DEVELOPMENT BANK OF KIRIBATI

STATEMENT OF INTENT

For the 3-Year Period FY2026 to FY 2028

AUTHORISATION

Final SOI	NAME	SIGNATURE	DATE
APPROVED BY THE BOARD	**DR TAKEIETA KIENENE**		22/04/26
TO SOEMAU	**NAATA TEKEAA**		22/4/26

Final SOI	NAME	SIGNATURE	DATE
SOEMAU TO RESPONSIBLE MINISTERS	NAUMATA		22/4/26
REVIEW BY MINISTER	**HON. DR TEUEA TOATU** **HON. VICE PRESIDENT**		22/4/26

1 EXECUTIVE SUMMARY

a. Conforming to the requirements of the State-Owned Enterprises Act, 2013 as per the amendment in Section 19, the Development Bank of Kiribati (DBK) hereby submits its Statement of Intent, for the period 2026 to 2028.

b. DBK was established by Government in accordance with the Development Bank of Kiribati Act 1986 (the Act) and came into operation on 1 August 1987. DBK is also established as a State-Owned Enterprises and is mandated under the State-Owned Enterprises Act 2013 (as amended).

c. DBK operates as a financial institution and this Statement of Intent (SOI) indicates how DBK has reviewed its operating environment and key challenges thus derived the following planning period objectives, activities, performances measures and financial forecasts towards achieving its principal objectives.

1.1 The Objectives of DBK

a. DBK objectives and priorities are mandated and dictated by laws and national policies. To achieve these objectives and priorities DBK needs to continuously review its strategies and activities annually. Accordingly, for the period 2026-2028, we will continue to focus resources on key operational and institutional changes needed to achieve our long-term policy objectives that aim to:

   - Provide affordable and quality banking services and products to the people of Kiribati;
   - Boost economic growth and the standards of living and increase employment creation through private sector business development and;
   - Improve DBK's profitability.

b. Management and the Board realised that these long-term objectives and priorities can be achieved if the latest market trends and socio-economic-political environment shaped by Government and donor decisions and support so far are factored in our planning processes.

c. To support the above objectives, our immediate priorities for 2026-2028 will be:

   - to secure funding from both Government and donor funding agencies;
   - improve and strengthen our lending and loan recovery processes;
   - improve the competitiveness of our loan products;
   - strengthening risk management systems;
   - Strengthen DBK's institutional, digital, and capital capacity to deliver climate-inclusive financial solutions for Micro, Small and Medium Enterprises (MSMEs) and women-led enterprise resilience and inclusion; and
   - improve the working environment and conditions for DBK staff.

These priorities will form the basis of operational and institutional changes being planned for the period 2026-2028.

1.2 The nature and scope of the activity to be undertaken

a. DBK is committed to implement activities and strategic actions as detailed in sections 3 to 6 of this document that aim to deliver the stated objectives for the planning period.

b. DBK core business obligations and activities are clearly stated under the DBK Act 1986 (Part II, Function of the Bank, Section 6 a and b); by providing loans to local people to set up new businesses and also provide advice and assistance with a view to promoting the efficient organisation and conduct of primary production or of industrial or commercial undertakings towards enhancing earnings and performance and to satisfy the principal objective under section 5 of SOE Act, 2013.

1.3 The performance targets and other measures by which the performance of the SOE may be judged in relation to its objectives

a. In this planning period, DBK performance will be measured against two broad benchmarks – 1) operational efficiency and 2) institutional efficiency.

b. **Operational efficiency** targets relate to improvements in areas of lending, product expansion and creating and improving the DBK's relations with its partners. In summary, performance will be assessed against:

- 7 lending targets,
- 1 product expansion targets and,
- 2 advancing partnerships targets

c. **Institutional efficiency** relates to improvements in financial performance, human resources, and corporate responsiveness. Our performance will be measured in relation to:

- 2 financial efficiency targets
- 4 human resource development targets and,
- 3 corporate responsiveness targets.

1.4 Statement of financial performance

DEVELOPMENT BANK OF KIRIBATI
Projected DETAILED INCOME & EXPENDITURE STATEMENT
FOR THE YEAR ENDED 2025 – 2026

As shown in **Table 1**, DBK's total income for 2025 is projected at $3.61 million, from interest income of $2.73 million, loan fees of $773,743 and other income of $113,022.

Total expenditure at end for 2025 is estimated at $2.75 million, driven largely by staff costs of $1.84 million, resulting in a net profit of $863,618.

In **2026**, total income is expected to improve to $4.47 million with higher interest income of $3.40 million, but net profit reduces to $849,749 due to increased expenditure **of** $3.62 million. This rise reflects higher staff, general operating, and non-cash expenses to support growing operational needs.

Table 1	**2025**	**2026**
Interest Income	2,725,897	3,403,200
Loan Fees	773,743	969,040
Other Income	113,022	96,200
Total Income	**3,612,663**	**4,468,440**
Staff costs	1,842,787	2,162,112
Office operating Expenses	116,948	276,420
General operating Expenses	614,701	706,852
Fees and services expenses	11,901	15,276
Non- cash Expenses	162,708	458,032
Total expenditure	**2,749,045**	**3,618,691**
Operating profit/(loss) before Tax &PPI	**863,618**	**849,749**
Less: Income Tax	-	-
Prior Period Items	-	-
NET PROFIT/(LOSS)	**863,618**	**849,749**

1.5 Statement of financial position

DBK's financial position remains strong. Net Worth (Total Equity) of $21.66 million in 2025 is expected to increase to $24.35 million by the end of 2026 — an improvement of approximately 9%. The increase is driven mainly by higher current assets, anticipated additional paid-up capital, and growth in the Educational Loan Scheme. These improvements continue the Bank's positive financial trajectory in recent years (see Table 2).

Table 2.

Details	**2025**	**2026**
Current Assets	27,115,468	29,514,079
Less: Current Liabilities	1,110,217	642,617
Working Capital	**26,005,251**	**28,871,462**
Add: Non - Current Assets	505,940	5,302,274
Less: Non - Current Liabilities	4,825,021	9,825,021
Net Worth	**21,686,170**	**24,348,715**
Represented by:		
Paid up capital	4,939,940	5,939,940

Assets Replacement Fund	212,974	237,481
Accumulated Profit	11,145,266	11,537,986
New Zealand Grants	66,082	66,082
Educational Loan Scheme	5,267,226	6,867,226
Artisanal Fisheries Project	500,000	500,000
Total Equity	**21,686,170**	**24,348,715**

1.6 A Statement of Financial Borrowing

Details of external borrowing by DBK is provided in **Table 3** below.

Table 3

External Parties	Year of Loan	Loan amount	Term of loan	Interest rate	repayment	Loan balance
Government Loan (ADB)	1991	1,325,000	10 years	6%	162,000	1,325,000
KPF Outstanding loan	2008	993,937.50	3years	nil	331,312.50	645,938
Government Loan	2020	3,500,000	5 years	1%	To be agreed	3,500,000

KPF Loan: The first portion of the KPF loan has been fully cleared. The remaining portion, which was initially agreed to be financed through Government funding, amounts to $993,937.50. In response to KPF's request for settlement and acknowledging that Government assistance is currently unavailable, the Board has approved commencing repayment of this outstanding loan. The current outstanding balance stands at $645,938 and is expected to be fully repaid by 2027.

Government Loan (ADB): This was ADB loan to Government in 1991 and then on-lent to DBK at an interest rate of 6% per annum for a period of 10 years. Given this was an old loan hence DBK has requested Government consideration for its treatment as equity contribution rather than loan.

Government soft loan (stimulus loan): The loan was provided to DBK to assist the private sector during the Covid Pandemic in 2008. Total loan received was $3.5million and charged interest rate at 1% per annum with a term of 5 years. DBK is expected to start repaying this loan at the end of 2026.

1.7 A Statement of Anticipated Borrowing

a. During the current planning period, DBK anticipates securing external financing from either the Government or other Donor agencies, including the Kiribati Provident Fund. The total amount to be borrowed is projected at $6.5 million. Of this, $5 million will be allocated toward the construction of DBK's new office building, while the remaining $1.5 million will support the expansion of its loan operations.
b. The estimated cost of the new office building is $7 million, indicating that DBK will contribute $2 million from its own funds to cover the funding gap. This investment

reflects DBK's commitment to strengthening its infrastructure and operational capacity to further improving its services to its clients, provide support to its staff and the whole public at large.

c. Details of DBK's existing loan obligations can be found in Section 7.4 of this document.

1.8 The Accounting Policies

a. Recommended accounting policies by the Audit Department for DBK to comply with and are readily available for use include the following;

- The International Financial Reporting Standard (IFRS)
- General Accepted Accounting Principles
- DBK accounting policy
- Depreciation Policy
- Asset Disposal Policy

The establishment of a fraud policy is another key policy recommended. Although DBK currently lacks such a policy, its development will now be incorporated into the organisation's activities, with a target completion date of 2026. The implementation strategy involves two main options: hiring a Technical Assistant (TA) or delegating this responsibility to Management for completion within the same timeframe.

1.9 Whether DBK anticipates that it will generate a return that covers the cost of Capital, and if not, why not

1.9.1 Expected Return and Cost of Capital

DBK anticipates generating returns that exceed the cost of capital, consistent with the long-term financial sustainability requirements for State-Owned Enterprises (SOEs) as mandated under Section 5 of the SOE Act 2013. DBK's commitment to this principle is demonstrated by its improving financial performance in recent years and its continued achievement of core financial targets, including in the current year.

1.9.2 Dividend Principles

During the planning period, DBK does not anticipate the payment of annual dividends. In line with a **no-dividend policy**:

- No dividend will be distributed to the Government as sole shareholder.
- All profits will be retained and reinvested to strengthen DBK's capital base and expand future lending operations.

This approach supports DBK's strategic objective to enhance its long-term financial capacity to provide sustainable development finance.

Additionally, DBK currently holds outstanding loans from the Government. As part of its long-term capital strategy, DBK may consider commencing repayments when its financial position allows or explore alternative arrangements such as conversion of Government loans into equity, subject to mutual agreement and policy considerations. This would further reinforce DBK's capital structure and support national development priorities.

1.10 Any activity which DBK requests or has agreed to be treated as a CSO.

a. In 2011, DBK submitted a request for a Community Service Obligation (CSO) to support the unprofitable operations of its agencies located on the outer islands. Unfortunately, this request was not approved. Since then, DBK has shifted its approach, seeking Government support through formal project-based funding proposals rather than CSO mechanisms.

b. This year, securing funding for the construction of DBK's new building has been identified as a strategic priority. A formal request—either for a grant or a concessional loan—will be submitted to the National Economic Planning Office (NEPO) under the Ministry of Finance and Economic Development for consideration. In addition to Government support, DBK is actively engaging with other development partners and donors to mobilize the financial assistance it urgently requires.

c. Kiribati Provident Fund (KPF) has been identified as one potential funding Agency which has also expressed readiness to consider DBK's proposal once it is formally submitted. This interest reflects growing confidence in DBK's institutional development and its role in promoting inclusive economic growth. DBK will continue to pursue its partnerships with both domestic and international stakeholders to ensure the successful implementation of its infrastructure and service delivery goals

1.11 Any other matter as agreed by the responsible Minister and the Board.

a. The Development Bank of Kiribati (DBK) is committed to fostering stable economic growth as a means to improve the living standards of the people of Kiribati. In alignment with this mission and in response to Government directives, DBK has approved reductions in interest rates for several key sectors. These include fishing, tourism-related ventures, housing loans, and agricultural projects—areas deemed vital for inclusive development and long-term sustainability.

b. Furthermore, the Government has recently released its new manifesto for the 2025–2029 period, outlining ambitious plans to uplift grassroots communities. DBK is expected to play a central role in financing a range of community-focused initiatives. These include loans for household sanitation (such as toilets), affordable home loans, Church and Community infrastructure, seawall construction, and other climate resilience projects. These efforts are designed to address pressing social and environmental challenges while promoting equitable access to financial services.

c. While the exact level of Government funding for these initiatives is yet to be determined, any financial injection will significantly enhance DBK's cash flow and expand its lending portfolio. This partnership underscores DBK's evolving role as a key development finance institution supporting national priorities and community well-being

2 MANDATE AND POLICIES GOVERNING THE DEVELOPMENT OF THE STATEMENT OF INTENT

2.1 Ownership Guidelines

a. DBK as an SOE is expected to operate as a successful and sustainable business and also efficient and effective as a comparable business that is not owned by Government. DBK is also expected to be profitable and be able to meet the expectation of the owner and also from existing and prospective clients.

2.2 Obligations under the Kiribati Development Plan/KDV or similar

a. DBK obligation under the KDP/KV20 include the following.

- Generate employment
- Stir and generate business activities in Kiribati
- Reduce poverty
- Provision of affordable loans for all
- Fair distribution of wealth

2.3 Mandate

a. DBK operation is governed under these Acts.

- The Development Bank of Kiribati Act 1986, and
- The State-Owned Enterprises Act 2013.

2.4 Purpose of the State-Owned Enterprise

Vision: "BECOME A LEADING BANKING SERVICE PROVIDER IN KIRIBATI"

Mission

We believe our ability to become a leading banking institution depends on our willingness to transform ourselves and embrace change. DBK mission as such will be to:

> *"TRANSFORM DBK SO IT IS ABLE TO PROVIDE ECONOMICALLY VIABLE AND COMPETITIVE BANKING SOLUTIONS THAT SERVE THE NEEDS OF All I-KIRIBATI CITIZENS"*[1]

Values

In support of DBK VISION and MISSION we will emphasize 6 corporate values that will act as pillars in defining our business relationship with clients. These are:

- **Responsiveness** to the needs of clients and development aspirations of I-Kiribati people.

[1] subject to Financial Institution Acts approval that are now under consideration". The Financial Institution Act has been approved by Parliament in 2021 and expected to be implemented in 2023.

- **Adherence to the highest professional and ethical standards** for the organisation, our programmes and public relations.
- **Outstanding leadership and service** based on information and knowledge sharing and through increased community participation.
- **Commitment to partnerships** with Government and other key institutions and.
- **Accountability and focus on results** by defining clear objectives, organising work and resources to achieve them, and to comply with statutory reporting requirements.
- **Integrity** or of being honest and having strong moral principals

2.5 CORE business

The functions of the DBK as stated in the DBK Act 1986 are –

a) to provide finance by making loans to any person in accordance to prevailing lending policy guidelines–

- for purposes of primary production; or
- for the establishment, development, or acquisition (in whole or in part) of industrial or commercial undertaking; and

b) to provide advice and assistance with a view to promoting the efficient organisation and conduct of primary production or of industrial or commercial undertakings.

3 PLANNING INPUTS

3.1 Profile / Overview of the Business & Assessment of Recent Results

3.1.1 DBK was established by the Government of Kiribati in accordance to the Development Bank of Kiribati Act 1986 (the Act) and came into operation on 1 August 1987. Its purpose under the Act is to assist Government in generating economic growth and will contribute to the welfare and uplift standards of living of the I-Kiribati people nationwide.

3.1.2 As a financial institution, DBK provides loans and advisory services to the private sector to enable them set up viable businesses. DBK loan products falls under these categories including business loan, stimulus loan, home loan, rural support loan, and energy efficiency representing 43% of total portfolio of $28.3m. A significant portion of loan portfolio is directed also at meeting personal needs representing 40% and the remaining 17% represented student loan portfolio. While DBK's main activities are located in Tarawa, a considerable number of projects about 26% (1175 projects in total) are undertaken in the outer islands and 9% at its Branch on Kiritimati Island.

3.1.3 DBK performance has been satisfactory so far. Loan portfolio currently grew at a steady rate of 6% from January 2025 with active portfolio of $23.5m to $25.1m at end of September 2025. At this rate lending portfolio is expected to reach a record amount of $25.4m at the end of 2025. Repayments and loan collections played an important role in this growth and had continuously improved every year with average collection this year 2025 of $990. Strategies to improve collection are continuously implemented as part of DBK attempt through its lending policy to minimise loan arrears. This is discussed further in section 3.1.5 below.

Government had provided DBK with a Stimulus loan and this had helped in improving cash flow for funding of commercial projects. Given this factor, financial performance had improved and at this rate, actual results are expected to exceed budget at the end of this year.

3.1.4 DBK must continue this momentum so that all people in Kiribati are assisted through its services and leaving no one behind. A review of its existing products is therefore required to ascertain their continuity or to drop them if no longer viable and be replaced with new products considered beneficial for all existing and potential clients. New products as additions to options available for clients to embark on is also important and therefore continuous research into new businesses should be maintained.

3.1.5 Late repayments would remain a challenge for DBK. These are loan arrears from the active loan portfolio ($0.9m), non-performing loans ($3.2m) and hardcore loans (0.1m) portfolios. In total they represented about $4.2million of total portfolio. This is a lot of money adequate to finance DBK further operation. However, these funds are tied up in non-performing loans with recovery status different for each respective portfolio. Strategies have been executed to recover them which include; debt collection, pursing recovery in court but those who are no longer recoverable due to reasons principal client had died or projects were in the hardcore and have ceased to operate and therefore must be written off. The Non-Performing Loans accounts for 12% of DBK total portfolio of $28.3 at end of September 2025.

3.1.6 DBK's employees are its most important asset. The ability to hire and to retain skilled employees will enhance the Bank's ability to achieve institutional transformation necessary for the attainment of the Bank's vision and mission. DBK is committed to human resource improvement. The Bank's training policy already approved will be continuously reviewed, and training considered crucial to the development of staff and DBK as an institution, will be pursued as a continued priority by DBK.

3.1.7 Effort will also be made to address funding issues. This will include greater effort directed at the utilisation of external funding sources as an alternative to internal sources. Rewards and compensation policies also need revisiting and improvement and like the Bank's training requirements, will also become a priority during the 2025-2027 planning period.

3.1.8 A summary update on results, plan, and variance for 2025 is in Table 4 below.

Table 4: Performance Update

Targets and Measures	*Progress to date*	*Comments*

Lending	1. Loan approval and disbursement of $1million per month	Disbursement target met for most months. Total disbursement to September was $7.96m	Target met by 88%
	2. Review interest rate & fees	Review completed	Review approved and implemented
	3. Review all loan products to ensure competitiveness	Review completed	Review approved and implemented
	4. Institutionalise stringent control on new loans	Control on all new loans completed	Control on all loans maintained
	5. Arrear's rate of less than 3.0% per annum	Arrears rate achieved at end of September 2025 was 3.0%	Target met. Strengthened effort ongoing
	6. Hard core loans reduced to zero	At the end of September 2025 hard core loans amount $137,854	Target not met. Write off proposals will be submitted for approval in last quarter
	7. Reduce past due loan portfolio from $2.6m to $2m at end of year	At end of September 2025 past due loans has increased to $3,196,207	Target not met. Write off proposals will be submitted for approval in last quarter.
Product Expansion	8. Savings Product and Money Transfer product.	No progress made	Pending the operation and implementation of the Financial Institution Act.
Advancing Partnerships	9. Active participation in meetings – All	Active.	All meetings attended.

	meetings attended at senior level		
	10. Networking – Expand networking within and outside the region	Active	All local meetings were attended. Meeting of ADFIAP also attended.
Strong financial performance	11. Net profit of $581,480	Net profit at end of September 2025 was $628,924	Performance exceeded Target
	12. Net profit as % of equity of 4.16	3%	Performance is below target
	13. Operating cost as % of revenue of 68.4%	77%	Performance is beyond target. Achievement beyond target is considered unfavourable.
	14. Loans to assets of 98%	92%	Performance within the 90 percentiles considered satisfactory.
Human resources development	15. Training – Complete 2021-2024 training plan	Completed	submitted and implemented
	16. Staff award – reinforced	Successfully carried out	Implemented and maintained
	17. Recruitment and succession – Review existing recruitment & succession policy to ensure efficiency in hiring and retaining competent staff	Completed	Recruitment of agents on outer islands of Onotoa and Marakei. New jobs identified for Kiritimati and Head Office
	18. New Office Building to accommodate new developments	Site identified and land sublease approved	Sublease for site construction application

			submitted and still in progress for approval
Increase Corporate Responsiveness	19. Develop risk management frameworks – Framework developed and implemented	Process on-going	Risk policy reviewed and updated.
	20. Loan processes - `Review loan approval process	Review on-going	One review approved and implemented.
	21. Customer service – Review existing practice and identify improvements	Little progress made. Review on-going	There are still complaints and unsatisfied customers and we are working earnestly to address them.

3.2 Current Situational analysis

3.2.1 Legal & Environmental Issues

DBK operates under a comprehensive legal and policy framework designed to ensure transparency, accountability and is well aligned with national development goals. Key legislative instruments and guiding documents include:

- **DBK Act 1986**: This foundational legislation formally establishes DBK as a corporate entity. It defines the Bank's functions, powers, and internal organizational structure, providing the legal basis for its operations and governance.
- **State-Owned Enterprises (SOE) Act 2013**: Enacted as part of the Government of Kiribati's commitment to strengthening public financial management, this Act sets standards for the oversight, performance, and accountability of SOEs, including DBK. It promotes efficiency, transparency, and responsible stewardship of public resources.
- **Procurement Act 2019**: DBK is required to comply with this Act, which aims to harmonize procurement processes across the public sector. It ensures that public funds are used judiciously, economically, and efficiently, while promoting fairness, competition, and value for money in all procurement activities.
- **Environmental Act 1999**: This legislation mandates the protection of the environment, particularly in relation to waste management. It places a legal obligation on all SOEs and businesses, including DBK, to handle waste responsibly and in accordance with environmental laws and standards.
- **Limitation Act 2004**: This Act governs the time limits for legal actions, including debt recovery. DBK must recover outstanding loans within six years from the date of

default. Any attempt to recover loans beyond this statutory period may be deemed invalid, potentially resulting in financial losses and legal non-compliance.

In addition to these Acts, DBK's internal policies and procedures serve as operational blueprints. They ensure compliance with legal requirements, guide decision-making, and streamline day-to-day activities. Notable examples include:

- **Conditions of Service**: This policy outlines staff responsibilities, working hours, salary structures, leave entitlements, and other employment benefits, fostering a fair and structured workplace environment.
- **Lending Policy**: This document provides detailed guidance on DBK's lending operations, including eligibility criteria, loan terms, and strategies for minimizing arrears and managing credit risk.

DBK also aligns its strategic direction with broader national development frameworks, including:

- **KV20 (Kiribati Vision 20)**: A long-term development blueprint aimed at achieving sustainable economic growth and improved quality of life for all citizens.
- **Kiribati Development Plan (KDP)**: A medium-term planning document that outlines priority areas for investment and policy intervention.
- **Government Manifesto**: A political commitment that shapes DBK's role in supporting grassroots development and delivering financial services aligned with national priorities.

Together, these instruments form a robust governance structure that enables DBK to operate effectively, fulfill its mandate, and contribute meaningfully to the socio-economic development of Kiribati.

3.2.2 Market & Competitor Issues

The Development Bank of Kiribati (DBK) was established to meet the financial needs of the people of Kiribati by providing accessible loan products and business advisory services. Its core mission is to support economic development through inclusive financial solutions tailored to local needs.

DBK plays a vital role in strengthening the private sector, supporting businesses of all sizes—from microenterprises to larger ventures—across the country. Through its outreach programs, DBK extends its services to the outer islands, offering both financing and advisory support to empower entrepreneurs and stimulate local economies.

With a diverse portfolio of loan products and advisory services, DBK is committed to delivering efficient and customer-focused service. The Bank operates a full-service branch in Kiritimati Island and maintains 20 agencies across the outer islands, ensuring broad geographic coverage and accessibility for remote communities.

While DBK is financially stable, it recognizes the need for additional capital to expand into new sectors, develop innovative financial products, and reach underserved segments of the population not currently served by either DBK or commercial banks. This includes grassroots communities and emerging industries with high development potential.

▯ DBK is also committed to embracing technological advancements in the banking sector. It aims to stay at the forefront of digital innovation by introducing modern banking solutions, including digital products and services, to enhance customer experience, improve operational efficiency, and expand financial inclusion.

3.2.3 Market Segmentation

The feasibility study recommends a targeted market segmentation approach to effectively serve underserved and high-potential segments across Kiribati. The proposed segments include:

- **Rural and Outer Islands**: Communities in these regions face limited access to financial services due to the absence or withdrawal of commercial banks, creating a significant market gap that DBK is well-positioned to fill.
- **New Businesses and Emerging Entities**: Entrepreneurs and start-ups in both Tarawa and the Outer Islands often lack adequate financial support from commercial banks. DBK can provide tailored loan products and advisory services to help these ventures grow and succeed.
- **Registered Businesses under the Kiribati Chamber of Commerce and Industry (KCCI)**: These businesses represent a formal and organized segment that can benefit from DBK's stimulus loan products aimed at boosting economic activity and resilience.
- **Government and Private Sector Employees**: Many employees in Tarawa and the Outer Islands remain underserved by commercial banks. DBK can offer personal loan products to meet their financial needs, including housing, education, and emergency expenses.
- **Students**: There is a growing demand for educational financing among students pursuing higher education and vocational training. DBK can support this segment through dedicated student loan products designed to ease financial barriers to learning.

3.2.4 Market Strategy

a. The Development Bank of Kiribati (DBK) has adopted a range of strategic initiatives to market its products and services effectively. These strategies have helped DBK identify key areas for improvement, enhance customer satisfaction, and align its offerings with market needs. In reviewing its competitive positioning, DBK considered various elements of the marketing mix to ensure consistency with its desired brand image and market positioning.

b. This strategic positioning is essential for introducing a modern and professional approach to marketing, guided by the 7 Ps framework: Product, Price, Promotion, Place, People, Process, and Physical Environment.

c. DBK's ongoing efforts to refine its marketing mix include:

- **Product**: DBK offers a diverse range of loan products tailored to different segments of the population. These include the Rural Support Loan, the Stimulus Loan for the business community, the Energy Efficiency Loan for both urban and rural areas, and the Social Development Loan for employees of private businesses. These products are promoted through radio broadcasts, newspaper advertisements, and DBK's official Facebook page to ensure broad outreach and visibility.
- **Place**: DBK maintains a strong physical presence across Kiribati. Its rented office in Bairiki serves as the Headquarters, complemented by a branch in Kiritimati Island and 20 agencies across the Outer Islands. This extensive network ensures that DBK's services are accessible to communities throughout the country. Plans are underway to construct a new office in Bairiki, with the site already confirmed. Construction is expected to begin once the land lease is approved and funding is secured.
- **Price**: DBK's pricing strategy is designed to remain competitive with other financial institutions. Previously, interest rates varied based on the loan amount; however, following a recent review, DBK now applies a uniform interest rate across all loan products, with certain products offered at even lower rates. Administrative fees remain consistent across products but may vary depending on the loan amount.
- **Promotion**: DBK actively promotes its products and services three times annually, coinciding with the sessions of the House of Parliament. During these periods, advertisements are aired over a two-week span at minimal cost. With increased funding, DBK aims to expand its promotional activities and establish a dedicated marketing budget to support regular outreach. Promotional efforts will continue through radio, print media, and social media platforms.
- **People**: DBK's staff are the cornerstone of its operations. Maintaining strong relationships with customers is essential to building trust and confidence in DBK's products. Staff must be well-trained in both new and existing products and services. Ongoing professional development, organizational culture programs, and product knowledge upgrades are critical to delivering high-quality service.
- **Process**: DBK is committed to streamlining its loan approval and disbursement processes. Efforts are underway to reduce processing times and improve efficiency, including for applications requiring Executive or Board approval. Timely submission of required documents by clients and prompt internal processing by DBK are key to minimizing delays.
- **Physical Environment**: The current customer service area accommodates up to eight clients simultaneously, with four booths dedicated to loan applications, two for other departments, a cashier room, and a general inquiry area. In the new office plan, this space will be expanded to serve more clients comfortably and efficiently.

d. DBK's lending budget is expected to increase significantly in 2026, supported by anticipated Government funding or through loan from KPF and others. A $5 million loan is projected to finance DBK's office building construction. Additionally, a further $1.5 million is expected for the Rural Support Loan program. Combined with DBK's existing financial capacity, these funds will enable the Bank to expand its lending operations and complete the construction of its new office building during the 2026–2028 plan period.

3.2.5 People (Staffing) Issues

a. As of 2025, the Development Bank of Kiribati (DBK) employs a total of 71 staff members, comprising 51 women and 20 men. Of this number, 48 are based at the Headquarters in Bairiki, 3 are stationed at the Branch in Kiritimati Island, and 20 serve as resident agents across the Outer Islands. The management team consists of 9 members—4 women and 5 men—reflecting DBK's commitment to gender balance and leadership diversity.

b. Staff recruitment at DBK is guided by a formal recruitment policy that outlines the minimum qualifications required for all positions, from senior management to junior roles. Senior and middle management staff are expected to hold formal qualifications such as diplomas, bachelor's degrees, or master's degrees from recognized tertiary institutions. Junior staff, including watchmen, drivers, and janitors, are required to have completed Form Seven or equivalent. A preliminary assessment for the current planning period indicates a need to recruit three additional staff members in the areas of Business Development, Lending, and Supervision to support DBK's expanding operations.

c. Staff training and development are integral to DBK's human resource strategy, aimed at enhancing individual growth and organizational performance. Training helps employees build job-specific competencies and broaden their understanding of related functions. Safety training is also a priority, equipping staff with the knowledge to use protective equipment and avoid workplace hazards such as accidents and fire. While beginner-level safety training was conducted in 2022, advanced safety training was not feasible in 2024 and is now scheduled for implementation during this planning period.

d. Kiribati has limited training institutions capable of delivering specialized programs in areas such as finance, registry, and risk management. DBK has partnered with local institutions including the University of the South Pacific (USP) Kiribati Campus and the Kiribati Institute of Technology to provide foundational training. For more advanced or specialized training, staff are sent on attachments or workshops to neighbouring Pacific countries. These exposures are essential for building confidence and equipping staff with the skills needed to meet professional standards.

e. To date, most training has been conducted on the job, particularly for staff at Headquarters and agents on the Outer Islands. Senior staff visiting the Outer Islands are responsible for training agents in areas such as loan collection, recovery, and business development research. When agents travel to Headquarters on leave, they also undergo refresher training before returning to their respective islands, ensuring consistency in service delivery.

f. DBK supports staff in pursuing formal qualifications through its structured training plan. Employees are encouraged to self-fund their studies, with reimbursement provided upon successful completion of courses. Staff are also urged to apply for external funding from Government or development partners. If such funding is secured, the training is classified as in-service, entitling the employee to continued salary payments and other benefits such as housing allowances during the study period.

g. In addition to external opportunities, DBK maintains a dedicated training fund to support undergraduate and postgraduate studies for eligible staff. However, employees are encouraged to first seek external scholarships, such as those offered by the Public Service Office (PSO), before accessing DBK's internal funding. To qualify, staff must have successfully completed at least six 100-level courses at USP or another recognized tertiary institution, and the proposed study must align with DBK's training plan.

3.2.6 Physical & Equipment Issues

a. DBK Office and Residential Quarter

- The Development Bank of Kiribati (DBK) currently operates from a rented space in Bairiki, provided by the Kiribati Provident Fund. DBK occupies the entire first floor of a two-storey building, which was adequate at the time of relocation in 1991. However, with the growth of the Bank's operations and staff over the years, the space has become insufficient to accommodate current needs and future expansion. Additionally, the building does not meet modern accessibility standards that support inclusion strategy, making it difficult for clients with special needs, including persons with disabilities, pregnant women, and the elderly, to access services comfortably and safely.
- In response to these limitations, the Government has approved a parcel of land in Bairiki for DBK to construct and own a purpose-built office. A recent Cabinet decision also granted DBK the authority to lease this land. The process of formalizing the lease agreement with the Lands Department is currently underway, alongside preparations to secure the necessary building permits. Once these approvals are in place, construction of the new office will commence, marking a significant milestone in DBK's institutional development.
- DBK's branch office on Kiritimati Island is a fully owned facility, designed to accommodate three or more staff members and serve the financial needs of residents on Kiritimati as well as the nearby islands of Tabuaeran (Fanning) and Teraina (Washington). The office is spacious, client-friendly, and compliant with accessibility standards, ensuring that all customers can receive services comfortably. In addition to the branch office, DBK owns a residential property on Kiritimati Island specifically built to house the Branch Manager. The residence is comparable to a B-grade unit under the Kiribati Housing Corporation's housing classification, providing suitable accommodation that supports staff retention and operational continuity.

b. DBK offices on Outer Islands

- On the Outer Islands, DBK agencies operate from office spaces provided within Island Council premises. Under existing arrangements, the Councils are responsible for allocating both office space and, where necessary, residential housing for DBK agents. Currently, all agents are employed on a part-time basis, with the exception of the agent on North Tabiteuea, who has been serving in a full-time capacity since her appointment.
- DBK has successfully established agencies on all Outer Islands, ensuring nationwide coverage and access to financial services. The performance of these agencies is monitored through regular reporting to the Headquarters in Bairiki.

These reports cover key operational areas, including loan collections, loan appraisals, and supervision activities, enabling DBK to maintain oversight and ensure service quality across its decentralized network.

c. Office Furniture & Equipment

- The acquisition of office furniture at DBK is conducted in accordance with established procurement processes and procedures. The last major procurement took place in 2016, when DBK acquired new workstations, computers, laptops, and chairs for its staff. As a result, most of the current furniture is now over eight years old and has reached the end of its useful life, warranting disposal and replacement.
- At the Kiritimati Branch, the furniture in use dates back to DBK's previous location, making it more than 20 years old. These items are outdated and no longer meet the functional and ergonomic needs of staff and clients, and therefore require replacement.
- To address these issues, DBK has included in its current planning period a proposal to procure new furniture for both the upcoming Headquarters office in Bairiki and the Kiritimati Branch. This initiative will ensure a modern, comfortable, and efficient working environment that supports staff productivity and enhances customer service.

d. Staff Transport

- The Development Bank of Kiribati (DBK) owns two 15-seater buses that provide daily transportation for staff commuting to and from work on Tarawa. These buses, purchased in 2023, are in excellent condition and continue to support the operational needs of the Headquarters efficiently. In addition to the buses, DBK operates two double-cabin pickup trucks—one assigned for staff transport on Kiritimati Island and the other designated for the Chief Executive Officer's official use.
- DBK's older buses have been sold through a formal tender process. Both pickup trucks have reached the end of their serviceable life and have also been listed for sale via tender, with submissions due by 10 October 2025. To maintain operational continuity, DBK has procured two new pickup trucks—one for use at the Kiritimati Branch and the other as the CEO's transport. The latter may also be used for short-distance runs, including transporting Directors when required

e. DBK Shed

- The shed was built in 2007 to safeguard loan securities when repossessed. Having this built is very important to ensure repossessed securities don't go missing before they are sold and help repay for the problem loans. The Branch and Agencies don't have buildings to house repossessed securities however Agents are expected to look after their repossessed items from wear and tear when they are in their custody.

3.2.7 Product/Service & Supply Issues

a. Lending Operations and Portfolio Management

- The primary function of the Development Bank of Kiribati (DBK) is to provide loans and business advisory services to the people of Kiribati. Funding for these services is sourced through capital injections from the Government, as well as loans from commercial and investment banks. DBK offers a range of loan products specifically tailored to meet the diverse needs of the population.
- These loan products are designed to serve both the employed and unemployed populations across South Tarawa and the Outer Islands. DBK offers options for commercial and non-commercial purposes, ensuring that individuals and businesses can select loan products that best suit their financial needs and circumstances.
- DBK continues to strengthen its loan screening and approval processes to ensure hat all approved applications meet the specific criteria for each loan product. To minimize risk, all loans must be fully secured with high-grade (Grade A) collateral such as land titles, Kiribati Provident Fund (KPF) pledges, or other easily liquidated securities. Additionally, loans—particularly Social Development Loans—must be supported by employed guarantors who can repay the loan through salary deductions. Loan terms may be short-term (1 to 2 years) or long-term (3 years and above), with repayment schedules carefully structured to align with projected monthly cash flows. Accurate cash flow forecasting is essential for managing loan performance and ensuring the sustainability of DBK's lending operations.
- DBK has successfully maintained an active arrears rate below 3% throughout 2025, significantly lower than the regional benchmark of 10% for development banks. This indicates that, on average, only 3% of newly financed loans are expected to default. For the 2026–2028 planning period, DBK aims to maintain or further reduce this arrears rate.
- The Bank also maintains a provision for doubtful loans at a rate of 5% on a rolling basis. This means DBK proactively anticipates and accounts for potential loan defaults within this threshold, ensuring financial resilience.
- Non-performing loans (NPLs) currently account for over 12% of DBK's total loan portfolio. While this figure is gradually decreasing due to targeted recovery strategies implemented during the year, the pace of reduction remains slow. At the current rate, it may take several years to fully recover the outstanding portfolio. To address this, a dedicated Legal Department, led by a Legal Officer and supported by two staff members, are working tirelessly around the clock to facilitate loan recovery through legal proceedings.
- New strategies to address non-performing loans will be incorporated into the 2026–2028 strategic plan. The slow recovery rate of NPLs continues to impact DBK's cash flow and operational funding, posing a challenge to long-term sustainability. Several key factors contribute to the difficulty in recovering non-performing loans:

b. Court Processes – A number of loan recovery cases remain pending in the High Court. The lengthy process from filing to hearing significantly delays recovery efforts. It is anticipated that with the presence of a dedicated Legal Officer will help expedite these proceedings.

c. Limitation Act – Under the current Limitation Act, DBK can only pursue recovery of loans that are less than six years old. Recovering loans beyond this timeframe is legally challenging unless the Act is amended. A proposal to amend the legislation has been submitted, and a Cabinet decision is currently pending.

d. Deceased Clients and Migration – Loans held by deceased clients or those who have migrated overseas also contribute to the arrears and NPL burden. Recovering debts from deceased clients through the courts is often unfeasible, necessitating write-offs. For clients who have migrated, legal recovery is not possible due to jurisdictional limitations. DBK must wait for these individuals to return to Kiribati before initiating legal proceedings.

3.2.7 Business Systems & Other Resources

a. Loan System

- Over the years, the Development Bank of Kiribati (DBK) has utilized various loan management systems to support its lending operations. These systems were acquired from overseas suppliers, beginning with FoxPro, which was procured from New Zealand in 1991. In 2012, DBK transitioned to the Loan Management System (LMS), a digital platform designed to automate every stage of the loan lifecycle. LMS was acquired from Software Factory Limited (SFL), a registered company based in Fiji.
- In 2019, DBK replaced LMS with Loan Plus One (LP1). While LP1 shares many features with LMS, it offers enhanced functionality that better supports DBK's lending and disbursement processes. Notably, LP1 includes the capability to generate and print cheques directly from the system, eliminating the need for pre-printed ANZ cheques. However, this feature was never utilized due to DBK's adoption of ANZ's transactive payment system, which is now the standard for processing payments.
- During the year, issues related to credit balances and refund requests have significantly improved. Clients with outstanding credit balances were able to receive timely refunds once their loan accounts were reconciled and confirmed as cleared. Reconciliation officers are responsible for daily reconciliation of credit balances, ensuring salary deductions are ceased upon loan clearance before processing refunds.
- LP1 includes built-in reconciliation templates that streamline the refund process. Reconciliation staff have received training on how to use these templates effectively. With increased confidence and proficiency, staff are now able to reconcile loans more efficiently, reducing delays in refund processing and the cessation of salary deductions.
- Despite these improvements, LP1 still presents unresolved issues that limit its effectiveness. Due to ongoing uncertainties with the system, it has been recommended that DBK procure a new, more comprehensive loan and accounting system capable of addressing these challenges. The proposed system, ABANX—developed by the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP)—is scheduled for procurement and trial in 2025, with full implementation expected during the 2026–2028 planning period.

b. Cloud Computing System

- DBK continued to use cloud computing system as another alternative for storage of its data through the clouds or internet. The current storage facilities used was enough making the use of a separate server at the CEO house no longer required. The cloud saving facility is currently hosted by IP1 but with a cost. this plan DBK will be able to reduce costs, maintain continuity, and flexibility of work practices.

c. Communicating with Branch and Outer Island Agencies

- DBK had a Branch on Kiritimati Island and 20 agencies on all the Outer Islands. Agency on Banaba was the last agency to be established at the beginning of year 2022.

- Branch staff had computers and laptops to work with and to report and submit their daily returns. Agents on the other hand were provided with tablets for them to use in communicating their daily returns and other requirements to Headquarters. This had made communication easier and faster in terms of submission of returns and other required information. In 2025 DBK had procure laptops for agents for work and to communicate with Head Office.

3.3 Summary, Business Risks and SWOT analysis

A summary of identified business risks with mitigating strategies following on from 3.1 and 3.2 is in Table 5 below.

Table 5.

Business Risks	Mitigating Strategies
1. Limitation Act 2004 existence	i. Amendment of DBK Act to exempt it from the limitation Act.
2. High rate of non-performing loans.	i. Amendment of DBK Act to enable recovery of loans beyond 6 years. ii. Continue recovery of non-performing loans and repayments of active loans through collections and court proceedings.
3. Loan Funding issues	i. Recover non-performing loans ii. Collection of outstanding loans iii. Process funding requests through Government or Fund Donors
4. Limited Loan products	i. Review of existing loan product ii. Introduction of new loan products
5. Unstable Business systems & poor communications	i. Update system with latest technology ii. Secure fast internet from internet providers to avoid problems that may be encountered as a result from internet failure.

6. Staff Training and development	i. Provide on the job training ii. Training with other banks iii. Training at tertiary institutions
7. Limited space or room for further developments	i. Build new office

3.4 Leading to Specific Challenges and Focus of Planning Period

Key Challenges to focus in this planning period were identified in 3.3 and extremely aware that these challenges would not be easy. These are discussed in detail below.

- Additional funding for loan operation. For the portfolio to continue growing with new sectors explored depend on new funding or from regular loan repayments from clients. Failure by clients in making regular repayments do affect the loan processing cycle and growth of portfolio. Some options to consider improving this situation would be implementing new strategies in the recovery process and source funding as a loan from Government, seeking Government project funding and seek grant funding from development partners and Fund Donors.

- Non-Performing loans. This represents 12% of total portfolio and should be controlled to a manageable level. Part of this effort was to ensure good loans don't drift to the non-performing category and streamlining the lending process is one good example on how we effectively stop this drift. Another effective method is to amend the DBK Act to exempt it from the limitation Act 2004. In doing this would assist greatly in the recovery of these loans.

- Limited loan products. DBK loan products are considered exclusive as they don't cover all or the wider population. There are people in Kiribati who are not covered as they are considered risky clients and would remain not covered unless Government is ready to provide in this area. Risky clients for DBK are those without loan securities and capital to start business with. For them to be assisted Government should establish a guarantee corporation to assist these people so they can at least be assisted with their loan needs and requirement.

- Unstable Business Systems & Poor communication. Existing system needs upgrading to take DBK to the next level and to align DBK with other Development Banks in the region. A new system is needed to replace the current one believed to be problematic and a search for a new supplier for a more efficient and reliable system has been concluded with ABANX selected and will be trialled later in 2025.

- Communication with agents on the outer islands has been improved now that they have been provided with iPads for communication purposes. There is a plan in 2025 for these agents to use the laptop so they can start feeding the loan system. These laptops have been acquired in 2025 and distributed to agents for use so communication continues and agent's targets are achieved.

- Staff Training and Development. Training is an on-going process to keep staff abreast and up to-date with new technologies and other relevant skills required for the job. DBK staff will continue to be trained on the job, assigned on work attachments with regional and overseas Development Banks and, and through tertiary training locally and overseas.

- Infrastructure Development. The DBK proposed new office building will now be built near Tokatarawa Maneaba at the same location where it current shed is built. The area identified is considered small to accommodate the new building and so the authority concerned had agreed to extend DBK land further south into the planned car park area. Application for sublease with the Land Department has been approved and formalising this is in progress. Once this sublease documents are signed DBK will embark on the construction process. Funding is another issue that could delay the construction process and, in this regard, DBK to start looking for donors to secure funding of this building construction not only form Government but also eyeing funding from KPF.

4 PLANNING PERIOD OBJECTIVES

4.1 Statement to reconcile the key challenges from section 3.4 to identify planning period Objectives

Given the key challenges identified in 3.4 DBK focus for the plan period 2026 – 2028 will be in these areas.

- Lending: Over the long term, financial resources available for lending needs to be increased to match the excess demand for loans and to ensure funding is available for both social and development lending.
- Product Expansion: There is pressure for DBK's presence in the provision of other banking services, most notably deposit and saving services. Such a move is of strategic importance to the Bank's ability to raise funds and will be considered during the plan period.
- Advancing Partnership; As a long-term target, DBK will emphasize partnerships as the basis for its operations. These partnerships will be used to mobilise financial resources, leverage the power of knowledge, and put DBK's abilities to wider and better use.
- Strong Financial Performance: We believe that strong financial performance is the basis of any successful organisation. In the past DBK being an institution involved in development work has largely been excused from the need to make profit. This has been, in a way, to the disadvantage of the Kiribati Government (the sole owner). DBK draws on the belief that the Bank can still achieve its developmental goals and at the same time make profits.
- Human Resource Development; DBK is committed to human resource improvement. Staff training is crucial to the development of staff and DBK as an institution and will be pursued as a priority by DBK. Reward and compensation

policies also need revisiting and improvement and, like the Bank's training requirements, will also become a priority during the plan (2026-2028) period.

- Increase Corporate Responsiveness; We believe increased level of corporate responsiveness needs to be established and maintained. This is supported by clients expressing a desire for the Bank to streamline business processes. DBK will consider systems and processes which are both efficient and cost effective.

4.2 Clear Statement of Objectives to accomplish by the end of the Planning Period

Table 6

	Objectives for the Planning Period
	Lending.
A	Maintain Loan Approval and disbursement at $1m
B	Review all loan products to ensure competitiveness
C	Review interest rates and fees to generate more income
D	Institutionalize stringent control on new loans
E	Reduce arrears rate to 3.0% or below for active loans.
F	Reduce past due loan portfolio of 3.2m to $2m at end of year.
G	Reduce hardcore loans to zero at end of year.
	Product Expansion
H	Explore new products for approval and implementation
	Advancing Partnership
I	Active participation of DBK in ADFIP and ADFIAP meetings
J	Expand Networking
	Increased Financial Efficiency
K	Increase profitability and liquidity
L	Source funding for DBK building construction
	Human Resource Development
M	Complete and implement a 3-year training plan
N	Monitor staff attendance and performance
O	Improve Human Resource Department database systems
P	Build new office to accommodate new developments
	Increase corporate responsiveness
Q	Implementing risk management system
R	Improve loan approval and disbursement system
S	Identify and implement customer service improvements.

5 STRATEGIC ACTIONS TO SATISFY OBJECTIVES

5.1 Identify 1 – 5 key strategies that aim to meet each Objective and that are specific actions and tasks, clearly stating who is responsible and what resources are allocated to the tasks.

Table 7

	Strategic Actions	**Who**	**Resources**
	LENDING		

Objective A	**Maintain Loan Approval and disbursement at $1m**		
Strategy 1	Process loan applications for approval	Loan Officer Lending Manager	Loan officers Loan funds availability
Strategy 2	Process disbursement of approved loans	Loan Officer Payment Cashier	Loan officers Loan funds availability
Objective B	**Review all loan products to ensure competitiveness**		
Strategy 1	Prepare report on all loan products reviewed.	Business Development Manager	
Objective C	**Review interest rates and fees to generate more income**		
Strategy 1	Prepare Board review on interest rate and fees	Business Development Manager.	
Objective D	**Institutionalize stringent control on new loans**		
Strategy 1	Produce monthly update on all processed loans	Lending Manager	
Strategy 2	New loans checked for compliance prior to approval	Lending Manager	
Objective E	**Reduce arrears rate to 3.0% or below for active loans**		
Strategy 1	Collection of arrears on active loans	Loan supervision and recovery officers (LRSO)	Transport for visitation Travelling funds
Objective F.	**Reduce past due loan portfolio of 2.6m to $2m at end of year.**		
Strategy 1	Pursing court cases on non- performing.	Legal officer	Training LRSO in court proceedings
Strategy 2	Collection on non-performing loans	Legal officer	Transport for visitation Travelling funds
Strategy 3	Sale of Land Securities	Legal officer	Funds for advertisement
Objective G	**Reduce hardcore loans to zero at end of year.**		
Strategy 1	Prepare Board paper to write off all hardcore loans	Legal Officer	
	PRODUCT EXPANSION		
Objective H	**Explore new products for approval and for implementation**		
Strategy 1	Prepare update on new products for Board approval	BDM	
	ADVANCING PARTNERSHIP		

Objective I	**Active participation of DBK in ADFIP and ADFIAP meetings**		
Strategy 1	Prepare reports on meetings attended for ADFIP and ADFIAP	Assistant Chief Executive Officer (ACEO) Chief Executive Officer (CEO)	
Objective J	**Expand networking**		
Strategy 1	Provide updates on meetings attended locally and overseas	BDM, ACEO, and CEO	
	INCREASED FINANCIAL EFFICIENCY		
Objective K	**Profitability and liquidity**		
Strategy 1	Provide updates on financial ratios: • Nèt Profit • Net Profit as % of equity • Operating cost as % of revenue • Loans to assets	FM	
Objective L	**Source funding for DBK Office building**		
Strategy 1	Complete Cabinet submission or Pro-doc for funding operation	CEO/BDM	
	Human Resource Development		
Objective M	**Complete and implement a 3-year training plan**		
Strategy 1	Provide quarterly progress update on the training plan	Human Resource Manager (HRM)	
Objective N	**Monitor staff attendance and performance**		
Strategy 1	Provide fortnightly staff attendance record for payroll system	HRM	
Strategy 2	Prepare monthly staff performance appraisal report	HRM	
Objective O	**Maintain effectiveness of Human Resource Department systems**		
Strategy 1	Regular use of the systems (filing, human resource database).	HRM	
Objective P	**Build new office complex at current shed site to accommodate new developments**		
Strategy 1	To engage a multi-sectoral working committee to look into building construction	BDM, ACEO/CEO	
Objective Q	**Implementing risk management system**		
Strategy 1 Strategy 2	Provide update on loans written off and transfers to past due and back to active in conjunction with the revised credit risk policy To complete a draft on the fraud policy as part of the implementation of the risk management system.	LC/LRSM/CEO	

Objective R	**Improve loan approval and disbursement system**		
Strategy 1	Provide update on loan approval and disbursement on monthly basis.	LM	
Objective S	**Identify and implement customer service improvements**		
Objective 1	Train staff on good customer service practices	HRM	

5.2 Support this by a concise statement linking other aspects of the "business as usual" approach identifying the other aspects of the business that contribute to earnings.

6 PERFORMANCE MEASURES

6.1 Identify 1 – 5 SMART KPI's that relate specifically to each strategy:

Table 8

	Strategic Actions	Measure	When
	LENDING		
A	**Maintain Loan Approval and disbursement at $1m**		
1	Process loan applications for approval	Number of loan applications	Jan – Dec 26
2	Process disbursement of approved loans	Number of approved loans disbursed	Jan – Dec 26
B	**Review all loan products to ensure competitiveness**		
1	Prepare report on all loan products reviewed.	All loan products reviewed reported	1st Quarter
C	**Review interest rates and fees to generate more income**		
1	Prepare Board review on interest rate and fees	Interest rate and fees reviewed and submitted	1st quarter
D	**Institutionalize stringent control on new loans**		
1	Produce monthly update on all processed loans	Number of updates on processed loans	Jan – Dec 26
E	**Reduce arrears rate to 3.0% or below for active loans**		
1	Collection of arrears on active loans	Value of arrears collected on active loans Number of active loan accounts collected	Jan – Dec 26
F.	**Reduce past due loan portfolio of 2.6m to $2m at end of year.**		
1	Pursing court cases on non- performing.	Number of cases non-performing	Jan – Dec 26

		loans processed in court	
2	Collection on non-performing loans	Value of collection on non-performing loans processed in court Number of non-performing loan account collected.	Jan – Dec 26
G	**Reduce hardcore loans to zero at end of year.**		
1	Prepare Board paper to write off all hardcore loans	Number of hardcore written off. Value of hardcore written off.	1st quarter
	PRODUCT EXPANSION		
H	**Explore new products for approval and implementation**		
1	Prepare update on new products for Board approval	Update on Savings product submitted and approved	2nd quarter
	ADVANCING PARTNERSHIP		
I	**Active participation of DBK in ADFIP and ADFIAP meetings**		
1	Prepare reports on meetings attended for ADFIP and ADFIAP	Number of reports submitted	10 working days after returning from the meeting
J	**Expand Networking**		
1	Provide updates on meetings attended locally and overseas	Reports on meetings attended locally and overseas	10 working days after attending meeting or returning from the meeting.
	INCREASED FINANCIAL EFFICIENCY		
K	**Profitability and liquidity**		
1	Provide updates on financial ratios: • Net Profit • Net Profit as % of equity • Operating cost as % of revenue • Loans to assets	Monthly report on ratios completed	Jan – Dec 26
L	**Source funding for DBK Construction project**		

1	Complete Loan Funding proposal	KPF loan proposal paper completed	January 2026
M	**Complete and implement a 3-year training plan**		
1	Provide quarterly progress update on the training plan	Number of updates on training plan	Jan – Dec 26
N	**Monitor staff attendance and performance**		
1	Provide fortnightly staff attendance record for payroll system	Number of attendance records for payroll system	Fortnightly Jan – Dec 26
2	Prepare monthly staff performance appraisal report	Number of appraisal reports	Jan – Dec 26
O	**Maintain effectiveness of Human Resource Department systems**		
1	Regular use of the systems (filing, human resource database).	Number of days systems is tested and used	Daily Jan – Dec 26
P	**Build new office complex to accommodate new developments**		
1	To continue engaging a multisectoral working committee to look into building construction	Working committee engaged	Jan – Dec 26
Q	**Implementing risk management system**		
1	Regular review and update of the credit risk management policy for compliance.	Update review report completed	1st quarter
2	Draft and complete DBK Fraud policy	Policy completed	2nd Quarter
R	**Improve loan approval and disbursement system**		
1	Provide update reports on loan approval and disbursement for information	Board information paper submitted and approved	1st quarter
S	**Identify and implement customer service improvements**		
1	Train staff on good customer service practices	Staff training on good customer service practices completed	1st quarter

7 SUPPORT FOR GOVERNMENT POLICIES

7.1 Statement of compliance with relevant Government Policies

a. The Development Bank of Kiribati is required to comply to a number of Government policies and pleased to inform that DBK continued effort to abide to these requirements have been fulfilled. They include the following.
   - Complying to Government Manifesto in reducing interest rates for loans in areas of tourism, agriculture, fishing, and home loan.
   - Submission of reports to SOEMAU under the SOE Act,
   - Complying to the Procurement Act and Policy

- Complying to the tax policy, and
- Complying to environment policies involving new loans.

b. DBK needs improvement in areas of risk management, dividend payments, and fraud management and these will form part of the plan for the next three years.

7.2 Statement of Community Services, nature of services and financial claims for CSO support during the planning period

a. DBK did not apply for CSO funding during the plan period 2025 given the uncertainty on services that are or not supported for CSO funding. It must also be noted that just lately Government had confirmed that CSO funding are no longer supported.

a. Funding small loans on the outer islands under its rural support loan package continues to attract outer island entrepreneurs. This is another way to extend and promote DBK services to the people on the outer islands in an attempt to leave no one behind. Loans are charged reasonable interest rate to align these with Government Vision 20 or KV20 and Government Manifesto.

7.3 Statement of Support from Government and / or Development Partners and details of contracts, obligations, and financial impact on business

To reach for higher grounds DBK must work harder to push boundaries and provide solutions to emerging challenges that Kiribati continue to encounter. In doing this DBK to stay tangibly present in improving staff capacity, support sustainable innovative projects, and promote networking with potential project financiers. In 2025 there was no support received from Government as well as from Development Partners. Funding request will be resubmitted and hopefully considered and entertained by those concerned in the next planning period.

7.4 Statements of Financial capacity and details of any external borrowings. Details of external borrowing by DBK is provided in table 9 below.

Table 9.

External parties	Year of loan	Loan amount	Term of loan	Interest rate	Annual repayment
Government Loan (ADB)	1991	1,325,000	10 years	6%	162,000
KPF	2008	993,997	3years	10%	336,000
Government Loan	2020	3,500,000	5 years	1%	To be agreed

7.5 Statements of Financial capacity in regard to dividends, dividend policy and proposed dividends during the planning period

As an SOE DBK is required to pay dividend to its sole shareholder, Kiribati Government. Since its operation DBK had adopted a no dividend policy meaning it had not paid

Government dividend and any profits earned is retained and reinvested into its loan operation for future growth.

Other factors to support DBK not paying out dividend include its financial obligations with the Kiribati Provident Fund and Government on the long outstanding ADB loan and the recent funding received for the Stimulus loan package to assist the Private Sector during the Covid 19 pandemic. Loan repayment with KPF had been consistent and first portion had been cleared. The second portion of this loan with KPF of $993,997 will be repaid with repayment commencing at end of October 2024 for 3 years. At the end of September 2025, loan outstanding balance was $645,997. Repayments for the stimulus loan on the other hand commences at lapse of the 5-year grace period provided or at the end of the plan year 2026.

7.6 Any other matters as agreed with the Responsible Ministers

To remain profitable and sustainable and becoming relevant in the short and long term DBK would continue help improve the lives of I-Kiribati people through providing responsive, innovative and sustainable solutions in both Social and development financing.

Part of DBK effort to ensure lives of Kiribati people improved was through providing them with competitive loan products with affordable interest rates in sectors including Rural Support Loan, Fishing, agriculture, home loan and tourism.

8 FINANCIAL FORECASTS

8.1 Prepare Income statements in the same format as presented for audit and covering the full year (audited) prior to the planning period (actual), estimate for the current year and 3 year's forecasts.

DEVELOPMENT BANK OF KIRIBATI
Projected Income Statement

income	Actual 2025	2026	2027	2028
Interest - Commercial Loans	590,452	678,938	746,832	821,515
Interest - Housing Loan	10,954	36,755	38,592	40,522
Interest - Social Development Loan	1,778,074	2,209,357	2,430,293	2,673,323
Interest - Staff House loan	43,018	68,745	72,182	75,791
Interest - Staff Personal Loan	9,342	10,890	11,435	12,006
Interest - Fishermen Loan Scheme	-	-	-	-
Interest - Business Loan	135,942	187,516	193,142	202,799
Interest- Rural Support Loan	44,300	69,766	71,859	75,451
Interest- Tobwaan Terikirake Loan Scheme	77	340	351	368
Interest on Covid Stimulus Loan	113,607	140,212	144,418	151,639
Interest on Energy Efficiency loan	132	681	701	736
Interest - Bank Deposits	-	-	-	-
Interest - penalty	-	-	-	-
Loan Establishment Fees	258,975	480,000	480,000	480,000

Application Fees	91,243	60,000	60,600	63,630
Registration Fees	45,707	49,280	49,773	52,261
KPF Pledge Fees	52,233	32,000	32,320	33,936
Refinancing Fees	18,817	16,800	16,968	17,816
Loan Administration Fees	237,600	224,160	226,402	237,722
Student loan commission	106,667	80,000	80,800	84,840
Arrears fee	67,642	103,200	104,232	109,444
Gain on Disposal	-	-		
Recovery Cost	-	10,000	10,000	10,000
Legal fees	-	-	-	
Government Revenue Grant	-	-	-	
Closing fee	1,527	3,600	3,600	3,600
Sundry revenue	6,355	6,200	7,000	7,000
Total Income	**3,612,663**	**4,468,440**	**4,781,499**	**5,154,400**
EXPENDITURE				
Salaries & Staff Expense	1,360,177	1,621,267	1,864,457	2,144,125
Temporary	-	-	-	-
Overtime	48,617	55,000	55,000	55,000
Staff Allowances	74,098	109,590	109,590	109,590
Provident Fund	91,684	104,015	116,496	116,496
Leave Grant	232,083	217,000	217,000	217,000
Staff Expense	10,641	2,000	10,000	10,000
House Rent Subsidy	16,987	44,740	44,740	44,740
Workmen Compensation	8,500	8,500	8,500	8,500
Subtotal - employee expense	**1,842,787**	**2,162,112**	**2,425,783**	**2,705,452**
Office Rent	43,438	40,464	40,464	40,464
Electricity	51,614	60,000	60,000	60,000
Telephone & Internet	16,289	168,696	168,696	168,696
Telegram & Postage	5,034	5,760	6,000	6,000
Janitorial	573	1,500	2,000	2,000
SubTotal-Office Expense	**116,948**	**276,420**	**277,160**	**277,160**
Repair & Maintenance-M.V	1,133	6,000	6,000	6,000
Repair & Maintenance-Office Equipt	5,457	4,000	4,000	4,000
Repair & Maintenance-Computer	3,341	5,100	5,500	5,500
Advertising	1,993	7,500	7,500	7,500
Directors	132,489	130,976	130,976	130,976
Entertainment	-	5,000	5,000	5,000
Transportation	40,902	79,800	79,800	79,800
Training	115,186	98,348	98,348	98,348
Promotions	15,584	14,000	14,000	14,000
Printing & Stationery	37,127	31,240	31,240	31,240
Subcriptions	17,802	16,751	16,751	16,751
Rebate Interest Expense	-	-	-	-
Debt written off	-	-	-	-
Overseas Travel	56,401	30,000	30,000	30,000
Loan Adjustment	5,229	10,000	10,000	10,000
Outer Island Travel	68,226	125,070	125,070	125,070
Operating Cost - Outer Is Agencies	1,400	6,912	6,912	6,912

Business Development Cost	35,782	50,000	50,000	50,000
ADFIP & ADFIAP Meeting	59,376	75,000	75,000	75,000
Bill of Sale	2,753	1,800	1,800	1,800
Pledge Expense	14,000	9,000	9,000	9,000
Sundry Expense	517	355	355	355
SubTotal-General Expense	**614,701**	**706,852**	**707,252**	**707,252**
Interest	0	-	-	-
Bank Charges	925	6,480	6,480	6,480
Insurance Coverage	4,296	4,296	4,296	4,296
Audit Fees	6,667	3,500	3,500	3,500
Legal Charges/Fees	13	1,000	1,000	1,000
SubTotal-Outside Service Expense	**11,901**	**15,276**	**15,276**	**15,276**
Provision for loan	64,200	174,398	174,398	174,398
Depreciation	98,508	283,634	283,634	283,634
Sub Total-Non Cash Items	162,708	**458,032**	458,032	458,032
Less: Income Tax	-	-	-	-
Total Expenditure	2,749,045	3,618,691	3,883,503	4,163,171
Prior Period Items	-	-		
Net Profit/(loss) After Income Tax & PPI	863,618	849,749	897,996	991,229
Less: Income Tax	-	-	-	-
Prior Period Items	-	-	-	-
Net Profit/(loss) After Income Tax & PPI	**863,618**	**849,749**	**897,996**	**991,229**

8.2 Prepare the Balance sheet statements, in the same format as presented for audit and covering the full year (audited) prior to the planning period (actual), estimates for the current year and 3 year's forecasts.

PROJECTED BUDGETED BALANCE SHEET FOR THE YEAR ENDED 31 DECEMBER 2026 - 2028				
	Actual	**Budget**	**Budget**	**Budget**
CUSSRENT ASSETS	**2025**	**2026**	**2027**	**2028**
Loans	25,776,606	29,219,168	30,500,748	30,867,121
Debtors	164,633	164,633	164,633	164,633
Bank & Cash	1,112,372	68,421	457,761	184,621
Cash in Transit	61,857	61,857	61,857	61,857
	27,115,468	29,514,079	31,184,999	31,278,232
less: CURRENT LIABILITIES				
Deposits	-	0	0	0
Creditors	41,942	41,942	41,942	41,942
Payroll Accrual	1,755	1,755	1,755	1,755

DBK Staff Deduction Clearing	-	0	0	0
Audit Fees Payable	-	0	0	0
Tobwaan Terikirake Loan Scheme	20,000	20,000	20,000	20,000
Income Tax Payable	-	0	0	0
Loans overpayment	-	0	0	0
Interest on ADB Loan	342,582	338,982	335,382	335,382
Agent Motorcycle replacement Fund	-	0	0	0
KPF Investment	703,938	239,938	-0.5	-0.5
Unearned Interest	-	0	0	0
	1,110,217	642,617	399,079	399,079
WORKING CAPITAL	26,005,251	28,871,462	30,785,921	30,879,153
add: NON CURRENT ASSETS				
Motor Vehicles, Furniture, etc.	505,940	5,302,274	5,098,608	5,098,608
Long Term Loans from subsidiaries	-	0	0	0
	505,940	5,302,274	5,098,608	5,098,608
less: NON CURRENT LIABILITIES				
Government Soft Loan	3,500,000	8,500,000	8,500,000	8,500,000
Government Loan - ADB	1,325,021	1,325,021	1,325,021	1,325,021
EIB Loan	-	0	0	0
	4,825,021	9,825,021	9,825,021	9,825,021
NET WORTH	21,686,170	24,348,715	26,059,507	26,152,740
Represented by:				
Paid Up Capital	4,939,940	5,939,940	5,939,940	5,939,940
New Zealand Grant	66,082	66,082	66,082	66,082
Artisianal Fishing Project	500,000	500,000	500,000	500,000
Educational Loan Scheme	5,267,226	6,067,226	6,867,226	6,867,226
Accumulated Profits	10,688,236	11,537,986	12,435,982	12,529,214
Asset replacement Fund Reserve	224,685	237,481	250,277	250,277
	21,686,170	24,348,715	26,059,507	26,152,740

8.3 Prepare Cash Flow statements, in the same format as presented for audit and covering the full year (audited) prior to the planning period (actual), estimates for current year and 3 years' forecasts

Development Bank of Kiribati
Budgeted Cash Flow Statement for
Year Ended 2025 - 2028

	2025	**2026**	**2027**	**2028**
Cash Flow from Operatins	**$**	**$**	**$**	**$**
Cash received - Loan Interest	2,666,311	2,562,891	2,508,039	2,548,755
Cash received - Loan Fees	871,754	925,006	892,994	908,920
Operating expenses	- 1,464,736	- 1,818,090	- 1,811,547	- 1,822,501
Net Cash Flow from operations	**2,073,329**	**1,669,807**	**1,589,486**	**1,635,174**
Cash Flow from Investing				
Net increased in loans	- 2,128,785	- 2,899,397	- 3,092,033	- 3,507,005
Capital expenditure	- 0	- 2,552,350	- 757,600	- 10,000
KPF Loan	-	- 234,542	-	-
Educational Loan Scheme	-	800,000	800,000	800,000
Artisanal Fishing Project	-	-	-	-
Unerned Interest	-	-	-	-
Tobwaan Terikirake Loan scheme	-	-	-	-
Net (Increase) in loan	-	-	-	-
Proceed from Long term Loans	-	-	-	-
Net Cash Flows from investing	**- 2,128,785**	**- 4,886,289**	**- 3,049,633**	**- 2,717,005**
Cash Flow from Financing				
Covid 19 Stimulus fund received	-	-	-	-
Interest paid	- 86,124	- 86,126	- 86,126	- 86,126
Government Grant	72,876	2,743,876	1,572,876	1,572,876
Total cash received/(used) from financing activities	**- 13,248**	**2,657,750**	**1,486,750**	**1,486,750**
Net (Decrease)/Increase in cash/cash equivalent	- 68,703	- 558,732	26,603	404,919
Rounded off difference	-	-	-	-
Opening Cash Balance 01/01/25	679,886	1,188,109	629,377	655,980

Closing Cash Balance 31/12/28	**611,183**	**629,377**	**655,980**	**1,060,899**

4(A)- Details of Cash and Cash Equivalent as at 31/12/28

Cash Float	200	200	200	200
Electronic Clearing Account	-	-	-	-
Cheque Account - Bairiki	- 61,192	395,698	422,301	827,220
Cheque Account - Kiritimati	101,707	38,303	38,303	38,303
Interest Bearing Deposit	-	-	-	-
Bank account number 3	532,027	126,886	126,886	126,886
Cash in Transit	38,441	68,291	68,291	68,291
	611,183	**629,377**	**655,980**	**1,060,899**

(B) - Reconciliation of cash flow from operating activities to net profit

Net Profit for the year	1,746,949	972,886	858,545	1,010,729
Depreciation	222,882	325,523	364,543	327,523
Government grant	- 72,876	- 72,876	- 72,876	- 72,876
Interest paid	86,124	86,126	86,126	86,126
Prior period items				
Gain on Disposal	-	-	-	-
Closing fees				
Provision Current Doubful loan	64,207	332,102	327,102	257,626
(Increase)/Decrease Prepayment	-	-	-	-
(Incease)/Decrease in Debtors	-	-	-	-
(Incease)/Decrease in Lterm loan	-	-	-	-
(Incease)/Decrease in provision	-	-	-	-
(Incease)/Decrease in current loan	-	-	-	-
(Decrease)/Increase in Creditors	13,248	13,250	13,250	13,250
(Decrease)/Increase in Unearned Interest	-	-	-	-
(Decrease)/Increase in Revolving fund	-	-	-	-
(Decrease)/Increase in Sinking fund	12,796	12,796	12,796	12,796

(Decrease)/Increase in KPF Investment	-	-	-	-
	2,073,329	**1,669,807**	**1,589,486**	**1,635,174**

8.5 Provide generally agreed financial ratio's showing for each year - RoE%, RoA%, Current Ratio, NPAT% - as a minimum.

Table 13.

Ratios	**2025**	**2026**	**2027**	**2028**
Return on Equity	0.17	0.18	0.18	0.20
Return on Assets	0.13	0.16	0.17	0.19
Current Ratio	24	46	78	78
Debt to Equity	0.27	0.43	0.39	0.398

Regarding the recent performance analysis, our return on equity (ROE) averaging 17% to 20% is considered very strong, as it exceeds the common international benchmark of 10% to 15%.

Additionally, the return on assets (ROA) of 13% to 19% signifies good overall performance, especially when compared to the financial sector average of 1%.

The remaining financial ratios further demonstrate that DBK has strong current liquidity and the ability to meet its obligations when due.

8.6 Key Assumptions.

There will be a significant increase in capital spending for year 2026 from DBK investment in Office building estimated to cost more than 7 million. The investment is expected to generate income for DBK from renting out its spaces. Funding would be sourced from DBK funds and from donors or from a loan to be sourced from Lending Institutions.

Other variables in the income and expenditure expected to remain constant for 2026.

8.7 Breakdown of Financial Performance forecasts (Table 14)

Breakdown of financial performance forecast (Table 14)

income	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Interest - Commercial Loans	56,578	56,578	56,578	56,578	56,578	56,578	56,578	56,578	56,578	56,578	56,578	56,578	**678,938**
Interest - Housing Loan	3,063	3,063	3,063	3,063	3,063	3,063	3,063	3,063	3,063	3,063	3,063	3,063	**36,755**
Interest - Social Development Loan	184,113	184,113	184,113	184,113	184,113	184,113	184,113	184,113	184,113	184,113	184,113	184,113	**2,209,357**
Interest - Staff House loan	5,729	5,729	5,729	5,729	5,729	5,729	5,729	5,729	5,729	5,729	5,729	5,729	**68,745**
Interest - Staff Personal Loan	908	908	908	908	908	908	908	908	908	908	908	908	**10,890**
Interest - Fishermen Loan Scheme	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest - Business Loan	15,626	15,626	15,626	15,626	15,626	15,626	15,626	15,626	15,626	15,626	15,626	15,626	**187,516**
Interest- Rural Support Loan	5,814	5,814	5,814	5,814	5,814	5,814	5,814	5,814	5,814	5,814	5,814	5,814	**69,766**
Interest- Tobwaan Terikirake Loan Scheme	28	28	28	28	28	28	28	28	28	28	28	28	**340**
Interest on Covid Stimulus Loan	11,684	11,684	11,684	11,684	11,684	11,684	11,684	11,684	11,684	11,684	11,684	11,684	**140,212**
Interest on Energy Efficiency loan	57	57	57	57	57	57	57	57	57	57	57	57	**681**
Interest - Bank Deposits													-
Interest - penalty													-
Loan Establishment Fees	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	**480,000**
Application Fees	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	**60,000**
Registration Fees	4,107	4,107	4,107	4,107	4,107	4,107	4,107	4,107	4,107	4,107	4,107	4,107	**49,280**
KPF Pledge Fees	2,667	2,667	2,667	2,667	2,667	2,667	2,667	2,667	2,667	2,667	2,667	2,667	**32,000**
Refinancing Fees	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	**16,800**
Loan Administration Fees	18,680	18,680	18,680	18,680	18,680	18,680	18,680	18,680	18,680	18,680	18,680	18,680	**224,160**
Student loan commission	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	**80,000**
Arrears fee	8,600	8,600	8,600	8,600	8,600	8,600	8,600	8,600	8,600	8,600	8,600	8,600	**103,200**
Gain on Disposal	-	-	-	-	-	-	-	-	-	-	-	-	-
Recovery Cost	833	833	833	833	833	833	833	833	833	833	833	833	**10,000**
Legal fees	-	-	-	-	-	-	-	-	-	-	-	-	-
Government Revenue Grant	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing fee	300	300	300	300	300	300	300	300	300	300	300	300	**3,600**
Sundry revenue	517	517	517	517	517	517	517	517	517	517	517	517	**6,200**
Total Income	**350,370**	350,370	350,370	350,370	350,370	350,370	350,370	350,370	350,370	350,370	350,370	350,370	**4,468,440**
EXPENDITURE	-	-	-	-	-	-	-	-	-	-	-	-	
Salaries & Staff Expense	135,106	135,106	135,106	135,106	135,106	135,106	135,106	135,106	135,106	135,106	135,106	135,106	**1,621,267**
Temporary	-	-	-	-	-	-	-	-	-	-	-	-	-
Overtime	4,583	4,583	4,583	4,583	4,583	4,583	4,583	4,583	4,583	4,583	4,583	4,583	**55,000**
Staff Allowances	9,133	9,133	9,133	9,133	9,133	9,133	9,133	9,133	9,133	9,133	9,133	9,133	**109,590**
Provident Fund	8,668	8,668	8,668	8,668	8,668	8,668	8,668	8,668	8,668	8,668	8,668	8,668	**104,015**
Leave Grant	18,083	18,083	18,083	18,083	18,083	18,083	18,083	18,083	18,083	18,083	18,083	18,083	**217,000**
Staff Expense	167	167	167	167	167	167	167	167	167	167	167	167	**2,000**
House Rent Subsidy	3,728	3,728	3,728	3,728	3,728	3,728	3,728	3,728	3,728	3,728	3,728	3,728	**44,740**
Workmen Compensation	708	708	708	708	708	708	708	708	708	708	708	708	**8,500**
Subtotal - employee expense	176,762	176,762	176,762	176,762	176,762	176,762	176,762	176,762	176,762	176,762	176,762	176,762	**2,162,111**
Office Rent	3,372	3,372	3,372	3,372	3,372	3,372	3,372	3,372	3,372	3,372	3,372	3,372	**40,464**
Electricity	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	**60,000**
Telephone & Internet	14,058	14,058	14,058	14,058	14,058	14,058	14,058	14,058	14,058	14,058	14,058	14,058	**168,696**
Telegram & Postage	480	480	480	480	480	480	480	480	480	480	480	480	**5,760**
Janitorial	125	125	125	125	125	125	125	125	125	125	125	125	**1,500**
SubTotal-Office Expense	23,035	23,035	23,035	23,035	23,035	23,035	23,035	23,035	23,035	23,035	23,035	23,035	**276,420**
Repair & Maintenance-M.V	500	500	500	500	500	500	500	500	500	500	500	500	**6,000**
Repair & Maintenance-Office Equipt	333	333	333	333	333	333	333	333	333	333	333	333	**4,000**
Repair & Maintenance-Computer	425	425	425	425	425	425	425	425	425	425	425	425	**5,100**
Advertising	625	625	625	625	625	625	625	625	625	625	625	625	**7,500**
Directors	10,915	10,915	10,915	10,915	10,915	10,915	10,915	10,915	10,915	10,915	10,915	10,915	**130,976**
Entertainment	417	417	417	417	417	417	417	417	417	417	417	417	**5,000**
Transportation	6,650	6,650	6,650	6,650	6,650	6,650	6,650	6,650	6,650	6,650	6,650	6,650	**79,800**
Training	8,196	8,196	8,196	8,196	8,196	8,196	8,196	8,196	8,196	8,196	8,196	8,196	**98,348**
Promotions	1,167	1,167	1,167	1,167	1,167	1,167	1,167	1,167	1,167	1,167	1,167	1,167	**14,000**
Printing & Stationery	2,603	2,603	2,603	2,603	2,603	2,603	2,603	2,603	2,603	2,603	2,603	2,603	**31,240**
Subcriptions	1,396	1,396	1,396	1,396	1,396	1,396	1,396	1,396	1,396	1,396	1,396	1,396	**16,751**
Rebate Interest Expense	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt written off	-	-	-	-	-	-	-	-	-	-	-	-	-
Overseas Travel	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	**30,000**
Loan Adjustment	833	833	833	833	833	833	833	833	833	833	833	833	**10,000**
Outer Island Travel	10,423	10,423	10,423	10,423	10,423	10,423	10,423	10,423	10,423	10,423	10,423	10,423	**125,070**
Operating Cost - Outer Is Agencies	576	576	576	576	576	576	576	576	576	576	576	576	**6,912**
Business Development Cost	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	**50,000**
ADFIP & ADFIAP Meeting	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	**75,000**
Bill of Sale	150	150	150	150	150	150	150	150	150	150	150	150	**1,800**
Pledge Expense	750	750	750	750	750	750	750	750	750	750	750	750	**9,000**
Sundry Expense	30	30	30	30	30	30	30	30	30	30	30	30	**355**
SubTotal-General Expense	58,904	58,904	58,904	58,904	58,904	58,904	58,904	58,904	58,904	58,904	58,904	58,904	**706,852**
	-	-	-	-	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	-	-	-	-	
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-
Bank Charges	540	540	540	540	540	540	540	540	540	540	540	540	**6,480**
Insurance Coverage	358	358	358	358	358	358	358	358	358	358	358	358	**4,296**
Audit Fees	292	292	292	292	292	292	292	292	292	292	292	292	**3,500**
Legal Charges/Fees	83	83	83	83	83	83	83	83	83	83	83	83	**1,000**
SubTotal-Outside Service Expense	1,273	1,273	1,273	1,273	1,273	1,273	1,273	1,273	1,273	1,273	1,273	1,273	**15,276**
	-	-	-	-	-	-	-	-	-	-	-	-	
Provision for loan	14,533	14,533	14,533	14,533	14,533	14,533	14,533	14,533	14,533	14,533	14,533	14,533	**174,398**
Depreciation	23,636	23,636	23,636	23,636	23,636	23,636	23,636	23,636	23,636	23,636	23,636	23,636	**283,634**
Sub Total-Non Cash Items	38,169	38,169	38,169	38,169	38,169	38,169	38,169	38,169	38,169	38,169	38,169	38,169	**458,032**
	-	-	-	-	-	-	-	-	-	-	-	-	
Less: Income Tax	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure	298,143	301,558	301,558	301,558	301,558	301,558	301,558	301,558	301,558	301,558	301,558	301,558	**3,618,691**
Prior Period Items													-
Net Profit/(loss) After Income Tax & PPI	70,812	70,812	70,812	70,812	70,812	70,812	70,812	70,812	70,812	70,812	70,812	70,812	**849,749**
	-	-	-	-	-	-	-	-	-	-	-	-	
Less: Income Tax	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	
Prior Period Items	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	
Net Profit/(loss) After Income Tax & PPI	70,812	70,812	70,812	70,812	70,812	70,812	70,812	70,812	70,812	70,812	70,812	70,812	**849,749**

8.8 Accounting policies.

The Development Bank of Kiribati (DBK) prepares its financial statements in accordance with the International Financial Reporting Standards (IFRS) and Generally Accepted Accounting Principles (GAAP). In addition to these frameworks, DBK applies a range of internal accounting policies, including its Asset Disposal Policy, Depreciation Policy, and Accounting Convention, among others. These policies ensure that DBK's financial reporting remains consistent, transparent, and fully compliant with IFRS requirements.