,955	145,339	249,224	130,875	(38,427)	509,878
Liabilities							
Other Liabilities	11,859	-	-	-	-	-	11,859
Accounts Payables	6,083	-	-	-	-	-	6,083
Borrowings	-	24,092	90,385	234,578	-	-	349,055
Total	17,942	24,092	90,385	234,578	-	-	366,997

27 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 2021	Increase in Lending Rate (+2.50%)	Decrease in Lending Rate (-2.50%)
Weighted Average Lending Rate (%)	6.37	8.87	3.87
Interest Income ($)	45,202,278	15,470,185	(15,470,185)
Impact on profit or loss ($)	958,925	15,470,185	(15,470,185)

27 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 Business & Risk Services Division, through its Planning 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.

28 COMPARATIVES

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

29 SIGNIFICANT EVENTS

The outbreak of the COVID-19 pandemic and the measures adopted by Government to mitigate the pandemic's spread have significantly impacted the Group. The impact of the spread of this virus has disrupted travel and businesses in Fiji and throughout the world. The Bank has been giving repayment moratorium to number of its customers since March 2020 on case-by-case basis. It is likely that further moratorium may be given to customers until herd immunity is achieved and travel restrictions are lifted.

30 SUBSEQUENT EVENTS

The following event were noted subsequent to the balance date:

The Bank continues to be responsive to its customers and provides relief assistance to those impacted by the Pandemic. Following the announcement of the COVID-19 Recovery Credit Guarantee Scheme through the 2021-2022 National Budget, the Bank has started disbursement in August 2021 under this facility. The scheme is being offered through the Reserve Bank of Fiji (RBF) as an extension of the Disaster Rehabilitation and Containment Facility (DRCF) providing funding of $200 million at a rate of 0.25% to the Bank as well as commercial Banks and other licensed credit institutions. The funding is on-lent to customers at an interest rate of 3.99% for any loan purpose. The amount approved is based on Banks normal credit assessment and loan amount is strictly determined by the turnover of the micro, small and medium enterprises (MSME's) and the large businesses.

Apart from matters mentioned above, 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.

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

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

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

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

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

Nabouwalu Branch
Bua,
P.O. Box 51, Bua.
Ph: (679) 883 6055

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

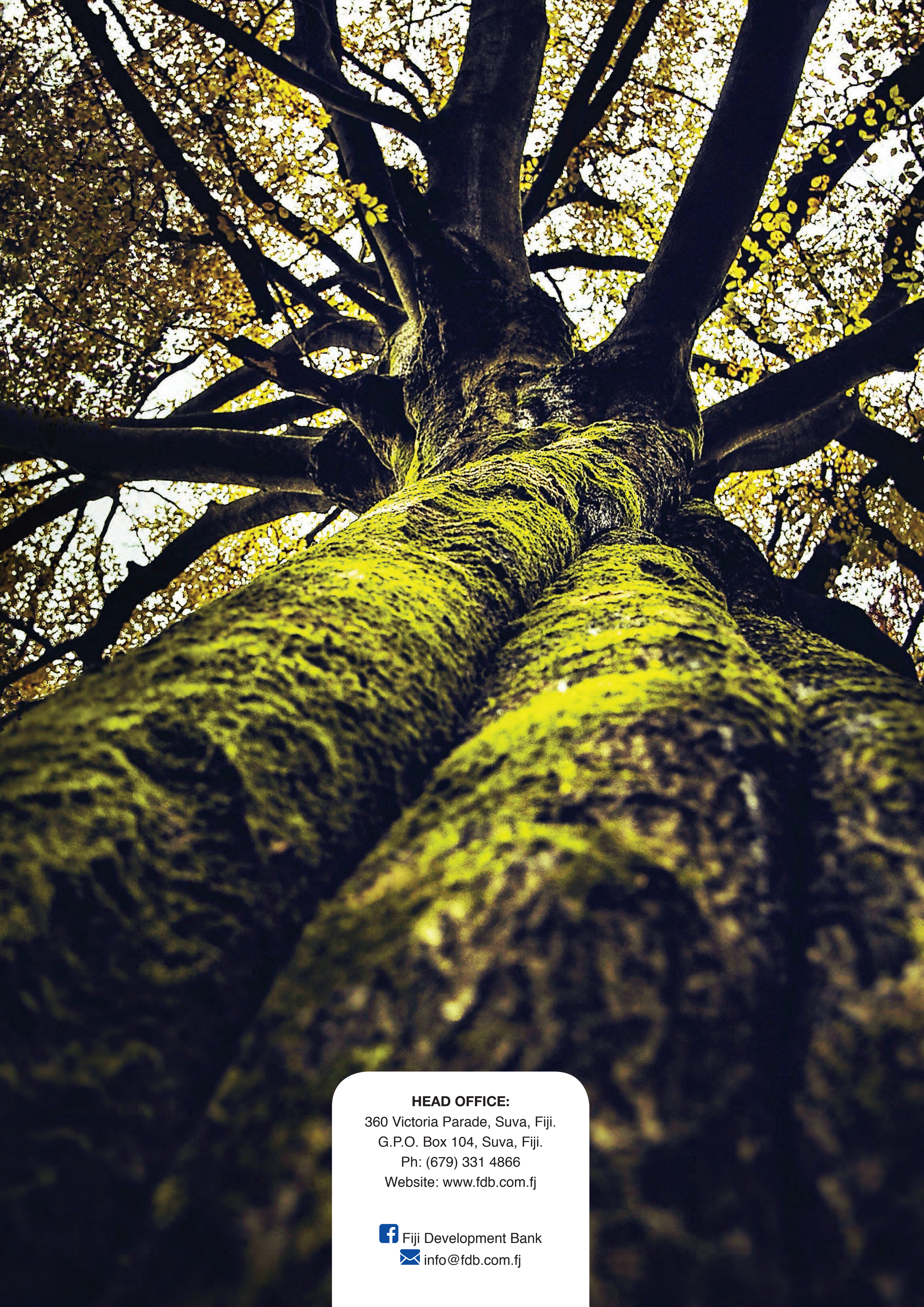
Sigatoka Branch
Vunasalu Road,
P.O. Box 81, Sigatoka.
Ph: (679) 650 0122

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

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

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

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



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