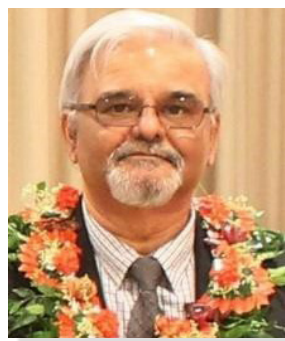


Governance

Board of Directors



Chairman
Mr. Steve Edwards



Director
Mr. Richard Prema



Governor
Dr. Sione Ngongo Kioa



Director
Mrs. Sinaitakala Tu'itahi



*Director (Secretary
for Finance)*
Mr. Tatafu Moeaki
Resigned on 17 July 2016



Director
Mr. 'Uhila Liava'a
Up to 15 September 2016



*Director (Secretary
for Finance)*
Mr. 'Aholotu Palu
*From 18 July 2016 - 31 Decem-
ber 2016*



*Director (Secretary
for Finance)*
Mrs. Balwyn Fa'otusia
Appointed on 3 January 2017

Key Decision Makers

The Board of Directors comprises of the Chairman (non-executive Director), the Governor, Secretary for Finance, and 4 other non-executive Directors. The Governor, who is the Chief Executive Officer of the Bank, is responsible to the Board for the management and execution of the Bank's policy. Under the NRBT Act and the Amendment Acts, the Directors are appointed for terms of up to five years by the Minister of Finance and may be reappointed. During the year, the Secretary of Finance Mr. Tatafu completed his Directorship after 2 years and 9 months of service. The Acting Secretary for Finance Mr. 'Aholotu Palu completed his Directorship after 5 months of service. The Directors also welcomed Mrs Balwyn Faotusia, Secretary for Finance to the Board. The Directors were saddened by the passing of Director 'Uhilamoe Langi Liava'a who served the Bank for 8 months (5 February – 4 October 2016). As at the end of June 2017, two director positions were vacant.

In accordance with the Act, the Board must meet at least 10 times during the calendar year to discuss and formulate the policies of the Bank and to monitor its operations. The Board Sub-Committee also met regularly to discuss and vet all Board matters well before every Board meeting and fulfil any requirements for further consideration at the Board. While the Board Sub-Committee met 18 times during the financial year, the Board met 16 times to formulate the policy of the Bank, monitor the Bank's operations and provide strategic direction and advice to the Governor. In line with Section 54D, the Board Audit Committee met to support the Board in considering the tender of the External Audit service and recommending the appointment of the external auditors and advising on the scope of external audits. The Audit Committee in their responsibility to oversee the internal audit function directed that, at this time, the Risk Management Office would undertake some internal audit functions and report directly to the Board.

The Board of Directors are responsible for the Reserve Bank's policy and affairs. This involves constantly reviewing the performance of the Reserve Bank in the conduct of its functions and its use of resources, and may give advice to the Governor not only to sustain the efficient and effective management of the Bank's opera-

tions but also to ensure that the Reserve Bank delivers its core functions in compliance with the NRBT Act and related Acts.

Section 9A of the NRBT Amendment Act 2014 specifies the powers and functions of the Board which may not be delegated. During the year, the Board of Directors diligently carried out these powers and functions and defined and adopted the accommodative monetary policy stance which was published in the bi-annual Monetary Policy Statements in August 2016 and February 2017. The Directors also approved the monthly economic review, data flashes and issued a press release on the Monetary Policy decisions and its implementation. The Directors also considered policy measures to stimulate economic growth by promoting financial inclusion initiatives and access to finance for Small and Medium Enterprises (SMEs). In recognition of its efforts to promote access to finance, the Bank won the Alliance for Financial Inclusion (AFI) Maya Award, for clearly defined measurable targets, and the most dedicated institution reporting progress on key financial inclusion indicators, financial inclusion policies, regulations, and outcomes. This is in line with its function to manage and promote financial inclusion initiatives and related activities.

The Directors also defined and adopted financial stability policies, foreign exchange policies and other policies of the Bank regarding the execution of its supervisory functions. These policies included the microfinance and money lender bill, the credit union bill, the foreign exchange control bill as well as the Banking Bill. The Directors endorsed amendments to the prudential statements which were updated to reflect best practice, and the exchange control guidelines to ease the foreign exchange payments. Noting the revocation of the credit bureau license in Fiji which serviced the Tongan banks, the Directors considered and endorsed a credit bureau licensing guideline to facilitate the set-up of a credit bureau in Tonga. The Directors also approved the increase in the banks Statutory Required Deposit ratio from 5% to 10% effective on the 1 July 2017.

During the year, to ensure financial stability was maintained and that depositors funds are protected at all times., the Board approved the revocation of the Pacific International corporation bank (PICB) license and con-

tinued to monitor closely the PICB court case for any reputational, legal or financial risks that may arise. The Directors were also kept apprised of the ongoing pay out of PICB depositors and the PICB court case. To ensure financial services to the outer islands was maintained, the Directors supported the opening of the BSP Vava'u branch as well as the sub branches in Ha'apai and Eua. The Directors also noted the progress on the 2 new bank license applications. The Directors discussed the commercial banks liquidity, capital, credit growth and profitability as well as their exchange rates, interest rates and fees & charges. To address the public concerns on interest rates and fees and charges, the Directors endorsed the standardized Annual Percentage Rate calculator for Banks to disclose the effective interest rates and all fees and charges related to a loan and assist the customer in their decision to borrow. The procedures to facilitate the payout of customers claims for money in deposit accounts that have been dormant and transferred to the Bank under Section 81 of the Financial Institutions Act was endorsed by the Board. The Directors supervised the implementation of the policies and the exercise of the functions of the Bank through management monthly updates at Board meetings. The implementation of the NRBT's functions by management was also discussed at the sub-committee meetings.

To ensure the operations of the Bank are carried out efficiently and effectively during the year, the Directors approved the review and changes to general policies

and internal rules applicable to the administration and operations of the Bank. The Directors also approved the review and amendments to the Reserve Bank's terms and conditions of employment. To retain a professional team, during the year, the Board also approved changes to the Staff Remuneration Policy through changes to the Provident Fund Scheme Rules, the Staff Loan Scheme, and the study leave policy. These changes contributed to strengthening the Bank's Corporate Plan strategic priority of positioning the Bank as the employer of choice while maintaining a high staff retention rate.

The Directors also endorsed the 2017/18 annual budget and the organization chart of the Bank as well as the Annual Report for 2015/16. Monthly financial statements comparing the actual financial outcomes against the budget were also approved by the Directors and transmitted to the Minister of Finance and the Prime Minister's Office to be published in the Government Gazette. To diversify the income of the NRBT and enhance the contribution to income from numismatic and currency bank notes and coins, facilitate as well as measures to fund the monetary policy costs, the Directors also endorsed the Amendments to the NRBT Act. The Directors also approved the new coin proposal for the Olympic Games 2018 – Luge. The Board also endorsed the recommendation of the audit committee to reappoint Price Waterhouse Coopers as the external auditors of the Bank subject to the Minister of Finance approval in accordance with section 53 of the National Reserve Bank Act.



Left to Right: Mr. 'Aholotu Palu (Secretary for Ministry of Finance), Mr. 'Uhila Liava'a, Mr. Richard Prema, Mr. Steve Edward, Mrs. Sinaitakala Tu'itahi, Dr. Sione Ngongo Kioa (Governor), Ms. Jessie Cocker (Deputy Governor / Secretary to the Board)
Absent: Mrs. Balwyn Faka'otusia