PROGRESSIVE DEVELOPMENT THROUGH PARTNERSHIP

F·D·B

your partner in progress

FIJI DEVELOPMENT BANK
ANNUAL REPORT 2025

VISION

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

MISSION

FDB provides robust services to sectors and enterprises that contribute to the sustainable development of the Fijian economy.

COVER

Theme: Progressive Development through Partnership

The image reflects FDB's alignment with national and strategic priorities by collaborating with stakeholders to promote sustainable economic development. It supports Micro, Small and Medium Enterprises (MSMEs) across all sectors through affordable financing, capacity building, streamlined processes, and strengthened industry partnerships, consistent with the National Development Plan 2025–2029 and the Bank's Strategic Plan 2024–2028.

VALUES

FDB has a clear set of values to inform and guide its employees, as well as for engagement with our customers and communities. The most important feature is that these values are intentional and integrated into the business model to grow Fiji. The values are known by the acronym RAPIC, and it stands for Respect, Accountability, Passion, Integrity, and Care.

Respect: FDB encourages its staff to listen actively and respond appropriately.

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

Passion: FDB encourages staff to deliver outputs with the highest level of passion.

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

Care: FDB continually focus on fostering inclusive, respectful, and compassionate engagement with clients, communities, and staff to drive sustainable development and social impact.

ABOUT FIJI DEVELOPMENT BANK:

FDB was established under the Fiji Development Bank Act 1966 on 1 July 1967, sixteen years after development banking started in Fiji with the Agricultural and Industrial Loans Board.

FDB is an autonomous statutory body, the operations of which are controlled by a Board of Directors appointed by the Minister for Finance, Commerce and Business Development.

FDB provides financing that contributes to the development of the Fijian economy leading to the enhancement of the quality of life for all Fijians.

FDB has been in existence for more than 55 years now and remains Fiji's only national development financial institution to this date. It has contributed significantly to the success story of the Fijian economy across generations.

We are also committed to Gender Equality and Social Inclusion (GESI) — ensuring fair and equal access to opportunities through our workforce, products, and services.

FDB is also the first development Bank in the South Pacific to be accredited to the Green Climate Fund (GCF), the world's largest climate fund, as a Direct (National) Access Entity.

The Financial Year of FDB starts every 1st of July and ends on 30th June.

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CHAIRMAN'S Letter

28 January, 2026

The Honourable Esrom Immanuel,
Minister for Finance, Commerce and Business Development,
Ro Lalabalavu House, Victoria Parade,
SUVA.

Dear Minister,

RE: 2025 Annual Report On behalf of the Fiji Development Bank (FDB)

On behalf of FDB, I am pleased to present the 2025 Annual Report and Audited Accounts for the financial year ended 30 June 2025. The 2025 financial year marked a period of strong performance and renewed momentum for the Bank, achieved against a backdrop of global economic uncertainty and evolving development priorities. Guided by our theme, "Progressive Development through Partnership," FDB continued to work closely with Government, communities, customers, and development partners to deliver inclusive and sustainable development outcomes.

During the year, the Bank disbursed $132.85 million in new loans, significantly exceeding its annual target, and closed the year with a total loan portfolio of $500.92 million.

This growth was underpinned by disciplined portfolio optimisation, strengthened risk governance, and a deliberate focus on priority sectors aligned with national development objectives.

The Bank achieved a net profit of $14.18 million during the financial year, an increase of $8.58 million (153.21%) from the previous year. This strong result reflects the resilience of the Bank's business model, the confidence of our customers, and the commitment of our employees. Prudent cost management remained a key focus, with borrowing expenses reduced by $1.11 million (24.88%). Overall, the Bank's 2025 performance demonstrates solid financial stability and reinforces its vital role in supporting Fiji's economic development.

Inclusive financing remained a core focus of the Bank's operations. The women's portfolio accounted for 29.77% of total accounts, while the youth portfolio comprised 15% of total accounts, accounting for 16% of total portfolio value. These outcomes reflect FDB's ongoing efforts to empower women and young people through targeted financial solutions and partnerships that support entrepreneurship, employment, and long-term economic participation by balancing financial sustainability with FDB's development mandate.

Looking ahead, FDB remains committed to advancing national priorities under the National Development Plan, supporting Micro, Small, and Medium Enterprises (MSMEs), agriculture, women and youth entrepreneurs, and scaling climate-resilient and sustainable finance initiatives, while delivering meaningful and inclusive development impact outcomes for the people of Fiji.

On behalf of the Board, I extend our sincere appreciation to the Government of Fiji for its continued trust and support. We look forward to strengthening our partnership as we collectively work towards inclusive growth, economic resilience, and long-term prosperity for Fiji.

Yours sincerely,

Damend Gounder
CHAIRMAN OF THE BOARD

CUSTOMER SUCCESS STORY

FUTURISTIC FARMS GROWS WITH GOVERNMENT SUPPORT, CREATING EMPLOYMENT FOR MANY

Based in Tavua, Futuristic Farms has evolved from a constrained local nursery into one of Fiji's agricultural powerhouses. Led by Director Balbir Singh, the business specialises in high-quality seedlings for agriculture and forestry, serving both government ministries and private clients.

A pivotal turning point arrived in 2023. Facing limited capital and infrastructure, the farm secured a strategic partnership involving a Ministry of Agriculture equity grant and an FDB loan. This investment funded 10 commercial nurseries, boosting annual production from 200,000 to one million seedlings.

The impact extends far beyond the soil:

Economic Growth: Revenue and profitability have surged, earning the business the FDB "Youth Entrepreneurship of the Year" award in both 2024 and 2025.

Social Impact: The farm maintains gender-balanced employment and injects over $50,000 annually into rural communities. It specifically empowers single mothers and indigenous families through seed-collection networks.

Sustainability: 10% of income supports local education and churches, while organic practices drive Fiji's reforestation efforts.

With international interest growing, Futuristic Farms aims to expand into branded products and a training school by 2030, proving that with the right financial support, rural businesses can achieve global recognition.

"Today, Futuristic Farms is recognised nationally and internationally, and we are grateful to FDB for supporting our journey and partnering with us for the future."

— Mr Singh.

2025 PERFORMANCE OVERVIEW

Financial Highlights

Total Assets: **$578.00m**	Total Disbursement: **$132.85m**	Net Profit: **$14.18m**	Total Equity: **$202.03m**	Total Portfolio Value: **$500.92m**

Development Reach

TOTAL LOAN DISBURSEMENT

54% in Rural Lending

46% in Urban Lending

WOMEN PORTFOLIO

Represents **29.77%** of total portfolio (by number of accounts)

YOUTH PORTFOLIO

Represents **15%** of total portfolio (by number of accounts)

STRATEGIC IMPACT

Loan Portfolio Coverage: **8,940** total accounts

Performing Loan Portfolio (PLP): **87.33%** of portfolio value

Non-Performing Loan (NPL): **12.67%** of portfolio value

Top Five (5) Sectors in Portfolio Value for FDB in 2025

24.78%	22.96%	17.43%	8.41%	7.18%
Wholesale, Retail, Hotels & Restaurants	Agriculture	Public Enterprise	Building & Construction	Transport, Storage & Communication

CHAIRMAN'S MESSAGE

MR DAMEND GOUNDER

$14.18 million net profit

Progressive Development through Partnership

The 2025 financial year reflects FDB's continued commitment to progressive development through partnership. Amid economic transition and evolving development needs, the Bank worked closely with the Government, customers, communities, and development partners to deliver inclusive and sustainable outcomes.

Guided by our **RAPIC** values — Respect, Accountability, Passion, Integrity, and Care — FDB disbursed $132.85 million in new loans, nearly doubling its annual target. This supported priority sectors including Agriculture, MSMEs, and Corporate lending. Through disciplined portfolio management, the Bank strengthened its loan portfolio to $500.92 million, while enhancing portfolio quality and long-term development impact.

Financial performance in 2025 was strong, with the Bank achieving a net profit of $14.18 million. This was supported by prudent cost management, reduced borrowing expenses, and improved asset quality. These results reaffirm FDB's capacity to deliver on its development mandate while maintaining sound financial foundations.

The year also marked key milestones in sustainable finance, including international recognition through the **Association of Development Financing Institutions in Asia and the Pacific (ADFIAP) Award for Local Economic Development and the launch of the Sustainable Blue Finance Facility**, reinforcing FDB's commitment to climate resilience and inclusive growth.

The Board acknowledges the dedication of Management and Staff, extending its gratitude to the Government of Fiji, our customers, development partners as well as stakeholders for their continued trust and collaboration. As FDB looks ahead, the Board remains focused on strengthening governance, deepening partnerships, and ensuring the Bank continues to deliver meaningful impact and development outcomes aligned with national priorities and the Sustainable Development Goals (SDGs).

Together, we remain committed to advancing progressive development through partnership for the benefit of present and future generations of Fijians.

ADFIAP AWARD RECOGNITION

Ms. Titilia Vakaoca Kamil, General Manager Relationship and Sales, proudly receives the ADFIAP Award for Local Economic Development on behalf of the Bank, in recognition of its contribution to advancing inclusive and sustainable economic growth.

FDB was the recipient of the "Local Economic Development" award at the 2025 ADFIAP Awards, held during the 48th ADFIAP Annual Meetings in Muscat, Oman. This recognition celebrates FDB's initiative in leveraging its financial instruments through stakeholder collaboration, which exemplifies our commitment to fostering sustainable economic growth and inclusive development.

The theme for the ADFIAP Awards was 'Economic Gardening & Development Impacts'. ADFIAP provides a strong platform for the Bank to share knowledge and learn from other development banks regarding the challenges, barriers, and risks in evolving business environments, with the overall purpose of realising impactful financing.

We extend our gratitude to our stakeholders, most importantly to our customers, the Fiji Government and its ministerial initiatives, our development partners, the communities we serve, and the FDB staff for their unwavering supporting in driving meaningful change across Fiji.

The Bank remains focused on its mission to be a dynamic financial services provider in the development of Fiji. We continue to improve our delivery services in alignment with our Strategic Plan and collaborate with relevant stakeholders by financing sectors of the economy that contribute towards the National Development Plan, National Budget initiatives, and the SDGs.

EXECUTIVE REPORT

MR FILIMONE WAQABACA
Chief Executive Officer (CEO)

"More than 80% of the loans released supported priority sectors such as agriculture, manufacturing, construction, transport, and tourism, directly contributing to job creation and economic resilience."

The 2025 financial year demonstrated how strategic partnerships and relationship-led banking can translate into sustainable growth and meaningful development impact.

A comprehensive review of the Bank's Vision, Mission and Values was undertaken in FY2026. However, the outcomes of this review are reflected in this report as they provide strategic realignment and clarity to the Bank's direction under the FDB 2024–2028 Strategic Plan. The inclusion ensures consistency in messaging and accurately represents the Bank's refreshed purpose, priorities and institutional values moving forward.

Enabling Inclusive Economic Participation

Our focus on 'Progressive Development through Partnership' aligned closely with the Bank's strategic engagement with key stakeholders, fostering collaboration around a shared vision and collective progress towards sustainable economic development across priority business sectors. This reinforces the Bank's commitment to supporting MSMEs and corporate clients across all industries, including the creative sector. We achieve this by promoting a conducive business environment through access to affordable finance, streamlined regulatory processes, targeted training and capacity-building programmes, and improved access to dedicated digital and physical infrastructure.

WOMEN REPRESENTATION AT FDB

Let us continue to work together to create a more empowered and inclusive society for all!

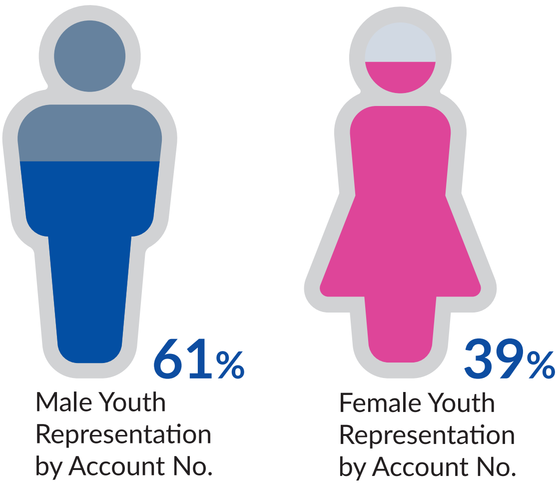
Some FDB Gender Achievements:

- **50%** of our staff are women.
- **50%** of our Executive Committee are women.
- **43%** of our Board of Directors are women.
- **29%** of our middle management positions are held by women.
- Close to **30%** of the Bank's total portfolio accounts are held by women.

Trilateral Infrastructure Partnership (TIP) delegation representatives from the Japan Bank for International Cooperation (JBIC) and US International Development Finance Corporation (DFC) discussing Fiji's investment ecosystem and energy transition opportunities with the team from FDB.

YOUTH PORTFOLIO

Represents 15% of total accounts and 16% of the total Portfolio Value.



Strategic Alignment with National Priorities

The Bank's approach aligned with the **National Development Plan 2025–2029**, particularly in advancing market diversification through partnerships with industry associations and chambers of commerce, strengthening networking opportunities, and enhancing business collaboration. It also supports the **Bank's Strategic Plan 2024–2028** and its overarching theme of remaining sustainable while serving customers and adapting to a changing operating environment, ensuring responsiveness, resilience, and long-term impact.

The Bank's initiatives supported inclusive economic growth and job creation **(SDG 8)**, strengthened industry, innovation, and business infrastructure **(SDG 9)**, and promoted collaboration through strategic partnerships **(SDG 17)**. From an Environmental, Social, and Governance (ESG) perspective, these efforts advance economic inclusion, strong institutional partnerships, and sustainable enterprise development.

Navigating the Macroeconomic Landscape

FDB continued to navigate the macroeconomic landscape with prudence and adaptability, aligning its financing strategies to support productive sectors, strengthen economic resilience, and respond to shifting market conditions. By maintaining a balanced approach to risk management, sectoral diversification, and development-focused lending, the Bank remains well-positioned to support Fiji's economic recovery and long-term growth.

Strengthening Risk Governance and Regulatory Maturity

Recognising its responsibility as a public financial institution, FDB continues to strengthen its risk management and regulatory compliance frameworks to support prudent and sustainable operations.

The Bank's Governance Framework continued to evolve, providing a holistic view of enterprise-wide risks and ensuring greater integration between strategy, performance, and risk oversight. During the 2025 financial year, key developments enhanced the Bank's overall risk management capability. Focus areas included:

- Policy, Governance, and Compliance Alignment.
- Know Your Customer (KYC) protocols.
- Key Risk Indicators and Early Warning systems.

- Concentration Risk and Credit Appetite management.
- Business Continuity, Resilience, and Risk Mitigation activities.

Strong Financial Performance

The Bank's FY2025 performance demonstrates both financial strength and long-term resilience, with net profit reaching **$14.18 million**—an increase of **153.21% year-on-year**. The increase in profit is driven by prudent cost management and reduction in borrowing expenses of $1.1 million (24.88%), prudent strengthening of the Bank's credit quality and an increase in other income by $2.7M which collectively supported the year's improved profitability. These results highlight the Bank's sound financial stability and its capacity to support sustainable economic development across Fiji.

Sectoral disbursements in 2025 highlight the effectiveness of this collaborative approach:

- Agriculture: $34.64 million supporting farmers and value-chain participants.
- Manufacturing: $31.20 million.
- Wholesale, Retail, Hotels & Restaurants: $21.61 million.
- Building & Construction: $18.68 million, reinforcing private sector recovery.

FDB CEO's engagement with the Commissioner North Office on Northern development economic sector priorities.

The total portfolio value closed at $500.92 million, reflecting a strong recovery supported by targeted lending and improved customer engagement. While the number of active accounts reduced to 8,940, this reflected a deliberate portfolio optimisation strategy undertaken in partnership with customers, credit teams, and risk management functions to strengthen overall portfolio quality.

Indian High Commissioner to Fiji, His Excellency Suneet Mehta (first from right) met with FDB CEO, Mr Filimone Waqabaca (second from right) as well as FDB management for a productive discussion on strengthening cooperation in development financing and capacity building.

Strategic Lending for Development Impact

FDB's 2025 lending profile demonstrates strong alignment with national development priorities, with $132.85 million disbursed—exceeding the annual target by 187.87% and increasing by 45.57% year-on-year. More than 80% of the loans released supported priority sectors such as agriculture, manufacturing, construction, transport, and tourism, directly contributing to job creation and economic resilience.

FDB CEO speaking during the opening of the Pacific Development Bank's Engage in a Learning Exchange on Social and Environmental Management on GCF Projects.

Leveraging Finance for Social and Environmental Transformation

FDB launched its Sustainable Blue Finance Facility to support a Sustainable Blue Economy. This facility will be used to finance or refinance eligible projects that deliver focused social and environmental benefits aligned with the Fijian Sustainable Bond Framework. Special consideration is given to:

His Excellency, the President of the Republic of Fiji, Ratu Naiqama Lalabalavu, and FDB Board Chair, Mr. Damend Gounder with the 2024 National SME Awards Winners.

1. Blue shipping and E-mobility.
2. Sustainable fisheries and aquaculture/ mariculture.
3. Sustainable eco-tourism.
4. Sustainable agriculture.

The FDB Sustainable Blue Finance Facility was officially launched by the Chief Guest, the Honourable Esrom Immanuel, Assistant Minister for Finance, Strategic Planning, National Development and Statistics, alongside the UNDP Resident Representative for the Pacific Office in Fiji, Ms Tuya Altangerel.

Recognising and Rewarding Enterprise – NSMEA 2024

FDB's National SME Awards continued to recognise outstanding MSMEs, with His Excellency, Ratu Naiqama Lalabalavu, the President of the Republic of Fiji as Chief Guest, celebrating business excellence in line with national private sector development priorities.

Acknowledgement

I commenced my role as CEO of FDB in January 2025, during a year characterised by global uncertainty and strong organisational performance.

I wish to formally acknowledge Ms. Titilia Vakaoca Kamil's leadership as Acting CEO for six months while continuing her duties as General Manager Relationship & Sales prior to my appointment — a substantial period that ensured continuity, stability, and sustained performance for the Bank. Her stewardship during this time reflects her dedication and commitment to FDB's development mandate.

I extend my sincere appreciation to the Board of Directors for their leadership, guidance, and support during this period of transition. Their oversight has ensured sound governance and a continued focus on FDB's strategic priorities.

I also acknowledge the dedication of FDB's management and staff, whose commitment and expertise have underpinned the Bank's financial performance and ongoing service to communities across Fiji. I am grateful for the trust and collaboration of the Government of Fiji, our customers, development partners, and stakeholders, whose partnerships remain central to our success.

BOARD OF DIRECTORS

MR DAMEND GOUNDER

Appointed January 2023

Chairperson of the Fiji Development Bank Board and a member of the Board Talent & Organisational Development Committee and the Research and Development Sub-Committee. A respected entrepreneur, he brings over 33 years of experience in business and tourism. He is the Founder and Managing Director of the Tour Managers Group and formerly served as Group Director/General Manager for Adventure/Endless Holidays and Hamacho Restaurants. He has held board positions with Air Pacific (now Fiji Airways), Fiji Sugar Corporation, and the Fiji Visitors Bureau (now Tourism Fiji) and has led various tourism industry bodies. Mr. Gounder is also widely recognised for his community service, having served as International President of Apex International, National President of the Apex Clubs of Fiji, and held leadership roles with TISI Sangam and FRIEND.

MS EMELE DUITUTURAGA

Appointed April 2023

Board Member of the Fiji Development Bank and serves on the Board Talent & Organisational Development Committee and the Board Risk Committee. She is a seasoned development specialist with over 30 years of experience across government, regional and international organisations, and civil society. She currently works as an independent consultant, focusing on gender, equity, disability, and social inclusion, and is also involved in business and private sector development. She is a Director of Lakeba Nawa Vision Company Ltd. Previously, Ms. Duituturaga served as Executive Director of the Pacific Islands Association of Non-Governmental Organisations (PIANGO) for ten years, where she led regional and global advocacy on climate change, gender equality, and the SDGs. She also held the role of Permanent Secretary for the Ministry of Women, Children & Poverty Alleviation, contributing to national policy and program delivery.

MR DAVID ROBERTSON

Appointed June 2023

Chairperson of the Board Risk Committee of the Fiji Development Bank. He is a Suva-based businessman and capital markets professional with over 40 years of experience in senior executive roles across Fiji, New Zealand, and the Pacific. He is currently the General Manager of South Sea Towage Limited, a marine services company operating out of Suva and Lautoka. Mr. Robertson began his career in Fiji in 1970 as a banker with the Bank of New Zealand, later serving as General Manager of Investments for the Colonial (CML) Investment Fund from 1990 to 1999. He has held board positions in several capital-intensive industries in Fiji and brings extensive expertise in banking, investment management, governance, and regulatory oversight.

DR SALESH KUMAR

Appointed March 2023

Chairperson of the Research and Development Sub-Committee and a member of the Board Audit Committee and Board Risk Committee of the Fiji Development Bank. An academic with 30 years of experience in agriculture, he holds a PhD in Agricultural Economics and Agribusiness. He served 15 years with the Ministry of Agriculture, working across Ba, Lautoka, Vunidawa, Naqali, and Nausori, before moving into academia with Fiji National University and currently Pacific Polytech. Dr. Kumar has published extensively in Agribusiness and Agri value chains across Fiji and the Pacific and provides mentorship to emerging agribusinesses. He is also a committed social worker, actively supporting underprivileged children.

MS ASILIKA MUAVESI ROGERS

Appointed April 2022

Board Member of the Fiji Development Bank and serves on the Board Audit Committee, Board Talent & Organisational Development Committee, and the Research and Development Sub-Committee.

Director Asilika' s term was renewed, and she is currently serving her second term on the Board, which commenced on 27th April 2025. She is a practicing lawyer with Toganivalu Legal and has previously worked with Patel Sharma Lawyers and Amrit Chand Lawyers. Ms. Rogers holds a Bachelor of Law from the Fiji National University, a Graduate Diploma in Legal Practice from the University of Fiji, and postgraduate qualifications in International Relations and Diplomacy.

MR JAGDISH SINGH

Appointed January 2023

Chairperson of the Board Talent & Organisational Development Committee and a member of the Board Risk Committee of the Fiji Development Bank. A qualified Civil Engineer, he brings over 31 years of experience in the engineering and infrastructure sector. He began his career with the Housing Authority, later spending a decade at the Suva City Council, including five years as Director of Engineering Services. Mr. Singh also held senior roles at the University of the South Pacific as Projects Manager and at Wood & Jepsen Consultants. He holds a Bachelor of Engineering (Civil) from the University of Wollongong, Australia.

BOARD OF DIRECTORS

MS SHYAMA VERMA

Appointed February 2025

Incoming Board Member of the Fiji Development Bank and Chairperson of the Audit Sub-Committee. Ms Verma is a finance and investment professional with industry-based experience of capital markets in Fiji including, blended / sustainable finance, corporate governance, ESG, Enterprise Risk Management and regulatory compliance.

Ms Verma is currently employed by the Asian Development Bank (ADB) working in private sector development and financial ecosystem strengthening initiatives. Prior to joining ADB, Ms Verma served at the South Pacific Stock Exchange (SPX), heading the Market Operations & Compliance team. Ms Verma holds a Master of Commerce, Postgraduate and Bachelor of Commerce majoring in Accounting and Economics from the University of the South Pacific (USP). She is a member of the Australian Institute of Company Directors (MAICD) and the Fiji Institute of Chartered Accountants (FICA). Ms Verma is a Certified Trainer for Environment Social & Governance (ESG) framework in Fiji.

MS MAIMUNA HANIFF

Appointed February 2022

Outgoing Director of the Bank who served as Chairperson of the Board Audit Sub-Committee during her tenure.

She brings 18 years of leadership and financial management experience, primarily with British American Tobacco across Fiji, Australia, and New Zealand. As an Executive Finance Director, she has led strategic initiatives that drive commercial value, focusing on people development, revenue growth, cost efficiency, sustainability, and strong accountability. She is a Fellow of CPA Australia, a Chartered Accountant with the Fiji Institute of Accountants, and a Member of the Australian Institute of Company Directors (AICD). Ms. Haniff also serves as a Director for British American Tobacco Fiji and Future Farms Limited. She holds a Bachelor's Degree in Accounting from the University of the South Pacific.

DIGITAL INTEGRATION FOR FASTER, SMARTER SERVICES

On 17 October 2024, Acting Chief Executive Officer, Ms. Titilia Vakaoca Kamil, and Permanent Secretary for the Ministry of Lands and Mineral Resources, Mr. Paula Cirikiyasawa, formalised a Memorandum of Understanding enabling digital integration between the two institutions.

This partnership allows FDB secure, real-time access to essential land information required for loan processing, significantly reducing paperwork and turnaround times. The initiative enhances service efficiency, improves access for rural communities, and supports faster approvals for investors and entrepreneurs.

By leveraging technology through strategic collaboration, FDB continues to advance progressive development through partnership, delivering modern, customer-focused solutions for Fiji's growing economy.

OUR GOVERNANCE

FDB maintains robust corporate governance standards as a core element of its mandate to support sustainable economic and social development in Fiji. The Bank's governance framework promotes transparency, accountability, ethical conduct, and sound risk management across all levels of the organisation.

In accordance with the *Fiji Development Bank Act 1966*, the Code of Corporate Governance, and the *Fiji Companies Act 2015*, FDB ensures its operations remain well-governed, compliant, and aligned with stakeholder expectations.

Board of Directors

FDB is governed by a Board comprising seven Directors appointed by the Minister for Finance. Directors serve three-year terms and are eligible for reappointment. During the reporting period, there was one new Board appointment, Ms. Shyama Verma, and one outgoing Board Director, Ms. Maimuna Haniff. However, the overall composition of the Board remained balanced and stable, ensuring continuity in governance, institutional knowledge, and strategic oversight.

The Board brings together a broad range of expertise in business, finance, law, engineering, agriculture, and development. It is responsible for setting the Bank's strategic direction, overseeing financial and operational performance, and ensuring the effectiveness of internal controls and risk management frameworks.

Board Committees and Oversight

To enhance governance and oversight, the Board operates through four standing sub-committees:

- Board Audit Committee (BAC): Oversees financial reporting, internal control systems, and the independence and effectiveness of both internal and external audits.
- Board Risk Committee (BRC): Provides oversight of the Bank's risk appetite, risk strategy, and risk management framework.
- Board Talent and Organisational Development Committee (BTOD): Oversees recruitment, staff development, succession planning, and organisational culture.
- The Board Research and Development Committee (BRDC): provides strategic oversight on innovation, research, and product development initiatives.

Each sub-committee operates under a formal charter and reports directly to the Board, ensuring focused oversight of critical governance areas.

Meeting Attendance

The Board and its sub-committees met regularly throughout the financial year. Directors demonstrated strong commitment and engagement; detailed attendance records for Board and sub-committee meetings are provided in the following section.

Table 1: Board & Sub-Committee Meetings and Attendance

Director	Board		Special		BAC		BTOD		BRC		BRDC	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Mr. Damend Gounder	3	3	9	9	n/a	n/a	6	3	n/a	n/a	4	3
Mr. Jagdish Singh	3	3	9	8	n/a	n/a	6	6	12	12	n/a	n/a
Ms. Emele Duituturaga	3	2	9	7	n/a	n/a	6	2	12	10	n/a	n/a
Ms. Maimuna Haniff	2	1	3	2	2	2	n/a	n/a	n/a	n/a	n/a	n/a
Ms. Asilika Rogers	3	3	9	7	3	3	6	6	n/a	n/a	4	4
Mr. Salesh Kumar	3	3	9	7	3	3	n/a	n/a	12	10	4	4
Mr. David Robertson	3	3	9	8	n/a	n/a	n/a	n/a	12	11	n/a	n/a
Ms. Shyama Verma	1	1	6	5	1	1	n/a	n/a	n/a	n/a	n/a	n/a

Executive Management and Internal Oversight

FDB's Chief Executive Officer chairs the EXCO, which comprises senior management from key divisions of the Bank. EXCO is responsible for driving operational execution, implementing policies, and ensuring alignment with the Bank's strategic objectives. The Committee meets fortnightly to review performance, emerging risks, and operational priorities. The CEO serves as the primary link between the Board and Management, ensuring the provision of timely, accurate, and comprehensive information to support effective decision-making.

Risk Management and Internal Audit

Robust risk management is central to FDB's governance framework. The Internal Audit unit operates independently and reports directly to the Board Audit Committee. It conducts risk-based audits across all departments and branches, evaluating the adequacy of internal controls, regulatory compliance, and operational effectiveness. Additionally, the Office of the Auditor-General undertakes the annual external audit in accordance with statutory requirements, while the Reserve Bank of Fiji provides ongoing prudential supervision.

Ethics, Transparency and Compliance

All Directors are subject to a formal Code of Conduct and are required to declare any actual or potential conflicts of interest at the commencement of each meeting. These declarations are formally recorded in the minutes and maintained in a Conflict-of-Interest Register by the Board Secretary.

FDB also maintains a Whistleblower Policy that enables employees and stakeholders to report suspected misconduct confidentially and without fear of retaliation. Reports may be submitted anonymously through FDB's dedicated reporting channel at **Fraud.Alert@fdb.com.fj**. No whistleblower reports were received during the reporting period. Through these governance structures and control mechanisms, FDB continues to uphold a strong culture of integrity and accountability.

EXECUTIVE COMMITTEE (EXCO) TEAM

Mr Filimone Waqabaca

Chief Executive Officer (CEO)

Mr Saiyad Hussain

General Manager Finance and Administration (GMFA)

Ms Titilia V Kamil

General Manager Relationship and Sales (GMRS)

Acting CEO for six months during FY2025

Mr Bimal Sudhakar

General Manager Risk (GMR)

Ms Sheik Maizabeen Nisha

Manager Finance (MF)

Mr Semisi Biumaiwai

General Manager Talent and Organisational Development (GMTOD)

Ms Priya Chand

Manager Enterprise Risk Management (MERM)

CUSTOMER SUCCESS STORY

FROM SOIL TO SERVICE:
How One Entrepreneur Built a Diversified Empire with FDB

In the world of business, growth is rarely a straight line. For one local entrepreneur, the journey from the sugarcane fields to the bustling tourism hubs of Denarau has been defined by a twenty-five-year partnership with the FDB.

What began in 2000 as a mission to modernize agricultural operations has evolved into a multi-sector success story, proving that with the right financial backing, grassroots businesses can become pillars of the Fijian economy.

The journey started at the turn of the millennium. Recognizing the need for increased efficiency in the sugar industry, the entrepreneur partnered with FDB to finance a Caterpillar tractor. This initial investment didn't just support a farm; it laid the groundwork for a philosophy of constant evolution.

By 2004, as Fiji's tourism sector began its rapid ascent, the business pivoted. With further support from FDB, the entrepreneur secured financing for a transport truck dedicated to the Denarau tourism circuit. This move bridged the gap between traditional industry and the modern service economy.

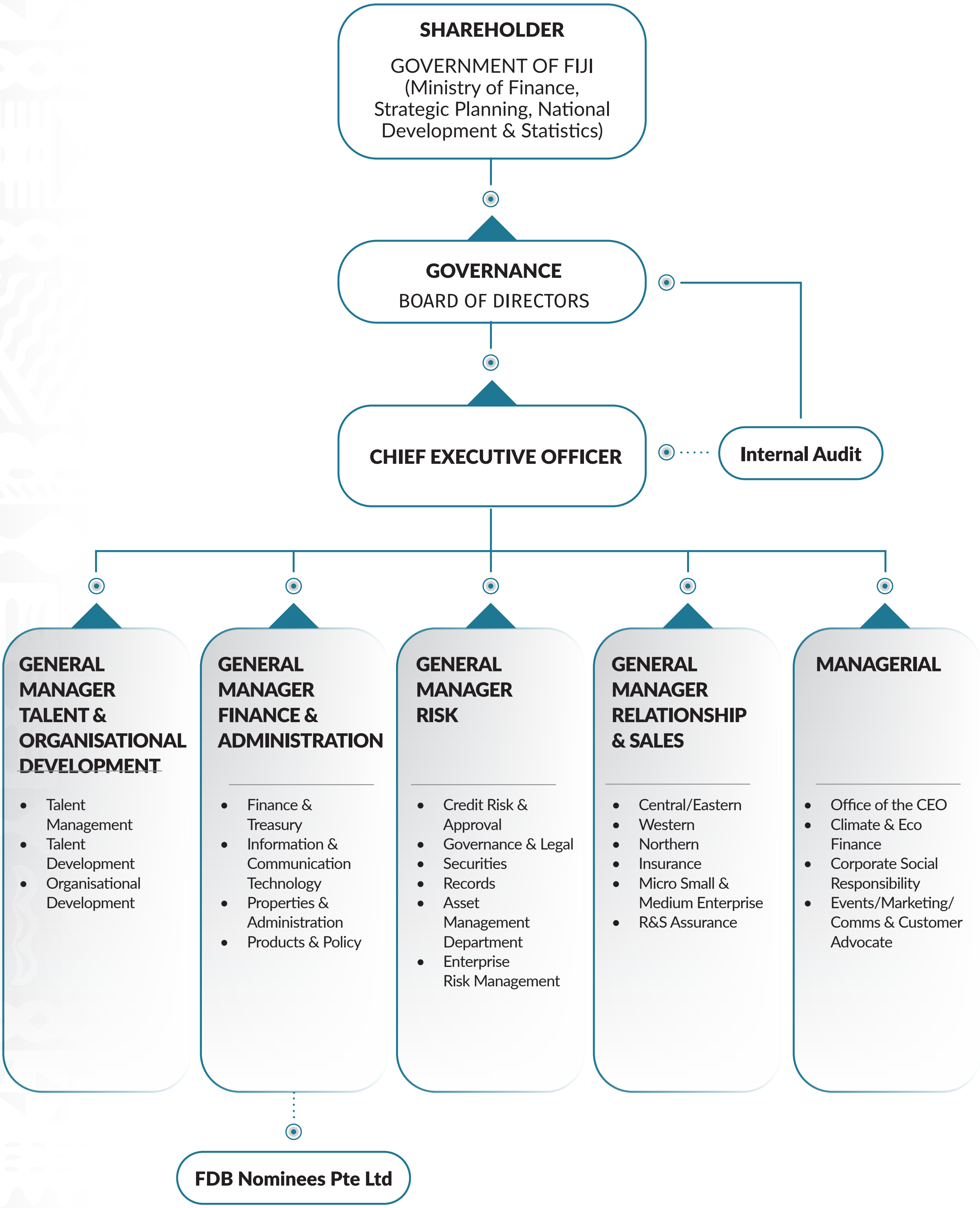
The momentum continued into 2005, when the business expanded into infrastructure and resource development. FDB again stepped in to finance specialized machinery and a truck to develop *qereqere* (gravel) extraction at the Malakua River—a critical component for local construction and development.

Reflecting on a quarter-century of growth, the entrepreneur credits much of this success to the bank's willingness to back visionary transitions.

"I am truly grateful for FDB's continued support," the business owner stated. "They haven't just provided loans; they have played a significant role in the diversification of my ventures. From the fields to the river to the resorts, they have been there at every turn."

— Vurabere Investment PTE Ltd

FIJI DEVELOPMENT BANK ORGANIGRAM



FDB'S MARKET SHARE

	FDB ($mm)	Commercial Banks (CB) ($mm)	Credit Institutions (CI) ($mm)
Agriculture	66.7	132.4	24.6
Sugarcane Growing	15.0	21.7	-
Forestry & Logging	1.8	4.7	4.4
Fisheries	3.1	13.5	0.5
Others	46.9	92.5	19.7
Mining & Quarrying	0.9	28.8	3.8
Manufacturing	97.3	576.3	14.4
Food, Beverages and Tobacco	2.1	217.1	0.6
Textiles, Clothing and Footwear	5.2	49.5	0.7
Metal Products and Machinery	28.1	49.5	5.1
Others	61.9	260.2	8.0
Building and Construction	47.4	900.5	55.8
Real Estate (Development)	45.1	2,009.5	17.9
Non-Bank Financial Institutions	1.7	7.2	146.9
Public Enterprises	87.2	9.1	1.4
Wholesale, Retail, Hotels and Restaurants	88.1	2,147.8	47.4
Hotels and Restaurants	51.0	561.5	7.9
Other Commercial Advances	37.1	1,586.3	39.5
Transport, Communications and Storage	29.5	612.5	95.6
Electricity, Gas and Water	1.6	291.4	-
Professional Business Services	23.6	239.2	23.1
Private Individuals	5.7	2,932.0	292.6
Housing	4.8	2,490.8	-
Car or Personal Individual Transport	0.5	142.9	-
Others	0.4	298.3	-
Central and Local Government	6.1	2.7	0.3
Other Sectors	-	183.3	30.5
TOTAL	**500.9**	**10,072.7**	**754.3**

NOTE: Fiji Total refers to total loans and leases advances outstanding by all commercial banks, licensed credit institutions and the Fiji Development Bank as at 30 June 2025. The Bank's market share is highlighted.

Fiji Total ($mm)	FDB as a % of Fiji Total	CB as a % of Fiji Total	CI as a % of Fiji Total
223.7	29.8	59.2	11.0
36.7	40.8	59.2	-
10.9	16.6	43.1	40.3
17.1	17.9	79.1	2.9
159.1	29.5	58.1	12.4
33.5	2.7	85.9	11.3
688.0	14.1	83.8	2.1
219.8	0.9	98.8	0.3
55.4	9.3	89.4	1.3
82.7	34.0	59.8	6.2
330.1	18.7	78.8	2.4
1,003.7	4.7	89.7	5.6
2,072.5	2.2	97.0	0.9
155.8	1.1	4.6	94.3
97.7	89.2	9.3	1.4
2,283.3	3.9	94.1	2.1
620.4	8.2	90.5	1.3
1,662.9	2.2	95.4	2.4
737.6	4.0	83.0	13.0
293.0	0.5	99.5	-
285.9	8.2	83.7	8.1
3,230.3	0.2	90.8	9.1
2,495.6	0.2	99.8	-
143.4	0.4	99.6	-
298.7	0.1	99.9	-
9.1	67.2	29.6	3.3
213.8	-	85.7	14.3
11,327.9	**4.4**	**88.9**	**6.7**

OUR OPERATIONS

Overview: Driving Growth, Inclusion, and National Reach

Through proactive relationship management, targeted sales initiatives, and closer collaboration with stakeholders and branch teams, the Operations Division supported sustained portfolio expansion while ensuring alignment with the 2024–2028 FDB Strategic Plan and national development priorities.

During the 2025 financial year, Operations played a central role in advancing FDB's development mandate by expanding access to finance, deepening customer relationships, and strengthening portfolio growth across key sectors and regions. The Bank remains sustainable in serving its customers while adapting to socio-economic and technological changes.

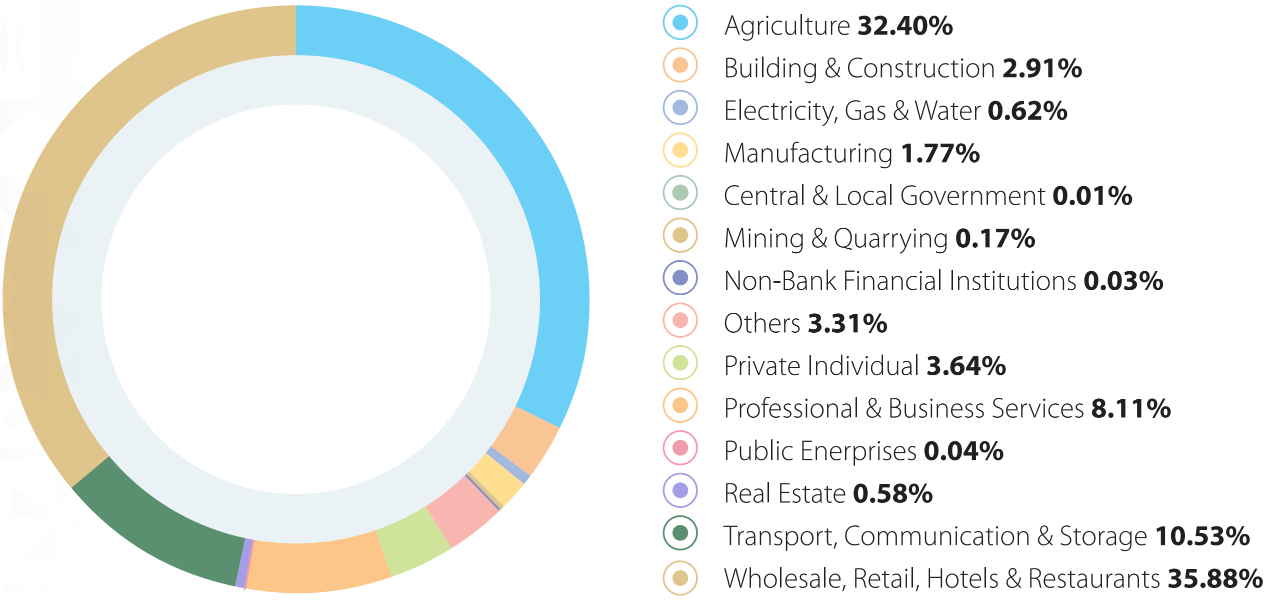
Remaining committed to the Government's mandate to support the Micro, Small, and Medium Enterprises (MSMEs) sector and the agriculture industry, the Bank successfully disbursed $132.85 million. This outlay represented 187.87% of the Bank's $70.0 million target—a 45.57% increase over the previous financial year.

The Chief Guest Honourable Filimoni Vosarogo (second from left) at the opening of the eco-friendly Suva Crematorium, funded with the support from FDB

Sector Performance Highlights

- Public Enterprises: Ranked highest in market share at 89.2%.
- Agriculture Sub-sector: Sugar cane growing accounted for 40.8% of the market share.

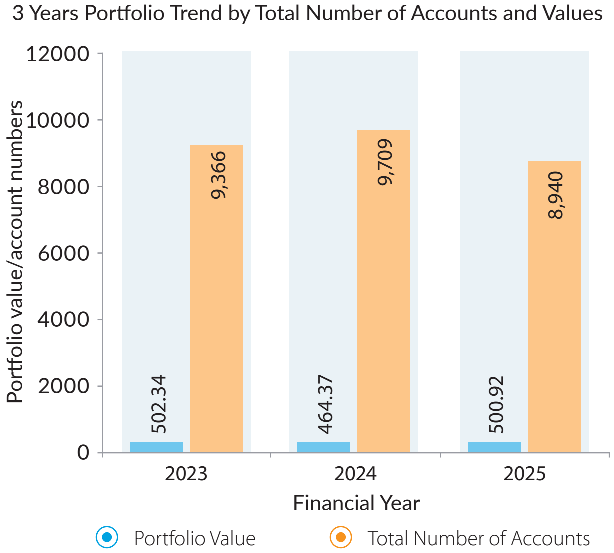
Graph 1: Portfolio by Number as at 30th June 2025



Portfolio Growth

As of 30 June 2025, the Bank's portfolio comprised 8,940 accounts valued at $500.92 million, marking a 7.87% increase in total portfolio value. While there was a 7.92% contraction in the number of accounts (due to early exits, refinancing by other institutions, and asset sales), overall portfolio quality improved through targeted recovery strategies.

Graph 2: Total Portfolio Growth by Number (2023-2025)



Financial Year 2025 demonstrated the effectiveness of strategies in rebuilding portfolio strength through targeted lending and focused sectoral growth.

Disbursement Performance

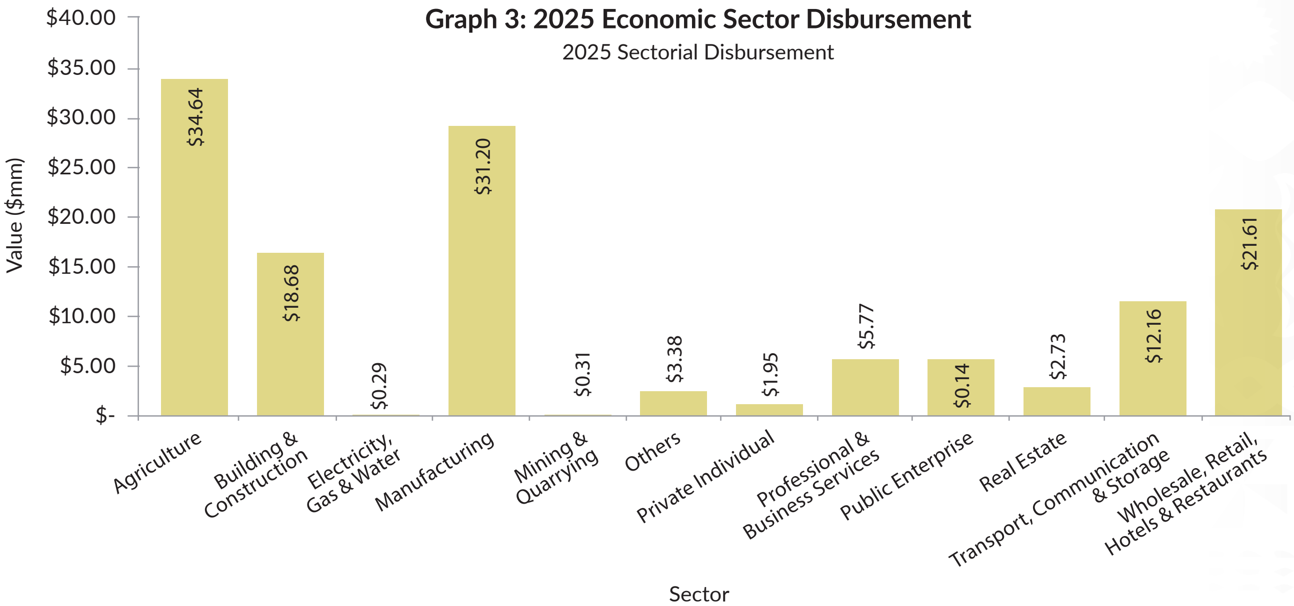
Annual disbursements recorded a positive trend, demonstrating FDB's continued support for economic activity and investment. A strategic focus on priority sectors, combined with strengthened pipeline management, enabled the Bank to respond to customer needs despite a challenging operating environment.

In 2025, the Bank disbursed $132.85 million, exceeding its target by 187.87%. More than 80% of the loans released were directed to key sectors such as agriculture, manufacturing, construction, transport, and tourism, underscoring the Bank's role in strengthening Fiji's economic resilience.

Key Disbursement Drivers

- Agriculture: The largest recipient by account numbers, comprising 26.1% of total disbursements, reinforcing FDB's role in food security and rural livelihoods.
- Manufacturing: Recorded 23.5% of total disbursements, reflecting support for domestic production and import substitution.

Graph 3: 2025 Economic Sector Disbursement



FDB Relationship & Sales Officer, Ms. Diveeka Naidu (fourth from the right), with Ministry of Trade officials at the launch of Sweet Sip's first outlet, officiated by the Minister for Trade, Hon. Manoa Kamikamica (centre). Sweet Sip owners, Rajnel Kumar and Aachaal Reddy, received critical support from FDB during the COVID-19 period, followed by additional assistance through the Ministry of Trade's Young Entrepreneurship Scheme (YES), further strengthening the growth of their business.

- Wholesale, Retail, Hotels and Restaurants: Received 16.3% of disbursements, contributing to trade and tourism.
- Building and Construction: Accounted for 14.1% of disbursements, aligned with housing and infrastructure development.

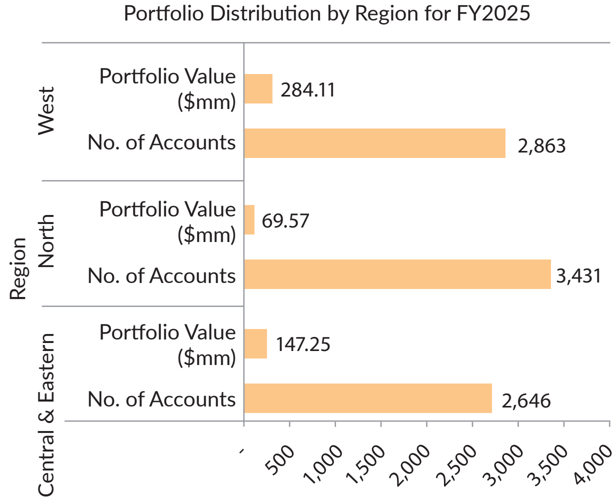
Supporting and Emerging Sectors

- Transport, Communication and Storage: 9.2% of disbursements, supporting logistics and connectivity.
- Professional and Business Services: 4.3% of disbursements, supporting service-based MSMEs.
- Other Sectors: Lower disbursements were noted in Electricity, Gas and Water (0.2%), Mining and Quarrying (0.2%), and Public Enterprises (0.1%), indicating selective financing in capital-intensive sectors.

Regional Coverage and Community Impact

Relationship and sales activities ensured strong nationwide reach. This regional spread reinforces FDB's commitment to balanced development across both urban and rural communities.

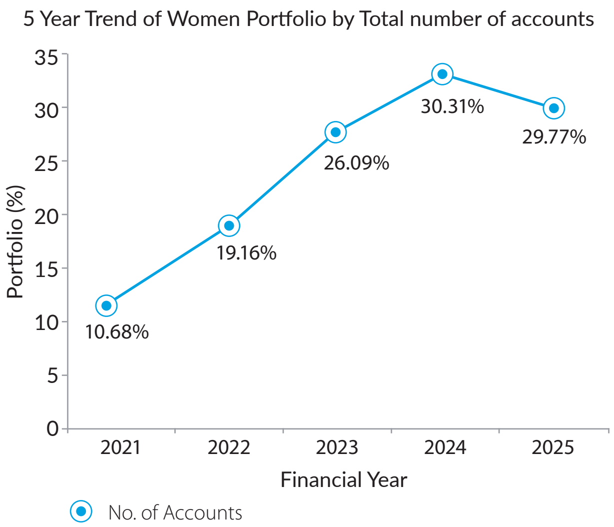
Graph 4: Portfolio Distribution by Region



Gender Financing

FDB remains committed to inclusive access to finance. While there was a slight decline in the number of women in the portfolio, the actual portfolio value increased by approximately $0.72 million. This aligns with the Bank's objective of operationalising gender diversity under SDG 5 (Gender Equality) and SDG 8 (Decent Work and Economic Growth).

The number of accounts for women has steadily increased from 1,634 in 2022 to 2,661 in the 2025 financial year, reinforcing FDB's commitment to bridging the gender inequality gap.



FDB delivered
375
outreach activities nationwide, including roadshows, talanoa sessions, and stakeholder meetings.

COVID-19 Recovery Approach

The Bank continued to monitor and supervise 3,847 COVID-19 loans valued at $31.17 million. The majority of these loans (76% by number) were for amounts up to $20,000.

Digital Lending and Application Performance

The Bank recorded strong growth in loan applications, receiving 1,794 applications valued at $373.90 million. Notably, 55% of all applications were submitted through the online portal, reflecting increased adoption of digital banking.

The Bank approved 68% of total loan applications, demonstrating a balanced approach between growth and prudent credit management. Online applications recorded an approval rate of 46.47%.

Community Outreach

Through its 11 branches and dedicated MSME Unit, FDB delivered 375 outreach activities nationwide, including roadshows, talanoa sessions, and stakeholder meetings. These initiatives strengthened financial literacy, particularly for rural and maritime communities.

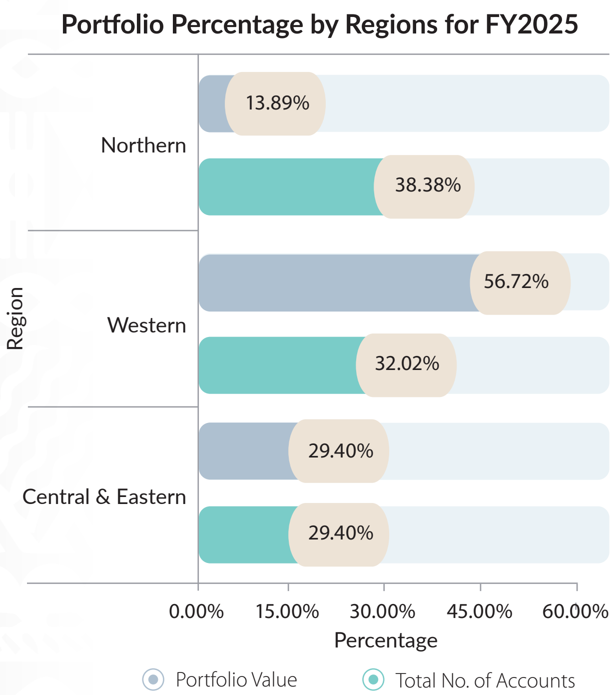
Savusavu Branch Manager, Mr. Adwin Sharan (seated in the third row, fifth from the right), attending the UN Women Markets for Change (M4C) event.

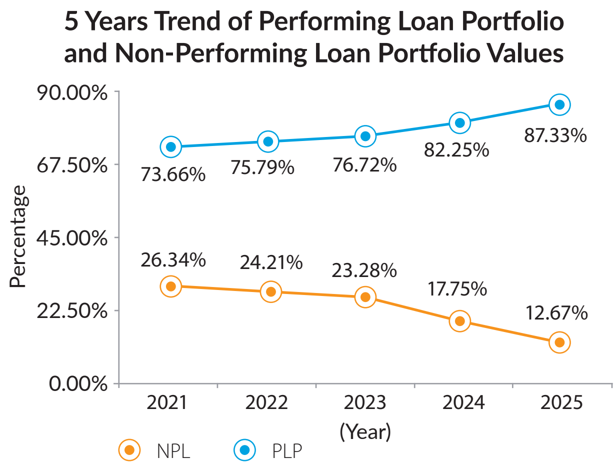
Outlook: Product Enhancement and Digital Focus

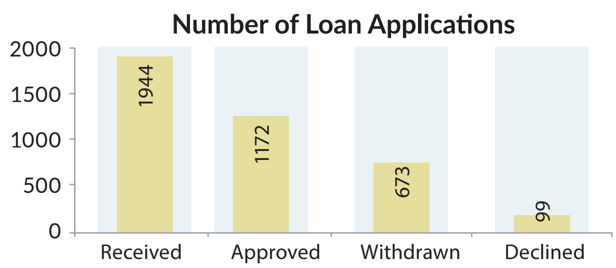
In the year ahead, the Operations team will focus on:

- Deepening customer relationships in priority sectors.
- Supporting new product rollouts and digital applications.
- Strengthening data-driven sales planning.
- Enhancing customer experience and turnaround times.

HIGHLIGHTS







Total FDB Portfolio by Province

Province	% No.	% Value
Ba	22.4%	48.4%
Bua	3.4%	1.4%
Cakaudrove	13.0%	4.7%
Kadavu	0.3%	0.0%
Lau	0.1%	0.0%
Lomaiviti	0.3%	0.1%
Macuata	22.0%	7.8%
Nadroga/Navosa	4.6%	6.8%
Naitasiri	8.2%	4.0%
Namosi	1.1%	0.4%
Ra	4.9%	1.5%
Rewa	12.1%	20.6%
Rotuma	0.0%	0.0%
Serua	0.2%	0.1%
Tailevu	7.1%	4.2%
Grand Total	**100.0%**	**100.0%**

3 Years Portfolio Trend by Sectors

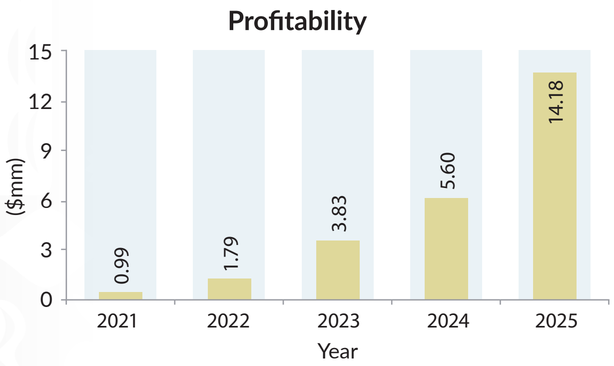
	2023		2024		2025	
	% by Account	% by Value	% by Account	% by Value	% by Account	% by Value
Focus Sector						
Agriculture	35.0%	19.6%	37.0%	23.5%	32.0%	23.0%
Electricity, Gas & Water	0.6%	0.5%	0.7%	0.6%	1.0%	0.0%
Manufacturing	1.4%	1.4%	1.4%	1.3%	2.0%	7.0%
Mining & Quarrying	0.1%	0.2%	0.1%	0.4%	0.0%	0.0%
Professional & Business Services	7.6%	2.1%	7.7%	2.1%	8.0%	2.0%
Public Enterprises	0.0%	18.9%	0.0%	20.3%	0.0%	17.0%
Transport, Communication & Storage	10.4%	7.0%	11.0%	7.1%	11.0%	7.0%
Wholesale, Retail, Hotels & Resturants	33.3%	8.8%	28.5%	9.3%	36%	8.0%
Total Focus	***88.0%***	***59.0%***	***86.0%***	***65.0%***	***89.0%***	***64.0%***
Non-Focus Sectors						
Building and Construction	2.9%	15.1%	2.8%	6.9%	3.0%	8.0%
Central and Local Government			0.0%	1.6%	0.0%	1.0%
Non-bank Financial Institutions	0.0%	0.4%	0.0%	0.5%	0.0%	0.0%
Others	3.7%	1.0%	4.6%	1.2%	3.0%	1.0%
Private Individual	4.4%	2.0%	5.3%	2.1%	4.0%	2.0%
Professional & Business Services	0.0%	0.2%	0.0%	0.2%	0.0%	1.0%
Real Estate	0.6%	7.6%	0.9%	5.9%	1.0%	5.0%
Wholesale, Retail, Hotels & Resturants	0.2%	15.2%	0.3%	17.0%	0.0%	17.0%
Total Non-Focus	***12%***	**42%**	***14%***	**35%**	***11%***	**36%**
Total Portfolio	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

OUR FINANCIAL AND ADMINISTRATIVE PROGRESS

Review of Financial Operations and Performance

The 2025 financial year was characterised by exceptional growth and profitability. The Bank achieved a net profit of $14.18 million, an increase of $8.58 million (153.21%) from the previous financial year. This milestone reflects not only strong financial performance but also the resilience of our business model, the trust of our customers, and the dedication of our employees.

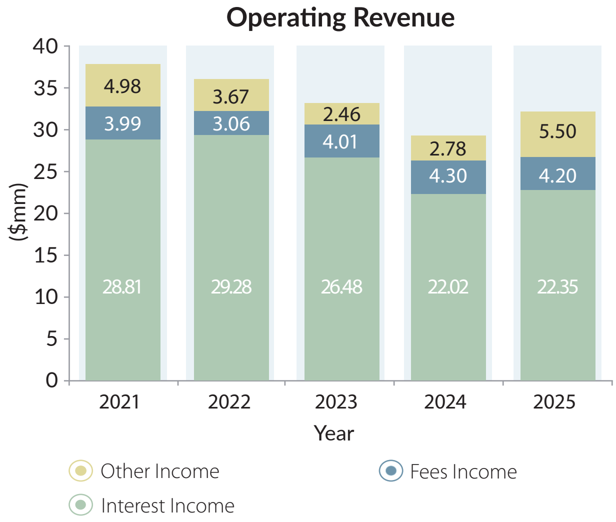
The increase in profit is driven by prudent cost management and reduction in borrowing expenses of $1.1 million (24.88%), prudent strengthening of the Bank's credit quality and an increase in other income by $2.7M which collectively supported the year's improved profitability. FDB's financial performance in 2025 highlights its solid stability and essential contribution to the economic development of Fiji.



Income

The Bank's support for various sectors continued in 2025, with a primary focus on Agriculture and MSMEs, including Women Entrepreneur Loans. Overall net revenue increased by 10.16%, rising from $29.10 million to $32.05 million.

During the year, the Bank disbursed $132.85 million in new loans, significantly exceeding its annual target of $70 million. While other revenue sources increased, there was a slight reduction in fee income and interest income from loans and advances. The latter was due to lower market interest rates driven by high liquidity in the system and intense competition among financial institutions. Interest income remains the primary revenue driver, comprising 69.73% of total revenue.

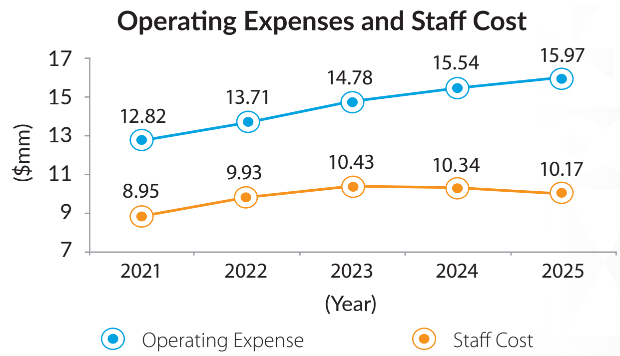


Interest and Borrowing Expenses

For the financial year ending 30 June 2025, the Bank incurred $3.33 million in interest and borrowing expenses. These costs declined from $4.4 million in 2024, despite an increase in total borrowing during the year. To fund lending activities, the Bank primarily raised capital through bonds and term deposits, while also utilising Reserve Bank of Fiji (RBF) special facilities to finance specific sectors.

Operating Expenses

Operating expenses for the 2025 financial year were $15.97 million, a modest increase of $0.43 million compared to 2024. This slight rise reflects the overall increase in the prices of goods and services. However, the Bank's commitment to cost-saving initiatives and monthly expense monitoring ensured that administrative costs remained well-controlled.



Allowance for Expected Credit Loss

The Bank continued its successful recovery of non-performing loans (NPLs), resulting in a significant improvement in overall portfolio quality. While small loans in the Agriculture and MSME sectors retained elements of volatility, the Bank's proactive management was effective.

The Bank booked a net expected credit loss of $1.92 million (representing 0.38% of the total loan portfolio), a substantial decrease from the $5.70 million recorded the previous year. This reduction reflects the improved quality of the loan portfolio and the Bank's conservative approach to provisioning.

A summary of the Bank's Income Statement as at 30 June 2025 is as follows:

Income Statement ($mm)	2025 ($mm)	2024 ($mm)	Change ($mm)	Change rate (%)
Interest Income	25.69	26.45	(0.77)	(2.90)
Interest & Other Borrowing Expenses	(3.33)	(4.43)	1.10	(24.87)
Net Interest Income	22.36	22.01	0.34	1.53
Net Fees Income	4.20	4.30	(0.10)	(2.40)
Other Income	5.50	2.78	2.72	97.95
Total Operating Income	**32.05**	**29.10**	**2.96**	**10.16**
Operating Expenses	(15.97)	(15.54)	(0.42)	2.72
Profit before Allowances	**16.09**	**13.55**	**2.53**	**18.68**
Total Allowances	(1.90)	(7.94)	6.04	(76.08)
Net Profit	**14.19**	**5.60**	**8.59**	**153.15**

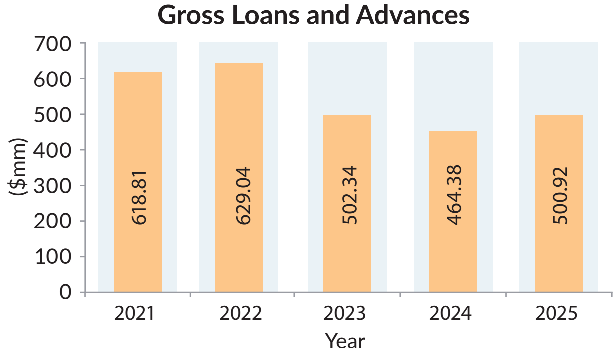
Financial Structure Summaries

Asset Structure

A summary of the Bank's Asset Structure as at 30 June 2025 is as follows:

Balance Sheet Review ($mm)	2025	Composition (%)	2024	Composition (%)
Liquid Assets	116.14	20.09%	118.34	22.37%
Investments	13.09	2.26%	11.02	2.08%
Net Loans and Advances	411.19	71.14%	357.80	67.64%
Receivables	2.73	0.47%	6.47	1.22%
Right of Use	1.35	0.23%	1.81	0.34%
Fixed Assets with Intangibles	33.50	5.80%	33.57	6.35%
Total Assets	**578.00**	**100.00%**	**529.01**	**100.00%**

The Bank's total assets increased from $529.01 million to $578 million, an increase of $48.99 million. This growth was primarily driven by a rise in net loans and advances. Additionally, investments increased by $2.09 million compared to FY2024, largely due to a gain on the fair value assessment of Sequitur Resorts Pte Ltd.

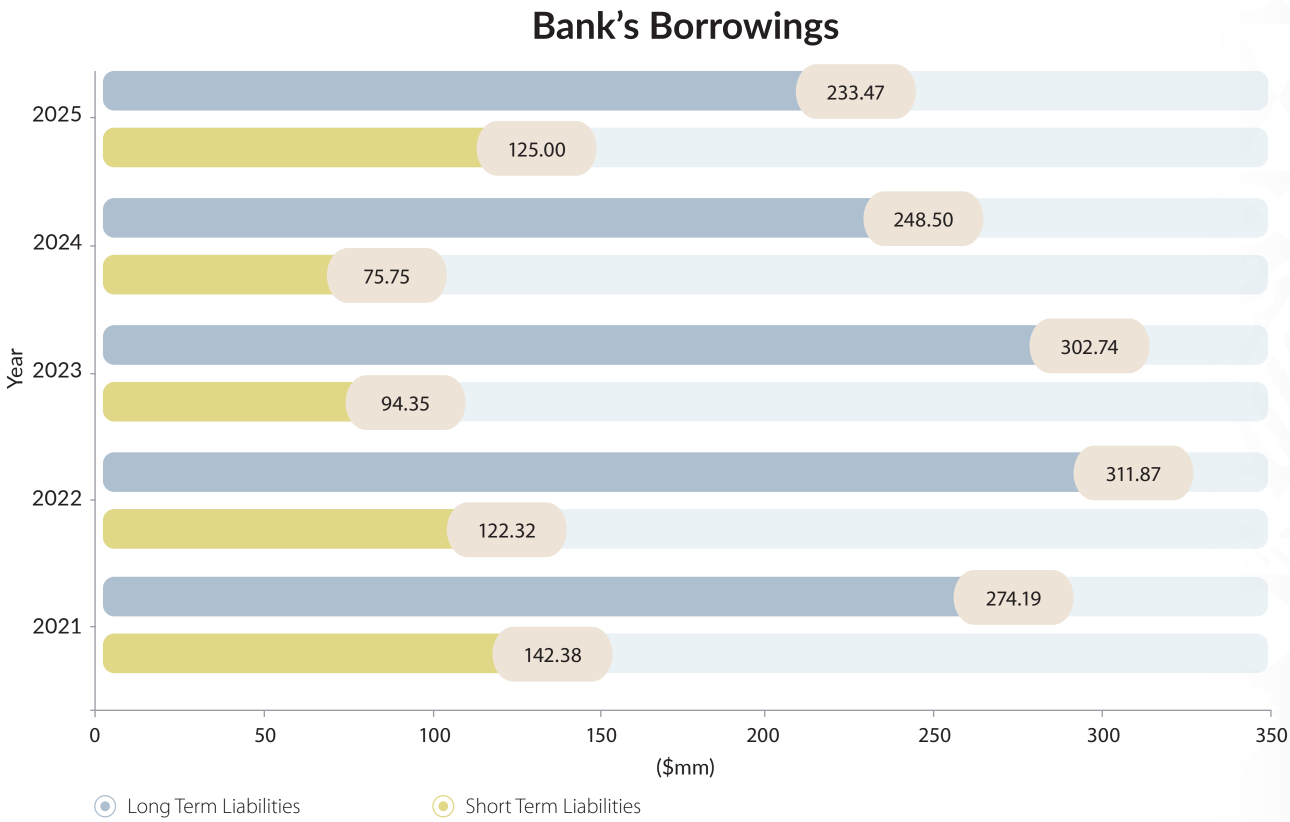


Liabilities Structure

A summary of the Bank's Liabilities as at 30 June 2025 is as follows:

Balance Sheet Review ($mm)	2025	Composition (%)	204	Composition (%)
Accounts payable & accruals	5.66	0.98%	5.33	1.01%
Lease Liability	1.42	0.25%	1.84	0.35%
Short Term Borrowings	125.00	21.63%	75.75	14.32%
Other Liabilities	7.77	1.34%	7.32	1.38%
RBF Facility including Term Deposit	163.12	28.22%	212.42	40.15%
Bond –held to maturity	73.00	12.63%	38.50	7.28%
Total Liabilities	375.97	65.05%	341.16	64.49%
Total Equity	202.03	34.95%	187.85	35.51%
Total Liabilities and Equity	578.00	100.00%	529.01	100.00%

The Bank primarily relied on bonds and term deposits to meet its funding requirements for the 2025 financial year. However, due to increased business activity during the year, the Bank's liabilities rose by $34.81 million, bringing total liabilities to $375.97 million. This increase was mainly attributable to additional borrowings undertaken to support higher lending activities during the year.



Capital Structure

A summary of the Bank's capital structure as at 30 June 2025 is as follows:

Balance Sheet Review ($mm)	2025	2024
Total Assets	578.00	529.01
Total Liabilities	375.98	341.17
Total Equity	202.03	187.84

The Bank's capital base remained strong, demonstrating its ability to withstand unforeseen financial shocks. FDB continues to strengthen its governance and risk management systems to ensure long-term stability and compliance with all regulatory requirements.

FINANCING FOR SUSTAINABLE DEVELOPMENT

Performance Highlights

Agriculture

- FDB's overall customer base is 32.40% in accounts and 22.96% in portfolio value which stood at $115 million.
- Notable highest market share at 29.80% compared to other financial institutions and commercial Banks.
- Business projects financed ranged from purchase of agriculture farms, land development, land subdivision, purchase of agricultural equipment's, machinery and vehicles including infrastructure support from various agricultural commodities farming business such as aquaculture, cattle, beef, goat, ginger, sugarcane, rice, dalo, yaqona, fruits & vegetables, fishing etc.

Wholesale, Retail, Hotels & Restaurants

- The portfolio stood at $124 million, which reflects 24.78% of the portfolio value and 35.88% in accounts, with the Bank's market share equating to 3.9%.
- Business projects financed include working capital, expansion, purchase of vehicle, outboard motor, development cost, and machinery, debt takeover, amalgamated account, export, building erection, repair and maintenance, purchase of land and general business expenses.

Electricity, Gas & Water

- Has 0.62% in accounts and 0.44% in portfolio value, which stood at close to $2.20 million and holds a market share of 0.5%.
- Business projects financed include working capital, purchase of electronic equipment, purchase of vehicles, renewable energy etc., for business installation services, electronic equipment manufacturing, sewerage and drainage services, gas supply, electricity supply and solar systems.

Manufacturing

- The Bank's market share in this industry stands at 14.10%.
- The portfolio is valued at $34.30 million, which accounts for 6.85% in portfolio value and 1.77% in accounts.
- Business projects financed are working capital, purchase of commercial land, equipment, machinery and vehicle, etc., for woodwork and furniture manufacturing, soap and cosmetics, textiles, building materials, metal products and machinery and clothing businesses.

Mining & Quarrying

- FDB's overall customer base is 0.15% in accounts and 0.15% in portfolio value, which stood at $0.75 million.
- Business projects financed ranged from working capital, debt takeover, and purchase of machinery, tractors, vehicles, land and building including maintenance.

Professional & Business Services

- A total portfolio value of $12.80 million, which accounted for 2.56% for portfolio value and 8.11% in accounts.
- The market share noted for this industry was 8.2% respectively.
- Business projects financed include working capital, business expansion, purchase of electronic equipment's, machinery, land and building, vehicle, furniture and fittings, infrastructure support, repair and maintenance for hairdressing and beauty salons, consultants, Health services, law firms, medical and dental services, travel agency, accountants and auditors, funeral services, real estate agents, surveyors, sports and support services, schools, universities and other educational institutions etc.

Public Enterprise

- The portfolio stood at $87.28 million, which reflects for 17.43% of the portfolio value and 0.04% in accounts, with the Bank's market share equating to 4.7%.
- Business projects financed include working capital and purchase of vehicles for public enterprises.

Transport, Communication & Storage

- FDB's overall customer base is 10.53% in accounts and 7.18% in portfolio value, which stood at $35 million with a market share at 4.0%.
- Business projects financed include working capital, repair and maintenance, development cost, business expansion, debt takeover, purchase of vehicle, outboard motor, vessel, heavy equipment's, machinery, land and building for business such as taxi, minibus, bus transport, road freight transport, support service to road transport, land transport for tours, infrastructure construction, installation trade services, telecommunication services, sea transport for tours, coastal and other water transport, etc.,

Building & Construction

- FDB's market share in this industry stands at 4.7%.
- The portfolio is valued at $42.13 million, which accounts for 8.41% in portfolio value and 2.91% in accounts.
- Business projects financed are working capital, expansion of business, building erection, development cost, debt takeover, maintenance cost, purchase of vehicle, machinery, land and building, etc., for infrastructure construction, residential and commercial building for rental, building completion services, rental building construction, construction of hotels, motels and resorts and other building and construction services.

Non-Bank Financial Institutions

- Holds a market share of 1.1% and has 0.3% in portfolio accounts and 0.35% in portfolio value, which stood at $1.73 million.
- Business projects financed include working capital for non-Bank Financial Institutions.

Real Estate

- The portfolio stood at $23.67 million, which accounts for 4.73% in portfolio value and 0.58% in portfolio accounts, with the Bank's market share equating to 2.2%.
- Business projects financed include working capital, land development, development cost, business expansion, building erection, debt takeover, purchase of land and buildings for real estate agents, land subdivision, apartments, hotels, motels, resort and camp accommodation, residential and commercial buildings for rental.

MANAGING RISK

Review of the Year

The 2025 financial year commenced with a renewed strategic focus on strengthening the Bank's risk management framework and optimising internal business processes to adapt to the evolving banking and economic landscape. The Risk Division comprises five core units:

1. Securities and Conveyance
2. Governance and Legal
3. Enterprise Risk Management (ERM)
4. Asset Management Department (AMD) and Special Projects (SP)
5. Credit Risk and Approvals (CRA)

Each unit operates under the leadership of a designated manager, with the General Manager Risk (GMR) providing strategic oversight and ensuring alignment with the Bank's overall risk appetite. While CRA, ERM, and Governance & Legal focus on risk oversight and compliance, Securities & Conveyance and AMD/SP manage operational risk areas through execution and asset recovery.

During the year, as the Fijian economy continued its recovery momentum, there was a notable increase in demand for financing from Micro, Small, and Medium Enterprises (MSMEs). This translated into a stronger lending portfolio in terms of value compared to the previous financial year. However, the total number of active accounts recorded a slight contraction, declining by 7.9% from 9,709 at the end of FY2024 to 8,940 at the close of FY2025.

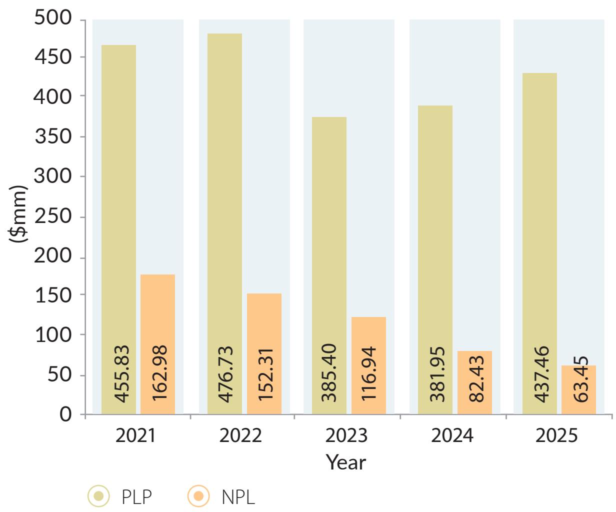
This reduction was largely attributed to the strategic offboarding of clients in sectors such as Agriculture, Wholesale, Retail, and Hotels & Restaurants, in line with the Bank's prudent risk management approach. Conversely, portfolio value growth was driven by significant expansion in the Manufacturing sector, followed by Building & Construction, Professional & Business Services, and other emerging sectors.

Financial Performance

Each unit head within the Division is responsible for maintaining cost-effective operations. Variances are investigated promptly, with cost-control measures implemented to optimise efficiency. Any expense overruns or revenue shortfalls are reviewed, as they directly impact managerial Key Performance Areas (KPAs).

Non-Performing Loans (NPLs) continue to be a critical focus area. Accounts identified as NPLs are transferred to the Asset Management Department for rehabilitation or recovery, with rehabilitation remaining the preferred approach. At the start of FY2025, the AMD managed 590 NPL accounts valued at $57 million. By year-end, the number of NPL accounts increased slightly to 601; however, the total value declined by 19%, reflecting effective recovery strategies. Additionally, bad debt recoveries totalling $1.2 million were achieved during the year.

PLP and NPL Trend Over 5 Years



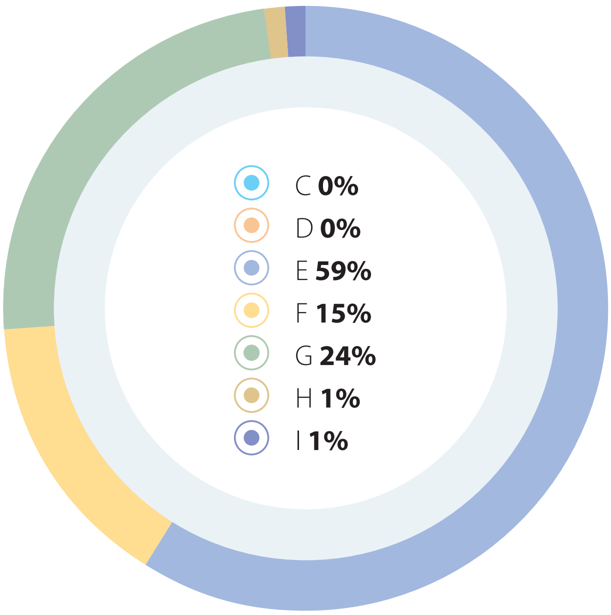
At the portfolio level, total assets increased to $500.92 million as of 30 June 2025, representing a 7.9% growth from $464.38 million in FY2024. The value of NPLs reduced significantly by 23%, from $82.43 million in FY2024 to $63.45 million in FY2025. Despite NPLs comprising 12.7% of the total portfolio by value, overall credit health strengthened, reinforcing the Bank's resilience.

Internal Business Processes

The Bank continues to enhance its internal business processes to maintain competitiveness. Significant progress was made in aligning with the Reserve Bank of Fiji's (RBF) Banking Supervision Policy, with the Bank now compliant with 13 out of 18 regulatory requirements.

To manage anti-money laundering (AML) risks, the Bank continues to utilise the Dow Jones Risk Screening platform. In FY2025, approximately 1,800 customer profiles were screened. The Credit Information Reporting Agency (CIRA) platform was also used to assess the creditworthiness of over 1,200 customers.

Asset Quality by Number



In parallel, the Bank is modernising its digital infrastructure. The current Bank Management System (BMS), in operation since 2009, is being transitioned to a modern Core Banking System (CBS). As at year-end, by portfolio numbers, 74% of the portfolio was performing, while 26% was categorized as non-performing.

Risk Tour – Staff Engagement Initiative

The Risk Division initiated a nationwide "Risk Tour"—a first in the Bank's history. The tour provided an opportunity for direct engagement with branch teams, promoting open communication. Several operational issues were resolved on-site, and the initiative fostered stronger inter-departmental relationships, contributing to a more cohesive organisational culture.

Risk division team during their roadshow visit at our Savusavu Branch in June 2025.

Risk division team during their roadshow visit at our Lautoka Branch in April 2025.

There was a notable increase in demand for financing from MSMEs. This translated into a stronger lending portfolio in terms of value compared to the previous financial year.

Recognizing the COVID-19 team's work in implementing the Bank's collection strategy to reduce the non-performing loans portfolio under the COVID facility and convert it to a performing loan portfolio. The team were recognised for their success and presented certificates of appreciation.

Employee Engagement

To foster a culture of recognition, the GMR continues to acknowledge top performers through divisional awards and the "Risk Spot Awards" programme. Quarterly branch visits provide opportunities to clarify operational issues and reinforce strategic direction.

Note: The COVID-19 team was recognised for their success in implementing the Bank's collection strategy, successfully converting non-performing loans under the COVID facility into performing ones.

Looking Forward

Key priorities for the upcoming year include:

- Enhancing communication and compliance awareness across branches.
- Reviewing the Personal Credit Approval Authority (PCAA).
- Fostering a "Well-Managed Portfolio" mindset.

The rollout of the new Core Banking System (CBS) is scheduled for testing in mid-FY2026. By strengthening partnerships with government and international agencies like UNICEF, Asian Development Bank (ADB), and the World Bank, the Risk Division aims to enhance institutional resilience and contribute to Fiji's sustainable development.

OUR PEOPLE

FDB remained instrumental in promoting the Bank's people strategy, cultivating a culture of high performance, and coordinating human capital initiatives with strategic priorities during the 2025 financial year. The unit's efforts were concentrated on six major thematic areas aimed at fostering inclusive growth, improving the employee experience, and strengthening organisational resilience.

FDB is proud to champion our nation's growth by investing in our people's capacity, from local stages to the global arena:

International Engagements

Mereoni Seru (Manager Audit): Attended the Green Climate Fund's three-day Peer Learning Workshop organised by its Independent Integrity Unit, strengthening climate finance integrity systems.

Chanelle Simone Zoing (Process Improvement Specialist): Participated in the Smart Government for Developing Countries Seminar in China, gaining valuable insights to streamline governance and public sector innovation.

Local Engagement

Abdul Shafeel, our Team Leader Talent Management (Standing Right): Served as an evaluator at the prestigious Fiji Business Excellence Awards, helping to celebrate and uplift outstanding local organisations.

Key Highlights:

- **Employee Engagement and Satisfaction Survey** A bank-wide survey was administered to evaluate workplace satisfaction and morale. The information acquired will guide future leadership development programmes and HR strategies.

- **Renewal of the Medical Insurance Scheme** The Bank's medical insurance programme was successfully renewed, guaranteeing ongoing coverage and improved benefits for all employees.

- **Uniform Distribution and Award of Tenders** The Bank's uniform for the next two years was procured and supplied by the Talent and Organisational Development (TOD) unit under management supervision.

- **The CEO's Agenda for Employee Engagement (EEA)** Staff recognition remains a top priority. The CEO's EEA programme was reintroduced to promote open communication and inclusive engagement.

- **Automation of the Conflict-of-Interest Portal** In collaboration with ICT, the unit spearheaded the automation of the Conflict-of-Interest declaration portal. This digital transformation streamlines the process, improving compliance, transparency, and ease of reporting.

- **Cost of Living Adjustment (COLA)** The team coordinated the second-year COLA payout on 1 January 2025, as part of a three-year agreement with the Fiji Bank and Finance Sector Employees Union. The final payment is due on 1 January 2026.

- **Bank-wide Job Evaluation (JE) Assignment** To remain competitive and retain top talent, the Bank took part in the annual Fiji remuneration survey conducted by Grant Thornton. The team rolled out a Job Evaluation assignment across all departments to support role clarity, grading consistency, and equitable remuneration.

- **Onboarding and Offboarding Activities** The team maintained seamless HR operations, including staff onboarding, internal promotions, and transition support, ensuring a positive employee lifecycle experience.

- **Wellness Programme and Medical Screening** Following staff medical screenings, the Bank launched a weekly one-hour wellness programme in collaboration with Hope Clinic. Team-based activities have resulted in increased morale and workplace focus.

- **Education and Training** Over **4,175 hours of training** were recorded throughout the year, with an emphasis on leadership, soft skills, and technical expertise. OHS representatives and first aiders received priority training to ensure workplace safety.

Supporting Leadership Development

FDB has proudly supported the Leadership Fiji Programme, reinforcing its commitment to developing values-driven leaders. This partnership reflects the Bank's belief that effective leadership is essential to sustainable development and good governance.

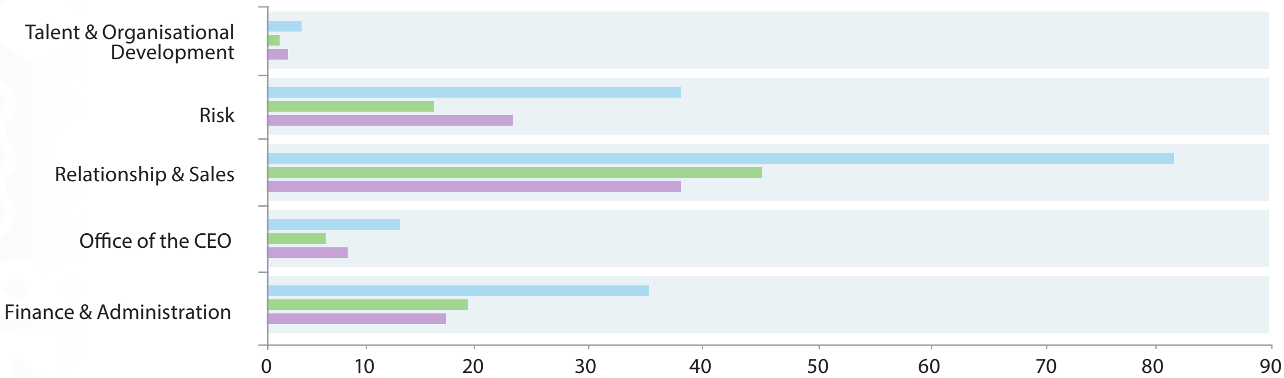
This staff leadership development approach is building a strong pipeline of future-ready leaders who are well-positioned to drive sustainable growth, organisational excellence, and meaningful contributions to both the Bank's strategic objectives and the broader national development agenda.

Ms. Priya Chand (Manager Enterprise Risk Management) undergoing the Cohort for the Leadership Fiji 2024.

Gender Inclusion in Leadership

While recruitment is merit-based, we are committed to fostering an environment that empowers women to pursue leadership roles. The Bank's top three leadership tiers currently comprise nine (9)

Gender by Division



	Finance & Administration	Office of the CEO	Relationship & Sales	Risk	Talent & Organisational Development
GRAND TOTAL	34	12	81	37	7
Male	18	5	44	15	1
Female	16	7	37	22	2

The Bank staff organized a donation drive to support two young boys requiring urgent overseas medical treatment—demonstrating the Bank's compassion and commitment to community welfare. The team also visited Father Law Home, donating essential groceries and cleaning supplies while spending meaningful time with residents. These initiatives reflect the division's core values of empathy, integrity, and service, aligning with the Bank's broader commitment to social responsibility and community engagement.

females and twenty-two (22) males. We have made meaningful progress in recent years in expanding opportunities for women, reflecting our ongoing commitment to diversity.

Looking Forward

In the coming year, the Bank will prioritise the review of employee benefits and HR policies to reflect market trends. A key focus will be the development of a structured succession planning framework to ensure business continuity.

We will continue to work closely with the staff union to ensure the Collective Agreement remains fair and aligned with employee wellbeing. This collaborative approach is intended to strengthen industrial relations and foster an inclusive, transparent workplace culture.

The achievements of the 2025 financial year reflect the commitment and resilience of our team during a period of strategic realignment.

The Bank was one of the proud sponsors of the LUPUS Foundation Fiji fundraising event, supporting their efforts to establish a dedicated office to better serve people living with Lupus across Fiji.

CORPORATE SOCIAL RESPONSIBILITY

Community & Environment

The Bank was honoured to participate and contribute to the Pacific Recycling Foundation Annual Christmas Initiative, a heartfelt campaign dedicated to bringing joy to the children of the Community Plastic Recyclers (CPR) this festive season to ensure that children who support sustainability efforts through recycling receive Christmas gifts, clothes, school stationery, and encouragement as they prepare for the year ahead.

At the FDB, corporate responsibility is an integral part of our values and the way we operate. In 2025, we continued to strengthen our role as a responsible corporate citizen by advancing initiatives that create a meaningful impact within our communities, promote environmental sustainability, and align with the SDGs.

Key CSR Initiatives:

- **LUPUS Foundation Fiji:** The Bank proudly sponsored and attended a fundraising event for the LUPUS Foundation Fiji. The initiative aimed to secure a dedicated office space to better serve people living with Lupus across Fiji.
- **Community Welfare:** Bank staff organised a donation drive to support two young boys requiring urgent overseas medical treatment. Additionally, the team visited the Father Law Home, donating essential groceries and cleaning supplies while spending meaningful time with the residents.
- **Pacific Recycling Foundation:** FDB was honoured to contribute to the Annual Christmas Initiative for the children of the Community Plastic Recyclers (CPR). This campaign ensures that children of families supporting sustainability efforts receive gifts, clothing, and school stationery.
- **Environmental Stewardship:** The FDB team participated in a community clean-up of the Victoria Parade walkway, from Albert Park to the FRCS, as part of our commitment to keeping our community spaces clean and beautiful.

FDB team proudly took part in a CSR initiative to clean the Victoria Parade walkway starting from Albert Park to FRCS Together, we rolled up our sleeves to keep our community spaces clean and beautiful.

Strengthening Community Engagement

FDB staff across all divisions actively contributed to various community outreach programmes, reflecting the Bank's culture of compassion and service.

Our Team Leader Talent Management, Mr. Abdul Shahfeel, had the honor of being the Chief Guest at Nasinu Muslim College's Prefect Induction Ceremony. As an ex-scholar, returning after 19 years was a moment of pride and nostalgia for him.

Financial and Event Sponsorships:

- Fiji Cancer Society: Staff-led initiatives raised $10,000 to support cancer awareness, treatment, and support services.
- Community Festivals & Shows: Sponsorship was provided to the Duavata Northern Crime Prevention Carnival, Vodafone Friendly North Festival, and the Ministry of Agriculture Show.
- Education & Literacy: Support was extended to Swami Vivekananda College (SVC) for Financial Literacy Week and the Ministry of Lands and Mineral Resources for the World GIS celebration.
- Empowerment: FDB supported the National Symposium for Community-Led Initiatives on Environmental Sustainability and the SPBD Businesswomen of the Year Awards.

Youth & Education Outreach:

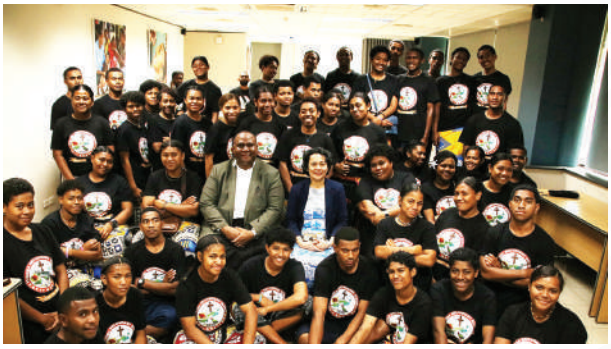
- **Nasinu Muslim College:** FDB's Team Leader Talent Management, Mr Abdul Shahfeel, served as the Chief Guest at the college's Prefect Induction Ceremony, inspiring the next generation of student leaders.
- **Vunisea Secondary School:** The Bank hosted students from Kadavu during their field trip, providing an awareness session on career possibilities in finance, banking, and development.
- **Leadership Fiji:** FDB continues as a supporting sponsorship partner of the Leadership Fiji Programme, equipping emerging leaders with the skills needed to navigate a changing world.

Looking Forward

FDB remains committed to advancing its corporate responsibility agenda by systematically integrating Environmental, Social, and Governance (ESG) considerations across all areas of the Bank.

In FY2026, the Bank will:

- Strengthen strategic partnerships to expand our community footprint.
- Deepen the integration of SDG-aligned initiatives within our corporate and operational frameworks.
- Focus on accountability, responsible stewardship, and inclusive growth to contribute to Fiji's long-term economic resilience.



The Bank catered for the students from Vunisea Secondary School, Kadavu, who visited the FDB as part of their field trip during their 3rd term school holidays. An awareness session was provided to offer valuable insights into their career possibilities in finance, banking, and development, helping to inspire the next generation of leaders.

FDB is a supporting sponsorship partner of the Leadership Fiji Programme, aimed at equipping emerging leaders with the skills and resilience needed to navigate the demands of an ever-changing world.

> *"FDB staff across all divisions actively contributed to various community outreach programmes, reflecting the Bank's culture of compassion and service."*

TRANSFORMING FINANCE FOR CLIMATE ACTION

Driving Sustainable and Inclusive Financing at FDB

The Climate & Eco-Finance (CEF) Unit, within the Bank's Sustainable Financing function, plays a central role in advancing climate-resilient, inclusive, and nature-positive finance across FDB's operations. During the 2025 financial year, FDB deepened its commitment to climate resilience and equitable development by scaling up innovative financing approaches, policy reforms, and strategic partnerships.

Key Milestones

Accelerating Sustainable Blue Finance

A major milestone was the approval of the Sustainable Blue Framework (SBF), providing a structured, institution-wide approach to integrating environmental sustainability and social inclusion into lending decisions.

The FDB Sustainable Blue Finance Facility was officially launched on 28 March 2025 by the Honourable Esrom Immanuel, Assistant Minister for Finance, alongside the UNDP Resident Representative, Ms Tuya Altangerel.

- **Official Launch:** The FDB Sustainable Blue Finance Facility was officially launched on 28 March 2025 by the Honourable Esrom Immanuel, Assistant Minister for Finance, alongside the UNDP Resident Representative, Ms Tuya Altangerel.
- **Capacity Building:** The team completed bank-wide training to ensure staff are equipped with the practical tools to apply the framework consistently across operations.

Integrating Renewable Energy and Agriculture: Agro-PV Project

A key milestone was achieved with the successful completion of a full re-screening assessment under the FDB Environmental and Social Safeguards (ESS) Screening Policy. Following the completion of all six screening steps, the Department of Environment issued an ESS Compliance Certificate. Documentation has been formally submitted to the Green Climate Fund (GCF) and is currently under review.

Strengthening Environmental and Social Capacity

With support from ADB technical assistance, the Bank continues to strengthen its Environmental and Social (E&S) capacity. Delivered by IBIS Consulting, the programme provided on-site technical support and tools to align FDB's operations with international requirements, positioning the Bank for improved access to ADB-supported financing.

Nature-Based Financing

FDB) collaborated with Conservation International (CI) to explore the possibility of establishing a dedicated lending facility for the Lau Seascape. This facility aims to finance conservation-aligned activities while improving sustainable livelihood opportunities for communities in the Lau Province.

Gender-Responsive Banking

Strategic GESI Integration

The revision of the FDB Strategic Plan 2024–2028 now explicitly incorporates the Gender Equality and Social Inclusion (GESI) Action Plan, ensuring these principles are embedded across all operations and financial services.

Women Entrepreneurs (WE) Finance Code Commitments

FDB was one of the first financial institutions to sign the WE Finance Code. This year, technical support from the ADB assisted in improving access to finance for women entrepreneurs through the systematic collection and reporting of sex-disaggregated data.

FDB staff at the 4th Women Invigorating the Nation (WIN) Convention, engaging in insightful discussions and interactive workshops for women entrepreneurs and professionals.

Recognition for GESI Reporting Excellence

In 2025, FDB received the South Pacific Stock Exchange (SPX) Award for Excellence in GESI Reporting. This achievement recognises the Bank's leadership in promoting inclusive and responsible finance in Fiji.

FDB CEO and other staff representatives accepting the Excellence in Gender Reporting Award during the 2025 South Pacific Stock Exchange (SPSE) Annual Awards.

Regional and International Engagement

FDB co-hosted the Pacific Development Banks Learning Exchange with the Pacific Community (SPC) in Suva. This event brought together 17 participants from regional development banks to enhance capacity in ESS and GESI, which is critical for accessing GCF opportunities.

Additionally, FDB representatives participated in the GCF Regional Dialogue in Rarotonga, Cook Islands, and shared lessons from the Sustainable Blue Economy Project at the Reef+ Convening in Bali.

Attendees at the Pacific Development Banks Learning Exchange (DB-LX) in navigating Social and Environmental Management in Green Climate Fund Accreditation and Project Design was facilitated by SPC and FDB. The DB-LX convened National Development Banks from the Pacific comprising of FDB, Federated States of Micronesia (FSM) Development Bank, Bank of the Cook Islands, Development Bank of Samoa and Tonga Development Bank to share lived experiences in navigating access to climate finance, particularly from the Green Climate Fund (GCF).

Capacity Building in Renewable Energy Financing

Five FDB staff participated in a week-long Advanced Solar Financing training programme. This strengthened institutional capacity in renewable energy lending, covering solar financing models, risk assessment, and ESG considerations.

The FDB represented by GM Risk and Manager Climate & Eco-Finance with the represented of the Fiji National Designated Authority with GCF Private Sector Staff at the GCF Regional Dialogue held in the Cook Islands.

Looking Ahead

In the period ahead, the CEF Unit will leverage lessons learned from regional and global platforms to refine FDB's sustainable finance products. Emphasis will remain on expanding access to finance for climate-smart, nature-positive, and inclusive investments that support Fiji's long-term resilience.

FINANCIAL REPORT

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FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2025

In accordance with the resolution of the Board of Directors, the Directors herewith submit the statements of financial position of the Development Bank ("the Bank") and of the Group, being the Bank and its subsidiary ("FDB Nominees Pte Ltd") as at 30 June 2025, 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. Damend Goundar	-	Chairperson; appointed on 31st January 2023
Mr. Jagdish Singh	-	Appointed on 23rd January 2023
Ms. Emele Duituturaga	-	Appointed on 18th April2023
Ms Shyama Verma	-	Appointed on 24th February 2025
Ms. Asilika Rogers	-	Appointed on 27th April 2022
Mr. Salesh Kumar	-	Appointed on 30th March 2023
Mr. David Robertson	-	Appointed on 30th March 2023
Ms. Maimuna Haniff	-	Appointed on 24th February 2022

PRINCIPAL ACTIVITIES

The principal business activities of the Bank and the Group during 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 2025 was $14,184,226 (2024: $5,604,064) after providing an income tax expense of $268 (2024: $137). The profit for the Bank for the year was $14,181,463 (2024: $5,603,366).

DIVIDENDS

There were no dividends declared or paid for the year (2024: $Nil).

GOING CONCERN

The financial statements 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 that with the plans and strategies put in place by the Bank and the Group, it will generate and maintain the required funding to meet its liabilities and commitments as and when they fall due over the next twelve months. Accordingly, the Directors believe that the classification and carrying amounts of the assets and liabilities as stated in the financial statements to be appropriate.

BAD AND DOUBTFUL DEBTS

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

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

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.

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 30 JUNE 2025

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.

EVENTS SUBSEQUENT TO BALANCE DATE

There has not arisen in the interval between the end of the financial year and the date of this report any other item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the Bank and 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/she is a member, or with a company in which he/she has a substantial financial interest.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors this 5th day of January 2026.

Director

Director

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
DIRECTORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2025

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 statements of profit and loss and other comprehensive income is 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 2025;

(ii) the accompanying statements 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 2025;

(iii) the accompanying statements of financial position is drawn up to give a true and fair view of the state of affairs of the Bank and the Group as at 30 June 2025;

(iv) the accompanying statements of cash flows is drawn up to give a true and fair view of the cash flows of the Bank and the Group for the year ended 30 June 2025;

(v) at the date of this 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;

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

(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 5th day of January 2026.

Director

Director

OFFICE OF THE AUDITOR GENERAL

Auditing for Better Public Sector Performance and Accountability

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

Telephone: (679) 8921519
E-mail: info@auditorgeneral.gov.fj
Website: 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 Statements of Financial Position as at 30 June 2025, and the Statements of Profit or Loss and Other Comprehensive Income, the Statements of Changes in Equity and Statements 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.

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 2025 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

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

Other information

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

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

In connection with my audit of the financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained during the audit, or otherwise appears to be materially misstated. If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, 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.

When I read the Annual Report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance.

Responsibilities of the Management and Those Charged with Governance for Financial Statements

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

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

Those charged with governance are responsible for overseeing the Bank's and 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 ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or 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 ISA, I exercise professional judgment 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 Group's internal control.

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

- Conclude on the appropriateness of the Management's and Directors' 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.

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

- 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 Bank Act, 1966 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 have kept financial records sufficient to enable the financial statements to be prepared and audited.

Finau Seru Nagera
AUDITOR-GENERAL

AUDITOR-GENERAL FIJI

Suva, Fiji
12 January 2026

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2025

	Notes	CONSOLIDATED		THE Bank	
		2025	2024	2025	2024
		$	$	$	$
Assets					
Cash and cash equivalents	9	77,891,079	73,597,480	77,866,870	73,571,276
Debt financial assets at amortised cost	10	38,248,718	44,744,312	38,000,000	44,500,000
Loans and advances	11	411,194,860	357,802,014	411,194,860	357,802,014
Other receivables	12	2,729,867	6,469,527	2,727,455	6,467,277
Investment in subsidiary	13	-	-	20,000	20,000
Investments	14	13,092,681	11,015,001	13,092,681	11,015,001
Right of use assets	18	1,347,327	1,817,413	1,347,327	1,817,413
Property, plant and equipment	16	31,205,021	31,064,198	31,205,021	31,064,198
Computer Software -Intangibles	17	2,295,351	2,502,272	2,295,351	2,502,272
TOTAL ASSETS		578,004,904	529,012,217	577,749,565	528,759,451
Liabilities					
Accounts payable and accruals	19	5,660,173	5,334,840	5,657,651	5,332,128
Lease Liability	18	1,423,647	1,844,096	1,423,647	1,844,096
Debt securities issued	20	358,478,513	324,256,033	358,478,513	324,256,033
Other liabilities	21	7,133,993	6,876,720	7,133,993	6,876,720
Employee entitlements	22	639,919	440,354	639,919	440,354
Deferred income		2,637,477	2,413,218	2,637,477	2,413,218
TOTAL LIABILITIES		375,973,722	341,165,261	375,971,200	341,162,549
Equity					
Capital	23	56,050,636	56,050,636	56,050,636	56,050,636
Reserves		26,142,511	26,142,511	26,142,511	26,142,511
Retained earnings		119,838,035	105,653,809	119,585,218	105,403,755
CAPITAL		202,031,182	187,846,956	201,778,365	187,596,902
TOTAL LIABILITIES AND EQUITY		578,004,904	529,012,217	577,749,565	528,759,451

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors this 5th day of January 2026.

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 56 to 87.

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2025

	Notes	CONSOLIDATED		THE Bank	
		2025	2024	2025	2024
		$	$	$	$
INCOME					
Interest income	3	25,686,556	26,453,722	25,681,496	26,450,969
Interest expense	6	(3,332,831)	(4,436,482)	(3,332,831)	(4,436,482)
Net interest income		22,353,725	22,017,240	22,348,665	22,014,487
Fee income	4	4,196,569	4,299,719	4,196,569	4,299,719
Other income	5	5,501,385	2,778,849	5,501,385	2,778,849
OPERATING INCOME		32,051,679	29,095,808	32,046,619	29,093,055
OPERATING EXPENSES	7	(15,965,928)	(15,543,164)	(15,963,899)	(15,541,246)
OPERATING PROFIT BEFORE ALLOWANCES		16,085,751	13,552,644	16,082,720	13,551,809
Allowance for Expected Credit Loss	11	(1,921,220)	(5,699,867)	(1,921,220)	(5,699,867)
Allowance for Interest and Fees	8	19,963	(2,248,576)	19,963	(2,248,576)
PROFIT BEFORE TAX		14,184,494	5,604,201	14,181,463	5,603,366
Tax expense	1(q)	(268)	(137)	-	-
PROFIT FOR THE YEAR		14,184,226	5,604,064	14,181,463	5,603,366
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		14,184,226	5,604,064	14,181,463	5,603,366

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 56 to 87.

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2025

CONSOLIDATED

	Notes	Capital	General reserve	Revaluation reserve	Retained earnings	Total
		$	$	$	$	$
Balance at 1 July 2023	23	56,050,636	8,064,000	18,078,511	100,049,745	182,242,892
Total comprehensive income						
Net profit for the year		-	-	-	5,604,064	5,604,064
Other comprehensive income		-	-	-	-	-
Total comprehensive income		-	-	-	5,604,064	5,604,064
Balance at 30 June 2024		56,050,636	8,064,000	18,078,511	105,653,809	187,846,956
Total comprehensive income						
Net profit for the year		-	-	-	14,184,226	14,184,226
Other comprehensive income		-	-	-	-	-
Total comprehensive income		-	-	-	14,184,226	14,184,226
Balance at 30 June 2025		56,050,636	8,064,000	18,078,511	119,838,035	202,031,182

THE Bank

	Notes	Capital	General reserve	Revaluation reserve	Retained earnings	Total
		$	$	$	$	$
Balance at 1 July 2023	23	56,050,636	8,064,000	18,078,511	99,800,389	181,993,536
Total comprehensive income						
Net profit for the year		-	-	-	5,603,366	5,603,366
Other comprehensive income		-	-	-	-	-
Total comprehensive income		-	-	-	5,603,366	5,603,366
Balance at 30 June 2024		56,050,636	8,064,000	18,078,511	105,403,755	187,596,902
Total comprehensive income						
Net profit for the year		-	-	-	14,181,463	14,181,463
Other comprehensive income		-	-	-	-	-
Total comprehensive income		-	-	-	14,181,463	14,181,463
Balance at 30 June 2025		56,050,636	8,064,000	18,078,511	119,585,218	201,778,365

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 56 to 87

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2025

	Notes	CONSOLIDATED 2025 $ Inflows (Outflows)	CONSOLIDATED 2024 $ Inflows (Outflows)	THE Bank 2025 $ Inflows (Outflows)	THE Bank 2024 $ Inflows (Outflows)
OPERATING ACTIVITIES					
Interest and subsidy received		25,681,496	26,450,969	25,681,496	26,450,969
Interest and other costs of borrowing paid	6	(3,332,831)	(4,436,482)	(3,332,831)	(4,436,482)
Net additional loans and advances provided		(55,294,104)	2,046,661	(55,294,104)	2,046,661
Fees received		4,420,830	4,621,066	4,420,830	4,621,066
Cash paid to suppliers and employees		(12,611,141)	(16,191,912)	(12,514,239)	(16,190,044)
Other receipts		7,193,006	2,646,490	7,093,693	2,646,490
Interest paid on leases	18	(55,711)	(56,976)	(55,711)	(56,976)
Net cash provided by/(used in) Operating Activities		(33,998,455)	15,079,816	(34,000,866)	15,081,684
INVESTING ACTIVITIES					
Net increase/ (decrease) in (acquisition) / withdrawal of investment		6,495,594	(44,500,000)	6,500,000	(44,500,000)
Proceeds from the sale of property, plant and equipment		69,834	132,360	69,834	132,360
Payments for property, plant and equipment, intangibles		(2,082,302)	(3,287,015)	(2,082,302)	(3,287,015)
Net cash provided by / (used in) Investing Activities		4,483,126	(47,654,655)	4,487,532	(47,654,655)
FINANCING ACTIVITIES					
Net decrease in long-term borrowings and other liabilities		(14,779,680)	(53,983,911)	(14,779,680)	(53,983,911)
Net increase / (decrease) in short-term borrowings		49,259,433	(18,604,354)	49,259,433	(18,604,354)
Payment for lease liability	18	(670,825)	(338,736)	(670,825)	(338,736)
Net cash provided by (used in) Financing Activities		33,808,928	(72,927,001)	33,808,928	(72,927,001)
Net increase / (decrease) in cash and cash equivalents					
Cash and cash equivalents at the beginning of the financial year		4,293,599	(105,501,840)	4,295,594	(105,499,972)
Cash and cash equivalents at the end		73,597,480	179,099,320	73,571,276	179,071,248
of the financial year		77,891,079	73,597,480	77,866,870	73,571,276

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 56 to 87.

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025

1. STATEMENT OF MATERIAL 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 2025 comprise the Bank and its subsidiary company (collectively "the Group"). The Bank and the Group are primarily involved in the provision of finance, financial and advisory services to assist in the development of agriculture, commerce, and industry in Fiji.

The financial statements were authorized for issue by the Board of Directors on the day of 2025.

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

(a) Statement of compliance

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

(b) Basis of preparation

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

(c) Changes in accounting policies

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

(d) New standards and interpretations not yet adopted

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

Standard	Summary of requirements	Effective Date
IFRS 18 IFRS 19	IFRS 18 Presentation and Disclosure in Financial Statements, which was issued by the IASB in April 2024 supersedes IAS 1 and will result in major consequential amendments to IFRS Accounting Standards including IAS 8 Basis of Preparation of Financial Statements . Even though IFRS 18 will not have any effect on the recognition and measurement of items in the financial statements, it is expected to have a significant effect on the presentation and disclosure of certain items.	Annual periods beginning on or after 1 January 2027
Definition of Supplier Finance (Amendments to IFRS 7)	In May 2023, the IAS issued amendments to IAS 7 and IFRS 7. The new definition describes the characteristics of an arrangement for which an entity is required to provide the information. It also should include the arrangements that are solely credit enhancements for the entity or instruments used by the entity to settle directly with a supplier the amounts owed, these are not supplier finance arrangements. The disclosures required by IRFS 7 are information about the significance of financial instruments, information about the nature and extent of risks arising from financial instruments.	Annual periods beginning on or after 1 January 2024
Lack of exchangeability (Amendments to IAS 21)	On 15 August 2023, the IASB issued amendments to IAS 21 - Lack of Exchangeability to provide guidance to specify when a currency is exchangeable and how to determine the spot exchange rate when it is not.	Annual periods beginning on or after 1 January 2025
IFRS S1 and IFRS S2	The following new standards are effective for the period beginning 1 January 2026 for Fiji: 1. IFRS S1 - General requirements for disclosure of sustainability-related financial information. This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain. 2. IFRS S2 - Climate-related disclosures. This standard sets out requirements for entities to disclose information about climate-related risks and opportunities.	Annual periods beginning on or after 1 January 2026

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2025

1. STATEMENT OF MATERIAL ACCOUNTING POLICIES (continued)

(e) Use of estimates and judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

- Note 1(l) and Note 11 – Impairment of Loans and advances
- Note 1(j) and Note 16 – Valuation of land and buildings
- Note 1(h) and Note 18 – Leases
- Note 1(l) and Note 14 - Investments

(f) Principles of consolidation

Subsidiary

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

(g) Revenue recognition

Under IFRS 15, revenue is recognized 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 recognized 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 recognized as interest income in profit or loss using an effective interest rate method.

Rental Income

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

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.

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2025

1. STATEMENT OF MATERIAL ACCOUNTING POLICIES (continued)

(g) Revenue recognition (continued)

Fees and charges (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 recognized as income and impaired as doubtful debts to profit or loss.

(h) IFRS 16 Leases

At inception of a contract, the Bank and the Group assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Bank and the Group assess whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Bank and the Group have the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Bank and the Group have the right to direct the use of the asset. The Bank and the Group have this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Bank and the Group have the right to direct the use of the asset if either:

- the Bank and the Group have the right to operate the asset; or
- the Bank and the Group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Bank and the Group allocate the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

However, for the leases of land and buildings in which it is a lessee, the Bank and the Group have elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

(i) Policy applicable as a Lessee

The Bank and the Group recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Bank's and the Group's incremental borrowing rate. Generally, the Bank and the Group use its incremental borrowing rate as the discount rate.

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2025

1. STATEMENT OF MATERIAL ACCOUNTING POLICIES (continued)

(h) IFRS 16 Leases (continued)

(i) Policy applicable as a Lessee (continued)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the company is reasonably certain to exercise,
- lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Bank's and the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Bank and the Group change its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of use asset has been reduced to zero. The Bank and the Group present right-of-use assets and lease liabilities as separate line items in the statement of financial position.

(ii) Short-term leases and leases of low-value assets

The Bank and the Group have elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Bank and the Group recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term. Assets held under other leases were classified as operating leases and were not recognised in the Bank and the Group and the Bank's and the Group's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

(i) Debt securities issued

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

(j) Property and equipment

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

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

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

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

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2025

1. STATEMENT OF MATERIAL ACCOUNTING POLICIES (continued)

(j) Property and equipment (continued)

Depreciation

Property, plant 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 amortized 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, plant 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, plant 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 recognized in profit or loss.

(k) Intangible assets

The Bank and the Group recognizes 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 amortized 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 recognize 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 recognized 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 Fair Value Through Profit or Loss, transaction costs that are directly attributable to its acquisition or issue.

(ii) Classification and subsequent measurement

A financial asset is classified as measured at: Amortized cost; Fair Value through Other Comprehensive Income (FVOCI) or Fair Value through Profit or Loss (FVTPL).

A financial asset is measured at amortized 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 flow; 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.

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

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2025

1. STATEMENT OF MATERIAL ACCOUNTING POLICIES (continued)

(l) Financial assets and liabilities (continued)

(ii) Classification and subsequent measurement (continued)

The Bank and the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized 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 assess 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 realizing 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 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 flow 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. non-recourse features).

(iii) Derecognition

Financial assets

The Bank and the Group derecognize 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 transfer nor retain substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Bank and the Group enter transactions whereby they transfer assets recognized in its statement of financial position but retain either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not recognized.

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2025

1. STATEMENT OF MATERIAL ACCOUNTING POLICIES (continued)

(l) Financial assets and liabilities (continued)

(iii) Derecognition (continued)

Financial liabilities

The Bank and the Group derecognise a financial liability when its contractual obligations are discharged or cancelled or expire. The Bank and the Group also derecognise 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 evaluate 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 recalculate the gross carrying amount of the financial asset and recognise 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)(iv), then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income 1(g).

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.

Debt financial asset at amortized cost

Debt financial assets are those which carry fixed or determinable payments and have fixed maturities and which the Bank subsequently measured at amortized cost using the effective interest rate method, less allowance for impairment. Amortized cost is calculated by considering any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Amortization is included as ‘other income’ in the income statement. The losses arising from impairment of such investment are recognized in the income statement line ‘impairment losses on financial investments’.

Other receivables

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

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 have 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.

(iv) Impairment of assets

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

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

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2025

1. STATEMENT OF MATERIAL ACCOUNTING POLICIES (continued)

(l) Financial assets and liabilities (continued)

(vi) Impairment of assets (continued)

The Bank and the Group consider 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.

Measurement of ECL

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

ECLs are discounted at the effective interest rate of financial assets

Credit-impaired financial assets

At each reporting date, the Bank and the Group assess whether financial assets carried at amortized 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 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 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 amortized cost: as a deduction from the gross carrying amount of the assets.
- loan commitments: generally, as allowance for credit impairment.
- where a financial instrument includes both a drawn and an undrawn component, and the Bank and the Group.
- cannot identify the ECL on the loan commitment component separately from those on the drawn component, the Bank and the Group presents a combined loss allowance for both components.

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2025

1. STATEMENT OF MATERIAL ACCOUNTING POLICIES (continued)

(l) Financial assets and liabilities (continued)

(vi) Impairment of assets (continued)

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 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 recognized 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.

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 experience.

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

(m) Investments

Investments are those securities that the Group has purchased with positive intent and ability to hold until maturity. These securities are initially recorded at fair value and subsequently adjusted for amortization of premium or discounts. Premiums and discounts are capitalized and amortized using the effective method of interest from date of purchase to maturity. Interest income is recognized using the effective interest method. Borrowing costs are recognized 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) Accounts payable and accruals

Accounts payable and accruals are stated at amortized cost.

(q) Taxation

The Bank has made no provision for taxation, as it is not subject to income tax in accordance with the Income Tax Act; 2015. However, the Bank's subsidiary FDB Nominees Pte Ltd adopts the principles of tax effect accounting and thus is the basis of recognition of tax expense in consolidated financial statements of the Group.

(r) Employee entitlements

Annual leave

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

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2025

1. STATEMENT OF MATERIAL ACCOUNTING POLICIES (continued)

(r) Employee entitlements (continued)

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 balanced date. The liability for long service leave increases according to the number of years of service completed by the employee.

Gratuity

The accrual for gratuity represents amounts payable to permanent employees who have achieved more than the minimum ten years of 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 of 30 June 2025 was 190 (2024:170).

(s) Contingent liabilities and credit commitments

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

(t) Deferred income

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

(u) Investment in Subsidiary

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

(v) Share Capital

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. Ordinary shares are classified as equity. Any incremental costs directly attributable to the issue of new shares will be shown in equity as a deduction (net of tax), from the proceeds.

(w) Value Added Tax (VAT)

The Bank is a VAT exempt entity. Revenues, expenses, assets and liabilities are recognized inclusive of the amount of Value Added Tax (VAT).

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2025

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 have access at that date.

When available, the Bank and the Group measure 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 maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction. The Bank and the Group use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of relevant observable inputs and maximizing 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 categorized. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount			Fair value			
2025	**Debt financial asset/liabilites**	**Other financial**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Level 4**
Liabilities	$	$	$	$	$	$	$
Bonds	-	(73,000,520)	(73,000,520)	-	71,803,471	-	71,803,471
	-	(73,000,520)	(73,000,520)	-	71,803,471	-	71,803,471
2024							
Liabilities							
Bonds	-	(38,500,000)	(38,500,000)	-	39,243,941	-	39,243,941
	-	(38,500,000)	(38,500,000)	-	39,243,941	-	39,243,941

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2025

	CONSOLIDATED		THE Bank	
	2025	2024	2025	2024
	$	$	$	$
3 INTEREST INCOME				
Interest Income (non – subsidised)	21,938,477	22,619,298	21,933,417	22,616,545
Interest subsidies – (received / receivable) from the Government for:				
- Agricultural loans	1,243,761	1,323,006	1,243,761	1,323,006
- Commercial Loans to Fijians scheme	958	1,089	958	1,089
- Small Business Scheme	1,314,885	1,055,677	1,314,885	1,055,677
- Northern Rehabilitation Package	1,188,475	1,454,652	1,188,475	1,454,652
	3,748,079	3,834,424	3,748,079	3,834,424
	25,686,556	26,453,722	25,681,496	26,450,969

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

	CONSOLIDATED 2025 $	CONSOLIDATED 2024 $	THE Bank 2025 $	THE Bank 2024 $
4 FEE INCOME				
Application fees	105,360	101,920	105,360	101,920
Establishment fees	743,696	743,685	743,696	743,685
Commitment fees	113,279	80,165	113,279	80,165
Bank Service fees	1,868,983	2,057,442	1,868,983	2,057,442
Arrears fees	594,478	466,175	594,478	466,175
Legal fees	769,829	848,472	769,829	848,472
Other fee income	944	1,860	944	1,860
	4,196,569	4,299,719	4,196,569	4,299,719
5 OTHER INCOME				
The following items are included in other income:				
Gain on sale of property, plant and equipment	69,834	132,360	69,834	132,360
Bad debts recovered	1,071,261	359,323	1,071,261	359,323
Insurance commission	144,309	142,659	144,309	142,659
Rental income	1,157,033	1,120,356	1,157,033	1,120,356
Fair Value Gain on Investment (Sequitur Resorts Pte Limited)	2,077,680	-	2,077,680	-
Other Income	981,268	1,024,151	981,268	1,024,151
	5,501,385	2,778,849	5,501,385	2,778,849

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2025

	CONSOLIDATED		THE Bank	
	2025 $	2024 $	2025 $	2024 $
6 INTEREST EXPENSES				
Interest paid - Bonds	1,505,729	2,344,884	1,505,729	2,344,884
Interest paid Call Advances	1,399,529	1,899,984	1,399,529	1,899,984
Other administrative cost	427,573	191,614	427,573	191,614
	3,332,831	4,436,482	3,332,831	4,436,482
7 OPERATING EXPENSES				
Items included in administrative expenses:				
Auditors' remuneration	68,712	68,712	68,712	68,712
Directors' fees	199,191	157,828	199,191	157,828
Depreciation and amortisation	1,244,338	1,159,127	1,244,338	1,159,127
Right of Use (ROU) Amortisation	664,751	306,414	664,751	306,414
Employee costs	10,174,733	10,341,289	10,174,733	10,341,289
Finance Cost	55,711	56,976	55,711	56,976
Other Expenses	3,558,492	3,452,818	3,556,463	3,450,900
	15,965,928	15,543,164	15,963,899	15,541,246
8 ALLOWANCE FOR INTEREST AND FEES				
Allowance for Interest	1,120,952	3,845,974	1,120,952	3,845,974
Allowance for Fees	449,294	434,035	449,294	434,035
Doubtful Interest and Fees Recovery	(1,590,209)	(2,031,433)	(1,590,209)	(2,031,433)
	(19,963)	2,248,576	(19,963)	2,248,576

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2025

9 CASH AND CASH EQUIVALENTS

	CONSOLIDATED		THE Bank	
	2025	2024	2025	2024
	$	$	$	$
Petty cash	1,880	2,190	1,880	2,190
Cashier Till Float	1,100	1,100	1,100	1,100
Short Term Deposit	-	3,500,000	-	3,500,000
Deposit accounts -Branches	4,645,990	2,607,266	4,621,781	2,581,062
ANZ Bank	25,831,032	4,106,597	25,831,032	4,106,597
Bred Bank	10,270,035	18,143,277	10,270,035	18,143,277
Bank of South Pacific- Call account	15,738,714	16,906,005	15,738,714	16,906,005
Bank of Baroda- Head office	3,758,864	361,396	3,758,864	361,396
HFC Bank- Head office	14,846,095	25,494,314	14,846,095	25,494,314
USD Account- ANZ	93	-	93	-
Westpac Bank- Head office	2,797,276	2,475,335	2,797,276	2,475,335
	77,891,079	73,597,480	77,866,870	73,571,276

Deposit accounts are maintained for the Bank's and the Group's daily transactions with its customers. The short-term deposit accounts earn interest at floating market rates. The short-term deposits are at an interest rate from 0.25% to 0.50%.

10 DEBT FINANCIAL ASSETS AT AMORTISED COST

	CONSOLIDATED		THE Bank	
	2025	2024	2025	2024
	$	$	$	$
Investment in Term Deposit	38,248,718	44,744,312	38,000,000	44,500,000

The Bank's investment were with Bred Bank and HFC Bank for less than 4 months at interest rates ranging from 1.30% to 1.50%. There are three term deposits aggregating $248,718 (2024: $244,312) held by FDB Nominees Pte Limited in Home Finance Corporation Limited at 1.25% for a term of 24 months, and two term deposits at 1.35% at a term of 12 months at Kontiki Finance Pte Limited.

11 LOANS AND ADVANCES

Loans and advances	500,918,754	464,377,301	500,918,754	464,377,301
Allowance for interest and fees suspended	(7,479,423)	(12,375,365)	(7,479,423)	(12,375,365)
	493,439,331	452,001,936	493,439,331	452,001,936
Allowance for Expected Credit Loss	(82,244,471)	(94,199,922)	(82,244,471)	(94,199,922)
Net loans and advances	411,194,860	357,802,014	411,194,860	357,802,014

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2025

11 LOANS AND ADVANCES (continued)

	CONSOLIDATED		THE Bank	
	2025	2024	2025	2024
	$	$	$	$
The Bank's split for gross loans and advances to customers is represented as follows:				
Current	182,790,509	200,847,430	182,790,509	200,847,430
Non-current	318,128,245	263,529,871	318,128,245	263,529,871
Total	500,918,754	464,377,301	500,918,754	464,377,301
Allowance for credit impairment as per ECL (Expected Credit Loss) model is represented as follows:				
Balance at the beginning of the year	94,199,922	112,618,137	94,199,922	112,618,137
Charge to the profit or loss	1,921,220	5,699,867	1,921,220	5,699,867
	96,121,142	118,318,004	96,121,142	118,318,004
Bad debts written off against impairment allowances	(13,876,671)	(24,118,082)	(13,876,671)	(24,118,082)
Total allowance for credit impairment as per ECL (Expected Credit Loss) model	82,244,471	94,199,922	82,244,471	94,199,922

12 OTHER RECEIVABLES

Government guarantees and grants	5,499,216	5,499,216	5,499,216	5,499,216
Impairement loss - government guarantee and grants	(5,499,216)	(5,499,216)	(5,499,216)	(5,499,216)
	-	-	-	-
Government interest subsidies	1,906,685	1,573,517	1,906,685	1,573,517
Bonds Prepaid	-	4,000,000	-	4,000,000
Others	823,182	896,010	820,770	893,760
Receivable from related party	11,654,794	11,654,794	11,654,794	11,654,794
Impairment loss – related party	(11,654,794)	(11,654,794)	(11,654,794)	(11,654,794)
	2,729,867	6,469,527	2,727,455	6,467,277
Impairment loss is represented as follows:				
Total impairment at the beginning of the year	17,154,010	17,154,010	17,154,010	17,154,010
Charge to profit or loss – government guarantee and grants	-	-	-	-
Total impairment at the end of the year	17,154,010	17,154,010	17,154,010	17,154,010

The amount receivable from Sequitur Resorts Pte Limited, a related party, is due in between July 2025 to July 2027.

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2025

13 INVESTMENT IN SUBSIDIARY

	CONSOLIDATED		THE Bank	
	2025 $	2024 $	**2025 $**	2024 $
FDB Nominees Ltd	-	-	20,000	20,000

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

14 INVESTMENTS

Shares in companies (14.1)	13,162,681	14,314,291	13,162,681	14,314,291
Allowance for impairment (14.2)	(70,000)	(3,299,290)	(70,000)	(3,299,290)
	13,092,681	11,015,001	13,092,681	11,015,001

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

14.1 Shares in companies

Sequitur Resorts Pte Limited (a)	11,000,000	11,000,000	11,000,000	11,000,000
Fair value gain (b)	2,077,680	-	2,077,680	-
	13,077,680	11,000,000	13,077,680	11,000,000
South Pacific Stock Exchange	15,000	15,000	15,000	15,000
Adfip Trustees	1	1	1	1
International Hotel of Fiji Pte Ltd	-	2,000,000	-	2,000,000
Rewa Provincial Holdings	70,000	70,000	70,000	70,000
Voko Industries Limited	-	1,229,290	-	1,229,290
Total Investments	13,162,681	14,314,291	13,162,681	14,314,291

14.2 Movement in allowance for impairment

Balance at the beginning of the year	3,299,290	3,299,290	3,299,290	3,299,290
Written off	(3,229,290)	-	(3,229,290)	-
Balance at the end of the year	70,000	3,299,290	70,000	3,299,290

(a) The Bank was issued 20% non-voting redeemable shares in Sequitur Resorts Pte Limited (SRPL) after a restructure of the company's debt held with the Bank. The shares are redeemable at fair value at the option of SRPL at any time from 1 July 2025 and up to the mandatory redemption date of 1 July 2027.

(b) During the year, the Bank engaged an independent consultant, Grant Thornton, to value its equity interest in SRPL. The valuation applied income and discounted cash flow approaches, indicating a fair value range of $15.39 million to $16.25 million. In light of uncertainties around future revenue and cash-flow forecasts, the Board determined a fair value of $13,077,680 by applying a 15% discount to the lower end of the range. Accordingly, a fair value gain of $2,077,680 has been recognized in the financial statements.

15 LAND HELD FOR RESALE

	CONSOLIDATED		THE Bank	
	2025	2024	**2025**	2024
Nasarawaqa Estate	**$**	$	**$**	$
Cost at beginning/end of the year	99,426	94,426	99,426	94,426
Impairment at the beginning/end of the year	(99,426)	(94,426)	(99,426)	(94,426)
	-	-	-	-

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
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FOR THE YEAR ENDED 30 JUNE 2025

16 PROPERTY, PLANT AND EQUIPMENT

CONSOLIDATED AND THE Bank

Cost or valuation	Land and Buildings $	Plant and Equipment $	Fixtures and Fittings $	Work in Progress $	Total $
Balance at 1 July 2023	29,010,000	7,949,762	115,155	173,098	37,248,015
Acquisitions during the year	-	403,268	-	957,408	1,360,676
Disposal	-	(618,880)	(4,896)	-	(623,776)
Transfer in (out)	-	462,373	7,000	(471,873)	(2,500)
Balance at 30 June 2024	**29,010,000**	**8,196,523**	**117,259**	**658,633**	**37,982,415**
Acquisitions during the year	-	122,900	-	1,262,343	1,385,243
Transfer in /(out)	431,921	528,009	1,300	(961,230)	-
Disposal	-	(361,102)	-	-	(361,102)
Balance at 30 June 2025	**29,441,921**	**8,486,330**	**118,559**	**959,746**	**39,006,556**
Accumulated Depreciation					
Balance at 1 July 2023	49,878	6,253,434	90,578	-	6,393,890
Depreciation charge for the year	615,132	519,464	3,240	-	1,137,836
Disposal	-	(607,540)	(5,969)	-	(613,509)
Balance at 30 June 2024	**665,010**	**6,165,358**	**87,849**	-	6,918,217
Depreciation charge for the year	623,904	598,145	3,211	-	1,225,260
Disposal	-	(341,942)	-	-	(341,942)
Balance at 30 June 2025	**1,288,914**	**6,421,561**	**91,060**	**-**	**7,801,535**
Carrying amount					
Balance at 30 June 2024	28,344,990	2,031,165	29,410	658,633	31,064,198
Balance at 30 June 2025	**28,153,007**	**2,064,769**	**27,499**	**959,746**	**31,205,021**

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

17 COMPUTER SOFTWARE - INTANGIBLES

	CONSOLIDATED		THE Bank	
	2025	2024	**2025**	2024
	$	$	**$**	$
Balance at the beginning of the year	2,905,297	2,566,998	2,905,297	2,566,998
Acquisitions during the year	72,687	338,299	72,687	338,299
Written off	(260,530)	-	(260,530)	-
Balance at the end of the year	2,717,454	2,905,297	2,717,454	2,905,297

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
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FOR THE YEAR ENDED 30 JUNE 2025

17 COMPUTER SOFTWARE - INTANGIBLES continued)

	CONSOLIDATED		THE Bank	
	2025	2024	**2025**	2024
	$	$	**$**	$
Accumulated Amortisation				
Balance at the beginning of the year	403,025	381,734	403,025	381,734
Amortisation charge for the year	19,078	21,291	19,078	21,291
Balance at the end of the year	422,103	403,025	422,103	403,025
Carrying amount				
Balance at the beginning of the year	2,502,272	2,185,264	2,502,272	2,185,264
Balance at the end of the year (a)	2,295,351	2,502,272	2,295,351	2,502,272

(a) This balance includes work in progress software cost amounting to $ 2,213,186 as at 30 June 2025 (2024: $ 2,436,330).

18 LEASE

Leases as Lessee

Property, plant and equipment comprise of owned and leased assets. The Bank and the Group leases assets includes land, IT equipment and other leases. Leases of land and building generally have leases terms between 19 and 98 years, 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 are a lessee is presented below:

	Land	**IT Equipment and Other Leases**	**Total**
	$	**$**	**$**
As at 1 July 2023	763,753	388,570	1,152,323
Additions	-	971,504	971,504
Amortisation Expenses	(18,378)	(288,036)	(306,414)
As at 1 July 2024	**745,375**	**1,072,038**	**1,817,413**
Additions	-	194,665	194,665
Amortisation Expenses	(17,533)	(647,218)	(664,751)
As at 30 June 2025	**727,842**	**619,485**	**1,347,327**

Set out below are the carrying amounts of lease liabilities showing the movement during the year:	$
As at 1 July 2023	1,211,328
Additions	971,504
Accretion of interest	56,976
Payments	(395,712)
As at 1 July 2024	1,844,096
Additions	194,665
Accretion of interest	55,711
Payments	(670,825)
As at 30 June 2025	1,423,647

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
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FOR THE YEAR ENDED 30 JUNE 2025

18 LEASE (continued)

	CONSOLIDATED		THE Bank	
	2025 $	2024 $	2025 $	2024 $
Lease liabilities included in the statement of financial position are as follows:				
Current	389,075	408,083	389,075	408,083
Non-Current	1,034,572	1,436,013	1,034,572	1,436,013
	1,423,647	1,844,096	1,423,647	1,844,096

The Bank and the Group had total cash outflows for leases of $670,825 (2024: $395,712).

Lease Liabilities

Maturity analysis – contractual undiscounted cash flows

	CONSOLIDATED 2025 $	CONSOLIDATED 2024 $	THE Bank 2025 $	THE Bank 2024 $
Not Later than one year	427,921	461,317	427,921	461,317
Between one and five years	722,041	822,229	722,041	822,229
More than 5 years	1,989,203	1,989,203	1,989,203	1,989,203
	3,139,165	3,272,749	3,139,165	3,272,749

19 ACCOUNTS PAYABLE AND ACCRUALS

	CONSOLIDATED 2025 $	CONSOLIDATED 2024 $	THE Bank 2025 $	THE Bank 2024 $
Interest accruals	1,316,864	1,494,123	1,316,864	1,494,123
Others	4,343,309	3,840,717	4,340,787	3,838,005
	5,660,173	5,334,840	5,657,651	5,332,128

20 DEBT SECURITIES ISSUED

	CONSOLIDATED 2025 $	CONSOLIDATED 2024 $	THE Bank 2025 $	THE Bank 2024 $
Short term borrowings				
Term deposits	29,587,912	48,947,710	29,587,912	48,947,710
RBF Export Facility	87,420,194	1,301,483	87,420,194	1,301,483
FDB Registered bonds - face value	8,000,520	25,500,000	8,000,520	25,500,000
Total Short-term borrowings	125,008,626	75,749,193	125,008,626	75,749,193
Non-current - Bonds				
Term deposits	37,834,503	10,864,150	37,834,503	10,864,150
RBF Export Facility	130,635,384	224,642,690	130,635,384	224,642,690
FDB Registered bonds - face value	65,000,000	13,000,000	65,000,000	13,000,000
Long term borrowings	233,469,887	248,506,840	233,469,887	248,506,840
Total borrowings	358,478,513	324,256,033	358,478,513	324,256,033

The short-term borrowings have a repayment term of 1 year and have been guaranteed by the Government of Fiji. The interest rate for the short-term borrowing ranges from 1.25% to 5.10% (2024:0.80% to 4.60%). The borrowings under RBF Import Substitution Export Finance Facility have term up to 5 years. The FDB registered bonds have a repayment term varying between 2 to 7 years and have been guaranteed by Government of Fiji.

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
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FOR THE YEAR ENDED 30 JUNE 2025

21 OTHER LIABILITIES

	CONSOLIDATED		THE Bank	
	2025	2024	2025	2024
Current	$	$	$	$
Seed Capital Fund	2,375,885	2,369,444	2,375,885	2,369,444
Staff Savings account	3,410,389	3,309,557	3,410,389	3,309,557
Export Facility	1,219,033	1,069,032	1,219,033	1,069,032
Farmers Assistance Scheme	128,686	128,687	128,686	128,687
	7,133,993	6,876,720	7,133,993	6,876,720

Seed Capital Fund is a revolving fund from the Government of Fiji for lending to specialised business activities in forestry, fishing and eco-tourism. Principal repayments for the seed capital loans are added back to the initial fund for re-lending. Seed Capital Fund amounts that are not utilised are repayable to the Government.

Staff savings are stated at amortised cost and are repayable on demand at an average interest rate of 2.5% per annum.

22 EMPLOYEE ENTITLEMENTS

At 1 July 2024	440,354	483,292	440,354	483,292
Utilised during the year	(532,885)	(572,818)	(532,885)	(572,818)
Arising during the year	732,450	529,880	732,450	529,880
At 30 June 2025	639,919	440,354	639,919	440,354

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 60 years.

The employee entitlement's is represented as follows:				
Current	440,188	319,660	440,188	319,660
Non-current	199,731	120,694	199,731	120,694
Total	639,919	440,354	639,919	440,354

23 CAPITAL

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

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

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
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FOR THE YEAR ENDED 30 JUNE 2025

24 COMMITMENTS AND CONTINGENT LIABILITIES

	THE Bank 2025 $	THE Bank 2024 $
(a) Commitments		
(i) Loans approved but not disbursed	38,065,606	33,790,293
(b) Capital Commitments		
(i) Work In Progress	7,932,000	2,106,500
(c) Contingent liabilities		
(i) Guarantees	345,436	682,860

25 RELATED PARTY TRANSACTIONS

Government

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

Directors

The following were Directors of the Bank and the Group during the financial year ended 30 June 2025 and up to the date of this report.

Current directors

Mr. Damend Gounder	Chairperson
Mr. Jagdish Singh	
Ms. Emele Duituturaga	
Ms Shyama Verma	Appointed on 24th February 2025
Ms. Asilika Rogers	Reappointed on 27th April 2025 (second term)
Mr. Salesh Kumar	
Mr. David Robertson	
Ms Maimuma Haniff	Appointed on 24th February 2022 – Term ended on 23rd February 2025

	CONSOLIDATED		THE Bank	
	2025	2024	2025	2024
	$	$	$	$
Directors' expenses	199,191	157,828	199,191	157,828

Other related party transactions

No loans were advanced to a Company where a director has a related party interest during the year (2024: Nil).

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
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25 RELATED PARTY TRANSACTIONS (continued)

Key Management Personnel Remuneration

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
Filimone Waqabaca	Chief Executive Officer (Appointed on 9th January 2025)
Saud Minam	Chief Executive officer (Contract ended on 21st August 2024)
Titilia Vakaoca	General Manager Relationship & Sales
Bimal Sudhakar	General Manager Risk
Saiyad Hussain	General Manager Finance and Administration
Semisi Biumaiwai	General Manager Talent & Organizational Development (Resigned on: 28th February 2025)

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

	CONSOLIDATED		THE Bank	
	2025 $	2024 $	2025 $	2024 $
Short-term benefits	1,395,426	1,095,577	1,395,426	1,095,577

The Key Management Personnel are contracted employees and are entitled to short term benefits only. The short-term benefits reflect the full year payment to the Executive management team.

No loans have been provided to Executives during the year. (2024: Nil)

26 RISK MANAGEMENT POLICY

Credit Risk

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

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
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FOR THE YEAR ENDED 30 JUNE 2025

26 RISK MANAGEMENT POLICY (continued)

Credit Risk (continued)

The other component of the Bank and the Group's rating system for customers is a Client Quality Rating (CQR). This rating represents the Bank and the Group's view as to the "financial health" of the business during the past and in future. Furthermore, the Bank and the Group use 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 Risk Committee for final approval. The Bank and the Group consider and consolidate all elements of credit risk exposure (such as individual default risk, country risk and sector risk).

Forecasts are made using different statistical methodologies and pricing models in order to determine the relative volatility of the portfolios against market conditions. This includes forms of analysis such durated term of loan assets; interest rate elasticity and gaps, with the end-objective of maintaining a balance structure between the Bank and the Group's assets and liabilities; and a balance between developmental and commercial activities. As part of credit risk management process, portfolios are subjected to systematic stress tests to determine the probable loss of values due to changes in interest rates (financial market condition), default ratios and durated term structure. 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	2025	2024
	$	$
Agriculture	66,745,270	71,184,229
Building and construction	47,392,575	40,360,795
Manufacturing	97,251,763	53,721,667
Mining and quarrying	908,633	1,857,375
Private individuals	5,727,682	7,132,737
Professional and business services	23,565,906	21,785,210
Real estate	45,121,721	48,068,799
Transport, communication and storage	116,630,031	123,980,360
Wholesale, retail, hotels and restaurants	88,114,129	84,604,679
Central & Local Government	6,136,853	7,236,456
Others	3,324,191	4,444,994
Total gross loans and advances	500,918,754	464,377,301

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
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26 RISK MANAGEMENT POLICY (continued)

	THE Bank	
	2025	2024
	$	$
IMPAIRED AND PAST-DUE ASSETS		
Non-accrual loans		
Gross	63,304,094	82,101,006
Less: Interest and Fees suspended	(7,437,143)	(12,320,615)
	55,866,951	69,780,391
Less: allowance for expected credit loss	(32,527,198)	(34,269,005)
Net non-accrual loans without allowance for expected credit loss	23,339,753	35,511,386
Restructured loans without allowance for expected credit loss		
Gross	103,334	185,252
Less: Interest and Fees suspended	(6,600)	(2,927)
Net restructured loans without allowance for expected credit loss	96,734	182,325
Restructured loans with allowance for expected credit loss		
Gross	-	-
Less: Interest and Fees suspended	-	-
	-	-
Less: Allowance for expected credit loss	-	-
Net restructured loans with allowance for expected credit loss	-	-
Other impaired loans		
Gross	45,848	313,080
Less: Interest and Fees suspended	-	(63)
	45,848	313,017
Less: Allowance for expected credit loss		1,086
Net other classified loans	45,848	311,931
Total impaired and past-due loans	23,482,335	36,005,642
Past-due loans but not impaired		
Gross	17,494,667	14,400,395
Less: Interest and Fees suspended	(14,882)	(46,053)
	17,479,785	14,354,342
Less: Allowance for expected credit loss	-	-
Total past-due loans	17,479,785	14,354,342

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2025

26 RISK MANAGEMENT POLICY (continued)

IMPAIRED AND PAST-DUE ASSETS (CONTINUED)

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

2025		1-3 months	3-6 months	6-9 months	9-12 months	More than 1 year
Loans & Advance	($)	16,037,614	1,442,430	1,085	873	12,665

2024		1-3 months	3-6 months	6-9 months	9-12 months	More than 1 year
Loans & Advance	($)	13,612,783	726,147	707	54,028	6,730

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

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

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

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

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
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FOR THE YEAR ENDED 30 JUNE 2025

26 RISK MANAGEMENT POLICY (continued)

Significant increase in credit risk (continued)

The Bank and the Group employ statistical models to analyze the data collected and generate estimates of the remaining lifetime Probability of Default (PD) of exposures and how these are expected to change as a result of the passage of time. This analysis includes the identification and calibration of relationships between changes in default rates and changes in key macro-economic factors as well as in-depth analysis of the impact of certain other factors (e.g. forbearance experience) on the risk of default. 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 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. Renegotiating 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 consider 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 monitor the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:
- the criteria can identify 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 consider 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 consider 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 incorporate 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 formulate 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 carry out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios. The Bank and the Group have identified and documented key drivers of credit risk and credit losses for each portfolio of loans and advances and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
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FOR THE YEAR ENDED 30 JUNE 2025

26 RISK MANAGEMENT POLICY (continued)

Measurement of ECL

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

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

Loss Given Default (LGD) is the magnitude of the likely loss if there is a default. The Bank and the Group estimate 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 derive 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 measure 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 consider a longer period. The maximum contractual period extends to the date at which the Bank and the Group have 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.

The new Model assumes the following:
- **Interest Rate** - Account-level interest rates are considered in the ECL computation. The ECL data includes details such as loan amount, security information, and applicable interest rates.
- **LGD (Loss Given Default)** - LGD is calculated at the individual account level based on the data provided for each account.
- **Segmentation on PD (Probability of Default)** - The model incorporates segmentation to reflect varying risk levels. For example, RBF Majors are grouped based on their risk profiles.
- **PD (Probability of Default)** - PD is calculated at the account level based on historical loan performance. The model also includes PD trend analysis functionality.
- **Consideration of Collaterals** - Account-level securities and collaterals are considered in determining LGD.
- **Multiple Scenarios** - The model computes PD and LGD under three macroeconomic scenarios: base, upturn, and downturn. However, for the EVL (Expected Value of Loss) calculation, the bank has adopted the base scenario.

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2025

26 RISK MANAGEMENT POLICY (continued)

Measurement of ECL

2025					
	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	309,767,274	-	-	-	309,767,274
Grade-Special mention	127,698,204	-	-	-	127,698,204
Grade-Substandard	-	27,803,737	-	-	27,803,737
Grade-Doubtful	-	-	8,473,744	-	8,473,744
Grade-Loss	-	-	-	27,175,794	27,175,794
	437,465,478	**27,803,737**	**8,473,744**	**27,175,794**	**500,918,754**
Loss on Allowance	**(36,353,899)**	**(22,710,913)**	**(3,283,611)**	**(19,896,048)**	**(82,244,471)**
Allowance for Interest and Fees					(7,479,423)
Carrying amount	**401,111,580**	**5,092,824**	**5,190,133**	**7,279,746**	**411,194,860**

2024					
	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	251,700,978	-	-	-	251,700,978
Grade-Special mention	130,245,585	-	-	-	130,245,585
Grade-Substandard	-	43,301,582	-	-	43,301,582
Grade-Doubtful	-	-	2,908,056	-	2,908,056
Grade-Loss	-	-	-	36,221,100	36,221,100
	381,946,563	**43,301,582**	**2,908,056**	**36,221,100**	**464,377,301**
Loss on Allowance	**(39,244,923)**	**(26,766,444)**	**(1,851,457)**	**(26,337,098)**	**(94,199,922)**
Allowance for Interest and Fees					(12,375,365)
Carrying amount	**342,701,640**	**16,535,138)**	**1,056,599**	**9,884,002**	**357,802,014**

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 generate 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 have 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 perform 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 perform 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.

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2025

26 RISK MANAGEMENT POLICY (continued)

Liquidity Risk Management (continued)

Since the Bank and the Group do 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 place 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.

Maturity Analysis

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

2025	At call	1 day to 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Loss allowances and others	Total
The Bank	$	$	$	$	$	$	$
Assets	(000)	(000)	(000)	(000)	(000)	(000)	(000)
Cash and cash equivalents	77,867	-	-	-	-	-	77,867
Debt financial assets at amortised cost	-	-	38,000	-	-	-	38,000
Loans and advances	7,730	7,822	167,236	225,080	93,050	(89,723)	411,195
Other Receivables	820	1,907	-	-	-	-	2,727
Investment	-	-	-	13,078	85	(70)	13,093
Total	86,417	9,729	205,236	238,158	93,135	(89,793)	542,882
Liabilities							
Accounts Payable	5,658	-	-	-	-	-	5,658
Lease Liability	-	-	389,075	278,071	756,501	-	1,423,647
Debt Securities Issued	-	78,904	40,104	191,970	47,500	-	358,478
Other Liabilities	7,134	-	-	-	-	-	7,134
Total	12,792	78,904	429,179	470,041	804,001	-	1,794,917

2025							
Group							
Assets							
Cash and cash equivalents	77,891	-	-	-	-	-	77,891
Debt financial assets at amortised cost	-	-	38,249	-	-	-	38,249
Loans and advances	7,730	7,822	167,236	225,080	93,050	(89,723)	411,195
Other Receivables	823	1,907	-	-	-	-	2,730
Investment	-	-	-	13,078	85	(70)	13,093
Total	86,444	9,729	205,485	238,158	93,135	(89,793)	543,158

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2025

26 RISK MANAGEMENT POLICY (continued)

Liquidity Risk Management (continued)

Maturity Analysis (continued)

	At call	1 day to 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Loss allowances and others	Total
	(000)	(000)	(000)	(000)	(000)	(000)	(000)
Liabilities							
Accounts Payable	5,660	-	-	-	-	-	5,660
Lease Liability	-	-	389,075	278,071	756,501	-	1,423,647
Debt Securities Issued	-	78,904	40,104	191,970	47,500	-	358,478
Other Liabilities	7,134	-	-	-	-	-	7,134
Total	12,794	78,904	429,179	470,041	804,001	-	1,794,919

2024

The Bank

	At call	1 day to 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Loss allowances and others	Total
Assets							
Cash and cash equivalents	73,571	-	-	-	-	-	73,571
Debt financial assets at amortised cost	-	-	44,500	-	-	-	44,500
Loans and advances	9,165	7,961	183,721	187,784	75,746	(106,575)	357,802
Other Receivables	4,894	1,573	-	-	-	-	6,467
Investment	-	-	-	11,000	3,334	(3,319)	11,015
Total	87,630	9,534	228,221	198,784	79,080	(109,894)	493,355
Liabilities							
Accounts Payable	5,332	-	-	-	-	-	5,332
Lease Liability	-	-	408,083	1,436,013	-	-	1,844,096
Debt Securities Issued	-	30,841	44,908	248,507	-	-	324,256
Other Liabilities	6,877	-	-	-	-	-	6,877
Total	12,209	30,841	452,991	1,684,520	-	-	2,180,561

2024

Group

	At call	1 day to 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Loss allowances and others	Total
Assets							
Cash and cash equivalents	73,597	-	-	-	-	-	73,597
Debt financial assets at amortised cost	-	-	44,744	-	-	-	44,744
Loans and advances	9,165	7,961	183,721	187,784	75,746	(106,575)	357,802
Other Receivables	4,894	1,573	-	-	-	-	6,469
Investment	-	-	-	11,000	3,334	(3,319)	11,015
Total	87,658	9,534	228,465	198,784	79,080	(109,894)	493,627
Liabilities							
Accounts Payable	5,335	-	-	-	-	-	5,335
Lease Liability	-	-	408,083	1,436,013	-	-	1,844,096
Debt Securities Issued	-	30,841	44,908	248,507	-	-	324,256
Other Liabilities	6,877	-	-	-	-	-	6,877
Total	12,212	30,841	452,991	1,684,520	-	-	2,180,561

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2025

26 RISK MANAGEMENT POLICY (continued)

Market Risk

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

In relation to overall cost of borrowings, the Bank and the Group re-calibrate 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 use 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 forecast 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 2025	Increase in Lending Rate (+2.50%)	Decrease in Lending Rate (-2.50%)
Weighted Average Lending Rate (%)	5.47	7.97	2.97
Interest Income ($)	25,681,496	12,522,969	(12,522,969)
Impact on profit or loss ($)	14,181,463	12,522,969	(12,522,969)

FIJI DEVELOPMENT BANK AND ITS SUBSIDIARY COMPANY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2025

26 RISK MANAGEMENT POLICY (continued)

Operational Risk

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

The Enterprise Risk Management department develops the risk policies governing the operations of the Bank and the Group and oversees the implementation of these policies and procedures across the organization. The Internal Audit Department, as the third line of defense, provides independent assurance that the risk management strategies are working as intended.

Most operational risks are best managed within the departments in which they arise. However, overall planning, coordination, and monitoring is provided by a centralized enterprise risk management function. The Enterprise Risk Management Department closely coordinate with market risk and credit risk management departments within an overall enterprise risk management framework.

27 COMPARATIVES

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

28 SUBSEQUENT EVENTS

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the Group, the results of those operations or the state of affairs of the Bank and the Group in subsequent financial years.

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

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

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

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

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

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

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

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

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

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

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

F·D·B

your partner in progress

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

Fiji Development Bank
info@fdb.com.fj