

RESERVE BANK OF FIJI



PRESS RELEASE

| | | | |
|-------------------|------------------|-----------|--|
| Press Release No. | : 25/2016 | Telephone | : (679) 331 3611 |
| Date | : 3 October 2016 | Facsimile | : (679) 330 2094 |
| | | Email | : info@rbf.gov.fj |

RESERVE BANK OF FIJI WILL TRANSFER \$16.9 MILLION TO FIJIAN GOVERNMENT

Section 54 of the Reserve Bank of Fiji Act 1983 states that the financial year of the Bank shall coincide with the financial year of the Government. Therefore in view of the recent change by Government, the financial year of the Bank now ends on 31 July instead of 31 December. In this regard, the Board of the Reserve Bank of Fiji confirmed and signed off on the Bank's annual audited financial statements for the seven months ended 31 July 2016 on 29 September.

On 30 September, the Bank provided to the Honorable Minister for Economy, Mr Aiyaz Sayed-Khaiyum a certified auditor's copy of the financial statements along with the Operations Report for the seven months period ended July 2016.

In terms of its operations from 1 January to 31 July 2016 operations, the Bank transferred \$16.9 million to the Fijian Government today. This comprised its entire profit of \$13.9 million and \$3.0 million, which represents one fifth of the balance of the revaluation reserve account, in accordance with sections 8(3) and 34 of the RBF Act. This compares with a transfer to Government of \$32.2 million for the twelve months ended 31 December 2015.

The Governor and Chairman of the Board, Mr Barry Whiteside, said that "this is a good result given the challenging domestic and international economic environment. This is the second time that the Bank has met the statutory obligation of providing the audited financial statements and the Operations Report to the Minister one month earlier than required". Mr Whiteside thanked his team for this remarkable achievement. He noted that "the yields on foreign reserves – the principal source of the Bank's income – continued to be low in most of our trading partner countries and constrained income from investments of foreign reserves". The Bank's expenditure for the January-July 2016 period was within budget at \$15.6 million.

Despite the various setbacks earlier in the year with Tropical Cyclone Winston and the floods associated with TC Zena, the Bank achieved its key objectives of an adequate level of foreign reserves and low inflation. The inflation rate at the end of July was 5.5 percent and in part was driven by supply conditions of market items due to the impact of Tropical Cyclone Winston. It however, is expected to fall to around 3.5 percent by the end of the year. The foreign reserves objective was attained with holdings at the end of July of \$1.9 billion, sufficient to cover 5.5 months of imports.

The Governor added that “the Fijian economy is projected to grow for the seventh consecutive year despite the natural disasters. The current forecast for 2016 is 2.4 percent”. Work is continuing on evaluating the growth figure taking into account the impact of rehabilitation work after the natural disasters and the impact of announcements in the National Budget.

Financial conditions have been largely favourable given ample liquidity in the banking system and low interest rates which have supported economic growth. The financial system remained sound, backed by adequate earnings, capital, liquidity positions and asset quality for commercial banks, insurance companies and credit institutions. However, general insurance companies were affected due to the catastrophic events earlier in the year.

The Governor and the Board of Directors thanked the RBF staff for meeting their key objectives and extended their appreciation to all the Bank’s stakeholders for their continued support during the first seven months of 2016.

RESERVE BANK OF FIJI