



Independent auditor's report to the Directors of Merchant Finance Pte Limited and the Reserve Bank of Fiji

Scope

We have examined the Key Disclosure Statement and the Summary Key Disclosure Statement ("the Statements") of Merchant Finance Pte Limited ("the Company") for the year ended 30 June 2023 in accordance with the requirements of the Reserve Bank of Fiji's Banking Supervision Policy No: 5B ("the Notice") and the provisions of Sections 14 (3) and 28 of the Banking Act 1995. The Company's directors are responsible for the preparation and presentation of the Statements in accordance with the Notice.

The information is extracted from the Company's audited financial statements for the year ended 30 June 2023 upon which we expressed an unqualified audit opinion dated 29 September 2023. Our audit of the financial statements was conducted in accordance with International Standards on Auditing.

Audit opinion

In our opinion the Statements has been completed in accordance with the Notice and the information contained therein, where applicable, in all material respects, has been properly extracted from Company's financial statements for the year ended 30 June 2023.

KPMG

26 October, 2023
Suva, Fiji

KPMG
Chartered Accountants



**KEY DISCLOSURE STATEMENT
for the financial year ended 30 June 2023**

Introductory Statement

- The purpose of this information is to provide customers and potential customers with information about the financial condition of Merchant Finance Pte Limited.
- The explanation of the terms used in the Key Disclosure Statement is contained in the Reserve Bank publication "Your Bank's Disclosure Statement : What's In It For You". The terms used in the brochure are also applicable to credit institutions. The brochure can be obtained from the Reserve Bank of Fiji. Other information can be viewed at all branches of Merchant Finance Pte Limited.

Corporate Information

- The full name of the credit institution is Merchant Finance Pte Limited.
- The full name of the ultimate parent company of Merchant Finance Pte Limited is Fijian Holdings Ltd, which is domiciled in Fiji.
- The names of the directors of Merchant Finance Pte Limited are:

Chairman: Mr Isikeli Tikoduadua (Appointed - 18/09/2020)
Members: Mr Arun Narsey (Appointed - 19/10/2015)
 Mr Sunil Sharma (Appointed - 13/02/2017)
 Ms Sereana Matakibau (Appointed - 13/03/2019)
 Mr Jaoji Koroi (Appointed - 14/06/2022)
 Mr Isikeli Mataitoga (Resigned - 28/03/2023)

	Audited Current Year	Audited Prior Period
Profitability		
<input checked="" type="checkbox"/> Net operating profit/(loss) after tax (\$'000)	10,209	6,127
<input checked="" type="checkbox"/> As a percentage of average total assets	6.06%	3.36%
Size - as at end of financial year		
<input checked="" type="checkbox"/> Total assets (\$'000)	168,486	168,683
<input checked="" type="checkbox"/> The percentage change in total assets over 12 months	(0.12%)	(14.04%)
Capital Adequacy - as at end of financial year		
<input checked="" type="checkbox"/> Tier 1 Capital (\$'000)	39,585	36,029
<input checked="" type="checkbox"/> Tier 1 Capital to total risk-weighted assets ratio	28.02%	26.72%
<input checked="" type="checkbox"/> Total Capital (\$'000)	40,151	36,520
<input checked="" type="checkbox"/> Capital adequacy ratio	28.43%	27.08%

	Audited Current Year	Audited Prior Period
Asset Quality - as at end of financial year		
<input checked="" type="checkbox"/> Total impaired assets (on - and off-balance sheet) (\$'000)	29,971	50,478
<input checked="" type="checkbox"/> As a percentage of total assets	17.79%	29.92%
<input checked="" type="checkbox"/> Total individually assessed provisions (\$'000)	12,398	12,220
<input checked="" type="checkbox"/> Total collectively assessed provisions (\$'000)	1,859	3,600
<input checked="" type="checkbox"/> Total provisions as a percentage of total impaired assets	47.57%	31.34%
<input checked="" type="checkbox"/> General reserves for credit losses (\$'000)	755	614

Peak Credit Exposure Concentrations - number of counterparties or groups of closely-related counterparties in relation to the total capital of the credit institution		
<input checked="" type="checkbox"/> 10% to 20% of total capital	-	3
<input checked="" type="checkbox"/> 20% to 25% of total capital	-	-
<input checked="" type="checkbox"/> Over 25% of total capital	-	-

Peak Connected Persons Credit Exposures - for all connected persons		
<input checked="" type="checkbox"/> Peak end-of-day credit exposure amount (\$'000)	-	-
<input checked="" type="checkbox"/> As a percentage of total capital	0.00%	0.00%
<input checked="" type="checkbox"/> Maximum peak end-of-day aggregate credit exposure to all connected persons as a percentage of total capital	25.00%	25.00%

Balance Sheet		
The Balance Sheet for the Fiji Operations as prepared under the IFRSs should be reported here and should include, but should not be limited to, the following:	(\$'000)	(\$'000)
Cash and liquid assets	8,226	13,639
Balance with the Reserve Bank of Fiji	-	-
Receivables due from other financial institutions	-	-
Securities held	15,181	15,450
Loans (including advances to customers and similar facilities)	145,372	142,460
Provision for doubtful debts	(14,257)	(15,820)
Fixed Asset	5,155	4,599
Asset held for Sale	-	-
Available for sale financial assets	-	-
Investment Property	5,186	4,865
Intangible Asset	3,387	3,153
Prepayment & Other Receivables	236	336
Total Assets	168,486	168,683
Deposits of Promissory Notes of statutory bodies	-	-
Payables due to other financial institutions	-	-
Deposits and borrowings	114,578	123,372
Amounts owed to other depositors	-	-
Certificates of deposits	-	-
Promissory Notes and other liabilities evidenced by paper	-	-
Other borrowed funds	825	-
Others	9,546	5,723
Issued and paid up or assigned capital	30,000	30,000
Capital reserves	-	-
Revaluation reserves	-	-
General reserves for credit losses	755	614
Other reserves	-	-
Retained earnings	12,782	8,974

		Audited Current Year	Audited Prior Period
--	--	-------------------------	-------------------------

Income Statement

The Income Statement for the Fiji Operations as prepared under the IFRSs should be reported here and should include, but should not be limited to, the following:

	(\$'000)	(\$'000)
Interest and similar income	23,084	22,537
Interest and similar expense	(4,034)	(5,267)
Dividend income	-	-
Fee and commission revenue	1,143	1,117
Fee and commission expense	-	-
Other revenues arising from financial instruments	-	-
Gains less losses arising from dealing securities	-	-
Other expenses arising from financial instruments	-	-
Gains less losses arising from investment securities	-	-
Gains less losses arising from dealing in foreign currencies	-	-
Other operating revenue	459	211
Bad and doubtful debts (including provisions for impairment)	(519)	(3,777)
Recoveries of bad and doubtful debts	104	39
General administration expense	-	-
Other operating expense	(8,335)	(7,321)
Net profit/(loss) before tax	11,901	7,540
Net profit/(loss) after tax	10,209	6,127

Ranking of Local Creditors in a Winding Up

- In the event that Merchant Finance Pte Limited becomes unable to meet its obligations or suspends payments to depositors and creditors in Fiji, or in the event of liquidation, dissolution or bankruptcy of Merchant Finance Pte Limited of its operations outside Fiji, the assets of Merchant Finance Pte Limited in Fiji shall be available to meet Merchant Finance Pte Limited's deposit liabilities and claims of creditors in Fiji, in priority to all other liabilities of Merchant Finance Pte Limited.

Availability of Disclosure Statements

- Merchant Finance Pte Limited's most recent Key Disclosure Statement is available at all our branches and offices.
- Merchant Finance Pte Limited's most recent General Disclosure Statement is available at all our branches and offices.
- The most recent audited balance sheet and profit and loss statements and other publicly available financial information on any "associated person" of Merchant Finance Pte Limited are available for inspection at our head office at Level 1, Ra Marama House, 91 Gordon Street, Suva.



Director



Director



Auditor